

Registered number: 01517126

Lanchester Wine Cellars Limited

Annual report

30 June 2017

THURSDAY



A72RXBXU

A43

29/03/2018

#55

COMPANIES HOUSE

Lanchester Wine Cellars Limited

Company Information

Directors	A A Cleary V A Cleary M A Satchwell A Black (appointed 8 April 2017)
Registered number	01517126
Registered office	Unit 2, Durham B Warehouse Greencroft Industrial Estate Tower Road, Annfield Plain Stanley Durham DH9 7XP
Independent auditor	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
Bankers	HSBC plc 1 Saddler Street Durham County Durham DH1 3NR

Lanchester Wine Cellars Limited

Contents

	Page
Group strategic report	1 - 3
Directors' report	4
Directors' responsibilities statement	5
Independent auditor's report to the members of Lanchester Wine Cellars Limited	6 - 8
Consolidated statement of comprehensive income	9
Consolidated balance sheet	10
Company balance sheet	11
Consolidated statement of changes in equity	12
Company statement of changes in equity	12
Consolidated statement of cash flows	13 - 14
Notes to the financial statements	15 - 34

Lanchester Wine Cellars Limited

Group strategic report Year ended 30 June 2017

Introduction

Lanchester Wine Cellars Limited is a leading UK wine importer, shipper and Class A bonded warehouse keeper. It is one of the UK's leading supplier of quality wines and spirits to the trade, successfully operating and innovating across every element of UK wine import and export.

Within Lanchester Wine Cellars Limited sits Lanchester Gifts. This division supplies hampers and associated gifts, designed and produced in house, to national retailers and also direct to consumer via ecommerce websites. Lanchester Gifts also acts as a 'drop shipper' to many large internet businesses.

Business review

The Financial Year 2016/17 has been a challenge across the whole Lanchester group of companies, which includes Lanchester Wines. There were a number of head winds this year:

- The unforeseen Brexit vote severely affected the exchange rate which, as a business which deals internationally, had a large impact on our day to day operation
- We acquired the whole share capital of Bon Bon's (Wholesale) Limited, a luxury confectionery business which will be a natural fit within our Lanchester Gift portfolio
- Ongoing research and development of our two open loop water source heat pumps resulted in the business not receiving the expected £700,000pa income from the facility. However, we did receive 100% R&D taxable allowances on both installations which will positively impact FY 2017/18. The largest pump is now working and producing good results (as of December 2017) with the second due to be up and running in the Spring of 2018. This installation is at the cutting edge of technology and, unfortunately, our foray into the world's first system of its kind has taken longer than expected.

This is a major, long term investment made by a business focused on the future - the board of directors see the company's sustainability not only as the right way to go in terms of security of the business, but also a source of differentiation and competitive advantage

- We incurred a significant loss on Australian Pinot Grigio when a key supplier ceased trading and we continued to supply our customer, a leading UK's major wholesaler, with the brand at a greatly increased cost. While we made a loss on this product, our commitment to our customer ensured we secured ongoing business

However, with any low there must also be a high and we continue into the next FY on a positive footing:

- We continue to invest strongly in the business, namely people, property and our portfolio. Already the first half of the next FY has seen significant inward investments which will reap benefits later in the year
- Our warehouse estate on the River Tyne has been valued at £29m which is both a superb result and testament to our continued investment in the Lanchester group of companies owned property portfolio
- 2016/17 FY saw us merge Lanchester Wine Sales Limited into Lanchester Wine Cellars Limited, creating an enhanced sales division within the business. This is now in a very strong position, maintaining a competitive advantage within the global wine trade through having access to the UK's premier bottling business and being part of a business which owns its own bonded warehousing.

We are performing well within a very competitive environment – one in which a number of key players, businesses similar to ours, are failing. We're continuing to gain new listings and new large customers.

Lanchester Wine Cellars Limited

Group strategic report (continued) Year ended 30 June 2017

Principal risks and uncertainties

The directors see very limited risk for Lanchester Wine Cellars Limited:

Financial risk

The company sees very low risk in the financial management of the business, with the valuation of our warehouse estate on the River Tyne increasing significantly. This gives the business an excellent base, together with 920,000 sq ft of warehouse space across the whole business.

Interest rate risk

The company foresees no interest rate risk as we believe the rates will not move significantly until 2019 at the earliest.

Foreign currency risk

The Foreign Exchange risk is always present. The company was caught by the Brexit exchange movement scenario but we have covered much of our large volume business at competitive rate moving forward. The majority of dry goods are purchased from within the UK.

Liquidity risk

The company enjoys excellent support from our lenders and sufficient funds are always available to meet the requirements of our ongoing operations.

Financial key performance indicators

The table below shows the key performance indicators used by the group to manage the business:

	2017	2016	Change
	£	£	%
Revenue	29,255,483	35,043,053	(17)
Gross profit (%)	24.5	22.9	(7)
Operating (loss)/profit	(465,424)	1,580,126	(129)

Lanchester Wine Cellars Limited

Group strategic report (continued) **Year ended 30 June 2017**

Other key performance indicators

Employee recruitment and retention

The company's performance relies upon the retention of key personnel and fortunately we have no issues keeping our talented people. With fresh new challenges and a profit share scheme, our managers and senior people appreciate how we operate.

Sustainability and future growth

The group operates many sustainable initiatives including:

- Three 500kW EWT wind turbines which generate up to six million kWh per year, equivalent to power 1,500 average homes;
- 41 kW solar array which generates around 35,000 kWhrs of electricity per year to run the office facility;
- 4MW of open loop water source heat pump capacity;
- A new fleet of BMW i3's joining our Nissan Leafs.

This report was approved by the board on 28 March 2018 and signed on its behalf by:



A.A. Cleary
Director

Lanchester Wine Cellars Limited

Directors' report Year ended 30 June 2017

The directors present their report and the financial statements for the year ended 30 June 2017.

Results and dividends

The loss for the year, after taxation and non-controlling interests, amounted to £549,715 (2016: £1,012,264 profit).

Dividends paid in the year were £40,000 (2016: £40,000).

Directors

The directors who served during the year were:

A A Cleary
V A Cleary
M A Satchwell
A Black (appointed 8 April 2017)

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Post balance sheet events

Since the year end (from 1 July 2017), the trade and assets of Lanchester Wine Sales Limited have been hived up in to Lanchester Wine Cellars Limited.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

This report was approved by the board on 28 March 2018 and signed on its behalf by:



A A Cleary
Director

Lanchester Wine Cellars Limited

Directors' responsibilities statement Year ended 30 June 2017

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Independent auditors' report to the members of Lanchester Wine Cellars Limited

Opinion

We have audited the financial statements of Lanchester Wine Cellars Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017, which comprise the group statement of comprehensive income, the group and company balance sheets, the group statement of cash flows, the group and company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



Independent auditors' report to the members of Lanchester Wine Cellars Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Independent auditors' report to the members of Lanchester Wine Cellars Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Who we are reporting to

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Michael Morris'.

**Michael Morris FCCA ACA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor**

Chartered Accountants
Newcastle upon Tyne

Date:

29 March 2018

Lanchester Wine Cellars Limited

Consolidated statement of comprehensive income Year ended 30 June 2017

	Note	2017 £	2016 £
Profit and loss account			
Turnover	5	29,255,483	35,043,053
Cost of sales		(22,101,150)	(27,033,045)
Gross profit		7,154,333	8,010,008
Distribution costs		(3,755,898)	(3,830,514)
Administrative expenses		(6,652,151)	(5,685,154)
Other operating income	6	2,788,294	3,085,786
Operating (loss)/profit	7	(465,422)	1,580,126
Interest receivable and similar income		440	1,290
Interest payable and similar charges	10	(281,753)	(273,460)
(Loss)/profit before taxation		(746,735)	1,307,956
Tax on (loss)/profit	11	160,107	(295,692)
(Loss)/profit for the financial year		(586,628)	1,012,264
(Loss)/profit for the year attributable to:			
Non-controlling interest		(36,913)	-
Owners of the parent company		(549,715)	1,012,264
		(586,628)	1,012,264

There was no other comprehensive income for 2017 or 2016.

The notes on pages 15 to 34 form part of these financial statements.

Lanchester Wine Cellars Limited

Consolidated balance sheet At 30 June 2017

	Note	2017 £	As restated 2016 £
Fixed assets			
Intangible fixed assets	13	1,861,371	2,079,529
Tangible fixed assets	14	11,974,190	9,834,932
Investments	15	7,622	7,622
		<u>13,843,183</u>	<u>11,922,083</u>
Current assets			
Stocks	17	6,640,969	6,450,925
Debtors	18	5,661,911	6,449,083
Cash at bank and in hand		155,311	952,118
		<u>12,458,191</u>	<u>13,852,126</u>
Creditors: amounts falling due within one year	19	(14,974,962)	(15,262,819)
Net current liabilities		<u>(2,516,771)</u>	<u>(1,410,693)</u>
Total assets less current liabilities		<u>11,326,412</u>	<u>10,511,390</u>
Creditors: amounts falling due after more than one year	20	(6,064,258)	(4,705,976)
Provisions for liabilities			
Deferred taxation	23	(315,071)	(199,639)
Net assets		<u><u>4,947,083</u></u>	<u><u>5,605,775</u></u>
Capital and reserves			
Called up share capital	24	100,000	100,000
Profit and loss account	25	4,916,060	5,505,775
Equity attributable to owners of the parent company		<u>5,016,060</u>	<u>5,605,775</u>
Non-controlling interests		(68,977)	-
Total equity		<u><u>4,947,083</u></u>	<u><u>5,605,775</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 March 2018.

A A Cleary
Director

Lanchester Wine Cellars Limited

Company balance sheet At 30 June 2017

	Note	2017 £	As restated 2016 £
Fixed assets			
Intangible fixed assets	13	407,195	391,809
Tangible fixed assets	14	11,923,507	9,786,150
Investments	15	2,868,240	2,779,554
		<u>15,198,942</u>	<u>12,957,513</u>
Current assets			
Stocks	17	3,278,243	3,146,399
Debtors	18	4,060,729	4,613,680
Bank at bank and in hand		38,532	11,128
		<u>7,377,504</u>	<u>7,771,207</u>
Creditors: amounts falling due within one year	19	(11,141,821)	(10,960,181)
Net current liabilities		<u>(3,764,317)</u>	<u>(3,188,974)</u>
Total assets less current liabilities		<u>11,434,625</u>	<u>9,768,539</u>
Creditors: amounts falling due after more than one year	20	(5,926,554)	(4,492,435)
Provisions for liabilities			
Deferred taxation	23	(313,198)	(198,484)
Net assets		<u>5,194,873</u>	<u>5,077,620</u>
Capital and reserves			
Called up share capital	24	100,000	100,000
Profit and loss account	25	5,094,873	4,977,620
Total equity		<u>5,194,873</u>	<u>5,077,620</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 March 2018.

A A Cleary
Director

Company registered number: 01517126

Lanchester Wine Cellars Limited

Consolidated statement of changes in equity Year ended 30 June 2017

	Called up share capital £	Profit and loss account £	Non- controlling interests £	Total equity £
At 1 July 2015	100,000	4,533,511	-	4,633,511
Profit for the year	-	1,012,264	-	1,012,264
Dividends	-	(40,000)	-	(40,000)
At 1 July 2016	100,000	5,505,775	-	5,605,775
Loss for the year	-	(549,715)	(36,913)	(586,628)
Non-controlling interest at acquisition	-	-	(32,064)	(32,064)
Dividends	-	(40,000)	-	(40,000)
At 30 June 2017	100,000	4,916,060	(68,977)	4,947,083

Company statement of changes in equity Year ended 30 June 2017

	Called up share capital £	Profit and loss account £	Total equity £
At 1 July 2015	100,000	4,316,162	4,416,162
Profit for the year	-	701,458	701,458
Dividends	-	(40,000)	(40,000)
At 1 July 2016	100,000	4,977,620	5,077,620
Profit for the year	-	157,253	157,253
Dividends	-	(40,000)	(40,000)
At 30 June 2017	100,000	5,094,873	5,194,873

Lanchester Wine Cellars Limited

Consolidated statement of cash flows Year ended 30 June 2017

	2017 £	2016 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(586,628)	1,012,264
Adjustments for:		
Amortisation of intangible assets	458,992	340,910
Depreciation of tangible assets	381,913	366,149
Loss on disposal of tangible assets	(24,696)	(16,439)
Interest payable	281,753	273,460
Interest receivable	(440)	(1,290)
Taxation charge	(160,107)	295,692
Decrease in stocks	355,784	1,534,193
Decrease in debtors	1,232,203	599,814
(Decrease)/increase in creditors	(95,995)	636,511
Corporation tax paid	(12,473)	(96,980)
Net cash generated from operating activities	1,830,306	4,944,284
Cash flows from investing activities		
Business acquisitions	(211,324)	(2,163,113)
Purchase of intangible fixed assets	(75,951)	-
Purchase of tangible fixed asset	(1,158,446)	(4,037,676)
Sale of tangible fixed assets	98,607	34,301
Acquired subsidiary - deferred consideration	(300,000)	-
Interest received	440	1,290
Net cash from investing activities	(1,646,674)	(6,165,198)
Cash flows from financing activities		
New secured loans	322,804	3,044,935
Repayment of loans	(635,361)	(746,580)
Net movement on finance leases	(279,818)	162,905
Dividends paid	(40,000)	(40,000)
Interest paid	(281,753)	(273,460)
Net cash used in financing activities	(914,128)	2,147,800
Net (decrease)/increase in cash and cash equivalents	(730,496)	926,886
Cash and cash equivalents at beginning of year	885,807	(41,078)
Cash and cash equivalents at the end of year	155,311	885,808

Lanchester Wine Cellars Limited

Consolidated statement of cash flows (continued) **Year ended 30 June 2017**

	2017 £	2016 £
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	155,311	952,118
Bank overdrafts	-	(66,310)
	<u>155,311</u>	<u>885,808</u>

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

1. General information and statement of compliance

Lanchester Wine Cellars Limited ('the company') and its subsidiaries (together 'the group') operate in the wine and hampers market sector as importers, shippers and bonded warehouse keepers.

The company is a private company limited by shares, incorporated and domiciled in the United Kingdom. The address of the registered office is Greencroft Industrial Estate, Tower Road, Annfield Plain, County Durham, DH9 7XP.

2. Statement of compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Basis of preparation of financial statements

These financial statements comprise the consolidated (group) financial statements and the company's separate financial statements. However, as permitted by section 408 of the Companies Act 2006, the separate profit and loss account of the company is not presented.

The financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling and rounded to the nearest £.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2 Reduced disclosures

FRS 102 allows a qualifying entity certain disclosure exemptions. The company meets the definition of a qualifying entity in respect of its separate (non-group) financial statements and has taken advantage of the disclosure exemptions relating to certain financial instruments disclosures, presentation of a cash-flow statement and remuneration of key management personnel. The equivalent disclosures, on a consolidated basis, are included in the consolidated financial statements.

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

3. Accounting policies (continued)

3.3 Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings as if they formed a single entity. Intercompany transactions and balances are therefore eliminated in full and, where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method, under which the acquiree's identifiable assets (including intangible assets), liabilities and contingent liabilities are recognised initially in the consolidated balance sheet at fair value.

3.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.5 Intangible fixed assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Goodwill recognised represents the excess fair value and directly attributable costs of the purchase of a business over the fair value of the identifiable net assets, liabilities and contingent liabilities acquired.

Amortisation is provided on all intangible assets, other than assets under construction, so as to write off the cost of an asset over its estimated useful life as follows:

Website rights	-	7 years straight line
Goodwill	-	5 years straight line

Intangible assets are reviewed for impairment where market conditions or other factors indicate a reduction in future economic benefits. Impairment losses are expensed to the profit and loss account.

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

3. Accounting policies (continued)

3.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets, other than assets under construction, at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their estimated useful lives as follows:

Leasehold property	-	over the lease term
Plant and machinery	-	20% straight line / 20% reducing balance
Motor vehicles	-	25% straight line / 25% reducing balance
Fixtures and fittings	-	25-33% straight line / 20-25% reducing balance

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

3.7 Leases

Assets held under finance leases and hire purchase contracts, which confer rights and obligations on the company similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, and the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of charge on the remaining balance of the liability.

Leases that do not confer rights and obligations approximating to ownership are classified as operating leases. Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis.

3.8 Fixed asset investments

In the company balance sheet, investments in subsidiary undertakings are measured at cost less accumulated impairment losses.

Other investments held as fixed assets are shown at cost less accumulated impairment losses.

3.9 Stocks

Stocks are stated at the lower of cost or estimated selling price less costs to complete and sell. Cost is determined using the first-in first-out (FIFO) method and includes the purchase price (including non-recoverable taxes and duties) and any transport and handling costs directly attributable to bringing the stock to its present location.

Provision is made as necessary for damaged, obsolete or slow-moving items.

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

3. Accounting policies (continued)

3.10 Employee benefits

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

Defined contribution pension plan

The group operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors on the balance sheet.

The assets of the plan are held separately from the group in independently administered funds.

3.11 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, cash and bank balances, bank loans and loans to or from group undertakings and connected companies.

Debt instruments due within one year are measured, initially and subsequently at the transaction price. Debt instruments due after one year are measured initially at the transaction price and subsequently at amortised cost using the effective interest method.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

3.12 Foreign currency translation

Transactions in foreign currencies are translated into sterling using the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary assets and liabilities are translated using the closing rate. Foreign exchange gains and losses are recognised in the profit and loss account.

3.13 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recognised when they are paid and final dividends are recognised when they are approved by the company's shareholders.

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

3. Accounting policies (continued)

3.14 Taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences arise from the inclusion of transactions and events in the financial statements in periods different from those in which they are assessed for tax.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

4. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgments in applying the entity's accounting policies

No significant judgments were required in the process of applying the group's accounting policies.

Key sources of estimation uncertainty

Estimates included within these financial statements include depreciation and amortisation charges, and asset impairments (for example provisions against debtors and stock). None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

5. Turnover

The whole of the turnover is attributable to the sale of goods.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	28,876,345	34,779,772
Rest of the world	379,138	263,281
	<u>29,255,483</u>	<u>35,043,053</u>

6. Other operating income

	2017 £	2016 £
Management charges receivable	875,911	905,086
Rent receivable	1,911,004	2,180,081
Commissions receivable	1,379	619
	<u>2,788,294</u>	<u>3,085,786</u>

7. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	381,913	366,149
Amortisation of intangible assets, including goodwill	458,992	340,910
Cost of stocks recognised as an expense	17,880,382	19,151,124
Exchange rate differences	195,070	22,294
Operating lease rentals	582,183	521,539
Audit fees payable to the company's auditor		
- The audit of these financial statements	9,450	9,250
- Audit of the company's subsidiaries	21,650	16,550
	<u>21,650</u>	<u>16,550</u>

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	3,332,760	3,199,099	2,403,384	2,405,663
Social security costs	301,908	290,554	228,579	226,659
Cost of defined contribution scheme	50,002	43,490	42,681	35,395
	<u>3,684,670</u>	<u>3,533,143</u>	<u>2,674,644</u>	<u>2,667,717</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Distribution staff	108	108
Management staff	29	26
	<u>137</u>	<u>134</u>

9. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	108,486	83,111
Company contributions to defined contribution pension schemes	325	-
	<u>108,811</u>	<u>83,111</u>

10. Interest payable

	2017 £	2016 £
Bank loans and overdrafts	169,293	178,919
Other loan interest payable	1,343	-
Finance leases and hire purchase contracts	26,288	9,886
Invoice financing facility	84,829	84,655
	<u>281,753</u>	<u>273,460</u>

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

11. Taxation

	2017 £	2016 £
Current tax		
UK Corporation tax on (loss)/profit for the year	(4,761)	238,335
Adjustments in respect of previous periods	(270,778)	(28,521)
Total current tax	(275,539)	209,814
Deferred tax		
Origination and reversal of timing differences	(53,358)	92,483
Adjustments in respect of previous periods	182,594	15,576
Effects of changes in tax rates	(13,804)	(22,181)
Total deferred tax	115,432	85,878
Taxation on (loss)/profit on ordinary activities	(160,107)	295,692

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016: higher than) the standard rate of corporation tax in the UK of 19.75% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
(Loss)/profit on ordinary activities before tax	(746,735)	1,307,956
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016 -20%)	(147,480)	261,591
Effects of:		
Expenses not deductible for tax purposes	92,166	68,325
Land remediation enhanced deduction	(29,219)	-
R&D enhanced deduction	(51,451)	-
Adjustments to tax charge in respect of prior periods	(88,184)	(12,945)
Deferred tax not provided	77,866	902
Tax rate changes	(13,804)	(22,181)
Total tax charge for the year	(160,106)	295,692

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

12. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax and total comprehensive income of the parent company for the year was £157,253 (2016: £701,458).

13. Intangible assets

Group

	Assets under construction £	Goodwill £	Website development £	Website rights £	Total £
Cost					
At 1 July 2016 (as previously stated)	-	1,984,638	-	302,500	2,287,138
Prior year adjustment	262,166	-	778	-	262,944
At 1 July 2016 (as restated)	262,166	1,984,638	778	302,500	2,550,082
Additions	58,600	129,753	17,352	-	205,705
On acquisition of subsidiaries	-	33,555	1,574	-	35,129
At 30 June 2017	320,766	2,147,946	19,704	302,500	2,790,916
Amortisation					
At 1 July 2016	-	297,696	-	172,857	470,553
Charge for the year	-	413,393	2,385	43,214	458,992
At 30 June 2017	-	711,089	2,385	216,071	929,545
Net book value					
At 30 June 2017	320,766	1,436,857	17,319	86,429	1,861,371
At 30 June 2016 (as restated)	262,166	1,686,942	778	129,643	2,079,529

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

13. Intangible assets (continued)

Company

	Assets under construction £	Website rights £	Total £
Cost			
At 1 July 2016 (as previously stated)	-	302,500	302,500
Prior year adjustment	262,166	-	262,166
At 1 July 2016 (as restated)	262,166	302,500	564,666
Additions	58,600	-	58,600
At 30 June 2017	320,766	302,500	623,266
Amortisation			
At 1 July 2016	-	172,857	172,857
Charge for the year	-	43,214	43,214
At 30 June 2017	-	216,071	216,071
Net book value			
At 30 June 2017	320,766	86,429	407,195
At 30 June 2016 (as restated)	262,166	129,643	391,809

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

14. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Assets under construction £	Total £
Cost or valuation						
At 1 July 2016 (as previously stated)	2,150,337	345,231	1,145,620	1,452,303	6,170,846	11,264,337
Prior year adjustment	-	-	-	(778)	-	(778)
At 1 July 2016 (as restated)	2,150,337	345,231	1,145,620	1,451,525	6,170,846	11,263,559
Additions	75,343	1,952	175,452	109,204	2,231,306	2,593,257
Acquisition of subsidiary	-	-	-	1,825	-	1,825
Disposals	-	-	(243,503)	-	-	(243,503)
Transfers between classes	104,172	-	-	422,834	(527,006)	-
At 30 June 2017	2,329,852	347,183	1,077,569	1,985,388	7,875,146	13,615,138
Depreciation						
At 1 July 2016	-	78,201	742,949	607,478	-	1,428,628
Charge for the year	-	20,276	171,059	190,578	-	381,913
Disposals	-	-	(169,592)	-	-	(169,592)
At 30 June 2017	-	98,477	744,416	798,056	-	1,640,949
Net book value						
At 30 June 2017	2,329,852	248,706	333,153	1,187,332	7,875,146	11,974,189
At 30 June 2016 (as restated)	2,150,337	267,030	402,671	844,047	6,170,846	9,834,931

Assets under construction includes freehold property at a cost and net book value of £6,797,937 (2016: £5,178,447).

The net book value of assets held under finance leases or hire purchase contracts, included within motor vehicles above, is £252,726 (2016: £258,263).

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

14. Tangible fixed assets (continued)

Company

	Freehold property £	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Assets under construction £	Total £
Cost						
At 1 July 2016	2,150,337	345,232	1,109,372	1,400,968	6,170,846	11,176,755
Additions	75,343	1,952	175,452	81,755	2,231,306	2,565,808
Disposals	-	-	(221,423)	-	-	(221,423)
Transfers between classes	104,172	-	-	422,834	(527,006)	-
At 30 June 2017	2,329,852	347,184	1,063,401	1,905,557	7,875,146	13,521,140
Depreciation						
At 1 July 2016	-	78,202	729,878	582,525	-	1,390,605
Charge for the year	-	20,276	165,596	180,901	-	366,773
Disposals	-	-	(159,745)	-	-	(159,745)
At 30 June 2017	-	98,478	735,729	763,426	-	1,597,633
Net book value						
At 30 June 2017	2,329,852	248,706	327,672	1,142,131	7,875,146	11,923,507
At 30 June 2016	2,150,337	267,030	379,494	818,443	6,170,846	9,786,150

Assets under construction includes freehold property at a cost and net book value of £6,797,937 (2016: £5,178,447).

The net book value of assets held under finance leases or hire purchase contracts, included within motor vehicles above, is £126,401 (2016: £258,263).

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

15. Fixed asset investments

Group

	Investments in subsidiary companies £	Other fixed asset investments £	Total £
Cost or valuation			
At 1 July 2016 and 30 June 2017	5,622	2,000	7,622
Net book value			
At 30 June 2016 and 30 June 2017	5,622	2,000	7,622

Company

	Investments in subsidiary companies £	Other fixed asset investments £	Total £
Cost or valuation			
At 1 July 2016	2,777,554	2,000	2,779,554
Additions	88,686	-	88,686
At 30 June 2017	2,866,240	2,000	2,868,240
Net book value			
At 30 June 2017	2,866,240	2,000	2,868,240
At 30 June 2016	2,777,554	2,000	2,779,554

Additions of £88,686 represent the investment in The Wine Fusion Limited (see note 16).

A full list of the company's subsidiary undertakings, all of whose results and position are included within the consolidated financial statements, is given in note 32.

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

16. Acquisitions

On 7 December 2016 the company acquired 60% of the share capital of The Wine Fusion Limited.

	Book value £	Fair value £
Assets acquired and liabilities assumed		
Tangible fixed assets	36,955	36,955
Investments	1,000	1,000
Stocks	544,828	544,828
Debtors	331,186	331,186
Cash at bank	(117,952)	(117,952)
Other creditors and provisions	(864,461)	(864,461)
	<u>(68,444)</u>	<u>(68,444)</u>
Non-controlling interest	(27,377)	(27,377)
Net liabilities acquired	<u><u>(41,067)</u></u>	<u><u>(41,067)</u></u>
Satisfied by		
Consideration:		
Cash		<u><u>88,686</u></u>
		£
Goodwill arising on consolidation (see note 13)		<u><u>129,753</u></u>

17. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Finished goods and goods for resale	<u><u>6,640,969</u></u>	<u><u>6,450,925</u></u>	<u><u>3,278,243</u></u>	<u><u>3,146,399</u></u>

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

18. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	3,910,423	4,672,922	2,755,664	3,049,732
Amounts owed by group undertakings	-	-	89,594	221,359
Amounts owed by connected companies	155,065	230,532	55,065	155,532
Other debtors	272,810	672,947	143,166	608,477
Prepayments and accrued income	1,211,888	872,682	916,381	578,580
Tax recoverable	111,725	-	100,859	-
	<u>5,661,911</u>	<u>6,449,083</u>	<u>4,060,729</u>	<u>4,613,680</u>

19. Creditors: amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank overdrafts	-	66,310	-	63,238
Bank loans	3,478,985	4,156,607	2,945,775	3,582,616
Trade creditors	2,562,448	3,236,003	1,856,426	2,447,424
Amounts owed to group undertakings	-	-	874,769	535,006
Amounts owed to connected companies	6,342,613	5,436,496	3,764,971	3,050,398
Corporation tax	-	175,306	-	68,187
Other taxation and social security	301,736	99,956	254,268	57,029
Net obligations under finance lease and hire purchase (note 21)	486,754	187,274	486,754	400,815
Deferred consideration (acquisition)	-	300,000	-	300,000
Other creditors	1,224,920	1,285,102	635,895	317,359
Accruals and deferred income	577,506	319,765	322,963	138,110
	<u>14,974,962</u>	<u>15,262,819</u>	<u>11,141,821</u>	<u>10,960,182</u>

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

20. Creditors: amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	4,857,500	4,492,435	4,857,500	4,492,435
Other loans	137,704	-	-	-
Net obligations under finance leases and hire purchase contracts (note 21)	1,069,054	213,541	1,069,054	-
	<u>6,064,258</u>	<u>4,705,976</u>	<u>5,926,554</u>	<u>4,492,435</u>

The bank loan and overdrafts are secured by a first fixed and floating charge over the assets of the group. The hire purchase liabilities are secured on the assets to which they relate.

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Within one year	539,536	197,507	539,536	197,507
After one year and before five years	1,117,943	221,403	1,117,943	221,403
Less finance costs allocated to future periods	(78,084)	(18,095)	(78,084)	(18,095)
Carrying amount of liability	<u>1,579,395</u>	<u>400,815</u>	<u>1,579,395</u>	<u>400,815</u>

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

22. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	4,336,178	5,576,401	3,043,489	4,035,100
	<u>4,336,178</u>	<u>5,576,401</u>	<u>3,043,489</u>	<u>4,035,100</u>
Financial liabilities				
Financial liabilities measured at amortised cost - loans, overdrafts and hire purchase	(5,659,997)	(9,116,167)	(15,091,092)	(8,539,104)
Financial liabilities measured at amortised cost - other (see below)	(10,707,487)	(10,577,366)	(7,455,024)	(6,788,297)
	<u>(5,047,490)</u>	<u>(1,461,199)</u>	<u>7,636,068</u>	<u>1,750,807</u>

Financial assets measured at amortised cost comprise trade and other debtors and amounts owed by group companies and connected companies (see note 18).

Other financial liabilities measured at amortised cost comprise trade and other creditors, amounts owed to group companies and connected companies and accruals (see note 19 and 20).

23. Deferred taxation

Group

	2017 £	2016 £
At beginning of year	199,639	109,344
Charged to the profit and loss account	115,432	85,878
Arising on business combinations	-	4,417
At end of year	<u>315,071</u>	<u>199,639</u>

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

23. Deferred taxation (continued)

Company

	2017 £	2016 £
At beginning of year	198,484	109,344
Charged to the profit and loss account	114,714	89,140
At end of year	313,198	198,484

The provision for deferred taxation is made up as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Fixed asset timing differences	783,591	200,219	781,718	199,064
Short term timing differences	(549)	(580)	(549)	(580)
Losses	(467,971)	-	(467,971)	-
	315,071	199,639	313,198	198,484

24. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
100,000 Ordinary shares shares of £1 each	100,000	100,000

There is a single class of Ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

25. Reserves

Profit and loss account

The profit and loss account represents cumulative profits and losses, net of cumulative dividends paid and other adjustments.

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

26. Prior year adjustment

Intangible fixed assets

Computer software costs and website development costs previously classified as tangible fixed assets have been reclassified to intangible fixed assets. The change has no impact on total equity or profits previously reported.

A prior year adjustment has also been recognised to transfer a proportion of capitalised computer software development costs from a connected company, Greencroft Bottling Company Limited.

The net book value of tangible fixed assets at 30 June 2016 has decreased by £778 to £9,834,931 (from £9,835,709 previously reported), and the net book value of intangible fixed assets at 30 June 2016 has increased by £262,944 to £2,079,529 (from £1,816,585 previously reported). The difference of £262,166 has been added to the balance due to Greencroft Bottling Company Limited.

27. Contingent liabilities

There is an unlimited and cross guarantee for the total bank indebtedness in both the group and Greencroft Bottling Company Limited, a company under common control. The aggregate amount outstanding at the balance sheet date to which the guarantee relates is £17,270,875 (2016: £14,737,181), of which, £9,150,522 (2016: £8,075,051) is recognised as a liability in these financial statements.

28. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounts to £48,669 (2016: £43,490). Contributions totalling £7,513 (2016: £13,215) were payable to the fund at the balance sheet date and are included within other creditors.

29. Commitments under operating leases

At 30 June 2017 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Not later than 1 year	547,222	557,978	340,630	340,630
Later than 1 year and not later than 5 years	464,832	434,696	-	-
Total	1,012,054	992,674	340,630	340,630

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2017

30. Related party transactions

Key management personnel comprise the executive directors, whose remuneration is disclosed in note 8.

Sales of £505,190 (2016: £483,502) and management charges of £658,963 (2016: £833,066) were made to Greencroft Bottling Company Limited, a company under common control. Purchases made from that company amounted to £2,592,571 (2016: £3,554,032). At the year end, £154,204 (2016: £217,587) was owed by Greencroft Bottling Company Limited and £5,989,201 (2016: £5,126,893) was owed to Greencroft Bottling Company Limited.

Sales of £8,427 (2016: £448) and management charges of £48,333 (2016: £50,000) were made to Lanchester Properties Limited, a company under common control. Purchases made from that company amounted to £294,616 (2016: £211,495). At the year-end £33,246 (2016: £47,439) was owed to Lanchester Properties Limited.

Sales of £7,349 (2016: £nil) and management charges of £52,701 (2016: £51,781) were made to Lanchester Energy Limited, a company under common control. At the year end, £860 (2016: £12,945) was owed by Lanchester Energy Limited.

As permitted by section 33 of FRS 102 the company has not disclosed details of transactions with its wholly-owned subsidiaries.

Dividends paid to the directors were £40,000 (2016: £40,000).

31. Controlling party

The group is controlled by A A Cleary by virtue of a 75% shareholding in Lanchester Wine Cellars Limited.

32. Subsidiary undertakings

The following were subsidiary undertakings of the company at the balance sheet date. All subsidiaries are wholly owned and, unless stated otherwise, are incorporated in the United Kingdom:

Name	Principal activity	Direct / indirect
Lanchester Wine Sales Limited	Wholesale of alcohol to major customers	Direct
Spicers of Hythe Limited	Sale of gift hampers	Direct
One Up Golf Limited	Women's golfwear	Indirect
The Wine Fusion Limited	Wine production and agency house	Direct
Icelandic subsidiary	Dormant	Direct

The registered office of Lanchester Wine Sales Limited, The Wine Fusion Limited and Icelandic subsidiary is Greencroft Industrial Estate, Tower Road, Annfield Plain, County Durham, DH9 7XP.

The registered office of Spicers of Hythe Limited and One Up Golf Limited is Spicer House, Link Park, Lympe Industrial Estate, Hythe, Kent, CT21 4LR.