COMPANY REGISTRATION NO: 03209508

HAWKSHEAD BREWERY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 June 2018

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Annual report and financial statements 2018

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Company information

Directors	J Bradbury (appointed 16th May 2018) A P Brodie (resigned 28 February 2018) N Campbell (appointed 26th June 2018) S Hainsworth A Robinson J Wright (resigned 16th May 2018)
Registered office	Staveley Mill Yard Staveley Cumbria LA8 9LR
Registered number	03209508
Bankers	NatWest Bank Plc 10 Elephant Yard Kendal Cumbria LA9 4LZ

Directors' report

The directors present their annual report and financial statements for the year ended 30 June 2018.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a brewery and a beer hall.

RESULTS AND DIVIDENDS

The loss for the period after taxation amounted to £29k (2017 profit: £135k). Dividend paid in the period nil (2017: £82k).

GOING CONCERN

The directors have considered the going concern assumption and continue to adopt the going concern basis in preparing the annual report and financial statements, as documented in note 1 to the financial statements.

DIRECTORS

The present directors of the company who served throughout the period and thereafter, except where noted, are set out on page 1.

BUSINESS REVIEW

Hawkshead Brewery Limited is a wholly owned subsidiary of Halewood International Limited, a company incorporated in England. The ultimate parent undertaking is Halewood Wines and Spirits PLC. The group monitors performance as a whole; therefore a complete review of the business and future prospects of the group is included in the Directors' Report of the ultimate parent company accounts.

The directors are satisfied with the performance of the company during the period given the current wider economic environment.

The directors are not aware, as at the date of this report, of any likely major changes in the company's activities in the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES

The company and its customers continue to operate in a very competitive domestic market and as a result pressure on volumes is expected to continue. To combat these pressures the company will continue to investment in new product development to ensure product lifecycles are extended.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' report (continued)

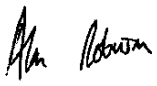
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

POST BALANCE SHEET EVENTS
On 29 November 2018 the company completed on a re-financing agreement with Investec Bank. The new facility has a minimum term of 60 months from commencement date.

SMALL COMPANY PROVISIONS
This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

APPROVAL
The Report of the Directors was approved by the Board on 26 March 2019 and signed on its behalf by:



A Robinson
Director

Profit and loss account

For the year ended 30 June 2018

	Note	12 months ended 30 June 2018 £'000	15 months ended 30 June 2017 £'000
Turnover	4	2,914	3,398
Cost of sales		(1,693)	(1,817)
Gross profit		1,221	1,581
Administrative expenses		(1,244)	(1,403)
Other operating income	5	6	10
Operating (loss)/profit	5	(17)	188
Interest payable	8	(24)	(21)
(Loss)/profit before taxation		(41)	167
Taxation on (loss)/profit	9	12	(32)
(Loss)/profit after taxation		(29)	135

The company's activities derive from continuing operations.

The company has no recognised gains and losses other than those included in the results above. As such, no separate statement of comprehensive income has been presented.

The notes on pages 7 – 16 form an integral part of the financial statements.

Balance sheet

At 30 June 2018

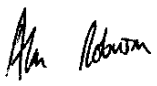
	Note	30 June 2018 £'000	30 June 2017 £'000
Fixed assets			
Tangible assets	10	2,048	780
Intangible assets	11	45	34
		2,093	814
Current assets			
Stock	12	156	168
Debtors	13	340	257
Cash at bank and in hand		58	242
Creditors: amounts falling due within one year	14	(502)	(425)
Net current assets		52	242
Total assets less current liabilities		2,145	1,056
Creditors : amounts falling due after one year	15	(1,646)	(531)
Provision for liabilities	16	(112)	(109)
Net assets		387	416
Capital and reserves			
Called-up share capital	17	-	-
Profit and loss account		387	416
Shareholder's funds		387	416

The notes on pages 7 – 16 form an integral part of the financial statements.

The financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

For the year ended 30 June 2018, the company was entitled to exemption under section 479A of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year ended 30 June 2018 in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of the accounts.

The financial statements of Hawkshead Brewery Limited, registered number 03209508, were approved by the board of directors on 26 March 2019 and signed on its behalf by:



A Robinson
Director

Statement of changes in equity

At 30 June 2018

	Called-up share capital £'000	*Profit and loss* account £'000	Total £'000
At 31 March 2016	-	363	363
Profit for the period and total other comprehensive income	-	135	135
Dividends		(82)	(82)
Balance as at 30 June 2017	-	416	416
Profit for the year and total other comprehensive income	-	(29)	(29)
Balance as at 30 June 2018	-	387	387

The notes on pages 7 – 16 form an integral part of the financial statements.

Notes to the financial statements

For the year ended 30 June 2018

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding period.

General information and basis of preparation

Hawkshead Brewery Limited is incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report. The financial statements have been prepared under the historical cost convention and in accordance with applicable law and United Kingdom accounting standards. The functional currency of Hawkshead Brewery Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Going concern

The company has net assets and net current assets that are deemed recoverable. The company's forecasts and projections, taking account of possible changes in trading performance, show that the company is expected to be able to operate within the level of funding available.

As disclosed in note 22, the company is party to group borrowing facilities under which the various UK companies in the group have cross-guaranteed the borrowings. On 29 November 2018 the Group completed on a re-financing agreement with Investec Bank. The new facility has a minimum term of 60 months from commencement date. In carrying out their duties in respect of going concern, the directors have carried out a review of the Group's financial position and cash flow forecast for a period of 12 months from the date of signing these financial statements. These have been based on a comprehensive review of revenue, expenditure and cash flows, taking into account specific business risks and the uncertainties brought about by the current economic environment.

After making enquiries, the directors have a reasonable expectation that the company has access to adequate resources and believe that the company is well placed to manage its business risks successfully, despite the current uncertain economic outlook, and any impact on consumer spending, and is expected to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Tangible fixed assets

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating profit unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses. The principal annual rates used for other assets are:

Leasehold property	4-10% straight line
Plant and machinery	5-20% straight line
Motor vehicles	25% reducing balance

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Notes to the financial statements (continued)

For the year ended 30 June 2018

1. ACCOUNTING POLICIES (continued)

Taxation (continued)
Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Turnover
Turnover is recognised at the point at which charges are incurred on marketing projects and recharged to fellow subsidiary undertakings.

Stocks
Stocks are stated at the lower of cost and net realisable value. Cost includes any expenses incurred in bringing each product to its present location and condition, using a first in, first out (FIFO) basis. Net realisable value is based on estimated selling price less further expected costs of disposal.

Dividends
Dividends are recognised when the dividend is declared by the company directors passing a written resolution.

FRS 102 exemption
FRS 102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of available exemptions to not disclose:
(a) A statement of cash flows;
(b) Certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the group in which the company is consolidated; and
(c) Key management personnel compensation in total.

2. STATEMENT OF COMPLIANCE

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

3. CRITICAL ACCOUNTING JUDEGMENTS AND ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

i. Critical judgements in applying the Company's accounting policies – the directors do not consider there to be any critical accounting judgements that must be applied.

ii. Key accounting estimates and assumptions – the directors do not consider there to be any key accounting estimates and assumptions that require further analysis.

4. TURNOVER

All turnover derives from the principal activity and arises from the United Kingdom. Turnover by origin and destination are not materially different.

Notes to the financial statements (continued)

For the year ended 30 June 2018

5. OPERATING PROFIT

Operating profit is arrived at after charging:

	Year ended 30 June 2018 £'000	15 months ended 30 June 2017 £'000
Depreciation on owned assets	85	99
Depreciation on assets held under finance lease	14	7
Government grant release	(6)	(10)
Amortisation	4	6

6. EMPLOYEES

Staff costs:	Year 30 June 2018 £'000	Year 30 June 2017 £'000
Wages and salaries	720	792
Social security costs	54	55
Pensions - defined contribution scheme	6	4
	779	851

The average monthly number of employees, including directors, during the period was made up as follows:

	2018 Number	2017 Number
Administration & selling	45	41

Notes to the financial statements (continued)

For the year ended 30 June 2018

7. DIRECTORS' EMOLUMENTS

Directors' emoluments were as follows:	Year ended 30 June 2018 £'000	15 months ended 30 June 2017 £'000
Emoluments for management services including benefits in kind	9	19
	9	19
The emoluments of the highest paid director were:		
Salary	14	12
	14	12

8. INTEREST PAYABLE

	Year ended 30 June 2018 £'000	15 months ended 30 June 2017 £'000
Interest paid	24	21

Notes to the financial statements (continued)

For the year ended 30 June 2018

9. TAX CREDIT/(CHARGE) ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	Year ended 30 June 2018 £'000	15 months ended 30 June 2017 £'000
Current Tax on (loss)/profit		
UK corporation tax	31	(30)
	31	(30)
Adjustments in respect of prior years		
UK corporation tax	(16)	4
Total current tax credit/(charge)	15	(26)
Deferred Tax		
Origination and reversal of timing differences	(32)	(6)
Adjustment in respect of prior years	26	-
Effect of changes in tax rates	3	-
Total deferred tax (charge)	(3)	(6)
Total tax credit/(charge) on (loss)/profit	12	(32)

The standard rate of tax applied to reported profit is 19% (PY 19.75%). Finance Act 2016, which was enacted in September 2016, included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020. During the period, the tax rate reduced from 19.75% to 19%. The deferred tax balances have been restated to the lower rate of 17% in these financial statements.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	Year ended 30 June 2018 £'000	15 months ended 30 June 2017 £'000
(Loss)/profit before taxation	(41)	152
Tax on profit at standard UK corporation tax rate of 19% (2017: 19.75%)	8	(30)
Effects of:		
- Expenses not deductible for tax purposes	11	-
- Utilisation of tax losses not previously recognised	-	(6)
- tax rate changes	3	-
- Adjustments to tax charge in respect of previous periods	(10)	4
Total tax credit/(charge) for the period	12	(32)

Notes to the financial statements (continued)

For the year ended 30 June 2018

10. TANGIBLE FIXED ASSETS

	Long term leasehold property £'000	Plant & Machinery £'000	Motor Vehicles £'000	Total £'000
Cost				
At 30 June 2017	126	1,110	88	1,324
Additions	4	1,324	23	1,351
At 30 June 2018	130	2,434	111	2,675
Accumulated depreciation				
At 30 June 2017	44	458	42	544
Charge for the year	6	63	14	83
Disposals				
At 30 June 2018	50	521	56	627
Net book value				
At 30 June 2018	80	1,913	55	2,048
At 30 June 2017	82	652	46	780

The net book value of assets held under hire purchase contracts, included above are £94k (2017: £78k) and depreciation on those assets was £14k (2017: £7k)

Notes to the financial statements (continued)

For the year ended 30 June 2018

11. INTANGIBLE FIXED ASSETS

	Design costs £,000	Goodwill £'000	Total £'000
Cost			
At 30 June 2017	-	100	100
Additions	16	-	16
At 30 June 2018	16	100	116
Amortisation			
At 30 June 2017	-	66	66
Charge for the period	1	4	5
At 30 June 2018	1	70	71
Net Book Value			
At 30 June 2018	15	30	45
At 30 June 2017	-	34	34

Capitalised goodwill arose on the purchase of an unincorporated business in 2004 and is being amortised on a straight line basis over 20 years.

12. STOCK

	30 June 2018 £'000	30 June 2017 £'000
Raw materials and semi-finished goods	110	99
Goods for resale	46	69
	156	168

Notes to the financial statements (continued)

For the year ended 30 June 2018

13. DEBTORS

	30 June 2018 £'000	30 June 2017 £'000
Trade debtors	266	247
Other debtors	62	10
Corporation tax	12	-
	340	257

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2018 £'000	30 June 2017 £'000
Trade creditors	142	148
Corporation tax	-	30
Other creditors	157	136
Other taxation and social security	186	72
Net obligations under hire purchase contracts	17	39
	502	425

15. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	30 June 2018 £'000	30 June 2017 £'000
Amount due to parent undertaking	1,646	522
Other creditors	-	9
	1,646	531

In respect of amounts due to parent undertaking, there was no fixed term of repayment and interest is paid monthly at a commercial rate above the Bank of England base rate.

Notes to the financial statements (continued)

For the year ended 30 June 2018

16. DEFERRED TAXATION

	30 June 2018 £'000	30 June 2017 £'000
Opening deferred tax liability	109	103
Charge during the period (note 10)	3	6
Closing deferred tax liability	112	109

Deferred tax is analysed as follows:	30 June 2018 £'000	30 June 2017 £'000
Accelerated capital allowances	112	109

17. SHARE CAPITAL

	30 June 2018 £'000	30 June 2017 £'000
Allotted, called-up and fully paid		
100 ordinary shares of £1 each	-	-

18. PENSION ARRANGEMENTS

The company operates a defined contribution schemes for which the pension cost charge for the period amounted to £6K (2017: £4k), which represented contributions to these schemes. The assets of this scheme are held separately from those of the company in independently administered funds. At 30 June 2018 the amount outstanding to the pension scheme was £2K (2017: £0K).

19. OPERATING LEASE COMMITMENTS

At 30 June 2018 the company had commitments under non-cancellable operating leases due as follows:

	30 June 2018 £'000	30 June 2017 £'000
Expiry date:		
Within one year	109	84
Between 2 and 5 years	436	336
After more than 5 years	763	672

Notes to the financial statements (continued)

For the year ended 30 June 2018

20. CONTINGENT LIABILITY

The company is party to group borrowings facilities under which the various UK companies in the group have unlimited cross-guaranteed in respect of the others' bank borrowings. At 30 June 2018 these borrowings amounted to £13,558K (2017: £29,915K).

21. RELATED PARTY TRANSACTIONS

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned as permitted by FRS 102 Section 33.

22. ULTIMATE PARENT AND CONTROLLING PARTY

The immediate parent undertaking is Halewood International Limited. The ultimate parent company and parent undertaking at the largest and smallest group which includes the company is Halewood Wines and Spirits PLC, a company registered in England. Group accounts for Halewood Wines and Spirits PLC are available to the public from Companies registration Office, Crown Way, Maindy, Cardiff, CF4 3UZ.

The directors consider that the ultimate controlling party of the company is the Estate of J E Halewood, owing to his overall control of the parent company.

23. POST BALANCE SHEET EVENTS

On 29 November 2018 the company completed on a re-financing agreement with Investec Bank. The new facility has a minimum term of 60 months from commencement date.