

Majestic Wine PLC

Annual Report & Accounts 2014

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COMPANIES HOUSE

TOGETHER WE ARE MAJESTIC

Majestic aims to inspire everyone to discover and explore the magic of wine. We stock wines for every occasion. Our range is innovative, vibrant and diverse whilst representing the best quality and value.

With some of the best trained people in the business, we share our enthusiasm and expertise to encourage our customers to explore the world of wine.

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Overview

HIGHLIGHTS

£23.8m

Group profit before tax increased
by £0.1m to £23.8m (2013: £23.7m)

1.4%

Total sales up 1.4% to £278.2m (2013: £274.4m)

(0.1%)

Like for like sales in UK retail stores down 0.1%

16.0p

Final dividend of 11.8p net per share, bringing
the total dividend for the year to 16.0p, an increase
of 0.2p on last year (2013: 15.8p)

£21.4m

Majestic Wine Warehouses Ltd : Profit before
interest and tax at £21.4m (2013: £20.6m)

£1.0m

Lay & Wheeler: Profit before interest
and tax at £1.0m (2013: £1.7m)

£1.5m

Majestic in Calais: Profit before interest
and tax at £1.5m (2013: £1.6m)

Overview
The Majestic Timeline

OUR JOURNEY SO FAR

We have come a long way and are very proud of the milestones we have reached in the past. We continue to put building blocks in place for our future growth.

1980

Majestic is born

Majestic was founded in 1980, initially with just a single store in London's Wood Green. By the end of 1985 there were 13 stores in the Majestic estate. We've come a long way since...

2000

Ecommerce

Majestic.co.uk was launched in April 2000, using a business model that is different to many retailers. Almost all online orders are fulfilled by the local Majestic store.

2002

100th store opens

We open our 100th store in Dorchester and turnover exceeds £100m for the first time.

1994

Majestic Commercial

Our business to business operation began in the basement of our Notting Hill Gate store when we spotted an opportunity to sell wines directly to media companies in London.

2001

Majestic Wine Calais

In 2001 we acquired a successful business operating in the French channel ports. Majestic Wine Calais caters for customers who wish to take advantage of low duty rates in France.

2003

Fine wine

In 2003 we opened our first temperature controlled store dedicated to fine wine, at our Fine Wine Centre in St John's Wood, London.

2013

200th store and new website

July 2013 saw the launch of our new website platform. In September we opened our 200th store in Petersfield, Hampshire.

2009

A busy year

Sales pass £200m for the first time. We open our 150th store in Leith Walk in Edinburgh. In March we acquired the fine wine specialist Lay & Wheeler. September sees us lower our minimum purchase from 12 to 6 bottles.

Our future

We are investing in the necessary infrastructure enhancements to support our longer term growth strategy to increase our store footprint to 330.

Overview
Majestic Online

CUSTOMER ENGAGEMENT

Social media is changing the way customers interact with Majestic.

Majestic Clapham @majesticclapham

Lots to try on our tasting counter...come and explore our great range of fantastic wines at great prices!

Majestic Wine Clapham

New in Stock: Edna Valley Wines. This time of year always marks the introduction of several exciting new wines in to the Majestic range, including two wines from California's Edna Valley Winery.

Majestic Petersfield @majesticptf

It may be raining outside but this Sainte Victoire rosé is still a great glass of wine! #rosé

Majestic Wine Petersfield

We just announced a new event: Chilean Tasting Week (Fri 2 May-Thu 8 May 10:00-20:00) In-store. A week long exploration into the world of Chilean wine.

A FRESH NEW LOOK

In July 2013 we successfully launched our new website, delivering an overall improved online shopping experience for our customers.

New features include the ability to browse all wines available at any local store, enhanced click and collect and intelligent staff recommendations. Our online proposition of fulfilling orders through local stores means that we can be both convenient and personal.

Browse wines available at your local store

An important new feature that we're excited to share with customers is the ability to browse the website based on what's in stock at their local store that day. Before, customers were able to see and order wines only available in full nationwide distribution. Now, almost all the wines, spirits and beers in stock at the local store are listed online. This means that we can offer our customers a greatly enhanced range to explore online and bring our range in line with the Majestic experience in store.

Our recommendations

We asked our knowledgeable store teams a simple question – "if a customer likes this, what else should they try?" – and their enthusiasm for getting involved means that we have captured over 200,000 individual recommendations. This means that our customers can rest assured that the recommendations that we make on product pages come with the human touch. We're always looking at ways to bring our expertise in store to the online world and this is a great way of sharing our passion for wine.

Improved click and collect

Majestic customers have been able to order online and collect in store for more than a decade, but with our new website the experience is even better. As customers can now browse the range available to collect at their local store we can ensure the best possible service. Customers can now pay with Paypal and collect in store by simply showing their ID and can even give us an indication of when they'd like to collect so we can ensure their order is prepared and waiting.

Go mobile

With the launch of our new website platform comes a revamped mobile optimised website. All the great functionality that you experience on the desktop version of our new site has been reinterpreted and optimised for small screens. Updates from the old mobile site include the ability to view all content on each local store's webpage, including news and events, and enhanced control of customer account details.

Overview
Chairman's Statement

INVESTING IN THE NEXT STAGE OF GROWTH

The financial year ending March 2014 proved to be difficult at the trading level however solid progress was made in developing the infrastructure necessary for Majestic to maximise future growth. We opened thirteen new stores and launched the third generation of our website on a new robust and flexible platform. Post year end, in May 2014 we successfully moved our Head Office and at the end of June 2014 we will be relocating our Distribution Centre to a modern and larger facility.

Profit before tax for the year ended 31 March 2014 was up 0.3% to £23.8m. The retail environment in which we operate has been challenging and we saw a marginal decline in UK like for like sales of 0.1%. As previously announced, Majestic experienced a period of slow sales in January and February where consumer spending was subdued following a positive Christmas trading period.

Majestic has increased its market share by 0.1% to 4.2% our highest ever level. This not only demonstrates our ability to hold share in a challenging environment but also the potential for us to continue to grow. We are confident that we can take advantage of this market opportunity by our ongoing investment in new stores, developing our staff, technology and central facilities.

Dividend

The Board is proposing a final dividend of 11.8p per share. This brings the total dividend to 16.0p per share, an increase of 0.2p on last year highlighting our confidence in the future trading of the business.

People

It is the excellent customer service delivered by our teams of personable and knowledgeable people that most differentiates us from the competition. I would like to take this opportunity to thank them all for their undoubted commitment and hard work. We were pleased that their efforts were also recognised at the Decanter World Wine Awards in September 2013 with the award of Best National Wine Merchant.

Investing for the future and outlook

The business has grown materially in recent years and has a long term strategy to deliver increased value for shareholders by expanding our footprint to 330 stores, whilst growing ecommerce operations, sales to business customers and driving our fine wine offer.

During the current financial year the Group's focus will be on the investments necessary to support and deliver this strategy. A large amount has been achieved so far yet more needs to be done to ensure that Majestic is well positioned to take advantage of its opportunities for future growth. As previously announced the cost of these investments in the short term means that we now envisage flatter profit growth in the 2015 financial year. The Board expects a subsequent return to further profit growth from 2016 as we benefit from our strategic investment programme.

Phil Wrigley

Chairman
13 June 2014

OUR PLACE IN THE UK WINE INDUSTRY

Majestic is the UK's largest wine specialist, offering a highly differentiated proposition to our 643,000 active customers.

Majestic operates in the premium sector of the UK wine market, in a competitive, multichannel retail environment.

Multiple grocers account for the majority of still and sparkling wine sold in the UK (84% by volume, Nielsen, April 2014), however, Majestic also faces competition from online and national wine specialists. Majestic has a highly differentiated proposition that delivers a compelling proposition to our customers.

**Majestic still wine
average bottle price**

£7.94

**Wine market still wine
average bottle price***

£5.38

**Majestic still wine
value growth***

+4.9%

**Wine market still wine
value growth***

+1.3%

*Source: 52 weeks to April 2014, Nielsen

Our unique proposition

Exceptional
customer service

Highly trained employees

We have an extensive training programme designed and delivered in-house that is widely recognised as amongst the best in the industry.

Customer engagement

Our passionate, personable and knowledgeable store teams take great pride in always putting our customers needs first whilst inspiring them to explore our range.

Diverse and
interesting range

Extensive range to explore

We're passionate about the wines that we select for our customers, who can explore an extensive, creative range at affordable prices.

Party services

Our substantial depth of stock held in store allows us to provide a full party service, including free glass loans and sale or return.

Taste before you buy

Taste and explore

Every Majestic store offers a varied calendar of free to attend wine events, including The Wine Course, Seasonal Tastings and our Spotlight Tastings.

Tasting counter

Our store teams will always guide customers through the varied selection of wines available to taste at our tasting counter.

Order in store or online
with free UK delivery
or click and collect

Enhanced website

Browse all wines available at any local Majestic store, enhanced click and collect and intelligent staff recommendations.

Free delivery of 6 bottles

Category leading free delivery of any 6 bottles throughout the UK.

Strategic Report
Review of Operations

A CLEAR STRATEGY TO DELIVER GROWTH

We believe that Majestic with its differentiated model and clearly defined strategy of new store roll-out, growing business sales, increased ecommerce traffic and higher fine wine sales has good prospects for future growth.

I am able to report that the Group achieved an increase in profit before tax of £0.1m to £23.8m whilst total Group sales increased by 1.4% to £278.2m.

Majestic Wine Warehouses

Profit before interest and tax increased by 4.2% to £21.4m with sales growing by £7.2m to £255.7m. The average bottle price of still wine purchased at Majestic rose to £7.94, up from £7.56 last year whilst average spend per transaction increased by £1 to £129. We achieved an increase in the number of active customers who made purchases in the last twelve months to 643,000, up 2.9% on last year.

Market

The market in which we operate remains very competitive and is dominated by the large supermarkets. The market has declined slightly in volume terms over each of the last three years although it has continued to grow modestly in value. This growth is inflationary driven by cost increases primarily in alcohol duties which have risen from £1.81 per bottle three years ago to £2.05 at the time of writing this report. In addition native cost prices have been rising around the world as harvests were weaker due to poor weather combined with rising demand particularly in the Far East. Our share of this market as measured by Nielsen has increased by 0.1% to 4.2% over the past year to the end of March 2014, which demonstrates our ability to hold share.

Product

We are committed to stocking an extensive range of interesting wines in real depth at each of our locations. Our range gives us a competitive advantage and secures our position as the leading wine specialist of scale in the UK.

We have an experienced buying team acknowledged as being amongst the best in our industry. They are responsible for ensuring that our range is creative and competitive by sourcing wines of high quality at the very best prices. We work hard to ensure that we continue to interest and delight our customers by constantly evolving the range and by the acquisition of interesting parcels of wine.

OUR AIM IS TO INSPIRE EVERYONE TO DISCOVER AND EXPLORE THE MAGIC OF WINE

Our Strategy

Majestic has a clearly defined growth strategy which has not changed and has four key components; the continuing growth of sales through our core estate coupled with its expansion, growing sales to business customers, increasing ecommerce traffic and developing sales of fine wine.

New store rollout

Currently we operate from 206 stores and see the potential to increase the Majestic store footprint to 330 stores nationwide without undue cannibalisation of sales from neighbouring stores. The expansion is based on securing units of around 3,500 square feet with good car parking in prominent locations generally on main roads outside town centres.

Growing penetration of Ecommerce sales

We have a clear competitive advantage as an online channel as we have both the brand and a national store network which enables us to simplify and enhance our proposition to customers who shop across channels. Through technology we are rolling out new personalised experiences online with relevant and timely communications through email and mobile channels.

Sales to business customers

Majestic is particularly well suited to meet the needs of business customers. We hold extensive stocks at each of our locations with the ability to offer credit facilities and arrange deliveries seven days per week. We are investing in increasing the size of the Commercial sales team to accelerate acquisition of business accounts.

Fine wine

Consumers look to purchase more expensive wine mostly for celebrations, to entertain at home or simply to treat themselves. Majestic is well positioned to service this need with highly trained staff who have deep product knowledge. We leverage our buying strength to stock a focused range of well recognised names backed by a strong promotional programme.

Our Business Model

How we put our Strategy into action

Majestic Wine is a specialist retailer of wine operating in three divisions:

Majestic Wine Warehouses is the largest wine specialist in the UK selling exceptional wine by the mixed case. Majestic differentiates itself by the high quality of its customer service and advice, the diversity and quantity of stock available to purchase at each store, its dedicated on-site customer parking, wines to taste for free every day, the ability to order in-store or online and the availability of free delivery throughout mainland UK.

Lay & Wheeler, a fine wine merchant with particular expertise in en primeur sales, cellarage and broking of customer reserves.

Majestic Wine Calais, a retailer based in Calais selling to UK consumers wishing to take advantage of the lower rate of alcohol duty in France.

Strategic Report

Review of Operations continued

Customer Service

Our store teams take great pride in delivering exceptional customer service that goes beyond expectations. This is the cornerstone of our proposition and is what most notably stands us apart from the competition.

We believe that maintaining this strong customer service ethos is essential to our continued success. In order to meet this requirement we continue to recruit and retain high quality staff, primarily at graduate level. We have developed a comprehensive training programme that incorporates courses on management skills, customer service and product knowledge. We believe that our staff should have the opportunity to taste the wines that they recommend to their customers. We train our staff how to taste wine and have an extensive schedule of tasting events, often hosted by the winemakers themselves.

Customer Engagement

We understand that we need to work hard to promote loyalty from our customers keeping them engaged with our brand whilst encouraging them to further their knowledge and enjoyment of wine.

We provide an extensive programme of guided tasting events in store which enable us to showcase the range and demonstrate our employees' extensive product knowledge. These events are free to attend and include our very popular Wine Course and Spotlight Tastings. We saw a significant increase in the number of customers attending a tasting event at their local Majestic store to 53,000, up 9,000 on last year.

We are currently working on a number of projects that will help us better understand and improve engagement with our customers. We have appointed a new customer relationship management agency to enable us to enhance and personalise our communications with our customers. We are intensively analysing our data to understand better how customers interact with us across the entire multichannel offering. This will give us more opportunity to better target our customers with wine information that best suits them. Additional investment has been set aside to enable us to develop and further drive our multichannel offering.

New stores

We continue to make good progress with our store opening programme and were delighted that we opened our 200th store in Petersfield last Autumn. We have opened in a further twelve new locations during the financial year in Havant, Lytham St Annes, Durham, Grantham, Maidenhead, Lichfield, Lewes, Cheadle Hulme, Tenterden, a second store in Nottingham, Ilkley and Kettering. In addition we revisited our store in north Leeds.

Since the end of the financial year we have opened in Leighton Buzzard and Hexham giving us 206 stores in the UK. We continue to see the opportunity to increase the Majestic retail estate to around 330 locations nationwide.

In order to support our expansion we have invested in a new Head Office located near to the previous office in Watford. We have also secured a new Distribution Centre in Hemel Hempstead. We successfully relocated the Head Office at the end of May 2014 and are planning to be fully operational in the new distribution facility by the end of June 2014. These enlarged central facilities provide the capacity to handle the significant volume increase expected from the future growth of our entire multichannel offering.

Commercial

Majestic Commercial is our business to business division which focuses on the supply of wine to a wide range of corporate customers throughout the UK. We have developed a compelling proposition demonstrating real authority in the marketplace. The business leverages the store network enabling us to hold extensive stocks close to our customers and to organise deliveries seven days a week. In addition, for central London we have a dedicated warehouse facility located in Kings Cross which handles distribution for larger business customers. We have a range of 44 wines that are exclusive to our business proposition and we are delighted that the strength of the range was recognised with the award of House Wine Merchant of the Year at the Sommelier Wine Awards 2014.

We have seen another year of rapid growth from this channel and sales have increased by 20.6% to £37.3m. We believe that there are good opportunities to drive for further market share gains and to facilitate this we continue to invest in increasing the size of our Commercial sales team.

Ecommerce

Online sales achieved growth of 5.8% on the previous year and now represent 11.4% of total UK retail sales. Compared with previous years, the rate of growth has slowed reflecting a significantly more competitive landscape for wine online with new entrants coming to the market. The number of orders processed increased 4.9% to 245,000 and the average transaction value online was £135, up from £134 last year.

We understand the importance of having a strong online presence to the future growth of the company. In the previous financial year we decided to invest in improving our infrastructure to handle expected future growth from the online channel. We were pleased that we successfully launched the third generation of our website on a new stable and flexible platform during the Summer of 2013. The new site delivers a much enhanced customer experience including an improved click and collect proposition. Enhanced functionality now enables us to display local stock availability which gives customers a greater range to choose from and improves our operational efficiency. The consumer is moving much more towards mobile technology and the new site is better optimised to handle this traffic.

The online marketplace is very complex and changing rapidly. We have a robust website whose architecture now allows us to quickly make enhancements. We are investing further in our ecommerce in-house design and development competences to accelerate the rate of change made to the site. We will soon introduce a new multichannel customer relationship management programme and make improvements to product ratings and reviews as well as guided selling. Further development into our mobile site will commence shortly.

Fine Wine

During Summer of 2013 period we enhanced our fine wine range allowing us to increase focus on names that are easily recognised by consumers. The new range has been supported by a strong price mechanic. Sales of still wine priced at £20 per bottle and above grew 19.7% to £18.7m.

Lay & Wheeler

This business delivered profit before interest and tax of £1.0m down from the £1.7m recorded in the previous financial year. The reason for the decline in profitability is that in the previous year sales from the successful Bordeaux 2010 vintage were recognised in the accounts as the wines were delivered to customers. Subsequent vintages have seen a lower level of consumer demand reflecting their slightly lower quality. As a result we anticipate that profitability from this business will remain at its current level until another strong Bordeaux en primeur vintage is seen.

Majestic Wine Calais

This business operates from two units located in Calais catering for UK consumers wishing to take advantage of the much lower rates of alcohol duty in France. Profit before interest and tax decreased marginally £0.1m to £1.5m with like for like sales on a constant currency basis declining 5.7%. The business is well suited to consumers organising large events where savings can be considerable as we guarantee a minimum £2 per bottle differential to our UK retail prices with many at £3 less. Customers are encouraged to pre-order either online or by telephone and together these accounted for 41% of sales.

Future Prospects

We believe that Majestic with its differentiated model based on exceptional customer service and clearly defined strategy of new store roll-out, growing business sales, increased ecommerce traffic and higher fine wine sales has good prospects for future growth.

We have made solid progress in a difficult trading environment, launching our new website, continuing with our store expansion plan, selecting a new customer relationship management agency and strengthening our senior management team. We have also acquired new head office and distribution facilities.

There is however more to be done to best position the Company to generate further value for shareholders. We are currently analysing our customer data in real depth to better understand how they interact across our multichannel offering. We are increasing our in-house design and development capabilities to facilitate quicker deployment of improvements to our website.

As a result of the cost of the increased investments the Group is making and continuing subdued market conditions the Board is expecting a flatter growth profile for the 2015 financial year. We anticipate a subsequent return to growth following the successful implementation of our infrastructure investments which the Board believes will equip us well for long term growth.

Steve Lewis

Chief Executive
13 June 2014

OUR PURPOSE: TO INSPIRE EVERYONE TO DISCOVER AND EXPLORE THE **MAGIC** OF WINE*

*because we believe wine is the most
exciting liquid on the planet.

We're working hard to preserve our core beliefs and values to ensure that the unique culture that has contributed to Majestic's growth story remains dynamic and strong.

This culture lies at the heart of our ability to achieve our strategic priorities. It drives our operational success and helps us to attract, develop, motivate and retain our talented employees.

We realise that to ensure our culture continues to thrive we need to explicitly communicate what it means to every employee and their role at Majestic. Last year we introduced our purpose and principles to the business.

OUR PRINCIPLES

1

We bring our
passion to work

2

Customer first,
Customer second

3

Together we
are Majestic

4

We make our
own luck

5

The more we put in,
the more we get out

6

We deliver profit
through our principles

Strategic Report

The Majestic Culture continued

Our people are our most important asset;
our shared values set us apart and will drive
our future growth.

We bring our passion to work

- Encouraging and celebrating our passion for what we do
- Inspiring people through our knowledge and passion
- A sense of fun in everything we do

Customer first, customer second

- Always what's best for the customer
- Putting ourselves in our customers shoes to gain better insight
- Confidence to sell with integrity

Together we are Majestic

- The whole company as a team, and every team within it
- Everyone has a role to play in our success
- Collaboration across all areas of the business

We make our own luck

- Trying and rewarding experimentation
- Being bold to create something bigger and better
- Being open and ready to change and innovate

The more we put in, the more we get out

- Always going the extra mile
- Working hard with an ambition for doing great things

We deliver profit through our principles

- Everyone benefits from being part of a profitable business
- Using our principles to constantly improve how we do business
- Business success through always delivering value to our customers

We are committed to stocking
an extensive range of interesting
wines in real depth at each of
our locations. Our range gives
us a competitive advantage and
secures our position as the leading
wine specialist of scale in the UK.

Steve Lewis
Chief Executive

PRINCIPLES IN ACTION

We make our own luck

A delivery of wine, beer and rather a lot of ice became an opportunity seized. We had an order to deliver to a stand at the Excel Centre. Nothing out of the ordinary, we do that a lot over the year.

The Boat Show was on and the stands were still being set up before being opened to the public. While making the delivery we decided to pay a visit to a few of the neighbouring stands (had they heard of Majestic and all of our services we asked?). Armed with materials detailing our services; free delivery, free glass and chiller bin hire, sale and return as standard, we had a chat with a few stands. Low and behold one sale became six over that boat show weekend, with one order for 36 bottles of Champagne. We hope The Boat Show was a success for all the attendees that weekend. It certainly was for us.

The Team at Majestic Docklands

Customer first, customer second

We try to remember all of our regular customers' names, wine preferences and a little bit about their lives. This was exemplified last week when a customer who had not shopped with us before came in to buy a gift for a friend who she knew shopped with Majestic. She told us his name and we knew immediately what her friend liked to drink – even which wine he was eyeing up on the fine wine shelves but didn't feel he could justify buying for himself. She was impressed that we knew our customers so well and bought half a dozen bottles for herself and the special bottle of Châteauneuf-du-Pape for her friend. This week our regular customer came in for his usual wines and thanked us for making the recommendation. He was very surprised that we had remembered his interest in this special wine and is really looking forward to trying it.

The Team at Majestic Exeter

Strategic Report
Financial Review

MONITORING PERFORMANCE

The Group continues to be in a strong financial position and remains strongly cash generative enabling the expansion of the business from its own resources.

Trading

Total sales generated by the Group increased by 1.4% to £278.2m with UK retail like for like sales declining 0.1%. Profit before tax at £23.8m was up £0.1m on the previous year. Gross margin has increased 0.2% to 23.0% from a continued reduction in lower margin wholesale activities. Distribution costs increased £2.5m to £26.8m mostly from the ongoing rollout of the store estate. We achieved a reduction in administrative expenses of £1.0m to £14.1m mostly from a lower level of accrual for variable remuneration to the executive and senior management teams. Net margin at 8.5% was 0.1% lower than last year.

Taxation

The effective rate of corporation tax in 2014 was 25.9% (2013: 26.8%) compared with the main rate at 23.0% (2012: 24.0%). Majestic has certain items of expenditure mostly relating to share based payments that are non-deductible for tax purposes. In addition, the Group has an excess of depreciation over capital allowances as certain assets are non-qualifying. The Group has also recalculated deferred tax balances to be in line with the expected new lower corporation tax rate of 20.0% which is expected to take effect from April 2015. We have recalculated to this lower rate because the majority of the deferred tax balances are expected to reverse after the forthcoming financial year.

Earnings per share

Basic earnings per share for the year at 27.0p were 0.1p higher than in the previous year (2013: 26.9p). Diluted earnings per share for the year at 26.6p were in line with the previous year (2013: 26.6p).

Dividend

The Board is proposing a final dividend for 2014 of 11.8 pence per share. Together with the interim dividend of 4.2 pence paid to shareholders on 4 January 2014, this would make a total dividend for the financial year of 16.0 pence per share, an increase of 0.2p over the prior year. The total dividend is 1.68 times covered by profit after tax (2013: 1.68 times). Subject to shareholders' approval at the Annual General Meeting on 7 August 2014, the final dividend will be payable on 15 August 2014, to shareholders on the register on 18 July 2014.

Cash flow and net debt

Group cash flows generated from operations were £23.6m, down from £27.9m in the previous year. This reduction in operating cash flow arises from the timing of Easter. The last two working days of the previous financial year were Bank Holidays which meant that certain month end payments to suppliers were delayed into the current financial year. Capital expenditure in the year decreased to £10.3m from £12.5m as the previous financial year included £2.1m for the acquisition of the long leasehold for our new head office facility which we occupied in May 2014. Dividends paid by the Group to shareholders increased £0.2m to £10.4m whilst the level of cash received on the exercise of share options fell to £1.2m from £3.0m in the previous year. Group tax payments totaling £5.5m were made during the year down from £6.4m previously. The Group had net funds of £1.8m at 31 March 2014 compared with £2.9m at the end of the previous financial year.

Liquidity and funding

The Group maintains liquidity by arranging facilities to finance its seasonal working capital requirements and new store opening programme. The amount available under these uncommitted facilities varies though the year from £5.0m to £17.5m matching the Group's funding requirements. They are reviewed annually and have no expiry date. At 31 March 2014 the Group had undrawn short term borrowing facilities of £2.1m.

Financial Position

The Group continues to be in a strong financial position and remains strongly cash generative enabling the expansion of the business from its existing resources.

By Order of the Board



Nigel Alldritt ACMA
Finance Director and Company Secretary
13 June 2014
Registered in England and Wales No. 2281640

RISK MANAGEMENT

The Group maintains a register which documents the risks facing the business and the actions taken to manage them.

The register is assessed on an ongoing basis but at least annually. The register is reviewed by the Audit Committee.

The executive Directors have direct responsibility for a number of key risk areas. They evaluate the likelihood and potential impact of risks and ensure appropriate action is taken to mitigate them. The key risks and mitigating factors are set out below.

The retail industry is very competitive. The Group competes with a number of retailers of varying size on areas including price, range, quality and service. Failure to compete effectively could have an adverse impact on the financial results. Apart from regularly monitoring performance against competitors in these areas the Group mitigates its exposure by ensuring that the business is differentiated from the competition by the level of service delivered to customers, the diversity and quantity of stock at each location, provision of dedicated car parking and wine expertise.

The Group recognises that it is essential to its success to attract, retain and motivate staff at all levels in the organisation. The Group considers its employment policies regularly and provides a comprehensive package of salary and benefits, including bonuses and participation in the Group's share option schemes. Great emphasis is placed on training in order to help employees achieve their full potential.

The business is dependent on information technology systems and a significant failure may impact the Group's ability to trade. The Group has extensive controls in place to ensure the integrity and reliability of its systems. Recovery plans are in place to ensure that any disruption from a failure can be kept to a minimum and they are regularly tested.

As a drinks retailer the Group operates in a market that is regulated most notably by way of licences to sell alcohol. The Group monitors compliance with licensing requirements ensuring that all relevant staff hold the appropriate qualifications. Changes in the regulatory environment could occur at any time and may have a detrimental effect on the business.

The Group imports product from suppliers located abroad and is therefore exposed to risk from fluctuations in foreign currency exchange rates. Forward currency contracts are purchased to mitigate foreign currency exposures.

The Group operates from over 200 retail units and is expanding this footprint. There is a risk that we may open in inappropriate locations, overpay for sites or overstretch by expanding too quickly. The Group mitigates against this by undertaking a rigorous appraisal of each new location and insist on break clauses where deemed necessary. Property acquisitions or lease commitments above certain thresholds are reviewed prior to approval at Board level. The Group has determined an optimum expansion rate and this is reviewed annually.

EXPLORING THE MAGIC OF WINE

Majestic never stands still; we're always looking for the next big thing in wine. That's how we stay one step ahead of the competition.

Sales in the year to March 2014 have shown impressive growth of Malbec from Argentina, Prosecco and Provence Rosé.

1

Malbec

Viñalba Reservado Malbec 2012, Mendoza, Argentina

Origin

The Malbec Reserva from the Viñalba estate has previously won a Decanter award for its quality. Sourced from vineyards at the foot of the Andes grown at different altitudes to achieve the perfect balance between tannin and acidity.

Taste

This wine literally wraps itself around every corner of your mouth with its ripe dark plum fruits, sweet tannins and dark chocolate and mocha.

Enjoy

A full-bodied wine, yet with juicy tannins, this wine is best enjoyed with food. Peppered steak, venison or lamb are ideal companions.

2

Prosecco

Prosecco di Conegliano Valdobbiadene Extra Dry DOCG, Italy

Origin

La Marca winery is located in Oderzo, in the Veneto region of Italy. Its members own about 8,000 hectares of vineyards on the hills and the plain. Cutting edge technologies are used in the vineyards and the cellar to ensure the continual improvement of wine quality.

Taste

A pale straw colour with a fine mousse and typical fruit characters of apples and pineapples.

Enjoy

Ideal as an apéritif or to accompany a light lunch.

3

Provence Rosé

M de Minuty Rosé 2013 Côtes de Provence

Origin

Château de Minuty is located on the St Tropez Peninsular, with its vineyards virtually overlooking the Mediterranean. This rosé is quintessential of the local style, with the blend employing a small amount of the little-known Tibouren grape, a variety grown almost exclusively in Provence.

Taste

Pale honeysuckle pink, and offering a clean nose of citrus fruit, offset by subtle floral and candied notes. Fresh acidity makes for an incisive and lively palate, with a rounded feel.

Enjoy

Partner with the delicate flavours of fresh shellfish, or with a mozzarella and sun-ripened tomato salad.

EXCLUSIVELY AVAILABLE TO OUR **COMMERCIAL** CUSTOMERS

We realise that there are occasions when our Commercial customers want the reassurance that the wines on their list are not available in store and that they are something a little out of the ordinary.

Our highly respected buying team has put together a range of great quality and great value wines that are only available to our Commercial customers.

4

Merlot
Two Ridge Trail Merlot, 2012, Australia

Taste
An inviting nose of plum, earth and eucalyptus leads into a palate of blackberry and raspberry, with a supple texture and a satisfying fruit sweetness.

Enjoy
This Merlot is sourced from a range of vineyard sites and sees little oak, giving a fruity, early drinking style. Pair with all manner of meat dishes and rich pasta sauces.

Governance Directors and Advisers

Phil Wrigley

Chairman

Aged 61

Phil Wrigley was appointed to the Board in April 2010. He is currently non-executive Chairman of LXB Retail Properties plc and a non-executive Director of Carluccios. He has also held roles at Habitat, New Look, Debenhams, Arcadia and Bhs.

Steve Lewis

Chief Executive

Aged 50

Steve Lewis was appointed Chief Executive on 8 August 2009. He was appointed to the Board in 1998.

Nigel Alldritt

Finance Director and Company Secretary

Aged 50

Nigel Alldritt was appointed to the Board in 2002. He is a Chartered Management Accountant and responsible for the finance and IT functions.

Justin Apthorp

Buying Director

Aged 52

Justin Apthorp was appointed to the Board in January 2006.

Helen Keays
Non-Executive Director
 Aged 50

Helen Keays was appointed to the Board in November 2005. She is a management consultant, non-executive Director of Domino's Pizza UK & IRL plc and Mattioli Woods plc. She is also trustee of The Shakespeare Birthplace Trust. She chairs the Remuneration Committee.

Ian Harding
Non-Executive Director
 Aged 49

Ian Harding was appointed to the Board in June 2013. He is currently Group Communication Director for Kingfisher plc where he is responsible for Kingfisher's worldwide investor and media relations programmes. He is a Fellow of the Institute of Chartered Accountants in England and Wales and prior to joining Kingfisher he spent eight years as an auditor with PWC. He chairs the Audit Committee.

Company Secretary
 Nigel Alldritt ACMA

Registered Office
 Majestic House
 The Belfry
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Auditors
 Ernst & Young LLP
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Tax Advisers
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Bankers
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**Nominated Adviser
 and Broker**
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 London EC2V 7QP

Solicitors
 Ashfords LLP
 1 New Fetter Lane
 London EC4A 1AN

Registrars
 Capita Asset Services
 The Registry
 34 Beckenham Road
 Beckenham
 Kent BR3 4TU

Directors' Report

For the year ended 31 March 2014

The Directors present their report and Group financial statements for the year ended 31 March 2014.

Results and review of the business

The Group Income Statement is set out on page 28.

The Directors' Report should be read in conjunction with the Chairman's Statement and Strategic Report on pages 6 to 19, the Review of Operations on pages 8 to 11 and the Financial Review on page 16 which include information about the Group's business performance during the year and indication of future prospects.

Dividends

The Directors propose that a final dividend of 11.8p net per Ordinary Share be paid which, together with an interim dividend of 4.2p paid on 3 January 2014, makes a total of 16.0p (2013: 15.8p) per share for the year. The final dividend amounting to £7,738,000, if approved at the Annual General Meeting, will be paid on 15 August 2014 to the shareholders whose names appear on the Register of Members at the close of business on 18 July 2014.

Directors

The Directors who served during the year and their interests in the Ordinary Share capital of the Company were:

	Number of Ordinary Shares	
	2014	2013
Steve Lewis	125,246	125,246
Nigel Alldritt	100,000	100,000
Justin Apthorp (note 1)	545,673	762,873
Paul Dermody as at 8 August 2013 (note 2)	7,000	7,000
Helen Keays	–	–
Phil Wrigley	–	–
Ian Harding	5,000	–

Notes:

- 1) 471,673 of the Ordinary Shares that Justin Apthorp has an interest in are held in his own name and 74,000 are held by his wife.
- 2) 2,000 of the Ordinary Shares that Paul Dermody has an interest in are held in his own name and 5,000 are held by his wife.

Phil Wrigley, Helen Keays and Ian Harding are non-executive Directors. On 1 June 2013, Ian Harding was appointed to the Board as a non-executive Director. On 8 August 2013 Paul Dermody retired from the Board.

In accordance with the Company's Articles of Association, Steve Lewis and Justin Apthorp retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.

The Group has provided to all of its Directors limited indemnities in respect of costs of defending claims against them and third party liabilities. The Group has made qualifying third party indemnity provisions for the benefit of its Directors which were available during the period and remain in force at the date of this report.

Share capital

The authorised and called-up share capital of the Company, together with details of the Ordinary Shares allotted and purchased during the year are shown in note 23 of the financial statements. The Company is authorised by the shareholders to purchase, in the market, the Company's own shares up to a maximum aggregate nominal value equal to £492,216 representing approximately 10% of the nominal value of the issued ordinary share capital of the Company. This authority is renewable annually and approval will be sought at the Annual General Meeting to renew the authority for a further year. It is the Company's present intention to cancel any shares it buys back, rather than hold them in treasury.

Major shareholders

At 3 June 2014 the following interests of shareholders in excess of 3%, have been notified to the Company.

	Number of Ordinary Shares held	Ordinary Shares as % of issued share capital
Rock Nominees	8,000,000	12.19
AXA Framlington Investment Managers	5,972,302	9.10
Aviva Investors	3,947,066	6.01
Hargreave Hale, stockbrokers	2,901,000	4.42
McInroy & Wood	2,354,991	3.59
Octopus Investments	2,296,166	3.50
Investec Wealth & Investment	2,266,026	3.45

Corporate Governance

The Board has established a Remuneration Committee and an Audit Committee.

Remuneration Committee

The Remuneration Committee consists of the Chairman and the other two non-executive Directors. It is chaired by Helen Keays and meets as required during the year. The committee determines the remuneration and benefits of the executive Directors. The executive Directors have rolling one year contracts subject to one year's notice on either side. The remuneration of non-executive Directors is determined by the Board within the limits set by the Company's Articles of Association. They have letters of engagement with the Company and their appointments are terminable on three months written notice on either side.

Annual bonus scheme

The Company operates an annual bonus scheme for the executive Directors. The performance criteria set by the Remuneration Committee for the year ended 31 March 2014 were not achieved and consequently annual bonuses have not been earned (2013: £nil).

Share option schemes

The Group operates executive share option schemes (one of which is a HM Revenue & Customs Company Approved Share Option Scheme and one of which is unapproved for tax purposes) in which employees participate. The Group also operates a savings related share option scheme that is available to all Group employees, and conforms to HM Revenue & Customs rules. The committee determines the allocation of options for the share schemes and the awards made for the long term investment plan and the deferred bonus scheme.

The executive Directors' participation in the Group's executive share option schemes is now limited to the long term incentive plan which replaced the co-investment plan.

Long-term incentive plan

Under the terms of the long-term investment plan the executive Directors were provided with a contingent award of nil priced options over shares with a market value of 200% of base salary. The vesting of the share option award is subject to pre-determined earnings-based performance conditions which are measured over a three year performance period:

- No vesting will occur if compounded absolute earnings per share growth is less than 10% per annum
- 25% of the award will vest for compounded absolute earnings per share growth of 10% per annum
- Full vesting will occur for compounded absolute earnings per share growth of 14%

Straight line vesting will occur between these points.

In addition, no award will vest until the Remuneration Committee has made an assessment that earnings per share growth has not been achieved to the long-term detriment of the business.

The long term incentive plan complies with the Association of British Insurers discretionary executive plan limit of 5% dilution over 10 years in relation to the number of shares to be provided under the plan.

The Directors' interests in share options are as follows:

	Options at 02.04.13	Options granted/ (lapsed)	Options exercised	Options at 31.03.14	Exercise price	Weighted average market price at date of exercise	Date from which exercisable	Expiry date	Scheme name
Steve Lewis	52,500	(3,500)	(49,000)	–	nil	£5.08	29.07.13	29.07.20	Co-investment
	136,208	–	–	136,208	nil	–	04.08.14	04.08.18	LTIP
	148,314	–	–	148,314	nil	–	30.07.15	30.07.19	LTIP
	–	141,948	–	141,948	nil	–	29.07.16	29.07.20	LTIP
Nigel Aldritt	37,500	(2,500)	(35,000)	–	nil	£5.08	29.07.13	29.07.20	Co-investment
	86,265	–	–	86,265	nil	–	04.08.14	04.08.18	LTIP
	94,382	–	–	94,382	nil	–	30.07.15	30.07.19	LTIP
	–	85,168	–	85,168	nil	–	29.07.16	29.07.20	LTIP
Justin Apthorp	37,500	(2,500)	(35,000)	–	nil	£5.08	29.07.13	29.07.20	Co-investment
	77,185	–	–	77,185	nil	–	04.08.14	04.08.18	LTIP
	85,393	–	–	85,393	nil	–	30.07.15	30.07.19	LTIP
	–	77,137	–	77,137	nil	–	29.07.16	29.07.20	LTIP

The market value of the Company's shares at 31 March 2014 was 419.25p. The highest and lowest prices during the year were 590p and 393.5p respectively.

Directors' Report

For the year ended 31 March 2014

Directors' remuneration

The Directors' remuneration for the year is set out in the table below.

	Basic salary and fees £000	Benefits £000	Company pension contributions £000	Total 2014 £000	Total 2013 £000
Steve Lewis	357	54	71	482	472
Nigel Alldritt	215	11	43	269	271
Justin Apthorp	194	12	39	245	244
Phil Wrigley	80	–	–	80	80
Helen Keays	40	–	–	40	40
Ian Harding	33	–	–	33	–
Paul Dermody	15	–	–	15	40
	934	77	153	1,164	1,147

Deferred bonus scheme

The Group operates a deferred bonus scheme for senior managers, which excludes the executive Directors.

It involves the award of bonus shares to participants subject to meeting performance criteria that are set annually by the Remuneration Committee. Any bonus shares awarded in this manner are held on behalf of participants by the trustee of the Company's employee share ownership trust for a two year deferral period. At the end of that period, participants have a right to receive loyalty shares of equivalent number provided that they are still in employment.

The performance criteria set by the Remuneration Committee for the financial year ended 31 March 2014 were not met and therefore participants are not entitled to an award of bonus shares.

Audit Committee

The Audit Committee consists of a Chairman, Ian Harding, and the other two non-executive Directors. The other executive Directors attend by invitation. It meets a minimum of 3 times per year, twice a year with the external auditors present. Its role is to monitor the integrity of the financial statements, including the annual and interim reports, review the significant accounting policies and financial reporting judgements contained therein and provide updates and recommendations to the Board. It is also responsible for reviewing and evaluating the adequacy of internal control and risk management processes.

Internal controls

The Directors are responsible for the Group's internal controls, and have established a framework intended to provide reasonable, but not absolute, assurance against material financial misstatement or loss.

Financial reporting

The Group's trading performance is monitored on an ongoing basis. An annual budget is prepared and specific objectives and targets are set. The budget is reviewed and approved by the Board. The key trading aspects of the business are monitored weekly and internal management and financial accounts are prepared quarterly. The results are compared to budget and prior year performance.

Store control environment

Operating procedures for control of store operations are clearly documented and set out in operation manuals. Senior operational managers are responsible for the implementation of these procedures and compliance is monitored.

Responsible retailing

The Group recognises that alcohol misuse, underage drinking and poor health are issues causing real concern in the UK today. Majestic takes these matters very seriously and we are committed to the responsible retailing of alcohol in order to help mitigate their impact. We are a supporter of Drinkaware, the government sponsored trust which promotes responsible drinking. We operate a Challenge 25 scheme to ensure that minors cannot purchase alcohol at our stores. In addition, we have signed up to the Government's Responsibility Deal which aims to improve public health by encouraging responsible drinking. We ensure that customers have access to information about alcohol in-store, on our website and in our promotional literature. Staff training includes principles of social responsibility and alcohol misuse and all tasting events encourage customers to enjoy wine responsibly.

Financial instruments

The Group's financial risk management objectives and policies are discussed in note 28 to the financial statements.

Key Performance Indicators

The Group monitors a number of performance indicators both financial and non-financial.

	52 weeks to 31.03.14	52 weeks to 01.04.13
Total % increase/(decrease) in Group turnover (%)	1.4%	(2.1)%
UK retail like for like sales (decrease)/increase (%)	(0.1)%	1.0%
Profit before tax (£m)	£23.8m	£23.7m
Profit before tax as a % of total turnover (%)	8.5%	8.6%
Number of stores trading in the UK	205	193
Number of active customers	643,000	624,000
Average transaction value (£)	£129	£128

These indicators are discussed in the Chairman's Statement, and the Strategic Review.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the annual reports and the Group and Company financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law, and as required by the AIM rules, the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). Under company law the Directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- present fairly the Group and Company financial position, financial performance and cash flows;
- select suitable accounting policies in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgments that are reasonable;
- provide additional disclosures when compliance with the specific requirements in IFRSs, as adopted by the EU, is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and Company's financial position and financial performance; and
- state whether the Group and Company financial statements have been prepared in accordance with IFRSs, as adopted by the EU, subject to any material departures disclosed and explained in the financial statements.

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

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 20 and 21. Having made enquiries of fellow Directors and of the Company's auditors each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Employees

The Directors recognise the value of involving employees in the business and ensure that matters of concern to them, including the Group's aims and objectives are communicated in an open and regular manner. Employees are kept informed of the Group's performance and activities by regular briefings. Directors and senior managers visit stores frequently to brief staff and discuss matters of concern or interest. The Group's senior staff participate in the Group's share option schemes, and the deferred bonus scheme. Recruitment and training development policies give equal opportunity to all employees regardless of age, sex, colour, race, religion or ethnic origin. The Group's policy is to recruit disabled workers for those vacancies that they are able to fill. The Group uses its best endeavours to continue to employ persons who become disabled during their employment. Training programmes are held for all levels of staff. These are aimed at increasing skills and contribution with particular emphasis placed on product knowledge and customer service skills.

Payment of suppliers

The Group does not follow any formal code of practice for payment of its suppliers. The Group's current policy concerning the payment of the majority of its trade and other payables is to:

- agree the terms of payment with suppliers when agreeing the terms of business;
- ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms on purchase orders; and
- pay in accordance with the terms agreed.

The average credit period taken during the year by the Group was 73 days (2013: 77 days). The Company has no trade payables.

Directors' Report

For the year ended 31 March 2014

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Financial Review. The financial position of the Group, its cash flows, liquidity position, and borrowing facilities are also described in that review. In addition note 28 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit and liquidity risk. The Board are currently of the opinion that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is able to operate within its current uncommitted borrowing facilities. In common with many other retailers the Group is able to operate at certain times of the year with net current liabilities without impacting its ability to operate within its current banking facilities. The Board is satisfied that the Group has adequate financial resources to continue to operate for the foreseeable future and is financially sound. For this reason, the going concern basis is considered appropriate for the preparation of financial statements.

Auditor

A resolution to reappoint Ernst & Young LLP as auditors of the Company will be put to the Annual General Meeting. The Directors will also be given the authority to fix the auditor's remuneration.

By Order of the Board



Nigel Alldritt ACMA
Company Secretary

Majestic House
The Belfry
Colonial Way
Watford
WD24 4WH

13 June 2014

Registered in England and Wales
No. 2281640

Audit Report

For the year ended 31 March 2014

Independent Auditor's Report to the Members of Majestic Wine PLC

We have audited the financial statements of Majestic Wine PLC for the year ended 31 March 2014 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statement of Changes in Equity, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 25, the Directors' are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is materially inconsistent based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatement or inconsistencies we consider the implication for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and parent Company's affairs as at 31 March 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters:

Under the Companies Act 2006 we are required 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.



Tony McCartney (Senior statutory auditor)
for and on behalf of Ernst and Young LLP, Statutory Auditor
Cambridge

13 June 2014

Group Income Statement

For the year ended 31 March 2014

	Note	52 weeks to 31.03.14 £000	52 weeks to 01.04.13 £000
Revenue	5	278,157	274,424
Cost of sales		(214,119)	(211,973)
Gross profit		64,038	62,451
Distribution costs		(26,814)	(24,344)
Administrative costs		(14,088)	(15,082)
Other operating income		751	786
Profit before finance costs and taxation	6	23,887	23,811
Finance revenue	8	30	13
Finance costs	8	(157)	(144)
Profit before taxation		23,760	23,680
UK income tax	9	(5,673)	(5,832)
Overseas income tax	9	(485)	(519)
Profit for the year		17,602	17,329
Earnings per share			
Basic	10	27.0p	26.9p
Diluted	10	26.6p	26.6p
Total dividend per share for the year	11	16.0p	15.8p

Group Statement of Comprehensive Income

For the year ended 31 March 2014

	52 weeks to 31.03.14 £000	52 weeks to 01.04.13 £000
Profit for the year	17,602	17,329
Other comprehensive income:		
Exchange difference on translation of foreign operations which may be reclassified to income statement	(120)	65
Other comprehensive income for the year, net of tax	(120)	65
Total comprehensive income for the year	17,482	17,394

Group and Company Statement of Changes in Equity

For the year ended 31 March 2014

	Share capital £000	Share premium account £000	Capital reserve own shares held in ESOT £000	Capital redemption reserve £000	Currency translation reserve £000	Retained earnings £000	Total shareholders' funds £000
Group							
At 2 April 2012	4,764	15,403	(572)	363	2,143	54,364	76,465
Profit for the year	-	-	-	-	-	17,329	17,329
Other comprehensive income:							
Foreign exchange differences	-	-	-	-	65	-	65
Total comprehensive income for the year	-	-	-	-	65	17,329	17,394
Share issue	114	2,927	-	-	-	-	3,041
ESOT share issue	8	413	(233)	-	-	(188)	-
Shares vesting under deferred bonus scheme	-	-	288	-	-	(288)	-
Transfer to shareholders' funds – employee costs expected to be satisfied in shares	-	-	-	-	-	713	713
Tax credit on employee share options	-	-	-	-	-	374	374
Equity dividends paid	-	-	-	-	-	(10,175)	(10,175)
At 1 April 2013	4,886	18,743	(517)	363	2,208	62,129	87,812
Profit for the year	-	-	-	-	-	17,602	17,602
Other comprehensive income:							
Foreign exchange differences	-	-	-	-	(120)	-	(120)
Total comprehensive income for the year	-	-	-	-	(120)	17,602	17,482
Share issue	36	1,164	-	-	-	-	1,200
Shares vesting under deferred bonus scheme	-	-	287	-	-	(287)	-
Transfer to shareholders' funds – employee costs expected to be satisfied in shares	-	-	-	-	-	52	52
Tax debit on employee share options	-	-	-	-	-	(85)	(85)
Equity dividends paid	-	-	-	-	-	(10,431)	(10,431)
At 31 March 2014	4,922	19,907	(230)	363	2,088	68,980	96,030
Company							
At 2 April 2012	4,764	15,403	-	363	-	11,649	32,179
Profit for the year	-	-	-	-	-	10,787	10,787
Total comprehensive income for the year	-	-	-	-	-	10,787	10,787
Share options granted to subsidiary employees	-	-	-	-	-	586	586
Share issue	114	2,927	-	-	-	-	3,041
ESOT share issue	8	413	-	-	-	-	421
Equity dividends paid	-	-	-	-	-	(10,175)	(10,175)
At 1 April 2013	4,886	18,743	-	363	-	12,847	36,839
Profit for the year	-	-	-	-	-	10,822	10,822
Total comprehensive income for the year	-	-	-	-	-	10,822	10,822
Share options granted to subsidiary employees	-	-	-	-	-	(13)	(13)
Share issue	36	1,164	-	-	-	-	1,200
Equity dividends paid	-	-	-	-	-	(10,431)	(10,431)
At 31 March 2014	4,922	19,907	-	363	-	13,225	38,417

Group and Company Balance Sheets

As at 31 March 2014

	Note	Group 31.03.14 £000	Group 01.04.13 £000	Company 31.03.14 £000	Company 01.04.13 £000
Non current assets					
Goodwill and intangible assets	12	9,106	9,101	-	-
Property, plant and equipment	13	71,682	67,642	-	-
En primeur purchases	14	1,487	1,529	-	-
Prepaid operating lease costs	15	2,145	1,998	-	-
Deferred tax assets	9	645	1,249	-	-
Investments in subsidiaries	16	-	-	11,745	11,758
		85,065	81,519	11,745	11,758
Current assets					
Inventories	17	54,761	51,306	-	-
Trade and other receivables	18	7,945	8,515	28,672	27,081
En primeur purchases	14	1,883	2,894	-	-
Financial instruments at fair value	28	-	38	-	-
Cash and cash equivalents	27	5,587	4,947	-	-
		70,176	67,700	28,672	27,081
Total assets		155,241	149,219	40,417	38,839
Current liabilities					
Trade and other payables	19	(44,510)	(48,469)	-	-
En primeur deferred income	14	(2,448)	(3,686)	-	-
Bank overdraft	20	(3,808)	(2,059)	-	-
Provisions	21	(397)	(322)	-	-
Deferred lease inducements	22	(414)	(216)	-	-
Financial instruments at fair value	28	(161)	(161)	-	-
Current tax liabilities		(2,412)	(2,092)	-	-
		(54,150)	(57,005)	-	-
Non current liabilities					
Amounts due to Group undertakings	19	-	-	(2,000)	(2,000)
En primeur deferred income	14	(1,676)	(1,757)	-	-
Provisions	21	(39)	(323)	-	-
Deferred lease inducements	22	(2,573)	(1,373)	-	-
Deferred tax liabilities	9	(773)	(949)	-	-
Total liabilities		(59,211)	(61,407)	(2,000)	(2,000)
Net assets		96,030	87,812	38,417	36,839
Shareholders' equity					
Called up share capital	23	4,922	4,886	4,922	4,886
Share premium account	23	19,907	18,743	19,907	18,743
Capital reserve – own shares	23	(230)	(517)	-	-
Capital redemption reserve	23	363	363	363	363
Currency translation reserve	23	2,088	2,208	-	-
Retained earnings		68,980	62,129	13,225	12,847
Equity shareholders' funds		96,030	87,812	38,417	36,839

The financial statements were approved by the Board on 13 June 2014 and signed on its behalf by:



Phil Wrigley
Chairman

Group and Company Cash Flow Statements

For the year ended 31 March 2014

	Note	Group 52 weeks to 31.03.14 £000	Group 52 weeks to 01.04.13 £000	Company 52 weeks to 31.03.14 £000	Company 52 weeks to 01.04.13 £000
Cash flows from operating activities					
Cash generated/(utilised) by operations	27a	23,649	27,868	(1,591)	(4,074)
UK income tax paid		(4,891)	(5,843)	-	-
Overseas income tax paid		(604)	(570)	-	-
Net cash generated/(utilised) by operating activities		18,154	21,455	(1,591)	(4,074)
Cash flows from investing activities					
Interest received		30	13	-	-
Dividends received		-	-	10,822	10,787
Purchase of non current assets		(10,267)	(12,496)	-	-
Receipts from sales of non current assets		440	45	-	-
Net cash (utilised)/generated by investing activities		(9,797)	(12,438)	10,822	10,787
Cash inflow before financing		8,357	9,017	9,231	6,713
Cash flows from financing activities					
Interest paid		(183)	(144)	-	-
Issue of Ordinary Share capital		1,200	3,041	1,200	3,041
Receipt for shares issued to ESOT		-	-	-	421
Equity dividends paid		(10,431)	(10,175)	(10,431)	(10,175)
Net cash used by financing activities		(9,414)	(7,278)	(9,231)	(6,713)
Net (decrease)/increase in cash and cash equivalents		(1,057)	1,739	-	-
Cash and cash equivalents at beginning of year		2,888	1,131	-	-
Effect of foreign exchange differences		(52)	18	-	-
Cash and cash equivalents at end of year	27b	1,779	2,888	-	-

Notes to the Financial Statements

1. General information

Majestic Wine PLC is a public limited company ("Company") incorporated in the United Kingdom under the Companies Act 2006 (registration number 2281640). The Company is domiciled in the United Kingdom and its registered address is Majestic House, The Belfry, Colonial Way, Watford, WD24 4WH. The Company's Ordinary Shares are traded on the Alternative Investment Market ("AIM").

The Group's principal activity is the retailing of wines, beers and spirits. The Company's principal activity is to act as a holding company for its subsidiaries.

2. Authorisation of financial statements and statement of compliance with IFRS

The Group's and Company's financial statements for the year ended 31 March 2014 were authorised for issue by the Board of Directors on 13 June 2014 and the balance sheets were signed on the Board's behalf by Phil Wrigley.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as endorsed by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Company's financial statements have been prepared on the same basis. As permitted by Section 408 of the Companies Act 2006 the Company has elected not to present its own income statement for the year. The profit dealt with in the financial statements of the Company is £10,822,000 (2013: £10,787,000). The Company has not made any other comprehensive income and consequently has not presented a statement of comprehensive income for the year.

3. Basis of preparation

The financial year represents the 52 weeks to 31 March 2014 and the prior financial year, 52 weeks to 1 April 2013. The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The accounting policies set out in note 4 have been applied consistently to all periods presented in these financial statements. The Group has adopted the following new and amended standards and interpretations which came into effect for accounting periods commencing on or after 1 April 2013. Insofar as they are relevant to the Group's operations, adoption of these revised standards and interpretations did not have any material effect on the financial statements of the Group:

- IFRS 13 – Fair Value Measurement
- IAS 1 – Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (Amendments)
- IAS 19 – Employee Benefits (Revised)
- IFRS 7 – Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments)
- Improvements to IFRSs 2009-2011

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors' report on page 26.

4. Accounting policies

Basis of consolidation

The full year consolidated financial statements incorporate the results and net assets of the Company and its subsidiary undertakings drawn up to the nearest Monday to 31 March each year.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany transactions and balances between Group entities are eliminated upon consolidation.

Company investment in subsidiaries

In its separate financial statements the Company recognises its investments in subsidiaries at cost less any provision for impairment.

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 consists of:

- sales through retail outlets in the UK and France and trade sales through both head office and our dedicated depot in King's Cross measured at the fair value of consideration, net of returns, rebates and value-added taxes and recognised when the significant risks and rewards of ownership have been transferred to the buyer;
- receipts from customers for sales of en primeur wines which are recognised when the wines are available to customers, which may be up to two years later;
- finance revenue is interest receivable from bank deposits, interest receivable from lessees under the terms of their leases and interest receivable from HM Revenue & Customs on corporation tax paid on account and is recognised on an effective interest rate basis;
- other operating income comprises rental income receivable from sub-let premises and is recognised on a straight line basis over the lease; and
- dividends receivable by the Company are from subsidiary undertakings and are recognised when the Company has the right to receive them.

Notes to the Financial Statements

4. Accounting policies continued

Cost of sales

Cost of sales consists of the cost of the product, including excise duties. It also includes credit card processing charges and the costs of staffing the retail stores.

Supplier incentives, rebates and discounts are recognised within cost of sales as they are earned. The accrued value at the reporting date is included in prepayments and accrued income.

Finance costs

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Intangible assets

Licences and computer software

Licences and computer software are carried at cost less accumulated amortisation and any impairment loss. Externally acquired computer software and software licences are capitalised at the costs incurred to acquire and bring in to use the specific software. These assets are considered to have finite useful lives and are amortised on a straight line basis over the estimated useful life of each of the assets. This is considered to be between three and five years for computer software and for licences it is the term of the relevant licence.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is recognised as an asset on the Group's balance sheet in the year in which it arises. Goodwill is not amortised and is tested for impairment at least annually and more frequently if events or changes indicate that the carrying value may be impaired and is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to the cash generating units on which it arose. Any impairment is recognised immediately in the consolidated income statement and is not subsequently reversed.

Goodwill arising on acquisitions after 31 December 1997 and before 28 March 2005 (the date of transition to IFRS) has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill arising on the acquisition of subsidiaries prior to 31 December 1997 was written off immediately against reserves. This has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any recognised impairment in value. Cost comprises the aggregate amount paid to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is calculated to write down the cost of the assets to their residual values, on a straight-line method on the following bases:

- Freehold buildings and leasehold properties – 50 years, or the lease term if shorter.
- Equipment, fittings and vehicles – at rates varying from 10% to 33%.
- Freehold land is not depreciated.

Land and buildings under construction and non current assets held for sale are not depreciated.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate on an annual basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year that the asset is derecognised.

Notes to the Financial Statements

4. Accounting policies continued

Impairment of property, plant and equipment

At each balance sheet date, the Group reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs to sell and its value in use, is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Cash-generating units are generally considered to be individual stores.

An impairment charge is recognised in the income statement in the year in which it occurs. Where an impairment loss subsequently reverses due to a change in its original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first in, first out basis and includes carriage and duty costs. Net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal.

Trade and other receivables

Trade receivables, which are generally received on end of month following terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when it is likely that the balance will not be recovered in full. Balances are written off when the probability of recovery is considered remote.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as components of cash and cash equivalents for the purposes of the cash flow statement.

Foreign currencies

Foreign operations

The consolidated financial statements are presented in sterling which is the Company's functional and presentational currency. Each entity in the Group determines its own functional currency and items in the financial statements of each entity are measured using that functional currency. The income and expenses of overseas subsidiaries are translated at the average rate of exchange ruling during the year. The balance sheet of the overseas subsidiary undertaking is translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences arising, if any, are included within equity and transferred to the Group's currency translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed.

Foreign currency transactions

Transactions denominated in foreign currencies are translated at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement for the period.

Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the obligation, and where the amount of the obligation can be reliably measured. Provisions are discounted where the effect is material.

Leased assets

Group as lessee

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Assets leased under operating leases are not recorded on the balance sheet. Rental payments are charged directly to the income statement. Lease incentives, primarily up-front cash payments or rent-free periods, are capitalised and spread over the period of the lease term. Payments made to acquire operating leases are treated as prepaid lease expenses and amortised over the life of the lease.

Group as lessor

Assets leased out under operating leases are included in property, plant and equipment and depreciated over their useful lives. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term.

Pensions

The Group contributes to the personal pension plans of certain staff. The contributions are charged as an expense as they fall due. Any contributions unpaid at the balance sheet date are included as an accrual at that date. The Group has no further payment obligations once the contributions have been paid.

Notes to the Financial Statements

4. Accounting policies continued

Share based payments

The Group and Company provide benefits to employees (including Directors) in the form of share based payment transactions, whereby employees render services in exchange for rights over shares ('equity-settled transactions'). The cost of the equity-settled transactions with employees and Directors is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date at which the relevant employees become fully entitled to the award. Fair value of employee share option plans is calculated using the Black-Scholes model, in valuing equity-settled transactions, no account is taken of any service and performance (vesting) conditions, other than performance conditions linked to the price of the shares of the Company (market performance conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the fair value at date of grant. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied. At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and the Directors' best estimate of the number of equity instruments that will ultimately vest on achievement or otherwise of non-market conditions or in the case of an instrument subject to a market condition, be treated as vested as described above. The movement in the cumulative expense since the previous balance sheet date is recognised in the income statement, with the corresponding increase or decrease in equity. The Company records an increase in its investments in subsidiaries with a credit to equity equivalent to the IFRS 2 cost in the subsidiary undertakings.

The Group and Company has taken advantage of the transitional provisions of IFRS 2 in respect of equity-settled awards so as to apply IFRS 2 only to those equity-settled awards granted after 7 November 2002 that had not vested before 28 March 2005.

Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised using the balance sheet liability method, providing for temporary differences between the tax bases and the accounting bases of assets and liabilities. Deferred income tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred income tax liabilities are recognised for all temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss and in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred income tax assets and liabilities are offset against each other only when the Group has a legally enforceable right to do so and the Company intends to settle them on a net basis.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign currency fluctuations arising from operational activities. These instruments are primarily foreign exchange forward contracts. The Group does not hold or issue derivative financial instruments for speculative purposes. However if derivatives do not qualify for hedge accounting they are accounted for as such.

All derivative financial instruments are initially measured at fair value on the contract date and are also measured at fair value at subsequent reporting dates. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. For derivative financial instruments not designated as a hedge, any change in fair value is immediately recognised in the income statement.

There were no derivatives accounted for using hedge accounting during the year.

Own shares

Majestic Wine PLC shares held by the Group are classified in shareholders' equity as 'Capital Reserve-Own Shares' and are recognised at cost. No gain or loss is recognised in the income statement on the purchase or sale of such shares.

Notes to the Financial Statements

4. Accounting policies continued

Use of assumptions and estimates

The Group makes judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant effect on the amounts recognised in the financial statements are those related to establishing the estimates in relation to future cash flows and discount rates utilised in impairment testing.

New standards and interpretations not applied

The following standards, interpretations and amendments have been issued by the IASB and IFRIC (but in some cases have not yet been adopted by the EU), none of which are anticipated to significantly impact the Group's results or assets and liabilities and are not expected to require significant disclosure. They become effective after the current year (subject to having been endorsed for use in the EU via the EU endorsement mechanism) and have not been early adopted by the Group and Company:

International Financial Reporting Standards (IFRS)		Effective date	To be adopted by the Group and Company during years commencing
IFRS 9	Financial Instruments *	01.01.2018	03.04.2018
IFRS 10	Consolidated Financial Statements **	01.01.2014	01.04.2014
IFRS 11	Joint Arrangements **	01.01.2014	01.04.2014
IFRS 12	Disclosure of Interests in Other Entities **	01.01.2014	01.04.2014
IAS 27	Separate Financial Statements **	01.01.2014	01.04.2014
IAS 28	Investments in Associates and Joint Ventures **	01.01.2014	01.04.2014
IAS 32	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments) **	01.01.2014	01.01.2014
	Improvements to IFRSs 2010 – 2012 cycle*	01.07.2014	31.03.2015
	Improvements to IFRSs 2011 – 2013 cycle*	01.07.2014	31.03.2015
IAS 36	Impairments of Assets - Recoverable Amount Disclosures for Non-Financial Assets – Amendments **	01.01.2014	01.04.2014
IAS 39	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting – (Amendments) **	01.01.2014	01.04.2014
	Investment entities (Amendments to IFRS 10, IFRS12, and IAS 27) **	01.01.2014	01.04.2014
IFRIC 21	Levies *	01.01.2014	01.04.2014
IAS19	Defined Benefit Plans: Employee Contributions (Amendments) *	01.07.2014	31.03.2015
IFRS 14	Regulatory Deferral Accounts *	01.01.2016	01.04.2016
IAS16 and IAS38:	Clarification of Acceptable Methods of Depreciation and Amortisation *	01.01.2016	01.04.2016
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations (Amendments) *	01.01.2016	01.04.2016
IFRS15	Revenue from Contracts with Customers *	01.01.2017	01.04.2017

* not yet endorsed by the EU

** endorsed by the EU with an effective date of 1 January 2014

Notes to the Financial Statements

5. Segment reporting

For management purposes, the Group is organised into three distinct business units each operating in a separate segment of the overall wine market. Majestic Wine Warehouses is a UK based wine retailer, Lay & Wheeler is a specialist in the fine wine market and Majestic Wine Calais operates retail units in northern France servicing the UK cross-channel market.

No operating segments have been aggregated to form the above reportable segments. Management monitors the operating results of the business separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated on both sales growth and profit before interest.

In the information provided to the chief operating decision maker, the underlying performance of the Lay & Wheeler operating segment is evaluated and measured based on revenue and profit being recognised on orders, cash receipts and payments from en primeur campaigns. Management reviews the business on this alternative basis as resources in generating these sales are expensed as incurred. This differs from the revenue recognition policy required under IAS 18 where revenue is recognised on delivery which may be up to two years later. As a result a reconciling item is presented between the total operating segments revenue and results and the IFRS statutory measure.

Financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to operating segments. Inter-segment transactions are conducted on an arm's length basis in a manner similar to transactions with third parties.

The following tables present revenue and profit and certain asset and liability information regarding the Group's operating segments for the years ended 31 March 2014 and 1 April 2013. All activities are continuing.

Segment analysis 2014	Majestic Wine Warehouses £000	Lay & Wheeler £000	Majestic Wine Calais £000	Unallocated £000	Eliminated £000	Group £000
Third party revenue	255,732	12,938	8,168	–	–	276,838
Inter-segment revenue	–	418	–	–	(418)	–
Segment revenue	255,732	13,356	8,168	–	(418)	276,838
Movement in en primeur sales deferred to future periods	–	1,319	–	–	–	1,319
Reported third party revenue	255,732	14,675	8,168	–	(418)	278,157
Segment result	21,430	735	1,456	–	–	23,621
Movement on en primeur profit deferred to future periods	–	266	–	–	–	266
Reported operating result	21,430	1,001	1,456	–	–	23,887
Finance revenue	–	–	–	30	–	30
Finance costs	–	–	–	(157)	–	(157)
Profit/(loss) before tax	21,430	1,001	1,456	(127)	–	23,760
Income tax expense	–	–	–	(6,158)	–	(6,158)
Profit/(loss) for the year	21,430	1,001	1,456	(6,285)	–	17,602
Segment assets	133,200	17,834	6,010	645	(2,448)	155,241
Segment liabilities	(77,104)	(8,466)	(1,510)	(3,185)	31,054	(59,211)
Other segment items:						
Purchase of non current assets	10,186	75	6	–	–	10,267
Depreciation, amortisation and impairment	5,142	374	14	–	–	5,530
Share based payments	47	5	–	–	–	52

Notes to the Financial Statements

5. Segment reporting continued

Segment analysis 2013	Majestic Wine Warehouses £000	Lay & Wheeler £000	Majestic Wine Calais £000	Unallocated £000	Eliminated £000	Group £000
Third party revenue	248,541	11,568	8,579	–	–	268,688
Inter-segment revenue	–	405	–	–	(405)	–
Segment revenue	248,541	11,973	8,579	–	(405)	268,688
Movement in en primeur sales deferred to future periods	–	5,736	–	–	–	5,736
Reported third party revenue	248,541	17,709	8,579	–	(405)	274,424
Segment result	20,560	694	1,559	–	–	22,813
Movement on en primeur profit deferred to future periods	–	998	–	–	–	998
Reported operating result	20,560	1,692	1,559	–	–	23,811
Finance revenue	–	–	–	13	–	13
Finance costs	–	–	–	(144)	–	(144)
Profit/(loss) before tax	20,560	1,692	1,559	(131)	–	23,680
Income tax expense	–	–	–	(6,351)	–	(6,351)
Profit/(loss) for the year	20,560	1,692	1,559	(6,482)	–	17,329
Segment assets	125,229	18,652	6,489	1,249	(2,400)	149,219
Segment liabilities	(76,048)	(9,849)	(1,902)	(3,041)	29,433	(61,407)
Other segment items:						
Purchase of non current assets	12,446	39	11	–	–	12,496
Depreciation, amortisation and impairment	4,496	366	47	–	–	4,909
Share based payments	692	21	–	–	–	713

The segment assets and liabilities that are not allocated represent deferred and current tax balances. The segment assets and liabilities that are eliminated represent parent and subsidiary intercompany receivables and payables.

6. Profit before finance costs and taxation

	52 weeks to 31.03.14 £000	52 weeks to 01.04.13 £000
Profit before finance costs and taxation is stated after charging/(crediting) the following items:		
Depreciation and amortisation of operating lease costs	4,668	4,096
Amortisation	734	813
Impairment of property	128	–
Operating lease rentals – land and buildings	9,180	8,541
– other leases	991	951
– sublease payments received	(313)	(478)
– lease payments received	(438)	(308)
Loss on sale of plant and equipment	37	16
Bad debt expense	69	119
Net foreign currency exchange gain	(7)	(47)
Auditor's remuneration:		
Audit of the Group financial statements	10	10
Local statutory audits for subsidiaries	94	92

No audit fee has been charged in Majestic Wine PLC.

Notes to the Financial Statements

7. Employee information

The average monthly number of employees (including Directors) during the year was as follows:

	2014	2013
Head office, including distribution	166	167
Store staff	883	827
	1,049	994

Staff costs for the above employees during the year amounted to:

	52 weeks to 31.03.14 £000	52 weeks to 01.04.13 £000
Wages and salaries	26,439	25,595
Social security costs	2,533	2,682
Pension costs	530	418
Share based payments expense (note 25)	52	713
	29,554	29,408

Directors' emoluments

	52 weeks to 31.03.14 £000	52 weeks to 01.04.13 £000
Salary and benefits	1,011	993
Bonus earned in the current year	–	–
Aggregate emoluments	1,011	993
Gain made on exercise of share options	604	1,247
Company pension contributions to money purchase schemes for three Directors (2013: 3)	153	154
	1,768	2,394
Highest paid Director		
Salary and benefits	411	398
Bonus earned in the current year	–	–
Aggregate emoluments	411	398
Gain made on exercise of share options	249	483
Company pension contributions to money purchase scheme	71	74
	731	955

Detailed disclosure of Directors' remuneration is set out in the Directors' Report on page 24.

8. Finance revenue and costs

	52 weeks to 31.03.14 £000	52 weeks to 01.04.13 £000
Interest on bank overdrafts	157	144
Finance cost	157	144
Bank interest receivable	(30)	(13)
Net finance cost	127	131

Notes to the Financial Statements

9. Taxation

a) Taxation charge

	52 weeks to 31.03.14 £000	52 weeks to 01.04.13 £000
Current income tax expense:		
UK income tax	5,497	5,779
Overseas income tax on subsidiary undertaking	485	519
Adjustment in respect of the previous year	18	(7)
Total current income tax expense	6,000	6,291
UK deferred tax expense:		
Origination and reversal of temporary differences	242	74
Adjustment in respect of prior years	(50)	(5)
Change in tax rate on prior year balances	(34)	(9)
Total deferred tax debit	158	60
Total income tax expense charged in the income statement	6,158	6,351

b) Taxation reconciliation

	52 weeks to 31.03.14 £000	52 weeks to 01.04.13 £000
Profit before tax	23,760	23,680
Taxation at the standard UK corporation tax rate of 23% (2013: 24%)	5,465	5,683
Adjustments in respect of prior years	(32)	(12)
Overseas income tax at higher rates	149	137
Non-deductible expenses	620	564
Income not taxable	(10)	(12)
Change in tax rate on prior year balances	(34)	(9)
Total income tax expense charged in the income statement	6,158	6,351
Effective tax rate	25.9%	26.8%

c) Tax on items credited to equity

	52 weeks to 31.03.14 £000	52 weeks to 01.04.13 £000
Current tax credit on share based payments	(185)	(805)
Deferred tax debit on share based payments	270	431
Total tax on items debited/(credited) to equity	85	(374)

Notes to the Financial Statements

9. Taxation continued

d) Deferred tax

	Accelerated tax depreciation £000	Short-term temporary differences £000	Share- based payments £000	Total deferred tax assets £000	Deferred tax liabilities £000	Total £000
At 2 April 2012	37	281	838	1,156	(365)	791
Credited/(debited) to the income statement	115	(47)	(143)	(75)	15	(60)
Credited/(debited) to equity	–	30	(461)	(431)	–	(431)
At 1 April 2013	152	264	234	650	(350)	300
Credited/(debited) to the income statement	82	(252)	(34)	(204)	46	(158)
Debited to equity	–	(196)	(74)	(270)	–	(270)
At 31 March 2014	234	(184)	126	176	(304)	(128)

The deferred tax liabilities above relate solely to held-over capital gains arising on the disposal of freehold properties. The deferred tax asset and liabilities are net of £599,000 which arose on the acquisition of Lay & Wheeler.

Disclosed in the Group Balance Sheet:

	2014 £000	2013 £000
Deferred tax assets	645	1,249
Deferred tax liabilities	(773)	(949)
	(128)	300

e) Factors that may affect future tax charges

The Group's overseas tax rate is higher than that in the UK as profits earned by Les Celliers de Calais S.A.S. in France are taxed at a rate of 33.2% (2013: 33.2%).

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries as following the enactment of the Finance Act 2009 the Group considers that it would have no liability to additional taxation should such amounts be remitted.

During the year the government reduced the UK corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015, which were substantively enacted on 2 July 2013.

Notes to the Financial Statements

10. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of Ordinary Shares in issue during the year, excluding those held by the Employee Share Ownership Trust (note 24), which are treated as cancelled.

For diluted earnings per share, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all potential dilutive Ordinary Shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's Ordinary Shares during the year. Share options granted over 80,104 (2013: 46,465) Ordinary Shares have not been included in the dilutive earnings per share calculation because they are anti dilutive at the period end.

	2014	2013
Weighted average number of shares in issue	65,285,028	64,459,974
Dilutive potential Ordinary Shares:		
Employee share options	810,417	771,996
Total number of shares for calculating diluted earnings per share	66,095,445	65,231,970

	52 weeks to 31.03.14 £000	52 weeks to 01.04.13 £000
Profit for the financial year attributable to equity holders of the parent	17,602	17,329

	2014	2013
Basic earnings	27.0p	26.9p
Diluted earnings	26.6p	26.6p

11. Dividends paid and proposed

	2014 £000	2013 £000
Equity dividends on Ordinary Shares declared and paid during the year:		
Final dividend for 2013: 11.8p (2012: 11.8p)	7,689	7,574
Interim for 2014: 4.2p (2013: 4.0p)	2,742	2,601
Equity dividends paid	10,431	10,175
Proposed for approval by shareholders at the AGM:		
Final dividend for 2014: 11.8p (2013: 11.8p)	7,738	7,689

Notes to the Financial Statements

12. Goodwill and intangible assets
Group

	Software £000	Facilities and trademark license £000	Goodwill £000	Total £000
Cost:				
At 1 April 2013	4,420	2,985	10,711	18,116
Additions	804	-	-	804
Foreign currency adjustment	-	-	(183)	(183)
At 31 March 2014	5,224	2,985	10,528	18,737
Accumulated amortisation and impairment losses:				
At 1 April 2013	2,701	900	5,414	9,015
Amortisation during the year	509	225	-	734
Foreign currency adjustment	-	-	(118)	(118)
At 31 March 2014	3,210	1,125	5,296	9,631
Net carrying value:				
At 31 March 2014	2,014	1,860	5,232	9,106
At 1 April 2013	1,719	2,085	5,297	9,101
Cost:				
At 2 April 2012	3,108	2,985	10,581	16,674
Additions	1,312	-	-	1,312
Foreign currency adjustment	-	-	130	130
At 1 April 2013	4,420	2,985	10,711	18,116
Accumulated amortisation and impairment losses:				
At 2 April 2012	2,311	675	5,331	8,317
Amortisation during the year	390	225	-	615
Foreign currency adjustment	-	-	83	83
At 1 April 2013	2,701	900	5,414	9,015
Net carrying value:				
At 1 April 2013	1,719	2,085	5,297	9,101
At 2 April 2012	797	2,310	5,250	8,357

The amortisation of intangible assets is included within administrative costs on the income statement.

Goodwill acquired through business combinations has been allocated for impairment testing purposes to two-cash generating units, which are also operating segments within the Group. The relevant acquisitions are Les Celliers de Calais S.A.S. trading as Majestic Wine Calais and Lay & Wheeler Ltd. Goodwill on these acquisitions of £2,606,000 (2013: £2,606,000) is attributable to the Lay & Wheeler segment and £2,626,000 (2013: £2,691,000) to the Majestic Wine Calais segment respectively. Majestic Wine Calais goodwill is determined in Euro and is retranslated every year.

The Group performed its annual impairment test as at 31 March 2014. The impairment test for goodwill and intangible assets with indefinite useful lives is based on a value in use calculation which is a discounted cash flow model. The cash flows do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amounts have been determined on a value in use calculation using discounted cash flow projections based on financial budgets approved by the Board covering a 12 month period. Cash flows for the following five years were modelled at zero growth and discounted at a risk adjusted pre-tax rate of 10% (2013: 10%). The discounted cash flow was further sensitised based on a discount of 12%. No impairment would be recognised based on these sensitised assumptions. The aforementioned range of assumptions model reasonably possible sensitivities.

Notes to the Financial Statements

13. Property, plant and equipment
Group

	Land and buildings			Equipment fittings & vehicles £000	Total £000
	Freehold £000	Long leasehold £000	Leasehold improvements £000		
Cost or valuation:					
At 1 April 2013	41,462	4,316	19,815	29,657	95,250
Additions	493	1,194	3,386	3,906	8,979
Retranslation	–	–	(8)	(4)	(12)
Disposals	–	–	–	(1,081)	(1,081)
At 31 March 2014	41,955	5,510	23,193	32,478	103,136
Depreciation:					
At 1 April 2013	3,011	119	7,801	16,677	27,608
Charge for year	463	30	1,544	2,416	4,453
Impairment (see note 15)	–	–	6	–	6
Retranslation	–	–	(6)	(3)	(9)
Disposals	–	–	–	(604)	(604)
At 31 March 2014	3,474	149	9,345	18,486	31,454
Net book value:					
At 31 March 2014	38,481	5,361	13,848	13,992	71,682
At 1 April 2013	38,451	4,197	12,014	12,980	67,642
Cost or valuation:					
At 2 April 2012	40,853	1,560	17,898	24,246	84,557
Additions	1,833	2,070	3,172	3,809	10,884
Reclassification	(1,224)	686	(1,484)	2,022	–
Transfer from prepaid operating lease costs	–	–	266	–	266
Disposals	–	–	(37)	(420)	(457)
At 1 April 2013	41,462	4,316	19,815	29,657	95,250
Depreciation:					
At 2 April 2012	2,480	86	6,514	14,702	23,782
Charge for year	436	28	1,304	2,328	4,096
Reclassification	95	5	(109)	9	–
Transfer from prepaid operating lease costs	–	–	126	–	126
Disposals	–	–	(34)	(362)	(396)
At 1 April 2013	3,011	119	7,801	16,677	27,608
Net book value:					
at 1 April 2013	38,451	4,197	12,014	12,980	67,642
at 2 April 2012	38,373	1,474	11,384	9,544	60,775

Freehold land and buildings includes £18,064,000 (2013: £18,064,000) in respect of land that is not depreciated. The gross value of fully depreciated assets in use was £14,953,000 (2013: £11,455,000).

Included within additions are assets held under construction totaling £7,092,000 (2013: £5,832,000).

Notes to the Financial Statements

14. En Primeur
Group

En primeur refers to the process of purchasing wines early before they are bottled and released onto the market. This method of purchasing gives the consumer the opportunity to secure wines that may be in limited quantity and very difficult to acquire after release. Receipts and payments for these wines may be up to two years before the wines are available to customers. Payments to suppliers are treated as prepayments and receipts from customers as deferred income until the wines are available to customers.

a) Analysis of en primeur balances

	31.03.14 £000	01.04.13 £000
En primeur purchases included in non current assets	1,487	1,529
En primeur purchases included in current assets	1,883	2,894
Total en primeur purchases	3,370	4,423
En primeur deferred income included in current liabilities	(2,448)	(3,686)
En primeur deferred income included in non current liabilities	(1,676)	(1,757)
Total en primeur deferred income	(4,124)	(5,443)
Net en primeur balance	(754)	(1,020)

b) Movement in en primeur balances

	52 weeks to 31.03.14 £000	52 weeks to 01.04.13 £000
Net en primeur balance at beginning of period	(1,020)	(2,018)
Movement in en primeur balance	266	998
Net en primeur balance at end of period	(754)	(1,020)

Notes to the Financial Statements

15. Prepaid operating lease costs
Group

	Prepaid Total £000
Cost:	
At 1 April 2013	3,819
Additions	484
At 31 March 2014	4,303
Amortisation:	
At 1 April 2013	1,821
Amortisation during the year	215
Impairment	122
At 31 March 2014	2,158
Net book value:	
At 31 March 2014	2,145
At 1 April 2013	1,998
Cost:	
At 2 April 2012	3,877
Additions	300
Transfer to property, plant and equipment	(266)
Disposals	(92)
At 1 April 2013	3,819
Amortisation:	
At 2 April 2012	1,841
Amortisation during the year	198
Transfer to property, plant and equipment	(126)
Disposals	(92)
At 1 April 2013	1,821
Net book value:	
At 1 April 2013	1,998
At 2 April 2012	2,036

The amortisation of prepaid lease costs is included within distribution costs in the income statement.

The impairment loss during 2014 of £122,000 and £6,000 (disclosed in note 13) arose on reducing the carrying value of assets related to the Bracknell store to their recoverable amount, being fair value less estimated selling costs. The store belongs to Majestic Wine Warehouses Limited business unit. Fair value represents the current market value of the property.

Notes to the Financial Statements

16. Investments in subsidiaries
Company

	£000
Cost or valuation:	
At 2 April 2012	15,211
Share options granted to subsidiary companies employees	586
At 1 April 2013	15,797
Net movement on share options granted/(lapsed) to subsidiary companies employees	(13)
At 31 March 2014	15,784
Amounts provided for:	
At 1 April 2013 and 31 March 2014	4,039
Net book value:	
At 31 March 2014	11,745
At 1 April 2013	11,758

The Company owns the following:

- i) 100% of the ordinary share capital of Majestic Wine Warehouses Limited, a company registered in England and Wales, whose principal activity is the retailing of wines, beers and spirits.
- ii) 100% of the ordinary share capital of Les Celliers de Calais S.A.S., a company registered in France, whose principal activity is the retailing of wines, beers and spirits. This entity has a year end date of 31 March.
- iii) 100% of the ordinary share capital of Majestic Wine Employee Share Ownership Trust Limited, a company registered in England and Wales, whose principal activity is acting as a discretionary trust for the benefit of the Group's employees.
- iv) Through Majestic Wine Warehouses Limited:
 - (a) 100% of the ordinary share capital of Vinotheque Holdings Limited, a company registered in England and Wales, whose principal activity is property management.
 - (b) 100% of the share capital of WBI Holdco Limited, a holding company registered in England and Wales, which owns 100% of the share capital of WBI Limited, a non trading company registered in England and Wales.
 - (c) Through WBI Limited, 100% of ordinary share capital of Lay & Wheeler Limited, a company registered in England and Wales, whose principal activity is importation, sales and storage of fine wines and related services.

17. Inventories

	Group 31.03.14 £000	Group 01.04.13 £000	Company 31.03.14 £000	Company 01.04.13 £000
Goods for resale	54,761	51,306	–	–

The amount of inventories recognised as an expense and charged to the income statement was £190,031,000 (2013: £189,217,000), included within this figure are £169,000 (2013: £243,000) of inventory write-offs.

Notes to the Financial Statements

18. Trade and other receivables

	Group 31.03.14 £000	Group 01.04.13 £000	Company 31.03.14 £000	Company 01.04.13 £000
Trade receivables	4,882	6,116	-	-
Amounts due from Group undertakings	-	-	28,672	27,081
Other debtors	941	388	-	-
Prepayments and accrued income	2,122	2,011	-	-
	7,945	8,515	28,672	27,081

The amounts due from Group undertakings have no fixed payment terms and are interest free. Trade receivables are non-interest bearing and are generally on 30-90 days' terms. Trade receivables are shown net of a provision for impairment. The movements in the provision for impairment of receivables were as follows:

	Group 31.03.14 £000	Group 01.04.13 £000	Company 31.03.14 £000	Company 01.04.13 £000
Balance at the beginning of the year	115	73	-	-
Charge for the year	69	119	-	-
Uncollectable amounts written off	(52)	(77)	-	-
Balance at the end of the year	132	115	-	-

As at the balance sheet date, the ageing analysis of trade receivables that were past due but not impaired is as follows:

Group	Total £000	Neither past due nor impaired £000	Up to 3 months past due £000	3 to 6 months past due £000	Over 6 months past due £000
As at 31 March 2014	4,882	2,712	2,052	118	-
As at 1 April 2013	6,116	3,787	2,181	148	-

There are no indicators of impairment for those debtors that are neither past due nor impaired.

19. Trade and other payables

	Group 31.03.14 £000	Group 01.04.13 £000	Company 31.03.14 £000	Company 01.04.13 £000
Current:				
Trade payables	36,982	39,970	-	-
Other taxes and social security	3,630	4,213	-	-
Accruals and other payables	3,898	4,286	-	-
Non current:				
Amounts due to Group undertakings	-	-	2,000	2,000
	44,510	48,469	2,000	2,000

The amounts due to Group undertakings have no fixed repayment terms, are interest free and are not expected to be settled within one year.

Notes to the Financial Statements

20. Financial liabilities
Group

	31.03.14 £000	01.04.13 £000
Current:		
Bank overdrafts	3,808	2,059
	3,808	2,059

21. Provision for liabilities
Group

	Provision for dilapidations £000	Cherbourg store closure £000	National Insurance £000	Total £000
At 2 April 2012	155	125	599	879
Provided in the year	169	–	102	271
Released in the year	(148)	–	–	(148)
Utilised in year	(28)	(31)	(298)	(357)
At 1 April 2013	148	94	403	645
Provided in the year	74	–	–	74
Released in the year	–	(21)	(73)	(94)
Utilised in year	(14)	–	(175)	(189)
At 31 March 2014	208	73	155	436

Analysis of total provisions:

	31.03.14 £000	01.04.13 £000
Current	397	322
Non current	39	323
	436	645

a) Provision for dilapidations:

In July 2014 the lease on the Group's head office and depot facility comes to an end. The terms of the lease require the Group to make good certain aspects of the facility and consequently the Group has provided the Directors' best estimate of the costs associated.

b) Cherbourg store closure:

During the previous financial year we terminated the lease relating to the store that Majestic Wine Calais operated in Cherbourg. The Group has provided the Directors' best estimate of the redundancy and other employment costs of directly affected staff members.

c) National insurance:

National insurance contributions which will become payable on exercise of share options have been provided. The share options can be exercised at various dates from the balance sheet date to 19 December 2023. The amount payable is dependent on the Company's share price at the date of exercise of the options. The provision which is allocated on a time weighted basis over the period from date of grant to the date that employees become unconditionally entitled to the options has been calculated on the share price at the balance sheet date of 419.25p and the assumption that 100% of employees will exercise their share options and that the rate of NIC is 13.8%.

Notes to the Financial Statements

22. Deferred lease inducements
Group

	31.03.14 £000	01.04.13 £000
Current	414	216
Non current	2,573	1,373
	2,987	1,589

Deferred lease inducements comprise rent free periods and premiums received from lessors in respect of operating leases. These lease incentives are recognised in the income statement on a straight-line basis over the full term of each relevant lease.

23. Share capital and reserves

Called up share capital	2014		2013	
	Number	Value £000	Number	Value £000
Authorised:				
Ordinary Shares of 7.5p each	140,000,000	10,500	140,000,000	10,500
Allotted, called up and fully paid:				
In issue at beginning of period	65,145,559	4,886	63,518,895	4,764
Issued on exercise of share options	483,300	36	1,626,664	122
In issue at end of period	65,628,859	4,922	65,145,559	4,886

Issue of new shares:

During the year 483,300 (2013: 1,626,664) Ordinary Shares of 7.5p each were allotted for a consideration of £1,200,000 (2013: £3,462,000). The shares were allotted during the year under the terms of the Company's share option and deferred bonus schemes which are described in note 25.

Share premium account

The share premium account represents the amounts received by the Company on the issue of Ordinary Shares that are in excess of the nominal value of the issued shares.

Capital reserve – own shares

The Group holds shares in an employee share ownership trust (see note 24). The reserve represents the cost of acquired shares that have not as yet fully vested with employees.

Capital redemption reserve

The Company when cancelling its Ordinary Shares transfers amounts equivalent to the nominal value of the cancelled shares into the capital redemption reserve so as to maintain the level of non-distributable reserves in shareholders' equity.

Currency translation reserve

The currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

24. Employee Share Ownership Trust

The trust is used to acquire shares in Majestic Wine PLC to satisfy awards under the deferred bonus scheme. The shares are distributed to participants of the scheme at the end of a two-year deferral period.

At the year end the trust held 53,969 (2013: 115,914) shares with a nominal value of 7.5p each. The total acquisition cost of these shares was £230,000 (2013: £517,000). At the year end the market value of these shares was £226,000 (2013: £494,000).

Notes to the Financial Statements

25. Share-based payments

The total charge recognised in the Income Statement in respect of share-based payments is £52,000 (2013: £713,000) which is made up of share option schemes and share bonus payments under the Company's deferred bonus scheme.

	52 weeks to 31.03.14 £000	52 weeks to 01.04.13 £000
Share option schemes	(13)	586
Deferred bonus scheme	65	127
Total charged to income statement	52	713

a) Share option schemes

The Company operated six share option schemes during the year, all of which are equity settled.

Approved and unapproved executive share option schemes

These schemes permit the grant of options in respect of Ordinary Shares to selected employees. Options are normally exercisable between three and ten years from the date of grant for consideration not less than market value at grant date. Apart from grants of options to executive Directors, the exercise of options is not subject to any conditions other than continuous employment. The exercise of options granted to executive Directors is conditional on the achievement of specified performance targets related to growth in earnings per share over a three-year period. The executive Directors' participation in the Group's executive share option schemes is limited such that they are eligible to receive options over shares in value up to a maximum of two times gross salary at the date of grant which will only become exercisable on the achievement of performance criteria determined by the Remuneration Committee.

The Company operated the following approved and unapproved executive share option schemes.

- i) The Majestic Wine PLC Approved Executive Share Option Scheme (1996) was adopted on 14 October 1996. The authority to grant options under this scheme expired in October 2006.
- ii) The Majestic Wine PLC Approved Executive Share Option Scheme (2006) was adopted on 4 August 2006 and achieved HMRC approval for tax purposes on 7 December 2006. The first grant of options under the rules of this scheme was made in January 2007.
- iii) The Majestic Wine PLC Unapproved Executive Share Option Scheme (1996) was adopted on 14 October 1996. The authority to grant options under this scheme expired in October 2006.
- iv) The Majestic Wine PLC 2006 Unapproved Employee Share Option Scheme was adopted on 4 August 2006. The first grant of options under the rules of this scheme was made in January 2007.

Co-investment plan

The Majestic Wine PLC Co-investment plan was adopted on 6 August 2004. This scheme permits the grant of options in respect of Ordinary Shares to selected executives. Participants are required to hold shares in the plan and options are granted in proportion to the number of shares invested. Options are normally exercisable between three and ten years from date of grant for nil consideration. The exercise of options will normally be conditional on the achievement of specified performance targets related to total shareholder return over a three-year period.

Long-Term Incentive Plan

The Majestic Wine PLC 2011 Long-Term Incentive Plan was adopted on 4 August 2011. This scheme permits the grant of options in respect of Ordinary Shares to selected executives. Options are normally exercisable between three and ten years from date of grant for nil consideration. The exercise of options will be conditional on the satisfaction of specified performance targets related to earnings per share growth over a three-year period.

Notes to the Financial Statements

25. Share-based payments continued

The following table reconciles the number of share options outstanding and the weighted average exercise price (WAEP):

	Note	52 weeks to 31.03.14 Options	52 weeks to 31.03.14 WAEP	52 weeks to 01.04.13 Options	52 weeks to 01.04.13 WAEP
Outstanding as at the beginning of the year		1,961,787	£2.14	3,130,883	£2.23
Exercised	a	(483,300)	£2.46	(1,527,685)	£1.98
Lapsed		(170,000)	£4.19	(105,000)	£3.55
Granted		1,273,253	£3.81	463,589	£1.30
Outstanding as at the end of the year		2,581,740	£2.76	1,961,787	£2.14
Exercisable as at the end of the year		437,240	£2.81	483,540	£2.41
Weighted average remaining contractual life in years		7.00		6.67	

Notes:

a) Share options were exercised on a regular basis throughout the year. The weighted average share price for options exercised during the year was £5.28 (2013: £4.55).

The following table shows the number of share options outstanding by share option scheme:

	31.03.14	01.04.13
1996 Approved scheme	37,690	64,190
1996 Unapproved scheme	-	3,050
2006 Approved scheme	922,670	681,620
2006 Unapproved scheme	689,380	457,680
Co-investment plan	-	127,500
Long-term incentive plan	932,000	627,747
Outstanding as at the end of the year	2,581,740	1,961,787

The fair value of equity-settled share options is estimated as at the date of grant using the Black-Scholes option pricing model. The following table lists the range of assumptions applied to the options granted in the respective periods shown.

	Long term incentive plan 2014	Executive Option schemes 2014	Long term incentive plan 2013	Executive Option schemes 2013
Weighted average share price at grant	£5.06	£5.04	£4.35	£4.35
Weighted average exercise price	£0.00	£5.00	£0.00	£4.45
Expected life of options (years)	3	4.1-4.5	3	4.1-4.3
Contractual life (years)	7	10	7	10
Volatility (%)	27%	26-27%	30%	30%
Dividend yield (%)	3.12%	2.97-3.16%	3.59%	3.59%
Risk free interest rate (%)	1.24%	1.31-1.87%	0.63%	0.63%
Weighted average fair value of options granted during the year	£4.52	£0.80	£3.83	£0.66

There were no grants made during the year under the co-investment plan. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Notes to the Financial Statements

25. Share-based payments continued

b) Deferred bonus scheme

The Group operates a deferred bonus scheme for senior managers, which excludes the executive Directors. The scheme involves the award of bonus shares to participants subject to meeting performance criteria. Participants may defer the award of the bonus shares for two years and so long as they are in continuous employment throughout this period, the Company will award an equivalent number of matching shares. The cost of the scheme is charged to the income statement over a three-year period. The bonus shares are expensed in the initial year of operation and the matching loyalty shares over the initial year and the two-year deferral period.

	52 weeks to 31.03.14 £000	52 weeks to 01.04.13 £000
2010 Scheme	–	1
2011 Scheme	–	69
2012 Scheme	65	57
Total charged to the income statement	65	127

Note that no awards were made under the scheme for the 2014 and 2013 financial years.

26. Commitments

a) Operating lease agreements where Group is lessee:

The Group leases various stores, offices, warehouses and equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

	31.03.14 £000	01.04.13 £000
Future minimum rentals payable under non-cancellable operating leases:		
Within one year	10,823	9,520
Between one and five years	37,187	30,584
In over five years	41,916	36,465
	89,926	76,569

The total of future minimum payments expected to be received under non-cancellable subleases amounts to £4,935,000 (2013: £3,449,000).

b) Operating lease commitments where Group is lessor:

The Group leases surplus space in various owner-occupied stores, offices, and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

	31.03.14 £000	01.04.13 £000
Future minimum rentals receivable under non-cancellable operating leases:		
Within one year	909	801
Between one and five years	3,043	2,172
In over five years	2,475	1,396
	6,427	4,369

c) Capital expenditure commitments

Capital expenditure authorised and contracted for but not provided in the accounts amounts to £2,002,000 for the Group (2013: £1,309,000).

Notes to the Financial Statements

27. Notes to the cash flow statements

a) Reconciliation of profit to cash generated/(utilised) by operations

	Group 52 weeks to 31.03.14 £000	Group 52 weeks to 01.04.13 £000	Company 52 weeks to 31.03.14 £000	Company 52 weeks to 01.04.13 £000
Cash flows from operating activities:				
Profit for the year	17,602	17,329	10,822	10,787
Adjustments to reconcile profit for the year to cash generated/(utilised) by operations:				
Income tax expense	6,158	6,351	-	-
Dividends received	-	-	(10,822)	(10,787)
Net finance cost	127	131	-	-
Amortisation, impairment and depreciation	5,530	4,909	-	-
Loss on disposal of non current assets	37	16	-	-
(Increase)/decrease in inventories	(3,455)	150	-	-
Decrease/(increase) in trade and other receivables	570	(1,660)	(1,591)	(4,074)
(Decrease)/increase in trade and other payables	(3,933)	1,122	-	-
Movement in en primeur balances	(266)	(998)	-	-
Increase in deferred lease inducements	1,398	357	-	-
Change in fair value of derivative instruments	38	(318)	-	-
Decrease in provisions	(209)	(234)	-	-
Share based payments	52	713	-	-
Cash generated/(utilised) by operations	23,649	27,868	(1,591)	(4,074)

b) Cash and cash equivalents

For the purposes of the Group cash flow statement, cash and cash equivalents comprise the following:

Group	31.03.14 £000	01.04.13 £000
Cash and cash equivalents per Group balance sheet	5,587	4,947
Bank overdraft per Group balance sheet	(3,808)	(2,059)
Cash and cash equivalents per cash flow statements	1,779	2,888

c) Reconciliation of net cash flow to movement in net funds

Group	31.03.14 £000	01.04.13 £000
Net (decrease)/increase in cash and cash equivalents	(1,057)	1,739
Effect of foreign exchange differences	(52)	18
Movement in net funds	(1,109)	1,757
Net funds at beginning of year	2,888	1,131
Net funds at end of year	1,779	2,888

Notes to the Financial Statements

28. Financial instruments

The Group's financial instruments, other than derivatives, comprise cash, bank borrowings and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group also enters into derivative transactions in the form of forward currency contracts. The purpose of these transactions is to manage the currency risk arising from the Group's operations. The Group does not hold or issue financial instruments for trading purposes. The Group's treasury function is under the direct control of the Finance Director and does not engage in speculative trading.

The principal financial risks to which the Group is exposed relate to liquidity/funding, credit risk, interest rates and foreign exchange rates.

Liquidity/funding

Liquidity risk is managed by short-term and medium-term cash flow forecasts. The Group has short-term seasonal borrowing requirements that are backed by an uncommitted facility agreed with Barclays Bank PLC. The facility is reviewed annually and has no expiry date. The facility consists of an overdraft and access to the uncommitted money markets for short term funding requirements. The amount available to draw against varies throughout the year from £5,000,000 to £17,500,000 matching the Group's working capital requirements. The aggregate of the overdraft and money market facilities available at 31 March 2014 was £5,000,000 (2013: £5,000,000). The facilities incur arrangement fees at market rates and interest is charged on the overdraft at a commercial rate over base and on the money market facility at a commercial rate over LIBOR.

The facilities arranged with Barclays are secured by a fixed and floating charge on the Group's assets.

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2014 and 1 April 2013 based on contractual undiscounted payments.

Group

As at 31 March 2014

	Due within 1 year £000	Due between 1 and 2 years £000	Due between 2 and 3 years £000	Total £000
Bank overdraft	3,808	–	–	3,808
Trade and other payables	40,880	–	–	40,880
Derivative financial instruments:				
Gross settled payments	21,324	–	–	21,324
Gross settled receipts	(21,152)	–	–	(21,152)
	44,860	–	–	44,860

As at 1 April 2013

	Due within 1 year £000	Due between 1 and 2 years £000	Due between 2 and 3 years £000	Total £000
Bank overdraft	2,059	–	–	2,059
Trade and other payables	44,256	–	–	44,256
Derivative financial instruments:				
Gross settled payments	20,483	–	–	20,483
Gross settled receipts	(20,381)	–	–	(20,381)
	46,417	–	–	46,417

Company

The Company's only financial liability is in relation to intercompany balances that have no fixed repayment terms, are interest free and are not expected to be settled within one year.

Notes to the Financial Statements

28. Financial instruments continued

Credit risk

There are no significant concentrations of credit risk within the Group. The maximum credit risk exposure relating to financial assets is represented by its carrying value as at the balance sheet date limited to the value of trade and other receivables.

Risk of financial loss due to a counterparty's failure to honour its obligations arises principally from deposits of cash, derivative financial assets and sales on deferred terms. The Group's cash deposits are only lodged with, and foreign currency contracts entered into with approved institutions that have secure credit ratings, at present the only counterparty is Barclays Bank PLC. The Group uses a credit referencing agency to establish third party's credit worthiness before offering to sell on deferred terms. Credit limits are assigned to each debtor account and compliance is monitored. In addition trade debtor balances are regularly reviewed with the result that the Group's exposure to bad debts is not significant.

Interest rates

The Group's financial assets, excluding short-term trade and other receivables, include cash and cash equivalents of £1,779,000 (2013: £2,888,000), in addition to derivative foreign exchange contracts shown in the table on page 58. Funds not required immediately for the Group's operations are invested in sterling denominated deposit accounts. The funds are placed on a combination of overnight and call deposits. The rates are reviewed regularly and the best rate obtained in the context of the Group's needs. The weighted average floating interest rate earned in the year on the Group's sterling deposits was 0.45% (2013: 0.45%). The only interest risk is related to the floating rates on the cash balances and is insignificant.

The cash profile at 31 March 2014 was:

	Cash at floating rates	
	31.03.14 £000	01.04.13 £000
Currency:		
Sterling	4,454	2,557
Euros	437	1,743
Australian Dollars	-	261
US Dollars	624	331
New Zealand Dollars	72	55
Sub-total	5,587	4,947
Bank overdraft:		
Sterling	(3,808)	(2,059)
Total	1,779	2,888

Foreign currency exchange rates

Transactional foreign currency exposures arise from the import of goods directly sourced from overseas suppliers. The Group hedges these cash flow exposures by acquiring forward currency contracts sufficient to cover the anticipated foreign currency denominated purchases. Contracts are put in place prior to the setting of retail prices. The exposure may be covered up to a period of one year. The majority of these contracts are in Euros maturing in less than one year. At 31 March 2014 the Group had forward contracts in place to cover all of its foreign currency purchases for which firm commitments had been made.

The Group does not use derivatives to hedge balance sheet and profit and loss translation exposures arising on the consolidation of the French subsidiary.

Notes to the Financial Statements

28. Financial instruments continued

Foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Sterling against the Euro exchange rate with all other variables held constant, of the Group's profit before tax, due to changes in the fair value of monetary assets, liabilities and forward currency contracts.

The currency sensitivity analysis is based on the following assumptions. Major non-derivative monetary financial instruments (liquid assets, receivables, non-interest bearing liabilities) are either denominated in the functional currency or are transferred to the functional currency through the use of derivatives. Exchange rate fluctuations therefore have no effect on profit or loss. The Group is therefore only exposed to currency risk from specific currency derivatives. These derivatives are used to hedge planned transactions but are not accounted for using hedge accounting.

	Increase/decrease in Sterling against the Euro rate	Effect on profit before tax £000
2014		
Euro	+5%	1,021
	-5%	(848)
2013		
Euro	+5%	1,052
	-5%	(828)

Derivative financial instruments

Forward foreign currency exchange contracts acquired to hedge the Group's forecast currency requirements are, for accounting purposes, designated as held for trading with fair value movements being recognised in the income statement.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The nominal and fair value of forward currency contracts is shown in the following table. All contracts have maturity dates within one year. The fair value of these instruments was determined using quoted forward exchange rates matching the maturities of the contracts. The Group's measurement of their financial instruments meets the criteria of Level 2 and hence all have been included in this classification.

	Nominal value £000	Fair value	
		Assets £000	Liabilities £000
Forward foreign currency contracts as at 31 March 2014	21,324	–	(161)
Forward foreign currency contracts as at 1 April 2013	20,483	38	(161)

Fair values of non-derivative financial assets and financial liabilities

As at 31 March 2014 and 1 April 2013 the Group considers its financial assets to be short term trade and other receivables, cash and cash equivalents and its financial liabilities to be the bank overdraft and short term trade and other payables. There is no material difference between the book value and the fair value of any financial asset or liability.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group considers capital to consist of the total equity of the Group.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the current year.

Notes to the Financial Statements

29. Related party transactions

Group

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected by the end of month following date of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period. The Group has not benefited from any guarantees for any related party receivables or payables. During the year ended 31 March 2014, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (2013: nil).

The Group considers its key management personnel to be the Directors of the Company.

The compensation of key management personnel is as follows:

	52 weeks to 31.03.14 £000	52 weeks to 01.04.13 £000
Short-term employee benefits	1,222	1,341
Post-employment benefits	153	154
Share-based payment including long term incentives	(297)	300
	1,078	1,795

There are no other related party transactions which require disclosure.

Company

The Company receives dividends from its subsidiary companies. The total dividends received in the year were £10,822,000 (2013: £10,787,000).

Property

During the period we opened 13 new stores in Havant, Lytham St Annes, Durham, Grantham, Maidenhead, Lichfield, Lewes, Petersfield, Cheadle Hulme, Tenterden, Nottingham North, Ilkley and Kettering.

London and Inside M25

Battersea
Belgravia
Brentford Lock
Bromley
Bushey
Chalk Farm
Cheam
Chislehurst
Chiswick
City
Clapham
Cobham
Covent Garden
Docklands
Dulwich
Ealing
East Molesey
Enfield
Epsom
Esher
Finchley
Fulham
Gidea Park
Greenwich
Islington
Kingston
Marylebone
Mayfair
Muswell Hill
New Barnet
Notting Hill Gate
Putney
Richmond
Roehampton
Ruislip
Sanderstead
Shepherds Bush
St. John's Wood
Surbiton
Twickenham
Uxbridge
Vauxhall
Wanstead
Weybridge
Wimbledon

South East

Alton
Amersham
Aylesbury
Basingstoke
Berkhamsted
Bishops Stortford
Bracknell
Brighton & Hove
Broadstairs
Camberley
Canterbury
Chelmsford
Crawley
Dorking
East Grinstead
Farnham
Fleet
Gerrards Cross
Guildford
Haslemere
High Wycombe
Horsham
Leatherhead
Lewes
Maidenhead
Maidstone
Reading
Redhill
Reigate
Sevenoaks
Sonning
St. Albans
Stevenage
Sunningdale
Tenterden
Tunbridge Wells
Windsor
Woking
Wokingham
Worthing

South and West

Barnstaple
Bath
Bristol Bath Road
Bristol Filton
Bristol Westbury-on-Trym
Cheltenham
Chichester
Chippenham
Cirencester
Dorchester
Exeter
Falmouth
Gloucester
Havant
Isle of Wight
Lymington
Marlborough
Newbury
Petersfield
Poole
Salisbury
Southampton
Stroud
Swindon
Taunton
Totnes
Winchester
Weston-Super-Mare
Yeovil

Wales

Bangor
Cardiff
Cardiff Bay
Swansea

Midlands

Abingdon
Ashbourne
Banbury
Bicester
Birmingham Mere Green
Birmingham Hagley Road
Birmingham Shirley
Derby
Evesham
Hereford
Kettering
Leamington Spa
Leicester
Lichfield
Ludlow
Market Harborough
Milton Keynes
Northampton
Nottingham
Nottingham North
Oxford Cowley Road
Oxford Summertown
Shrewsbury
Stourbridge
Stow-on-the-Wold
Stratford-upon-Avon
Uttoxeter
Witney
Wolverhampton
Worcester

East

Braintree
Bury St. Edmunds
Cambridge
Colchester
Grantham
Ipswich
King's Lynn
Newmarket
Norwich
Peterborough
Southend-on-Sea
Sudbury

North

Berwick-upon-Tweed
 Beverley
 Birkdale
 Carlisle
 Cheadle Hulme
 Chester
 Chesterfield
 Clitheroe
 Darlington
 Durham
 Hale Barns
 Harrogate
 Huddersfield
 Ilkley
 Kendal
 Leeds Central
 Leeds North
 Lincoln
 Lytham St Annes
 Macclesfield
 Newcastle
 Northallerton
 Preston
 Ripon
 Sale
 Sheffield
 Stockport
 Wakefield
 Warrington
 Wilmslow
 Wirral
 York

Scotland

Aberdeen
 Ayr
 Dundee
 Edinburgh Causewayside
 Edinburgh Comiston Road
 Edinburgh Leith Walk
 Edinburgh Queensferry Road
 Glasgow Bearsden
 Glasgow West End
 Glasgow Giffnock
 Inverness
 Livingston
 Perth
 Stirling

France

Calais
 Coquelles