

Registered number: 01517126

Lanchester Wine Cellars Limited

Annual report

30 June 2021



Lanchester Wine Cellars Limited

Company Information

Directors	A A Cleary V A Cleary M A Satchwell A R Black
Registered number	01517126
Registered office	Unit 2 Greencroft Industrial Estate Tower Road Annfield Plain 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

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Lanchester Wine Cellars Limited

Group strategic report Year ended 30 June 2021

Introduction

Lanchester Wine Cellars Limited is one of the UK's leading wines importers and shippers, we also operate nearly 1,000,000 sq. ft. of Class A Bonded Warehousing, giving us the opportunity to supply the finest Beer, Wines, and Spirits into the Trade and also for Export.

Lanchester Wine Cellars also operates Full Circle Brew Co. a new brewing enterprise based in Newcastle with a state of the art brand new 30 hectolitre Brewhouse, with kegging and canning capability on site, and also a Tap Room Bar, Food Offering and the Pip Stop retail business within the same building.

Bon Bons and HF Chocolates is also part of the business, operating out of a site at Thorpe Arch in Wetherby, shortly to be re housed in a 58,000 sq. ft. unit at Moorside around six miles to the north with many upgrades to the building and 100,000 watt solar array on the brand new roof, giving this business an excellent sustainability rating.

Lanchester Wine Cellars is part of the much larger Lanchester Group including Greencroft Bottling Company, Spicers of Hythe, The Wine Fusion, Lanchester Properties and Lanchester Energy as well as a 50% stake in Universal Wines and Spirits (an online spirit operation).

Business review

The last Financial year has not been without it's challenges, specifically the Covid 19 pandemic, which has affected the business to varying degrees. Lanchester Wine Cellars was operating really well up to December 2020 when we had a 4 to 5 month shut down of most of our customers, but with on line, retail customers and warehousing we have managed to still turn a profit, which has been an excellent result. Bon Bons/H F Chocolate, has been a revelation being up in turnover and well up in profitability, and starting the New Year in a very positive way. FCBC has certainly suffered through the pandemic, still showing a loss but certainly reduced, as the most profitable (in terms of margin) being the Tap Room was closed for 5 months, losing approximately £100,000 in gross profit over that short period of time. However, it has won many awards both for the quality of the beers and the branding which is unique and very special.

We have increased our cash balances through this year thereby not relying on loans or support from our bankers which in our eyes has been a massive plus, so we go into our new financial year in a very strong position especially when compared with other businesses in our trade who are much weaker from the pandemic.

The business is still investing, with 20 new forklift trucks and 3 new vans added to our fleet, as well as major £650,000 investment in our Nest Road building into which Lanchester Gifts and Spicers moved into in this financial year.

Having invested heavily within the business' warehousing operation during the Covid 19 pandemic and periods of recent economic downturn, we now wholly own 920,000 sq ft of bonded warehouse space which is recorded within these financial statements at a cost of £7m. Half of this warehouse space is situated in both Blaydon and Gateshead with a recent valuation of those warehouses alone coming in at £32m which is not reflected within these financial statements.

On the 1 July 2020, the gifts division within Lanchester Wine Cellars Limited was transferred to subsidiary undertaking, Spicers of Hythe Limited. No discontinued operation disclosures are therefore required from a group perspective.

Sustainability

The group has the enviable status on Sustainability, where we are the shining light for others to follow, with our solar, 4 wind turbines, (producing 5,500,000 Kw/h of sustainable electricity), and of course our 4,000 000 watt Mineworkings water heat pumps at 2 of our largest warehouses in Felling, these are the largest in Western Europe, and have had considerable interest from T.V. and the National Press. Without doubt the business is in the top ten sustainable operations in the U.K., which considering COP26 is a major positive.

Lanchester Wine Cellars Limited

Group strategic report (continued) Year ended 30 June 2021

Principal risks and uncertainties

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

Financial risk

The group 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 group foresees no interest rate risk as we believe the rates will not move significantly until Spring 2022 at the earliest.

Foreign currency risk

The foreign exchange risk is always present. The group 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 group 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:

	2021	2020
	£	£
Revenue	38,179,258	38,605,561
Gross profit (%)	30.4	33.6
Operating profit	1,214,425	835,384
EBITDA	3,362,366	2,463,197

Due to the recent growth of the group, the consolidated operating profit is adversely impacted by significant goodwill amortisation charges and therefore a key measure of the group's success and growth is demonstrated through the EBITDA achieved.

Other key performance indicators

Employee recruitment and retention

The group'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.

Lanchester Wine Cellars Limited

Group strategic report (continued) **Year ended 30 June 2021**

Directors' statement of compliance with duty to promote the success of the group

To act in the way they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole and, in so doing, to have regard (amongst other matters) to:

- The likely consequences of any decision in the long term
- The interests of the group employees
- The need to foster the group's business relationships with suppliers, customers and others
- The impact of the group's operations on the community and the environment
- The desirability of the group maintaining a reputation for high standards of business conduct
- The need to act fairly between members of the group

The directors understand the group is constantly evolving and we look at each part of the group separately and as a whole to develop a coherent strategy to strengthen and market position, while keeping safety and energy efficiencies at the heart of our strategic ambitions.

The directors recognise that the group's employees are fundamental and core to our business and to the delivery of our strategic ambitions. The success of the business depends on attracting, retaining and motivating employees. We are committed to ensuring the good health & safety practices, relevant training and shared information and wherever possible seek the views of employees on changes that may impact them.

Maintenance of high standards of business conduct are considered key to the group's success led by the group's directors.

Staff of Lanchester Wine Cellars Limited are eligible to receive a profit share.

Throughout the wider Lanchester group of companies there are a number of energy saving measures in place. This includes wind energy, solar energy, ground source heat pump energy, as well as energy saving measures.

We have invested heavily in 3 ERP systems and staff training to operate efficiently.

We have also invested heavily in our infrastructure and in improving the environment staff work in.

Engagement with suppliers, customers and others

The group considers the development and maintenance of strong relationships with suppliers and customers to be the key to the success of the business. Members of our management teams meet and are in contact regularly throughout the year the both suppliers and customers. We have developed some excellent working relationships which have stood the test of time. Our flexible approach to how we manage individuals, small and large enterprises has proven to be a key factor in our success.

This report was approved by the board on 11 January 2022 and signed on its behalf by:


A A Cleary
Director

Lanchester Wine Cellars Limited

Directors' report (continued) **Year ended 30 June 2021**

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.

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 11 January 2022 and signed on its behalf by:



A.A. Cleary
Director

Lanchester Wine Cellars Limited

Directors' report Year ended 30 June 2021

The directors present their report and the financial statements for the year ended 30 June 2021.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £667,667 (2020 - £150,276).

Dividends paid in the year were £40,000 (2020: £50,000).

Directors

The directors who served during the year were:

A A Cleary
V A Cleary
M A Satchwell
A R Black

Greenhouse gas emissions, energy consumption and energy efficiency action

The company used 1,536 MWh of electricity in the year to 30 June 2021. The onsite generation of electricity was 5,749 MWh using three 500kW wind turbines and a 41kW solar array. The onsite generation is also used by Lanchester Wine Cellars Limited, a company based on the same site in common ownership. Given that the electricity is generated on site, the company would consider this to be carbon neutral electricity.

The company used 4,648 MWh of natural gas with a carbon intensity of 0.18316 kg of carbon dioxide emissions per kWh equating to 851 tonnes.

The company used 163,000 litres of liquefied petroleum gas (LPG) with a carbon intensity of 1.55709 kg of carbon dioxide emissions per litre equating to 254 tonnes.

The company used 10 tonnes of carbon dioxide emissions in relation to business travel incurred by passenger vehicles under its ownership.

The group used 108,483 litres of DERV with a carbon intensity of 2.51233 kg of carbon dioxide emissions per litre equating to 272 tonnes.

Total carbon footprint of the company was 1,387 tonnes of carbon dioxide emissions.

1/3 of warehouse space (approx. 35,000m²) is heated using mine water heat pumps. This produces between 4 and 6 kWh of heat for each kWh used to run the heat pump. Using mine water as a source for space heating is a pioneering low carbon technology.

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocols – Corporate Standard and have used the 2021 UK Government Conversion Factors for Company Reporting.

Lanchester Wine Cellars Limited

Directors' responsibilities statement Year ended 30 June 2021

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 group's 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 auditor's 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 2021, 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 2021 and of the group's profit 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 'Auditor's 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 auditor's report to the members of Lanchester Wine Cellars Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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 auditor's 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the group's legal correspondence and we discussed with the directors and other management the policies and procedures regarding compliance with the laws and regulations. We communicated identified laws and regulations within our team and remained alert to any indications of non compliance throughout the audit.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation's (including related companies legislation), distributable profits legislation and taxation legislation and we have assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection, environmental law and certain aspects of company legislation, recognising the nature of the group's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we have not become aware of any actual or suspected non-compliance.



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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 auditor's report.

Use of our report

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 auditor's 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 FCA FCCA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

11 January 2022

Lanchester Wine Cellars Limited

Consolidated statement of comprehensive income Year ended 30 June 2021

	Note	2021 £	2020 £
Profit and loss account			
Turnover	5	38,179,258	38,605,561
Cost of sales		(26,560,741)	(25,626,309)
Gross profit		11,618,517	12,979,252
Distribution costs		(4,189,708)	(6,102,113)
Administrative expenses		(11,474,693)	(10,856,505)
Other operating income	6	5,260,309	4,814,750
Operating profit	7	1,214,425	835,384
Share of profit in joint venture		225,977	46,098
Interest receivable and similar income		16,440	113
Interest payable and similar charges	10	(311,446)	(433,235)
Profit on ordinary activities before taxation		1,145,396	448,360
Tax on profit on ordinary activities	11	(408,160)	(259,775)
Profit for the financial year		737,236	188,585
Profit for the year attributable to:			
Non-controlling interests		69,569	38,309
Owners of the parent company		667,667	150,276
		737,236	188,585

There was no other comprehensive income for 2021 or 2020.

The notes on pages 17 to 37 form part of these financial statements.

Lanchester Wine Cellars Limited

Consolidated balance sheet At 30 June 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	4,718,415	5,151,817
Tangible assets	13	16,995,323	16,277,858
Investments	14	288,632	110,192
		<u>22,002,370</u>	<u>21,539,867</u>
Current assets			
Stocks	15	8,503,264	9,299,550
Debtors	16	7,056,788	7,217,464
Cash at bank and in hand		818,067	1,245,922
		<u>16,378,119</u>	<u>17,762,936</u>
Creditors: amounts falling due within one year	17	(22,481,221)	(23,735,056)
Net current liabilities		<u>(6,103,102)</u>	<u>(5,972,120)</u>
Total assets less current liabilities		<u>15,899,268</u>	<u>15,567,747</u>
Creditors: amounts falling due after more than one year	18	(8,948,555)	(9,412,289)
Provisions for liabilities			
Deferred taxation	20	(775,371)	(677,352)
Net assets		<u>6,175,342</u>	<u>5,478,106</u>
Capital and reserves			
Called up share capital	21	100,000	100,000
Profit and loss account	22	6,002,268	5,374,601
Equity attributable to owners of the parent company		<u>6,102,268</u>	<u>5,474,601</u>
Non-controlling interests		73,074	3,505
Total equity		<u>6,175,342</u>	<u>5,478,106</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 January 2022.

A A Cleary
Director

The notes on pages 17 to 37 form part of these financial statements.

Lanchester Wine Cellars Limited

Company balance sheet At 30 June 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	1,015,431	721,478
Tangible assets	13	16,155,653	15,622,732
Investments	14	10,395,285	10,442,821
		<u>27,566,369</u>	<u>26,787,031</u>
Current assets			
Stocks	15	3,784,037	6,508,093
Debtors	16	4,833,366	5,494,919
Cash at bank and in hand		124,097	42,150
		<u>8,741,500</u>	<u>12,045,162</u>
Creditors: amounts falling due within one year	17	(19,882,161)	(22,185,418)
Net current liabilities		<u>(11,140,661)</u>	<u>(10,140,256)</u>
Total assets less current liabilities		<u>16,425,708</u>	<u>16,646,775</u>
Creditors: amounts falling due after more than one year	18	(8,948,555)	(9,376,185)
Provisions for liabilities			
Deferred taxation	20	(690,000)	(638,720)
Net assets		<u>6,787,153</u>	<u>6,631,870</u>
Capital and reserves			
Called up share capital	21	100,000	100,000
Profit and loss account brought forward		6,531,870	6,189,019
Profit for the year		195,283	392,851
Dividends		(40,000)	(50,000)
		<u>6,687,153</u>	<u>6,531,870</u>
Total equity		<u>6,787,153</u>	<u>6,631,870</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 January 2022.

A A Cleary
Director

Company registered number: 01517126

Lanchester Wine Cellars Limited

Consolidated statement of changes in equity Year ended 30 June 2021

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent company £	Non- controlling interests £	Total equity £
At 1 July 2019	100,000	5,274,325	5,374,325	(34,804)	5,339,521
Profit for the year	-	150,276	150,276	38,309	188,585
Dividends	-	(50,000)	(50,000)	-	(50,000)
At 1 July 2020	100,000	5,374,601	5,474,601	3,505	5,478,106
Profit for the year	-	667,667	667,667	69,569	737,236
Dividends	-	(40,000)	(40,000)	-	(40,000)
At 30 June 2021	100,000	6,002,268	6,102,268	73,074	6,175,342

Company statement of changes in equity Year ended 30 June 2021

	Called up share capital £	Profit and loss account £	Total equity £
At 1 July 2019	100,000	6,189,019	6,289,019
Profit for the year	-	392,851	392,851
Dividends	-	(50,000)	(50,000)
At 1 July 2020	100,000	6,531,870	6,631,870
Profit for the year	-	195,283	195,283
Dividends	-	(40,000)	(40,000)
At 30 June 2021	100,000	6,687,153	6,787,153

The notes on pages 17 to 37 form part of these financial statements.

Lanchester Wine Cellars Limited

Consolidated statement of cash flows Year ended 30 June 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	737,236	188,585
Adjustments for:		
Amortisation of intangible assets	762,975	802,035
Depreciation of tangible assets	1,158,989	779,680
(Profit)/loss on disposal of tangible assets	(9,974)	35,640
Government grants	(106,683)	-
Interest payable	311,446	433,235
Interest receivable	(16,440)	(113)
Taxation charge	408,160	259,775
Decrease/(increase) in stocks	796,286	(840,729)
Decrease in debtors	160,676	828,176
(Decrease)/increase in creditors	(567,229)	3,201,263
Share of profit in joint ventures	(225,977)	(46,098)
Corporation tax (paid)/received	(267,078)	28,745
Net cash generated from operating activities	3,142,387	5,670,194
Cash flows from investing activities		
Purchase of intangible fixed assets	(169,307)	(412,191)
Purchase of tangible fixed assets	(1,162,886)	(2,607,673)
Sale of tangible fixed assets	82,769	33,771
Government grants received	106,683	-
Purchase of fixed asset investments	(2,464)	-
Return on/(investment in) joint ventures	50,000	(50,000)
Interest received	16,440	113
Business acquisition	-	(580,131)
Net cash from investing activities	(1,078,765)	(3,616,111)
Cash flows from financing activities		
New secured loans	-	9,310,000
Repayment of loans	(1,058,414)	(8,297,530)
Repayment of finance leases	(447,049)	(488,238)
Dividends paid	(40,000)	(50,000)
Interest paid	(311,446)	(433,235)
Net cash used in financing activities	(1,856,909)	40,997

Lanchester Wine Cellars Limited

Consolidated statement of cash flows (continued) Year ended 30 June 2021

	2021 £	2020 £
Net increase in cash and cash equivalents	206,713	2,095,080
Cash and cash equivalents at beginning of year	591,173	(1,503,907)
Cash and cash equivalents at the end of year	797,886	591,173
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	818,067	1,245,922
Bank overdrafts	(20,181)	(654,749)
	797,886	591,173

Consolidated analysis of net debt Year ended 30 June 2021

	At 1 July 2020 £	Cash flows £	New finance leases £	Other non- cash changes £	At 30 June 2021 £
Cash at bank and in hand	1,245,922	(427,855)	-	-	818,067
Bank overdrafts	(654,749)	634,568	-	-	(20,181)
Debt due after 1 year	(8,611,104)	605,218	-	-	(8,005,886)
Debt due within 1 year	(3,895,304)	9,055	-	-	(3,886,249)
Finance leases	(1,226,864)	300,007	(347,365)	42,020	(1,232,202)
	(13,142,099)	1,120,993	(347,365)	42,020	(12,326,451)

The notes on pages 17 to 37 form part of these financial statements.

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2021

1. General information

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 in the United Kingdom and registered in England. 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 pound.

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 group'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 disclosure

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 the presentation of a cash-flow statement. 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 2021

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 Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the group can continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing of these financial statements.

The directors have prepared profit and cash flow forecasts for a period in excess of 12 months from the date of their approval of these financial statements and considered the potential impact of the evolving Covid-19 pandemic.

The cash flow forecasts that the directors have prepared are based on their current best estimate of trading levels with the group's key customers and the group's expected cost base and show that the company can maintain sufficient financial headroom and operate within the current available bank facilities for the foreseeable future.

Whilst the continuing risks in this regard cannot be completely mitigated and therefore some level of future uncertainty remains, the directors continue to adopt measures and assess the financial implications of associated factors outside their control alongside reviewing revised forecasts and future projections. Based on those forecasts and projections, the directors do not consider the residual uncertainties to be material to the group's ability to continue meeting its liabilities as they fall due in the foreseeable future and, accordingly, they continue to prepare the financial statements on a going concern basis.

Lanchester Wine Cellars Limited

Notes to the financial statements **Year ended 30 June 2021**

3. Accounting policies (continued)

3.5 Revenue

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.

3.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the consolidated statement of comprehensive income in the same period as the related expenditure.

3.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2021

3. Accounting policies (continued)

3.8 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:

Company software	-	10 years straight-line
Goodwill	-	5 - 10 years straight-line
Website development	-	3 years straight-line
Website rights	-	7 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.

3.9 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:

Freehold property	-	2% straight line
Long-term 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.

3.10 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.

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2021

3. Accounting policies (continued)

3.11 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.

Interest in jointly controlled entities are accounted for using the equity method. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss. The consolidated statement of comprehensive income includes the group's share of the profit/(loss) of such undertakings applying accounting policies consistent with those of the group. In the consolidated balance sheet, the interests are shown as the group's share of the identifiable net assets.

3.12 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.

3.13 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.

3.14 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.

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2021

3. Accounting policies (continued)

3.15 Foreign currency translation

The group's functional currency is the pound sterling.

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.

3.16 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.

3.17 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.

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2021

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.

5. Turnover

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

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	36,616,490	36,575,906
Rest of the world	1,562,768	2,029,655
	<u>38,179,258</u>	<u>38,605,561</u>

6. Other operating income

	2021 £	2020 £
Management charges receivable	1,442,224	1,291,533
Rent receivable	3,489,504	3,007,528
Government grants receivable	106,683	297,257
Heat pump income	221,898	218,432
	<u>5,260,309</u>	<u>4,814,750</u>

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2021

7. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	1,158,989	779,680
Amortisation of intangible assets, including goodwill	762,975	802,035
Exchange differences	5,566	88,767
Operating lease rentals	627,513	537,347
Audit fees payable to the group's auditor		
The audit of these financial statements	15,000	11,750
Audit of the company's subsidiaries	22,750	24,600
	37,750	36,350

8. Employees

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	6,196,250	5,936,117	3,631,018	3,272,542
Social security costs	564,768	527,262	333,918	284,657
Cost of defined contribution scheme	127,894	140,731	79,353	87,847
	6,888,912	6,604,110	4,044,289	3,645,046

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

	2021 No.	2020 No.
Distribution staff	215	200
Management staff	39	42
	254	242

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2021

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	148,750	137,482
Group contributions to defined contribution pension schemes	2,200	2,717
	<u>150,950</u>	<u>140,199</u>

10. Interest payable

	2021 £	2020 £
Bank interest payable	194,437	328,553
Finance leases and hire purchase contracts	42,020	45,036
Other interest payable	74,989	59,646
	<u>311,446</u>	<u>433,235</u>

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	310,510	145,320
Adjustments in respect of previous periods	(12)	(72,966)
Total current tax	<u>310,498</u>	<u>72,354</u>
Deferred tax		
Origination and reversal of timing differences	17,838	116,770
Adjustments in respect of prior periods	(106,179)	11,764
Effects of changes in tax rates	186,003	58,887
Total deferred tax	<u>97,662</u>	<u>187,421</u>
Taxation on profit on ordinary activities	<u>408,160</u>	<u>259,775</u>

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2021

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>1,145,396</u>	<u>448,360</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	217,625	85,188
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	179,486	176,902
Adjustments to tax charge in respect of prior periods	(108,026)	(61,202)
Tax rate changes	186,003	58,887
Income not taxable for tax purposes	(42,955)	-
Benefit of super deduction	(23,973)	-
Total tax charge for the year	<u>408,160</u>	<u>259,775</u>

Factors that may affect future tax charges

The rate of corporation tax in the UK throughout the period was 19% and so the company and group profits for the year have been taxed at 19%.

In the Spring Budget 2021, the Government announced an increase in the main rate of corporation tax to 25%, applying from 1 April 2023. This was substantively enacted before 30 June 2021, and so closing deferred tax has been calculated at a rate of 25% (2020: 19%).

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2021

12. Intangible assets

Group

	Computer software £	Assets under construction £	Goodwill £	Website development £	Website rights £	Total £
Cost						
At 1 July 2020	818,078	-	7,212,230	58,131	302,500	8,390,939
Additions	9,200	154,501	-	5,606	-	169,307
Transfer between classes	314,767	(154,501)	-	-	-	160,266
At 30 June 2021	1,142,045	-	7,212,230	63,737	302,500	8,720,512
Amortisation						
At 1 July 2020	96,600	-	2,787,297	52,725	302,500	3,239,122
Charge for the year	30,014	-	726,883	6,078	-	762,975
At 30 June 2021	126,614	-	3,514,180	58,803	302,500	4,002,097
Net book value						
At 30 June 2021	1,015,431	-	3,698,050	4,934	-	4,718,415
At 30 June 2020	721,478	-	4,424,933	5,406	-	5,151,817

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2021

12. Intangible assets (continued)

Company

	Computer software £	Assets under construction £	Website rights £	Total £
Cost				
At 1 July 2020	818,078	-	302,500	1,120,578
Additions	9,200	154,501	-	163,701
Transfer between classes	314,767	(154,501)	-	160,266
At 30 June 2021	1,142,045	-	302,500	1,444,545
Amortisation				
At 1 July 2020	96,600	-	302,500	399,100
Charge for the year	30,014	-	-	30,014
At 30 June 2021	126,614	-	302,500	429,114
Net book value				
At 30 June 2021	1,015,431	-	-	1,015,431
At 30 June 2020	721,478	-	-	721,478

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2021

13. 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 2020	6,747,428	679,093	993,702	6,809,811	3,473,701	18,703,735
Additions	67,735	90,000	496,038	566,599	889,143	2,109,515
Disposals	-	-	(80,951)	(259,603)	-	(340,554)
Transfers between classes	1,079,050	-	1,787	980,137	(2,221,240)	(160,266)
At 30 June 2021	<u>7,894,213</u>	<u>769,093</u>	<u>1,410,576</u>	<u>8,096,944</u>	<u>2,141,604</u>	<u>20,312,430</u>
Depreciation						
At 1 July 2020	112,070	246,786	619,331	1,447,690	-	2,425,877
Charge for the year	323,492	41,664	190,088	603,745	-	1,158,989
Disposals	-	-	(61,162)	(206,597)	-	(267,759)
At 30 June 2021	<u>435,562</u>	<u>288,450</u>	<u>748,257</u>	<u>1,844,838</u>	<u>-</u>	<u>3,317,107</u>
Net book value						
At 30 June 2021	<u>7,458,651</u>	<u>480,643</u>	<u>662,319</u>	<u>6,252,106</u>	<u>2,141,604</u>	<u>16,995,323</u>
At 30 June 2020	<u>6,635,358</u>	<u>432,307</u>	<u>374,371</u>	<u>5,362,121</u>	<u>3,473,701</u>	<u>16,277,858</u>

Group and company

The net book value of assets held under finance leases or hire purchase contracts is £401,707 (2020: £274,759) included within motor vehicles above, £1,911,753 (2020: £200,915) included within fixtures and fittings, £35,649 (2020: £nil) included in land and buildings and £nil (2020: £1,143,702) included within assets under construction.

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2021

13. Tangible fixed assets (continued)

Company

	Freehold property £	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Assets under construction £	Total £
Cost or valuation						
At 1 July 2020	6,747,428	580,741	922,538	5,851,412	3,473,701	17,575,820
Additions	67,735	90,000	454,538	212,267	889,143	1,713,683
Disposals	-	-	(80,951)	(98,721)	-	(179,672)
Transfers between classes	1,079,050	-	1,787	980,137	(2,221,240)	(160,266)
At 30 June 2021	<u>7,894,213</u>	<u>670,741</u>	<u>1,297,912</u>	<u>6,945,095</u>	<u>2,141,604</u>	<u>18,949,565</u>
Depreciation						
At 1 July 2020	112,070	195,125	584,729	1,061,164	-	1,953,088
Charge for the year	323,492	31,240	178,574	427,878	-	961,184
Disposals	-	-	(61,162)	(59,198)	-	(120,360)
At 30 June 2021	<u>435,562</u>	<u>226,365</u>	<u>702,141</u>	<u>1,429,844</u>	<u>-</u>	<u>2,793,912</u>
Net book value						
At 30 June 2021	<u>7,458,651</u>	<u>444,376</u>	<u>595,771</u>	<u>5,515,251</u>	<u>2,141,604</u>	<u>16,155,653</u>
At 30 June 2020	<u>6,635,358</u>	<u>385,616</u>	<u>337,809</u>	<u>4,790,248</u>	<u>3,473,701</u>	<u>15,622,732</u>

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2021

14. Fixed asset investments

Group

	Investments in subsidiary companies £	Other fixed asset investments £	Investment in joint ventures £	Total £
Cost or valuation				
At 1 July 2020	5,622	2,000	102,570	110,192
Additions	2,463	-	-	2,463
Disposals	-	-	(50,000)	(50,000)
Share of profit	-	-	225,977	225,977
At 30 June 2021	<u>8,085</u>	<u>2,000</u>	<u>278,547</u>	<u>288,632</u>

Company

	Investments in subsidiary companies £	Other fixed asset investments £	Investment in joint ventures £	Total £
Cost or valuation				
At 1 July 2020	10,338,251	2,000	102,570	10,442,821
Additions	2,464	-	-	2,464
Disposals	-	-	(50,000)	(50,000)
At 30 June 2021	<u>10,340,715</u>	<u>2,000</u>	<u>52,570</u>	<u>10,395,285</u>

The group and company have a joint venture, Universal Wines & Spirits Limited. The company is incorporated in the United Kingdom and the group and company own 50% of the ordinary share capital. The principal activity of the company is online sales of wines and spirits.

The investment is accounted for using the equity method. The company made a profit for the year of £451,954 (2020: £92,196), of which the group's share is recognised in the consolidated profit and loss account.

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2021

14. Fixed asset investments (continued)

Subsidiary undertakings

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

The following was an indirect subsidiary undertaking of the company:

Name	Registered office	Holding
Lanchester Wine Sales	Dormant	100%
Spicers of Hythe Limited	Sale of gift hampers	100%
The Wine Fusion Limited	Wine production and agency house	75%
Bon Bons (Wholesale) Limited	Confectionery wholesale	100%
Icelandic subsidiary	Dormant	100%

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

The registered office of Bon Bons (Wholesale) Limited is 1 Ash Way, Thorp Arch Estate, Wetherby, West Yorkshire, LS23 7FA.

15. Stocks

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Raw materials and consumables	1,610,122	1,051,368	-	-
Finished goods and goods for resale	6,893,142	8,248,182	3,784,037	6,508,093
	<u>8,503,264</u>	<u>9,299,550</u>	<u>3,784,037</u>	<u>6,508,093</u>

No provision for impairment is recognised against stock (2020: £nil) and no impairment has been charged in the year (2020: £nil).

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2021

16. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	5,575,290	5,279,509	2,632,310	3,891,306
Amounts owed by group undertakings	-	-	1,108,146	443,351
Amounts owed by connected companies	85,335	273,012	84,039	128,735
Other debtors	4,446	175,826	1,525	-
Prepayments and accrued income	1,391,717	1,489,117	1,007,346	1,031,527
	<u>7,056,788</u>	<u>7,217,464</u>	<u>4,833,366</u>	<u>5,494,919</u>

Trade debtors are stated after provisions for impairment of £85,818 (2020: £114,239).

17. Creditors: amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank overdrafts	20,181	654,749	-	510,055
Bank loans	3,697,194	3,775,608	2,730,090	3,297,178
Other loans	189,055	105,021	189,055	105,021
Trade creditors	2,854,035	2,993,748	1,587,860	2,421,915
Amounts owed to group undertakings	-	-	994,612	1,168,424
Amounts owed to connected companies	13,750,422	13,398,670	13,182,777	12,454,756
Corporation tax	310,154	267,091	39,089	121,687
Other taxation and social security	557,996	830,050	233,143	572,608
Net obligations under finance lease and hire purchase (note 19)	289,532	425,679	289,532	425,679
Other creditors	315,212	312,135	305,422	247,193
Accruals and deferred income	497,440	972,305	330,581	860,902
	<u>22,481,221</u>	<u>23,735,056</u>	<u>19,882,161</u>	<u>22,185,418</u>

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2021

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	7,595,000	8,575,000	7,595,000	8,575,000
Other loans	410,886	36,104	410,886	-
Net obligations under finance leases and hire purchase contracts (note 19)	942,669	801,185	942,669	801,185
	8,948,555	9,412,289	8,948,555	9,376,185

All loans were consolidated into one term-loan of £9,800,000 in the prior year which accrues interest at 1.7% above LIBOR and is repayable in 40 equal quarterly instalments of £245,000 with the final repayment due in March 2030. The total amount due after more than five years is £2,695,000. There is a cross guarantee between companies under common control as detailed in note 25.

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

Amounts owed to connected companies are unsecured.

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Within one year	325,870	461,154	325,870	461,154
After one year and before five years	1,011,053	873,490	1,011,053	873,490
Less finance costs allocated to future periods	(104,721)	(107,780)	(104,721)	(107,780)
	1,232,202	1,226,864	1,232,202	1,226,864

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Notes to the financial statements Year ended 30 June 2021

20. Deferred taxation

Group

	2021 £	2020 £
At beginning of year	677,352	488,776
Charged to profit or loss	98,019	188,576
At end of year	<u>775,371</u>	<u>677,352</u>

Company

	2021 £	2020 £
At beginning of year	638,720	440,000
Charged to profit or loss	51,280	198,720
At end of year	<u>690,000</u>	<u>638,720</u>

The provision for deferred taxation is made up as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Fixed asset timing differences	1,828,046	1,096,263	1,741,091	1,055,262
Short-term timing differences	(3,846)	(3,761)	(2,262)	(1,392)
Losses	(1,048,829)	(415,150)	(1,048,829)	(415,150)
	<u>775,371</u>	<u>677,352</u>	<u>690,000</u>	<u>638,720</u>

21. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
100,000 (2020 - 100,000) Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2021

22. Reserves

Profit and loss account

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

23. 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 £21,200,110 (2020: £25,576,396), of which £10,662,788 (2020: £12,687,748) is recognised as a liability in these financial statements.

24. Capital commitments

At 30 June 2021 the group and company had capital commitments as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Contracted for but not provided in these financial statements	65,910	18,102	65,910	18,102

25. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounts to £127,894 (2020: £140,731). Contributions totaling £15,687 (2020: £18,057) were payable to the fund at the balance sheet date and are included within other creditors.

26. Commitments under operating leases

At 30 June 2021 the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Not later than 1 year	766,525	627,513	551,525	336,353
Later than 1 year and not later than 5 years	1,778,910	1,774,100	1,479,847	994,096
Later than 5 years	-	433,125	-	-
	2,545,435	2,834,738	2,031,372	1,330,449

Lanchester Wine Cellars Limited

Notes to the financial statements Year ended 30 June 2021

27. Related party transactions

Sales of £700,962 (2020: £536,524) and management charges of £834,000 (2020: £834,000) were made to Greencroft Bottling Company Limited, a company under common control. Recharges made from Greencroft Bottling Company Limited amounted to £2,064,544 (2020: £2,100,284) and purchases were made by the group of £1,534,962 (2020: £1,361,684) from Greencroft Bottling Company Limited. At the year end, £54,039 (2020: £203,781) was owed by Greencroft Bottling Company Limited and £13,613,117 (2020: £13,068,838) was owed to Greencroft Bottling Company Limited from the group.

Recharges of £180 (2020: £887) and management charges of £60,000 (2020: £60,000) were made to Lanchester Properties Limited, a company under common control. Purchases made from that company amounted to £376,833 (2020: £357,307). At the year-end, £nil (2020: £22,254) was owed by Lanchester Properties Limited and £137,305 (2020: £110,099) was owed to Lanchester Properties Limited.

Recharges of £58,799 (2020: £54,537) were made to Lanchester Energy Limited, a company under common control. At the year end, £10,000 (2020: £14,960) was owed by Lanchester Energy Limited.

Sales of £23,884 (2020: £15,906), purchases of £nil (2020: £2,462) and management charges of £20,000 (2020: £20,000) were made to Universal Wines & Spirits Limited, a jointly controlled entity. No further capital contributions (2020: £50,000) were made to the entity during the period and £50,000 was returned from Universal Wines & Spirits. At the year end, £nil (2020: £219,733) was owed to Universal Wines & Spirits Limited and £21,296 (2020: £32,017) was owed from the company.

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 (2020: £50,000).

28. Controlling party

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