

HALEWOOD INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS

For the 52 week period ended 28 June 2014

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Report and financial statements 2014

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Company Information

Directors	J M Halewood P G Eaton S J Oldroyd I M Duffy N Milne (resigned 30 September 2013) R V L Rishworth (resigned 31 July 2014) A J Vaughan (resigned 30 June 2014) G J Oak M Luddington A D Smallman P L Horsfall W Woolley (resigned 30 June 2013)
Registered office	The Sovereign Distillery Wilson Road Huyton Business Park Huyton Liverpool L36 6AD
Registered number	3920410
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor Liverpool United Kingdom
Bankers	Lloyds Bank plc 94 Fishergate Preston Lancashire PR1 2JB

Strategic Report

BUSINESS REVIEW

The company's core brands are licensed from other group undertakings to which the company pays royalties. Halewood International Limited is a wholly owned subsidiary of Halewood International Holdings (UK) Limited, a company incorporated in England. The ultimate parent undertaking is Halewood International Holdings 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's accounts.

The directors are satisfied with the performance of the company during the period. Turnover was £226,753K, which was an increase of £774K on the previous period (2013: £225,979K). Operating profit was £397K, which was a decrease of £2,949K on the previous period (2013: £3,346K). A significant part of this reduction was a £1,197k foreign exchange loss on an intercompany balance in RAND (2013: loss of £283K).

The directors are not aware, 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 operates in a highly competitive market and as such is subject to the threat of competitors launching new products in the markets in which it operates. To help mitigate this risk the company invests heavily in product development and marketing to ensure the life cycles of the company's products are extended.

Competitor risk also manifests itself in the form of price pressures, particularly in the more developed markets, and applies downward pressure on gross margins. The company 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.

The company also benefits from close commercial relationships with a number of key customers and suppliers. Damage to, or loss of any of these relationships could have a direct impact on the company's results. To ensure relationships are maintained, the company assigns key personnel to manage the relationships with these suppliers and customers with regular feedback being given to the board.

The company also faces the risk of increases in duty rates. Any increase imposed will directly impact the operating profit of the business. The company'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.

As the company sells and operates in multiple markets around the globe it is exposed to movements in key currencies, in particular the Euro. This risk is managed with forward contracts.

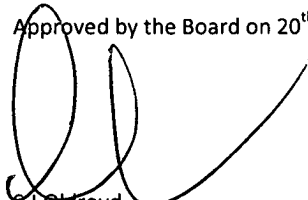
The company has interest bearing liabilities but the directors do not consider the company to be exposed to significant interest cash flow risk due to the prevailing UK base rate and the management of financing arrangements entered into.

FUTURE OUTLOOK

The company continues to operate in a very competitive domestic market. In addition, the company is experiencing significant price increases in its key raw materials. Both of these external factors are expected to apply pressure on margins. To combat these pressures the company 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.

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 accounts.

Approved by the Board on 20th January 2015 and signed on its behalf by:



S.J. Oldroyd
Director

Directors' Report

The directors present their report and audited financial statements for the 52 week period ended 28 June 2014.

PRINCIPAL ACTIVITIES

The company trades as an importer, bottler and manufacturer of wines and spirits.

RESULTS AND DIVIDENDS

The loss for the period after taxation amounted to £30K (2013: profit of £1,896K). The directors do not propose a dividend (2013: same).

CHARITABLE AND POLITICAL DONATIONS

During the period the company made charitable donations of £21K (2013: £16K) principally to local charities serving the communities in which the company operates.

No political donations were made during the period (2013: £nil).

DIRECTORS

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

EMPLOYEES

During the period the company 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 company's trading position and of any significant organisational changes.

It is the policy of the company 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 company, as well as generally through training and career development.

AUDITOR

Each of the persons who are directors at the date of approval of this 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 Report of the Directors was approved by the Board on 20th January 2015 and signed on its behalf by:



S J Oldroyd
Director

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 of the profit or loss of the company 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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Independent Auditor's Report to the Members of Halewood International Limited

We have audited the financial statements of Halewood International Limited for the 52 week period ended 28 June 2014 which comprises the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 24. 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, 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 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 and to identify any information that is apparently materially incorrect 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 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 company's affairs as at 28 June 2014 and of its loss 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.

Opinion on other matter prescribed by the Companies Act 2006

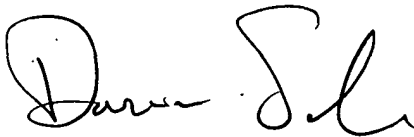
In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of Halewood International Limited (continued)

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 January 2015

Profit And Loss Account

For the 52 weeks ended 28 June 2014

	Note	52 weeks ended 28 June 2014 £'000	52 weeks ended 29 June 2013 £'000
Turnover	2	226,753	225,979
Cost of sales		(186,404)	(185,678)
Gross profit		40,349	40,301
Selling and marketing costs		(20,340)	(19,125)
Distribution costs		(9,176)	(8,654)
Administrative expenses		(10,436)	(9,176)
Operating profit	3	397	3,346
Interest receivable and similar income	6	399	296
Interest payable and similar charges	7	(908)	(795)
(Loss)/profit on ordinary activities before taxation		(112)	2,847
Tax credit/(charge) on profit on ordinary activities	8	82	(951)
(Loss)/profit on ordinary activities after taxation	17, 18	(30)	1,896

There were no recognised gains or losses other than the loss for the current period and profit for the previous period as shown above. Accordingly, no separate statement of total recognised gains and losses is given.


The company's results derive from continuing operations.

Balance Sheet

At 28 June 2014

	Note	28 June 2014 £'000	29 June 2013 £'000
Fixed assets			
Intangible assets	9	438	876
Tangible assets	10	31,020	14,708
		<u>31,458</u>	<u>15,584</u>
Current assets			
Stocks	11	18,522	18,810
Debtors	12	53,789	52,405
Cash at bank and in hand		3,287	3,250
		<u>75,598</u>	<u>74,465</u>
Creditors: amounts falling due within one year	13	(68,374)	(66,902)
Net current assets		<u>7,224</u>	<u>7,563</u>
Total assets less current liabilities		38,682	23,147
Creditors: amounts falling due after more than one year	14	(17,549)	(1,792)
Provision for liabilities	15	(442)	(634)
Net assets		<u>20,691</u>	<u>20,721</u>
Capital and reserves			
Called up share capital	16	1	1
Profit and loss account	17	20,690	20,720
Shareholder's funds	18	<u>20,691</u>	<u>20,721</u>

The financial statements of Halewood International Limited, registered number 3920410, were approved by the board of directors on 20th January 2015 and signed on its behalf by:



S Oldroyd
Director

Notes to the Financial Statements

For the 52 weeks ended 28 June 2014

1. ACCOUNTING POLICIES

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

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable law and United Kingdom accounting standards. The company is exempt from publishing a cash flow statement under FRS 1 "Cash Flow Statements" because it is a wholly owned subsidiary undertaking of Halewood International Holdings PLC, which publishes a consolidated cash flow statement, and whose accounts are publicly available.

Going concern

The company meets its day-to-day working capital requirements through a combination of bank overdraft secured over trade debts and loans from its parent undertaking and fellow subsidiary companies. The overdraft facility has been renewed in October 2014 and is due for annual renewal again in October 2015. 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.

The directors are in receipt of a letter of support from its ultimate parent company, Halewood International Holdings PLC. This letter of support confirms that the intercompany loans with fellow subsidiary undertakings and debts due under Licence agreements will not need to be repaid for a minimum of 12 months from the date the accounts are signed.

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

Tangible fixed assets are stated at cost net of depreciation, less any provision for impairment. 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 amounts. Any such write down would be charged to operating profit. No depreciation is provided on freehold land. The principal annual rates used for other fixed assets are:

Computer equipment	25% on cost
Fixtures and fittings	10%/25% on cost
Plant and machinery	10%/15% on cost
Motor vehicles	25% on cost
Property	2% on cost

Intangible assets

Intangible assets are held at cost less provision for impairment. These are amortised over the estimated economic life of the products; this is currently estimated at 3 years.

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 expected costs of disposal.

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.

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 June 2014

1. ACCOUNTING POLICIES (continued)

Research and development

Expenditure on research and development is written off to the profit and loss account as it is incurred.

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.

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.

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. Open forward contracts are detailed in note 24.

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.

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.

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 June 2014

1. ACCOUNTING POLICIES (continued)

Pensions

The company 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 company 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, which is when the risks and rewards are considered to be transferred to the customer.

2. TURNOVER

The analysis of turnover by geographical market is as follows:

	52 weeks ended 28 June 2014 £'000	52 weeks ended 29 June 2013 £'000
United Kingdom	212,705	214,130
EC countries	4,041	3,656
Rest of Europe	2,699	120
Other	7,308	8,073
	<u>226,753</u>	<u>225,979</u>

All turnover derives from the principal activities of the company.

Segmental reporting of the origins of the 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 company, and the available exemption under SSAP25 has therefore been taken.

Included within the 'other' turnover in the table above is £778K (2013: £5,035k) in relation to brand royalty income received from another group company in relation to sales made during the year (2013: sales made during 2009 - 2013).

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	52 weeks ended 28 June 2014 £'000	52 weeks ended 29 June 2013 £'000
Depreciation of tangible fixed assets		
- owned	1,913	1,969
- held under finance lease	822	534
Foreign exchange loss	1,254	283
Amortisation of intangibles	438	438
Hire of equipment		
- plant & machinery	150	345
- land & buildings	53	53
- other	54	80
Profit on sale of assets	(51)	(24)
Grant amortisation	102	102
	<u></u>	<u></u>

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 June 2014

3. OPERATING PROFIT (continued)

The analysis of auditor's remuneration is as follows:

	52 weeks ended 28 June 2014 £'000	52 weeks ended 29 June 2013 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts.	49	68

There were no other non-audit fees payable to the company's auditor (2013: same).

4. EMPLOYEES

Staff costs during the period, including directors, were as follows:

	52 weeks ended 28 June 2014 £'000	52 weeks ended 29 June 2013 £'000
Wages and salaries	13,005	13,956
Social security costs	1,420	1,546
Pensions – defined contribution scheme (note 21)	990	675
	15,415	16,177

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

	2014	2013
Administration and selling	130	132
Warehousing and production	258	255
	388	387

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 June 2014

5. DIRECTORS' EMOLUMENTS

	52 weeks ended 28 June 2014 £'000	52 weeks ended 29 June 2013 £'000
Directors' emoluments were as follows:		
Emoluments for management services including benefits in kind	1,954	2,617
Pension contributions	113	107
	<u>2,067</u>	<u>2,724</u>
The emoluments of the highest paid director were:		
Salary	533	812
Benefits in kind	2	9
	<u>535</u>	<u>821</u>

Pension contributions have been made on behalf of 11 of the directors (2013: 13).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks ended 28 June 2014 £'000	52 weeks ended 29 June 2013 £'000
Interest due from parent company	248	276
Interest due from related parties	6	4
Bank interest income	145	16
	<u>399</u>	<u>296</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 28 June 2014 £'000	52 weeks ended 29 June 2013 £'000
Bank overdraft	363	288
Corporation tax interest	36	-
Hire purchase interest	92	97
Interest due to fellow subsidiary undertakings	417	410
	<u>908</u>	<u>795</u>

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 June 2014

8. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	52 weeks ended 28 June 2014 £'000	52 weeks ended 29 June 2013 £'000
United Kingdom Corporation Tax		
Current tax on profit for the period	119	45
Adjustment in respect of prior periods	(9)	975
Current taxation charge	<u>110</u>	<u>1,020</u>
Deferred taxation		
Origination and reversal of timing differences	(192)	(65)
Adjustment in respect of prior periods	-	(47)
Deferred tax credit	<u>(192)</u>	<u>(69)</u>
Tax (credit)/charge on profit on ordinary activities	<u>(82)</u>	<u>951</u>
Current tax reconciliation		
	52 weeks ended 28 June 2014 £'000	52 weeks ended 29 June 2013 £'000
(Loss)/profit on ordinary activities before taxation	(112)	2,847
Tax on (loss)/profit on ordinary activities at standard UK corporation tax rate of 22.5% (2013: 23.75%)	(25)	676
Effects of:		
- expenditure not tax deductible	42	296
- adjustment in respect of prior periods	(9)	975
- depreciation less than capital allowances	131	37
- other short term timing differences	2	-
- utilisation of tax losses	(27)	(48)
- non-taxable income	(4)	(916)
Current taxation charge	<u>110</u>	<u>1,020</u>

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 June 2014

9. INTANGIBLE ASSETS

	£'000
Cost	
At 30 June 2013 and 28 June 2014	1,314
Amortisation	
At 30 June 2013	438
Charge for the period	438
At 28 June 2014	876
Net Book Value	
At 28 June 2014	876
At 29 June 2013	438

10. TANGIBLE FIXED ASSETS

	Land & property £'000	Plant & machinery and IT equipment £'000	Assets under construction £'000	Total £'000
Cost				
At 30 June 2013	673	32,639	376	33,688
Additions	16,504	2,158	548	19,210
Disposals	-	(440)	(68)	(508)
Transfers	-	271	(271)	-
At 28 June 2014	17,177	34,628	585	52,390
Accumulated depreciation				
At 30 June 2013	113	18,867	-	18,980
Charge for the period	13	2,722	-	2,735
Disposals	-	(345)	-	(345)
At 28 June 2014	126	21,244	-	21,370
Net book value				
At 28 June 2014	17,051	13,384	585	31,020
At 29 June 2013	560	13,772	376	14,708

The net book value of fixed assets includes an amount of £4,533K (2013: £5,658K) in respect of assets held under hire purchase contracts. Depreciation charged in respect of these assets was £822K (2013: £534k) in the period.

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 June 2014

11. STOCKS

	28 June 2014 £'000	29 June 2013 £'000
Raw materials	4,961	4,879
Goods for resale	13,561	13,931
	<u>18,522</u>	<u>18,810</u>

The directors consider that there is no material difference between the balance sheet value of the stocks and the replacement cost.

12. DEBTORS

	28 June 2014 £'000	29 June 2013 £'000
Trade debtors	34,849	34,609
Other debtors	239	121
Prepayments	1,029	1,226
Corporation tax	946	-
Amounts due from fellow subsidiary undertakings	6,929	6,672
Amounts due from parent company	9,279	9,746
Amounts due from related parties	518	31
	<u>53,789</u>	<u>52,405</u>

The intercompany loans have no fixed term of repayment. Interest is received monthly at a commercial rate above the Bank of England base rate.

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 June 2014

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28 June 2014 £'000	29 June 2013 £'000
Bank overdraft (secured)	17,709	18,935
Hire purchase finance	1,298	1,071
Trade creditors	9,424	9,579
Other taxation and social security	7,612	7,132
Corporation tax	-	1,047
Accruals and deferred income	9,956	9,719
Amounts due to fellow subsidiary undertakings	22,211	19,262
Amounts due to related parties	4	4
Government grants	102	102
Other creditors	58	52
	<u>68,374</u>	<u>66,903</u>

In respect of amounts due to the parent company and fellow subsidiary undertakings, confirmation has been obtained that the balances will not be called for repayment for at least 12 months subsequent to the approval of the Financial Statements. Interest is paid monthly at a commercial rate above the Bank of England base rate.

The bank overdraft is secured over trade debtors. Interest is charged at a commercial rate above the Bank of England base rate. The overdraft is repayable when trade debt is repaid.

The finance leases are secured on the assets to which they relate.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	28 June 2014 £'000	29 June 2013 £'000
Government grants	570	672
Hire purchase agreements	479	1,120
Amounts due to parent company	16,500	-
	<u>17,549</u>	<u>1,792</u>
Repayable		
1-2 years	646	1,255
2-5 years	403	537
More than 5 years	16,500	-
	<u>17,549</u>	<u>1,792</u>

Government grants are amortised in accordance with the estimated useful life of the assets to which they relate.

The finance leases are secured on the assets to which they relate.

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 June 2014

15. DEFERRED TAXATION

	28 June 2014 £'000	29 June 2013 £'000
Opening provision	633	703
Adjustment in respect of prior periods	-	(5)
Credit to profit and loss account	(192)	(65)
Closing provision	<u>442</u>	<u>633</u>
Deferred tax is analysed as follows:	28 June 2014 £'000	29 June 2013 £'000
Capital allowances in excess of depreciation	512	714
Short term timing differences	(71)	(79)
	<u>442</u>	<u>633</u>

16. SHARE CAPITAL

	28 June 2014 £'000	29 June 2013 £'000
Allotted, called-up and fully paid 1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

17. PROFIT AND LOSS ACCOUNT

	2014 £'000	2013 £'000
As at the beginning of the period	20,720	18,824
(Loss)/profit for the period	(30)	1,896
As at the end of the period	<u>20,690</u>	<u>20,720</u>

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 June 2014

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2014 £'000	2013 £'000
(Loss)/profit for the period	(30)	1,896
Opening shareholder's funds	20,721	18,825
Closing shareholder's funds	<u>20,691</u>	<u>20,721</u>

19. FINANCIAL COMMITMENTS

Operating lease commitments

The company is committed to make payments under operating leases in respect of plant and machinery in the next year as follows:

	28 June 2014 £'000	29 June 2013 £'000
Lease expiring;		
within one year	15	104
within 1-2 years	-	15
within 2-5 years	-	-
	<u>15</u>	<u>119</u>

20. CONTINGENT LIABILITY

The company is party to group borrowings facilities under which the various UK companies in the group have cross-guaranteed the borrowings due to Lloyds TSB Bank plc. The borrowings are secured on the assets of the Group. At 28 June 2014, the borrowings of the group amounted to £21,069k (2013: £23,644k).

21. PENSION ARRANGEMENTS

The company operates a number of defined contribution schemes for which the pension cost charge for the year amounted to £990K (2013: £675k), which represented contributions to these schemes. The assets of this scheme are held separately from those of the company in independently administered funds.

Notes to the Financial Statements (continued)

For the 52 weeks ended 28 June 2014

22. RELATED PARTY TRANSACTIONS

The company has undertaken transactions with other companies within the Halewood International Holdings PLC group. 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 company entered into the following transactions with companies over which the Estate of Mr J E Halewood, the principal shareholder, exercises significant influence:

The company has an existing loan to JEH Investments Ltd, a company owned by fellow group company Halewood International Properties Ltd. The balance at 28 June 2014 was £439k (29 June 2013: £345k).

23. ULTIMATE PARENT AND CONTROLLING PARTY

The immediate parent undertaking is Halewood International Holdings (UK) Limited. The ultimate parent company and parent undertaking of the largest and smallest group which includes the company is Halewood International Holdings PLC, a company registered in England. Group accounts for Halewood International Holdings PLC are available to the public on payment of the appropriate fee, 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 its overall control of the parent company.

24. DERIVATIVES NOT INCLUDED AT FAIR VALUE

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

	Principal 2014 £'000	Fair value liability 2014 £'000	Principal 2013 £'000	Fair value liability 2013 £'000
Forward foreign exchange contracts	2,536	29	1,553	7

The company uses the derivatives to hedge its exposure to changes in foreign currency exchanges rates. The fair values are based on market values of equivalent instruments at the balance sheet date.