

# HALEWOOD INTERNATIONAL HOLDINGS PLC

Annual Report and Financial Statements  
For the 52 week period ended 29 June 2013



**ANNUAL REPORT AND FINANCIAL STATEMENTS 2013**

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**COMPANY INFORMATION**

**DIRECTORS**

Mrs J M Halewood  
Mr P G Eaton  
Mr I A Douglas  
Mr A J Vaughan  
Mr S J Oldroyd  
Mr R V L Rishworth (resigned 31 August 2012)  
Mr W Woolley (resigned 31 August 2012)  
Mr A D Smallman

**REGISTERED OFFICE**

The Sovereign Distillery  
Wilson Road  
Huyton Business Park  
Huyton  
Liverpool  
Merseyside  
L36 6AD

**COMPANY REGISTRATION**

3699814

**BANKERS**

Lloyds TSB Bank Plc  
94 Fishergate  
Preston  
Lancashire  
PR1 2JB

**AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Liverpool  
United Kingdom

## DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements of the Company and the Group for the 52 weeks ended 29 June 2013

### PRINCIPAL ACTIVITIES

The principal activities of the Group are the development, manufacture and distribution of wines, spirits and speciality drinks. As a company, Halewood International Holdings PLC is primarily an investment holding company.

### BUSINESS REVIEW

The directors are satisfied with the performance of the Group during the current year. The industry sector continued to be severely impacted during 2013 and the Group has continued to experience significant supply side price increases, and feel the effects of weakening currencies of its overseas subsidiaries. Despite all of this, through proactive and decisive management throughout the business, the Group has managed to maintain an operating profit, particularly in its core UK operations, and has demonstrated that the Group is adaptable, successful and resilient throughout the economic cycle.

On the 1<sup>st</sup> July 2012 the Group acquired 100% of the issued share capital of H&A Prestige Bottling Limited, a company under common control, for a total consideration of £1

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

Group turnover was £275,775K (2012 £277,482K). Group operating profit for the period was £7,109K (2012 £15,735K). A key objective for the Group is to generate earnings before interest, taxation, depreciation and amortisation (EBITDA) excluding shareholder remuneration growth year on year. The following table summarises turnover and adjusted EBITDA for each of the last 2 periods.

	2013 £'000	2012 £'000
Turnover	275,775	277,482
Operating profit	7,109	15,735
Depreciation	4,380	3,742
Amortisation	137	111
Shareholder remuneration	821	575
Adjusted EBITDA	12,447	20,163

The Group monitors closely cash flow from operating activities. During the period, the cash inflow from operating activities amounted to £7,127K (2012 £8,292K).

### FUTURE OUTLOOK

The Group continues to operate in a very competitive domestic market. The Group will continue to focus on its successful strategy of new product development combined with key strategic brand acquisition, tight cost control and focus on production efficiency.

In the challenging times that are prevailing at present, the Group is doing more than ever to ensure its presence in the market place is at its optimum. By maintaining a diverse portfolio of products, physically operating in several geographical regions in addition to exporting to many others, the Group expects to minimise risk from the current economic downturn.

**DIRECTORS' REPORT (Continued)**

The directors have continued to adopt the going concern basis in preparing these financial statements, additional disclosures are presented in note 1 to the financial statements

**PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks affecting the Group are considered to relate to competition from other operators and industry developments

***Competitor risk***

Competitor risk manifests itself in the form of price pressures, and applies downward pressure on gross margins. The Group ensures that prices and margins in key markets are closely monitored at board level with director level sign off for any promotional support or price changes

***Credit risk***

The Group's credit risk is primarily attributable to its trade receivables and it has implemented policies that require appropriate credit checks on potential customers before services are provided

***Taxation risk***

As a producer and distributor of alcoholic beverages the Group is exposed to the taxation risk associated with these products. In order to mitigate the risk the Group maintains a diverse portfolio of products within different tax classifications. In addition the Group is represented on various trade bodies

***Currency risk***

As the Group sells and operates in multiple markets around the globe it is exposed to movements in key currencies, in particular the Euro, US Dollar and South African Rand. This risk is managed at a Group level with forward contracts taken out to manage the risk. Open contracts at 29 June 2013 are disclosed in the note 29

***Interest rate risk***

The Group has both interest bearing assets and interest bearing liabilities, which are linked to the Bank of England base rate or Libor base rate, and does not consider itself to be exposed to any significant interest cash flow risk. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature

***Liquidity risk***

The Group ensures availability of funding through an appropriate amount of committed facilities that are designed to ensure the Group has sufficient available funds for operations

**SUPPLIER PAYMENT POLICY**

The Company's policy, which is also applied by the Group, is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Group at 29 June 2013 were equivalent to 37 (2012: 31) day's purchases

**RESULTS AND DIVIDENDS**

The Group profit for the period is disclosed on page 8. No dividends were declared or paid during the year (2012: Nil)

**DIRECTORS**

The directors of the company who served throughout the period and thereafter, unless otherwise stated, are set out on page 1

**CHARITABLE AND POLITICAL CONTRIBUTIONS**

During the period the Group made charitable donations of £16K (2012: £95K)

No political donations were made during the year (2012: £nil)

**DIRECTORS' REPORT (Continued)****EMPLOYEES**

During the period, the Group continued to provide employees with relevant information through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the Group's trading position and of any significant organisational changes.

It is the policy of the Group to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the Group, as well as generally through training and career development.

**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). 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 group and of the profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DIRECTORS' REPORT (Continued)**

**AUDITOR AND DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the date of approval of this annual report confirms that

- so far as the director is aware there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting

**Approval**

The Directors' Report was approved by the Board on 23 December 2013 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'J M Halewood', with a large, stylized loop at the end.

**J M Halewood**

**Director**

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALEWOOD INTERNATIONAL HOLDINGS PLC

We have audited the financial statements of Halewood International Holdings PLC for the 52 week period ended 29 June 2013 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Note of Historical Cost Profits and Losses, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Directors' Responsibilities Statement within the Directors' Report, 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 the 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 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications 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 of the Parent Company's affairs as at 29 June 2013 and of the Group's profit for the 52 week period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
HALEWOOD INTERNATIONAL HOLDINGS PLC (Continued)**

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period 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 where the Companies Act 2006 requires us to report to you if, in our opinion

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



Damian Sanders (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Liverpool  
United Kingdom

23 December 2013

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**For the 52 week period ended 29 June 2013**

		<b>52 weeks ended 29 June 2013 £'000</b>	<b>53 weeks ended 30 June 2012 £'000</b>
	<b>Note</b>		
<b>Turnover</b>	2	275,775	277,482
Cost of sales		(213,358)	(210,443)
<b>Gross profit</b>		62,417	67,039
Distribution costs		(28,020)	(27,662)
Administrative expenses		(27,288)	(23,642)
<b>Operating profit</b>	5	7,109	15,735
Interest receivable and similar income	3	204	242
Interest payable and similar charges	4	(628)	(808)
<b>Profit on ordinary activities before taxation</b>		6,685	15,169
Taxation on profit on ordinary activities	9	(2,227)	(4,781)
<b>Profit on ordinary activities after taxation</b>		4,458	10,388
Equity minority interest	24	(22)	253
<b>Profit for the financial period</b>	22	4,436	10,641

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**For the 52 week period ended 29 June 2013**

	<b>52 weeks ended 29 June 2013 £'000</b>	<b>53 weeks ended 30 June 2012 £'000</b>
Profit for the financial period	4,436	10,641
Unrealised surplus on revaluation of fixed assets	1,224	-
Currency translation of foreign subsidiaries	(1,598)	(1,975)
<b>Total recognised gains relating to the period</b>	<b>4,062</b>	<b>8,666</b>

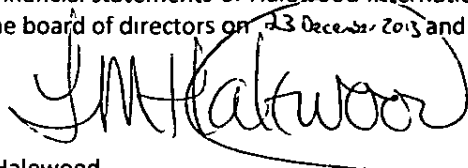
**CONSOLIDATED NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**For the 52 weeks ended 29 June 2013**

	<b>52 weeks ended 29 June 2013 £'000</b>	<b>53 weeks ended 30 June 2012 £'000</b>
Reported profit on ordinary activities before taxation	6,685	15,169
Difference between an historical cost depreciation charge and the actual depreciation charge for the period	75	48
<b>Historical cost profit on ordinary activities before taxation</b>	<b>6,760</b>	<b>15,217</b>
<b>Historical cost profit for the period retained after taxation and minority interests</b>	<b>4,533</b>	<b>10,436</b>

**CONSOLIDATED BALANCE SHEET**  
**At 29 June 2013**

	Note	29 June 2013 £'000	30 June 2012 £'000
<b>Fixed assets</b>			
Brands and IPR	10	151	102
Goodwill	10	365	-
Negative goodwill	10	(36)	(38)
		<u>480</u>	<u>64</u>
Intangible assets			
Tangible assets	11	45,295	38,141
Investments	12	96	163
		<u>45,871</u>	<u>38,368</u>
<b>Current assets</b>			
Stocks	13	28,357	27,802
Debtors	14	47,154	52,910
Investments	15	2,330	2,487
Cash at bank and in hand		8,449	8,275
		<u>86,290</u>	<u>91,474</u>
<b>Creditors: amounts falling due within one year</b>	16	(59,871)	(60,722)
<b>Net current assets</b>		<u>26,419</u>	<u>30,752</u>
<b>Total assets less current liabilities</b>		72,290	69,120
<b>Creditors: amounts falling due after more than one year</b>	17	(3,477)	(4,286)
<b>Provision for liabilities</b>	20	(1,392)	(1,497)
<b>Net assets</b>		<u>67,421</u>	<u>63,337</u>
<b>Capital and reserves</b>			
Called up share capital	21	95	95
Capital redemption reserve	22	5	5
Revaluation reserve	22	2,861	1,712
Profit and loss account	22	64,216	61,303
		<u>67,177</u>	<u>63,115</u>
<b>Shareholders' funds</b>	23	67,177	63,115
Minority interests	24	244	222
<b>Total capital employed</b>		<u>67,421</u>	<u>63,337</u>

The financial statements of Halewood International Holdings PLC, registered number 3699814, were approved by the board of directors on 23 December 2013 and signed on their behalf by



J M Halewood  
 Director

**COMPANY BALANCE SHEET**  
**At 29 June 2013**

		<b>29 June 2013 £'000</b>	<b>30 June 2012 £'000</b>
	<b>Note</b>		
<b>Fixed assets</b>			
Tangible assets	11	10,966	10,509
Investments	12	8,379	8,379
		<u>19,345</u>	<u>18,888</u>
<b>Current assets</b>			
Debtors	14	16,426	16,659
Creditors: amounts falling due within one year	16	(18,633)	(18,954)
<b>Net current assets</b>		<u>(2,207)</u>	<u>(2,295)</u>
<b>Total assets less current liabilities</b>		17,138	16,593
Creditors: amounts falling due after more than one year	17	(278)	(287)
<b>Provision for liabilities</b>	20	(34)	(34)
<b>Net assets</b>		<u>16,826</u>	<u>16,272</u>
<b>Capital and reserves</b>			
Called up share capital	21	95	95
Profit and loss account	22	16,731	16,177
<b>Shareholders' funds</b>	23	<u>16,826</u>	<u>16,272</u>

The financial statements of Halewood International Holdings PLC, registered number 3699814, were approved by the Board of directors on 23 December 2013 and signed on their behalf by



J M Halewood  
 Director

**CONSOLIDATED CASH FLOW STATEMENT**  
**For the 52 week period ended 29 June 2013**

		<b>52 weeks ended 29 June 2013 £'000</b>	<b>53 weeks ended 30 June 2012 £'000</b>
	<b>Note</b>		
<b>Cash inflow from operating activities</b>	<b>25</b>	<b>7,127</b>	<b>8,292</b>
<b>Returns on investment and servicing of finance</b>			
Interest received		204	242
Interest paid		(530)	(749)
Interest element of finance lease repayments		(98)	(59)
		<u>(424)</u>	<u>(566)</u>
<b>Taxation paid</b>			
UK corporation tax paid		(1,408)	(1,527)
Foreign tax paid		(1,624)	(3,048)
		<u>(3,032)</u>	<u>(4,575)</u>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(6,946)	(2,946)
Sale of fixed assets		249	1,447
Government grant received		176	498
Purchase of investments		(61)	(76)
Sale of investments		152	60
Purchase of intangible fixed assets		-	(108)
		<u>(6,430)</u>	<u>(1,125)</u>
<b>Acquisitions and disposals</b>			
Net overdraft acquired		244	-
		<u>244</u>	<u>-</u>
<b>Net cash (outflow) / inflow before financing</b>		<b>(3,003)</b>	<b>2,026</b>
<b>Financing</b>			
Repayment of loans	26	(2,029)	(2,896)
Capital element of finance lease	26	(1,427)	(1,486)
<b>Net cash outflow from financing</b>	<b>26</b>	<b>(3,456)</b>	<b>(4,382)</b>
<b>Decrease in cash</b>	<b>26,27</b>	<b>(6,459)</b>	<b>(2,356)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### For the 52 week period ended 29 June 2013

#### 1. ACCOUNTING POLICIES

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

##### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable law and United Kingdom accounting standards.

##### **Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 29 June 2013. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method unless the subsidiary is held exclusively with a view to subsequent resale and the subsidiary has not previously been consolidated.

##### **Going concern**

The group meets its day-to-day working capital requirements through a combination of bank overdrafts secured over properties, trade debts and loans (refer to note 16). The overdraft facility was renewed in October 2013. The group's forecasts and projections, taking account of possible changes in trading performance, show that the group and company are expected to be able to operate within the level of funding available.

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.

The directors manage liquidity risk by performing regular cash flow forecasting and consistently reviewing operations. The Group's cash position at the 29 June 2013 was £8.4m. Net debt has increased from £11.9m to £15.2m during the period.

Having taken all of the above factors into consideration, the directors have reached a conclusion that the Group is able to manage its business risks despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

##### **Goodwill**

Positive goodwill is the excess of the cost of an acquired entity over the aggregate of the fair values of that entity's identifiable assets and liabilities. Positive goodwill, where treated as an asset, is amortised evenly over its estimated useful economic life of forty years. In addition to systematic amortisation, the book value is written down to recoverable amount when any impairment is identified.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

##### **Intangible assets**

Brand and intellectual property rights (IPR), and customer databases are valued at cost on acquisition and are amortised on a straight line basis over their estimated useful economic lives of five years.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the 52 week period ended 29 June 2013

#### 1. ACCOUNTING POLICIES (continued)

##### Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment

Depreciation is provided evenly on the cost (or valuation where appropriate) 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 their 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. No depreciation is provided on freehold land. The principal annual rates used for other assets are

- Freehold buildings                      2% on cost or valuation
- Leasehold buildings                    Over lease period
- Fixtures and fittings                   15% to 25% on cost
- Plant and machinery                  10% to 15% on cost
- Motor vehicles                          25% on cost

The Group has taken advantage of the transitional provisions of FRS 15 "Tangible fixed assets" and retained the book amounts of certain freehold properties, which were revalued prior to implementation of that standard. These properties were revalued in 2010, with the surplus on carrying value being transferred to the revaluation reserve. Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

##### Investments

Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

##### 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. Net realisable value is based on estimated selling price less further costs of disposal.

##### 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised where the recoverability against future taxable profits is considered to be more likely than not.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the 52 week period ended 29 June 2013

#### 1. ACCOUNTING POLICIES (continued)

##### Taxation (continued)

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate

##### Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations and on foreign currency borrowings are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

##### Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

##### Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

##### Capital grants

Capital government grants received are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets to which they relate.

##### Pensions

The Group contributes to defined contribution pension arrangements (including stakeholder equivalent arrangements) on behalf of certain employees. The assets of these schemes are held separately from those of the Group in independently administered funds. The pension cost for these schemes represents contribution payable in the period.

##### Turnover

Turnover comprises sales to customers less discounts and allowances and is net of value added tax. Turnover is recognised upon despatch of goods.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 52 week period ended 29 June 2013**

**1. ACCOUNTING POLICIES (continued)**

**Derivatives**

The company uses derivatives to hedge its exposure to changes in foreign currency exchange rates. Derivatives are not included at fair value in the accounts. At the balance sheet date any differences between the principal and the fair value are assessed with details disclosed in the notes to the accounts.

**2. SEGMENTAL ANALYSIS**

The analysis of turnover by distribution, split by geographical market, all of which relates to the principal activity, is as follows:

	<b>52 weeks ended 29 June 2013 £'000</b>	<b>53 weeks ended 30 June 2012 £'000</b>
United Kingdom	212,916	209,914
Other EC countries	10,036	11,068
Rest of Europe	178	467
Other	52,645	56,033
	<u>275,775</u>	<u>277,482</u>

Segmental reporting of the origins of turnover and profit by geographical area has not been provided. In the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the group, and the available exemption under SSAP 25 has therefore been taken.

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>52 weeks ended 29 June 2013 £'000</b>	<b>53 weeks ended 30 June 2012 £'000</b>
Bank interest	158	55
Interest due from related parties	46	187
	<u>204</u>	<u>242</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 52 week period ended 29 June 2013**

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>52 weeks ended 29 June 2013 £'000</b>	<b>53 weeks ended 30 June 2012 £'000</b>
Bank overdraft	513	687
Finance lease interest	98	59
Interest on bank loans	17	61
Corporation tax interest	-	1
	<u>628</u>	<u>808</u>

**5. OPERATING PROFIT**

Operating profit for the group is arrived at after charging/(crediting)

	<b>52 weeks ended 29 June 2013 £'000</b>	<b>53 weeks ended 30 June 2012 £'000</b>
Depreciation of owned tangible fixed assets	3,786	3,115
Depreciation of tangible fixed assets held under finance leases	594	627
Operating lease rentals - plant & machinery	116	136
- others	122	145
Hire of plant, machinery and vehicles	443	431
Government grants released in period	(201)	(412)
Amortisation - goodwill	41	-
- negative goodwill	(2)	(2)
- brands & IPR	56	57
- investments	42	56
Profit loss on disposal of tangible fixed assets	(12)	(7)
Impairment of tangible fixed assets	123	-
Loss on disposal of investments	32	42
<b>Auditor's remuneration</b>		
Fees payable for the audit of the Company's annual accounts	6	6
Fees payable for the audit of the Company's subsidiaries pursuant to legislation	199	180
Total audit fees	<u>205</u>	<u>186</u>
Non audit fees - consultancy	<u>4</u>	<u>16</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 52 week period ended 29 June 2013**

**6 EMPLOYEES**

The remuneration of employees, including directors, was

	<b>52 weeks ended 29 June 2013 £'000</b>	<b>53 weeks ended 30 June 2012 £'000</b>
<b>Group</b>		
Wages and salaries	22,164	20,265
Social security costs	2,991	1,955
Pensions - defined contribution schemes (note 31)	1,040	836
	<u>26,195</u>	<u>23,056</u>

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

	<b>2013 No.</b>	<b>2012 No.</b>
Administration and selling	228	327
Warehouse, production and distribution	804	626
	<u>1,032</u>	<u>953</u>

**Company**

No staff costs or directors' remuneration were paid by the company during the year (2012 £nil) There were no staff employed by the company during the year (2012 nil)

**7. DIRECTORS' EMOLUMENTS**

	<b>52 weeks ended 29 June 2013 £'000</b>	<b>53 weeks ended 30 June 2012 £'000</b>
<b>Group</b>		
Directors' remuneration (including benefits in kind)	1,578	1,743
Pension contributions	47	48
	<u>1,625</u>	<u>1,791</u>
<b>The emoluments of the highest paid director were</b>	<b>£'000</b>	<b>£'000</b>
Salary and bonus	812	573
Benefits in kind	9	2
	<u>821</u>	<u>575</u>

Pension contributions have been made on behalf of 3 directors (2012 3)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 52 week period ended 29 June 2013**

**8. LOSS OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit after tax for the financial period amounted to £554k (2012: loss £1,252K).

**9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	<b>52 weeks ended 29 June 2013 £'000</b>	<b>53 weeks ended 30 June 2012 £'000</b>
<b>United Kingdom corporation tax</b>		
Current tax on profit for the period	1,843	3,935
Double Tax Relief	(1,065)	(2,137)
Overseas Tax	1,489	3,018
Adjustment in respect of prior periods	65	(7)
<b>Total current taxation charge</b>	<b>2,332</b>	<b>4,809</b>
<b>Deferred Taxation</b>		
Net movement in timing differences	(25)	107
Adjustment in respect of prior periods	(80)	(135)
<b>Total deferred taxation credit</b>	<b>(105)</b>	<b>(28)</b>
<b>Total taxation charge on profit on ordinary activities</b>	<b>2,227</b>	<b>4,781</b>
<b>Current tax reconciliation</b>		
	<b>52 weeks ended 29 June 2013 £'000</b>	<b>53 weeks ended 30 June 2012 £'000</b>
Profit on ordinary activities before taxation	6,685	15,169
Tax on group profit on ordinary activities at standard United Kingdom corporation tax rate of 23.75% (2012: 25.5%)	1,559	3,868
Effects of		
Expenditure not tax deductible	512	414
UK dividend income	-	(2)
Effects of overseas tax rates	283	683
Depreciation less than capital allowances / (in excess of)	21	(13)
Other timing differences	(8)	43
Income not taxable	(100)	(177)
Adjustment in respect of prior periods	65	(7)
<b>Current tax charge</b>	<b>2,332</b>	<b>4,809</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 52 week period ended 29 June 2013**

**10. INTANGIBLE FIXED ASSETS AND GOODWILL**

	<b>Brands and IPR £'000</b>	<b>Positive Goodwill £'000</b>	<b>Negative Goodwill £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 July 2012	2,526	161	(304)	2,383
Additions	38	406	-	444
Acquisitions of subsidiary undertakings	61	-	-	61
Exchange adjustment	13	-	-	13
At 29 June 2013	2,638	567	(304)	2,901
<b>Amortisation</b>				
At 1 July 2012	2,424	161	(266)	2,319
Charge for the period	56	41	(2)	95
Exchange adjustment	7	-	-	7
At 29 June 2013	2,487	202	(268)	2,421
<b>Net Book Value</b>				
At 29 June 2013	151	365	(36)	480
At 30 June 2012	102	-	(38)	64

**11. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Freehold Property £'000</b>	<b>Plant &amp; Machinery, Fixtures &amp; Fittings £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>			
At 1 July 2012	18,944	50,116	69,060
Additions	685	6,452	7,137
Acquisitions of subsidiary undertakings	1,776	2,184	3,960
Disposals	(22)	(2,651)	(2,673)
Revaluations	1,224	-	1,224
Exchange adjustment	(172)	(752)	(924)
At 29 June 2013	22,435	55,349	77,784
<b>Accumulated Depreciation</b>			
At 1 July 2012	3,846	27,073	30,919
Charge for the period	470	3,910	4,380
Disposals	(19)	(2,413)	(2,432)
Exchange adjustment	94	(595)	(501)
Impairment	123	-	123
At 29 June 2013	4,514	27,975	32,489
<b>Net Book Value</b>			
At 29 June 2013	17,921	27,374	45,295
At 30 June 2012	15,098	23,043	38,141

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 52 week period ended 29 June 2013**

**11 TANGIBLE FIXED ASSETS (continued)**

The net book value of fixed assets includes an amount of £5,744k (2012 £5,437K) in respect of assets held under hire purchase contracts. Depreciation charged in respect of these assets in the period was £580k (2012 £627K)

	<b>29 June 2013 £'000</b>	<b>30 June 2012 £'000</b>
<b>Included within Freehold Property is Freehold Property stated at</b>		
Valuation 1995	3,750	3,750
Valuation 2010	-	2,720
Valuation 2013	3,993	-
Cost	14,692	12,474
	<u>22,435</u>	<u>18,944</u>
Depreciation	(4,514)	(3,846)
<b>Net book value</b>	<u><u>17,921</u></u>	<u><u>15,098</u></u>

The comparable amounts if stated under the historical cost convention would be

	<b>29 June 2013 £'000</b>	<b>30 June 2012 £'000</b>
<b>Freehold Property</b>		
Cost	19,073	16,806
Depreciation	(4,014)	(3,421)
<b>Net book value</b>	<u><u>15,059</u></u>	<u><u>13,385</u></u>

Certain properties were revalued at the above dates on the basis of their open market values. Valuations were independent and external. Honeybourne, Kenny & Partners, carried out the 1995 valuation, Closeprops Property Brokers, carried out the 2010 valuation and C2C Property Valuations carried out the 2013 valuation. All valuations were in accordance with the Statement of Asset Valuation Practice. For the purposes of the financial statements for the year ended 29 June 2013, the directors have assessed the book value of the property to be equivalent to the open market value of the property.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 52 week period ended 29 June 2013**

**11. TANGIBLE FIXED ASSETS (continued)**

<b>Company</b>	<b>Freehold Property £'000</b>	<b>Fixtures &amp; Fittings £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>			
At 1 July 2012	12,567	11	12,578
Additions	624	-	624
At 29 June 2013	13,191	11	13,202
<b>Accumulated Depreciation</b>			
At 1 July 2012	2,058	11	2,069
Charge for period	167	-	167
At 29 June 2013	2,225	11	2,236
<b>Net Book Value</b>			
At 29 June 2013	10,966	-	10,966
At 30 June 2012	10,509	-	10,509

**12. FIXED ASSET INVESTMENTS**

<b>Group</b>	<b>Unquoted Investments £'000</b>	<b>Racehorses £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 July 2012	2	397	399
Additions	-	15	15
Disposals	-	(151)	(151)
At 29 June 2013	2	261	263
<b>Provisions for impairment</b>			
At 1 July 2012	-	236	236
Charge for the period	-	42	42
Disposals	-	(111)	(111)
At 29 June 2013	-	167	167
<b>Net Book Value</b>			
At 29 June 2013	2	94	96
At 30 June 2012	2	161	163

The racehorses are held by the Group at cost and amortised over 5 years

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 52 week period ended 29 June 2013**

**12 FIXED ASSET INVESTMENTS (continued)**

<b>Company</b>	<b>Investments in Subsidiary Undertakings £'000</b>
Cost and Net Book Value At 29 June 2013 and at 30 June 2012	<u><u>8,379</u></u>

The company's principal subsidiary companies are set out below. A full list of subsidiary companies is set out in note 33. All these subsidiaries are 100% owned and registered in England and Wales unless otherwise stated.

Principal subsidiary undertakings	Business	Class of share
Halewood International Holdings (UK) Limited	Investment Holding Company	Ordinary
Halewood International Holdings (Overseas) Limited	Investment Holding Company	Ordinary
H&A Prestige Bottling Limited (acquired in the year)	Wine & spirits bottler	Ordinary
<i>Through Halewood International Holdings (UK) Limited</i>		
Golding, Hoptroff & Co Limited <sup>^</sup>	Haulage broker	Ordinary
Halewood International Limited	Distribution of wines and spirits	Ordinary
Halewood International Brands Limited	Brand ownership	Ordinary
Halewood International Marketing Limited	Marketing services	Ordinary
Halewood International Properties Ltd	Property company	Ordinary
Lambrini Limited	Brand ownership	Ordinary
Red Square Beverages Limited	Brand ownership	Ordinary
<i>Through Halewood International Holdings (Overseas) Limited</i>		
Halewood International Trademarks Limited	Brand Ownership	Ordinary
<i>Through Halewood International Trademarks Limited</i>		
Beijing Shunxing Halewood Alcoholic Beverages Limited*#	Distribution of wines and spirits	Ordinary
Halewood International SA Pty Limited	Wines and spirits bottler	Ordinary
Cramele Halewood SA*+	Wine production	Ordinary
Halewood Romania SRL*+	Production of wines and spirits	Ordinary
Vitis Sebes SRL*+	Wine production	Ordinary
Domeniile Halewood SRL*+	Wine production	Ordinary
Halewood Romania SRL*+	Wine production	Ordinary
Halewood International Romania SRL*>	Wine production	Ordinary
Viticola Aiud SRL*+	Wine production	Ordinary
Vitis Murfatlar SRL*+	Wine production	Ordinary

\* Halewood Romania SRL, Cramele Halewood SA, Vitis Sebes SRL, Domeniile Halewood SRL, Halewood International Romania SRL, Viticola Aiud SRL and Vitis Murfatlar SRL are registered in Romania and Halewood Breweries SA Pty Limited is registered in South Africa. Beijing Shunxing Halewood Alcoholic Beverages Limited is registered in China and Halewood International USA Inc is registered in the USA.

+ The company has a 95% shareholding in Halewood Romania SRL which in turn owns 92.8% of Cramele Halewood SA, 99.97% of Viticola Aiud SRL, 100% of Domeniile Halewood SRL, 99.98% of Vitis Sebes SRL and 99.5% of Vitis Murfatlar SRL.

# The company has a 80% holding in Beijing Shunxing Halewood Alcoholic Beverages Limited.

> The company has a 95% shareholding in Halewood International Romania SRL.

<sup>^</sup> Dormant in the year.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 52 week period ended 29 June 2013**

**13. STOCKS**

	<b>Group 29 June 2013 £'000</b>	<b>Group 30 June 2012 £'000</b>
Goods for resale	18,658	18,986
Raw materials	8,614	7,718
Consumables	1,085	1,098
	<u>28,357</u>	<u>27,802</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

**14. DEBTORS**

	<b>Group 29 June 2013 £'000</b>	<b>Group 30 June 2012 £'000</b>	<b>Company 29 June 2013 £'000</b>	<b>Company 30 June 2012 £'000</b>
Trade debtors	40,897	41,252	-	-
Corporation tax	-	-	-	441
Other debtors	2,131	1,571	341	29
Prepayments	1,983	1,490	31	31
Amounts due from subsidiary undertakings	-	-	14,288	9,937
Amounts due from related parties	2,143	8,597	1,766	6,221
	<u>47,154</u>	<u>52,910</u>	<u>16,426</u>	<u>16,659</u>

**15. CURRENT ASSET INVESTMENTS**

<b>Group</b>	<b>Endowment Policy £'000</b>	<b>Shares £'000</b>	<b>Total £'000</b>
At 30 June 2012	342	2,145	2,487
Additions	8	-	8
Disposals	(143)	-	(143)
Exchange adjustment	(22)	-	(22)
At 29 June 2013	<u>185</u>	<u>2,145</u>	<u>2,330</u>

On 18th June 2010 Halewood International Properties Limited acquired 100% of the issued share capital of JEH Investments Ltd (BVI), a company incorporated in Barbados, for a total consideration of £2,145K. The principal activity of the company is property investment and management in Barbados. It is the expectation of the directors that the investment will be sold within 12 months subsequent to 29th June 2013. The investment is stated at the lower of cost and net realisable value.

The investment is treated as a current asset and JEH Investments Limited (BVI) is not consolidated into the Halewood International Holdings PLC group. As at the balance sheet date the net assets of JEH Investments Limited (BVI) is £2,799k excluding intercompany balances.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 52 week period ended 29 June 2013**

**16. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>29 June</b>	<b>30 June</b>	<b>29 June</b>	<b>30 June</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank overdrafts (note 18)	21,109	14,476	-	-
Bank loans (note 18)	260	2,289	-	2,000
Finance leases (note 18)	1,112	1,327	-	-
Trade creditors	15,013	17,953	-	-
Corporation tax	602	1,097	158	-
Other taxation and social security	7,834	10,029	-	-
Accruals and deferred income	12,547	11,949	161	389
Other creditors	175	183	-	-
Deferred income – grants (note 19)	210	414	9	9
Due to subsidiary undertakings	-	-	17,300	15,551
Amounts due to related parties	1,009	1,005	1,005	1,005
	<u>59,871</u>	<u>60,722</u>	<u>18,633</u>	<u>18,954</u>

Within amounts due to related parties is a balance of £700K owed by the company to the estate of Mr J E Halewood (2012 £1,005K)

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>29 June</b>	<b>30 June</b>	<b>29 June</b>	<b>30 June</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Finance leases (note 18)	1,163	2,104	-	-
Other	41	-	-	-
Deferred income grants (note 19)	2,273	2,182	278	287
	<u>3,477</u>	<u>4,286</u>	<u>278</u>	<u>287</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 52 week period ended 29 June 2013**

**18. BORROWINGS**

	<b>Group 29 June 2013 £'000</b>	<b>Group 30 June 2012 £'000</b>	<b>Company 29 June 2013 £'000</b>	<b>Company 30 June 2012 £'000</b>
<b>Bank overdrafts, bank loans and other loans due.</b>				
Within one year	21,369	16,765	-	2,000
<b>Finance leases due</b>				
Within one year	1,112	1,327	-	-
Between one and two years	1,093	1,085	-	-
Between two and five years	70	1,019	-	-
	2,275	3,431	-	-
<b>Total borrowings including finance leases due</b>				
Within one year	22,481	18,092	-	2,000
Between one and two years	1,093	1,085	-	-
Between two and five years	70	1,019	-	-
	23,644	20,196	-	2,000

Bank loans consist of the following

- 1) In May 2008, a £1,200K mortgage was taken out which was repayable over five years to May 2013. Interest is charged over 60 months at a commercial rate of interest above the Lloyds Bank PLC base rate. There was no balance outstanding at 29 June 2013 (2012 £250K). The mortgage was secured against company's freehold and leasehold properties.
- 2) Halewood International South Africa (Proprietary) Limited took out a loan of £510K (RAND 8,052K) with Standard Bank to be repaid in during 2013. The balance drawn on the facility was at 29 June 2013 £10k (2012 £39K).
- 3) In September 2008, a loan facility of £6,000K was arranged and £2,130K drawn down. During 2010 the remaining £3,870K was drawn down. The loan was repayable by 12 quarterly instalments over three years from December 2009. Interest was charged over 48 months at a commercial rate of interest above the Lloyds Bank PLC base rate. There was no balance outstanding at 29 June 2013 (2012 £2,000K).

Other loans consist of the following

- 1) The bank overdraft is secured over trade debts. Interest is charged at a commercial rate above the Bank of England base rate. The overdraft is repayable when trade debt is repaid. The balance outstanding at 29 June 2013 was £21,109K (2012 £14,476K).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 52 week period ended 29 June 2013**

**19 DEFERRED INCOME**

	Group 29 June 2013 £'000	Group 30 June 2012 £'000	Company 29 June 2013 £'000	Company 30 June 2012 £'000
<b>Grants</b>				
Opening balance	2,596	2,511	296	304
Profit and loss account	(201)	(413)	(9)	(8)
Exchange adjustment	88	-	-	-
Grant income received	-	498	-	-
Closing balance	<u>2,483</u>	<u>2,596</u>	<u>287</u>	<u>296</u>

**20. PROVISIONS FOR LIABILITIES**

**Deferred Taxation**

	Group 29 June 2013 £'000	Group 30 June 2012 £'000	Company 29 June 2013 £'000	Company 30 June 2012 £'000
Opening provision	1,497	1,525	34	59
Adjustment to opening provision	(80)	(135)	-	-
Charge to profit and loss account	(25)	107	-	(25)
Closing provision	<u>1,392</u>	<u>1,497</u>	<u>34</u>	<u>34</u>

Deferred tax is analysed as follows

	Group 29 June 2013 £'000	Group 30 June 2012 £'000	Company 29 June 2013 £'000	Company 30 June 2012 £'000
Capital allowances in excess of depreciation	1,748	1,856	34	34
Short term timing differences	(384)	(436)	-	-
Losses carried forward	(193)	(256)	-	-
Amounts arising on revaluations	221	333	-	-
	<u>1,392</u>	<u>1,497</u>	<u>34</u>	<u>34</u>

**21. SHARE CAPITAL**

	29 June 2013 £'000	30 June 2012 £'000
Issued and fully paid 95,000 ordinary shares of £1 each	<u>95</u>	<u>95</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 52 week period ended 29 June 2013**

**22. RESERVES**

<b>Group</b>	<b>Capital redemption reserve £'000</b>	<b>Revaluation reserve £'000</b>	<b>Profit and loss account £'000</b>
At 1 July 2012	5	1,712	61,303
Profit for the financial period	-	-	4,436
Revaluations	-	1,224	-
Exchange adjustment	-	-	(1,598)
Transfer	-	(75)	75
At 29 June 2013	<u>5</u>	<u>2,861</u>	<u>64,216</u>

<b>Company</b>	<b>Profit and loss account £'000</b>
At 1 July 2012	16,177
Profit for the financial period	554
At 29 June 2013	<u>16,731</u>

**23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>52 weeks ended 29 June 2013 £'000</b>	<b>53 weeks ended 30 June 2012 £'000</b>
<b>Group</b>		
Opening shareholders' funds	63,115	54,449
Profit for the financial period	4,436	10,641
Revaluation of fixed assets	1,224	-
Other recognised losses	(1,598)	(1,975)
Closing shareholders' funds	<u>67,177</u>	<u>63,115</u>
<b>Company</b>		
Opening shareholders' funds	16,272	17,524
Profit / (loss) for the financial period	554	(1,252)
Closing shareholders' funds	<u>16,826</u>	<u>16,272</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 52 week period ended 29 June 2013**

**24. MINORITY INTERESTS**

	<b>52 weeks ended 29 June 2013 £'000</b>	<b>53 weeks ended 30 June 2012 £'000</b>
Opening balance	222	475
Profit / (loss) for the financial period	22	(253)
Closing balance	<u>244</u>	<u>222</u>

**25. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS**

	<b>52 weeks ended 29 June 2013 £'000</b>	<b>53 weeks ended 30 June 2012 £'000</b>
<b>Operating profit</b>	7,109	15,735
Depreciation of tangible fixed assets	4,380	3,742
Impairment of fixed assets	123	-
Profit on sale of tangible fixed assets	(12)	(7)
Loss on disposal of investments	32	42
Release of deferred income	(201)	(413)
Amortisation - positive goodwill	41	-
- brands and IPR	56	57
- negative goodwill	(2)	(2)
- other investments	42	56
<b>Movements in working capital</b>		
Decrease / (increase) in stocks	548	(2,176)
Decrease / (increase) in debtors	2,266	(4,105)
Decrease in creditors	(7,255)	(4,637)
	<u>7,127</u>	<u>8,292</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 52 week period ended 29 June 2013**

**26. ANALYSIS OF NET DEBT**

	At 30 June 2012 £'000	Acquired with H&A £'000	Non cash movements £'000	Cash flow £'000	At 29 June 2013 £'000
Cash at bank and in hand	8,275	-	-	174	8,449
Bank overdrafts	(14,476)	(244)	-	(6,389)	(21,109)
<b>Cash</b>	<b>(6,201)</b>	<b>(244)</b>	<b>-</b>	<b>(6,215)</b>	<b>(12,660)</b>
Bank loans	(2,289)	-	-	2,029	(260)
Finance leases	(3,431)	(23)	(248)	1,427	(2,275)
<b>Borrowings</b>	<b>(5,720)</b>	<b>(23)</b>	<b>(248)</b>	<b>3,456</b>	<b>(2,535)</b>
<b>Net debt</b>	<b>(11,921)</b>	<b>(267)</b>	<b>(248)</b>	<b>(2,759)</b>	<b>(15,195)</b>

**27. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	52 weeks ended 29 June 2013 £'000	53 weeks ended 30 June 2012 £'000
Decrease in cash	(6,459)	(2,356)
Cash inflow from movement in debt and lease finance	3,456	4,382
(Increase) / decrease in net debt from cash flows	(3,003)	2,026
Inception of new hire purchase agreements	(271)	(3,722)
Increase in net debt	(3,274)	(1,696)
Opening net debt	(11,921)	(10,225)
Closing net debt	(15,195)	(11,921)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 52 week period ended 29 June 2013**

**28 FINANCIAL COMMITMENTS**

The Group and Company had no contracted capital commitments (2012 same)

**Leases**

The Group had annual commitments under non-cancellable operating leases as set out below

	29 June 2013 £'000	30 June 2012 £'000
<b>Land and buildings operating leases which expire:</b>		
Within one year	-	15
Between two and five years	54	54
After five years	53	53
	<u>107</u>	<u>122</u>
	29 June 2013 £'000	30 June 2012 £'000
<b>Other operating leases which expire:</b>		
Within one year	116	46
Between one and two years	66	75
Between two and five years	-	46
	<u>182</u>	<u>167</u>

The company had no non-cancellable operations operating lease commitments at 29 June 2013 (2012 same)

**29. DERIVATIVES NOT INCLUDED AT FAIR VALUE**

The Group has derivatives which are not included at fair value in the accounts

	Principal 29 June 2013 £'000	Fair Value 29 June 2013 £'000	Principal 30 June 2012 £'000	Fair Value 30 June 2012 £'000
Forward foreign exchange contracts	<u>1,553</u>	<u>7</u>	<u>2,766</u>	<u>25</u>

The Group uses the derivatives to hedge its exposures to changes in foreign currency exchange rates arising from foreign currency purchases. The fair values are based on market values of equivalent instruments at the balance sheet date

**30. CONTINGENT LIABILITIES**

Halewood International Holdings PLC, Halewood International Limited, Halewood International Properties Limited, Halewood International Trademarks Limited, Halewood International Marketing Limited, Halewood International Brands Limited, Red Square Beverages Limited, H&A Prestige Bottling Limited and Lambrini Limited have given unlimited cross guarantees in respect of the others' bank borrowings. At 29 June 2013 these borrowings amounted to £23,644K (2012 £20,196K)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the 52 week period ended 29 June 2013

#### 31. PENSION ARRANGEMENTS

The Group operates a number of defined contribution schemes for which the pension cost charge for the year amounted to £1,040K (2012 £836K), which represented contributions to these schemes. The assets of this scheme are held separately for those of the Group in independently administered funds. At 29 June 2013 the amount outstanding to the pension scheme was £66K (2012 £59K).

#### 32. RELATED PARTY TRANSACTIONS

The company has undertaken transactions with subsidiaries. Under the provisions of Financial Reporting Standard No. 8 "Related Party Disclosures" the company is exempt from disclosing the detail of these transactions.

During the period, the Group entered into the following transactions with companies over which the Estate of Mr J E Halewood, the principal shareholder, exercises significant influence:

- 1) The Group has an existing balance owed to the Estate of Mr J E Halewood, at 29 June 2013 the amount outstanding was £700K (2012 £1,005K).
- 2) During the period, the Group has loaned money to Hatton House Farm, a business owned by the Estate of Mr J E Halewood. There was no loan outstanding at 29 June 2013 (2012 £2K).
- 3) The Group had an existing loan to the directors of HIFX PLC, a company owned by the Estate of Mr J E Halewood. There was no balance outstanding at 29 June 2013 (2012 £2,050K). The loan was not interest bearing.

#### 33. SUBSIDIARY COMPANIES

The complete list of subsidiary companies is set out below:

Beijing Shunxing Halewood Alcoholic Beverages Limited	Halewood International SA (Pty) Limited
Charlie Richards & Company Limited*	Halewood Properties SA (Pty) Limited
Cramele Halewood SA	Halewood Romania SRL
Domenile Halewood SRL	Halewood International Romania SRL
Dunbar Vintners Limited*	H&A Prestige Bottling Limited >
Golding, Hoptroff & Co Limited	John Crabbie & Company (Wines) Limited*
Halewood International Beverages (Ireland) Limited*	Lamb & Watt Vintners Limited*
Halewood International Brands Limited	Lambrini Limited
Halewood International Holdings (UK) Limited	Red Square Beverages Limited
Halewood International Holdings (Overseas) Limited	Vitis Sebes SRL
Halewood International Limited	Viticola Aiud SRL
Halewood International Marketing Limited	Vitis Murfatlar SRL
Halewood International Properties Limited	Vintage Drinks Limited
Halewood International Trademarks Limited	Vintage Wines & Spirits Limited

\* Dormant company

> Acquired in the year

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the 52 week period ended 29 June 2013**

**34. CONTROLLING PARTY**

In the opinion of the directors, the Estate of Mr J E Halewood, and members of his close family control the company as a result of controlling directly or indirectly, 100% of the issued share capital of the company

**35. ACQUISITION OF SUBSIDIARY UNDERTAKING**

On the 1 July 2012 the group acquired 100% of the issued share capital of H&A Prestige Bottling Limited for a cash consideration of £1. The acquisition has been accounted for under the acquisition method at book value. The assets acquired and consideration were as follows

	<b>£'000</b>
<b>Fixed assets</b>	
Tangible	3,960
Intangible	61
<b>Current assets</b>	
Stock	1,103
Debtors	785
<b>Total assets</b>	<b>5,909</b>
Creditors	1,587
Overdraft	244
Taxation	209
Amounts owed to related party	4,275
<b>Total liabilities</b>	<b>6,315</b>
<b>Net liabilities</b>	<b>406</b>
<b>Goodwill</b>	<b>406</b>