

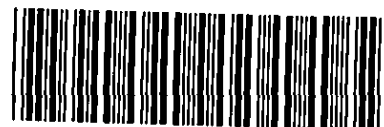
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WILLOW WATER LIMITED
5539318

COMPANY REGISTRATION NO: 03699814

HALEWOOD WINES AND SPIRITS PLC (formerly HALEWOOD INTERNATIONAL HOLDINGS PLC)

**Annual Report and Financial Statements
For the 52 week period ended 25 June 2016**

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ANNUAL REPORT AND FINANCIAL STATEMENTS 2016

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COMPANY INFORMATION

DIRECTORS

Mrs J M Halewood
Mr P G Eaton
Mr I A Douglas
Mr S J Oldroyd (resigned 5 October 2016)
Mr A J Vaughan (resigned 30 September 2015)
Mr S A Hainsworth
Mr A D Murray
Mr A Robinson (appointed 1 September 2015)

SECRETARY

Miss A P McCaffrey (appointed 16 November 2015)
Mr P Horsfall (resigned 16 November 2015)

REGISTERED OFFICE

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

COMPANY REGISTRATION

03699814

BANKERS

Lloyds Bank Plc
94 Fishergate
Preston
Lancashire
PR1 2JB

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Horton House
Exchange Flags
Liverpool
L2 3PG
United Kingdom

STRATEGIC REPORT

BUSINESS REVIEW

Halewood Wines and Spirits PLC has returned to profitability in the financial year to June 2016 after a successful restructuring and change of corporate culture. It has been a year of transition under the leadership of Group Chief Executive Stewart Hainsworth and recruitment of a new senior management team. The Group strategy is to develop a premium range of craft spirits alongside investment in brand marketing and Route to Market distribution to provide sustainable margin growth. A category management approach to brand development sourced from a combination of organic and inorganic opportunities with key acquisitions including Liverpool Gin and the Pogues Irish Whiskey. The Group has delisted low margin and non-profitable lines, rationalised brands and product ranges moving from a volume focus to a margin driven business.

The Group plans further brand acquisitions and internal investment in its distilling capability to enhance the premium craft spirits portfolio. Geographical expansion in new markets and building a new Distillery in North Wales will further improve Halewood's ability to provide a full service and point of difference to the trade and consumers.

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.

A key objective for the Group is to generate growth in earnings before interest, taxation, depreciation and amortisation (Adjusted EBITDA) year on year. The following table summarises turnover and EBITDA for each of the last 2 periods:

	2016 £'000	2015 £'000
Turnover	214,690	231,121
Operating profit/(loss)	2,620	(8,219)
Depreciation	4,727	4,304
Amortisation	226	95
EBITDA	7,573	(3,821)

The Group monitors closely cash flow from operating activities. During the period, the cash inflow from operating activities amounted to £3,333K (2015: £17,880K). The Group has transitioned to FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" during the year, see note 37 for the impact.

POST BALANCE SHEET EVENTS

On 1 July 2016, Halewood International Beverages (Ireland) Limited, a company wholly owned by Halewood Wines and Spirits PLC and incorporated in Ireland, purchased 100% of the nominal share capital of Skibbereen Distilleries Holding Limited, which was a newly incorporated company, registered in Ireland. On the same day, Skibbereen Distilleries Holding Limited acquired a significant shareholding in West Cork Distillers Limited, a trading company incorporated and registered in Ireland.

On 23 August 2016, 7,308 B shares, 36,540 C shares and 7,308 D shares, all of £1 each, were issued by the company. These have been issued to certain employees as part of a Long Term Management Incentive scheme. Of these shares, 7,307 B shares, 14,614 C shares and 7,307 D shares have been issued to directors of the company as follows; S Hainsworth, A Robinson, A Murray and P Eaton.

STRATEGIC REPORT (Continued)

FUTURE OUTLOOK

The Group continues to operate in a very competitive domestic and international 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 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 at multiple price points and operating in several geographical regions in addition to exporting to many others, the Group expects to minimise risk from the high levels of competition in the market and the impact of Brexit.

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.

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.

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. The Group has a number of contracts open at 25 June 2016, as disclosed in note 29.

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

Approved by the Board on 22 December 2016 and signed on its behalf by.

J M Halewood

Director

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 25 June 2016. Future developments and principal risks and uncertainties are included in the Strategic Report.

PRINCIPAL ACTIVITIES

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

On 11 November 2016, the company changed its name to Halewood Wines and Spirits PLC

RESULTS AND DIVIDENDS

The Group profit for the period is disclosed on page 8. No dividends were declared or paid during the period (2015: £Nil)

DIRECTORS

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

GOING CONCERN

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

CHARITABLE AND POLITICAL CONTRIBUTIONS

During the period the Group made charitable donations of £50K (2015: £23K).

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) including FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 22 December 2016 and signed on its behalf by:



J M Halewood

Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALEWOOD WINES AND SPIRITS PLC (formerly HALEWOOD INTERNATIONAL HOLDINGS PLC)

We have audited the financial statements of Halewood Wines and Spirits PLC (formerly Halewood International Holdings PLC) for the 52 week period ended 25 June 2016 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 37. 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) including FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland".

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 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 Group's and of the Parent Company's affairs as at 25 June 2016 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 WINES AND SPIRITS PLC (formerly HALEWOOD INTERNATIONAL HOLDINGS PLC) (continued)

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.

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
22 December 2016

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the 52 week period ended 25 June 2016

	Note	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
Turnover	2	214,690	231,121
Cost of sales		(163,299)	(177,847)
Gross profit		51,391	53,274
Distribution costs		(25,167)	(28,612)
Administrative expenses		(23,604)	(32,881)
Operating profit/(loss)	5	2,620	(8,219)
Revaluation of fixed assets		-	(2,162)
Interest receivable and similar income	3	619	385
Interest payable and similar charges	4	(613)	(608)
Fair value of financial instruments		(524)	29
Share of joint venture loss		(32)	-
Profit/(loss) on ordinary activities before taxation		2,070	(10,575)
Taxation on profit/(loss) on ordinary activities	9	(374)	879
Profit/(loss) on ordinary activities after taxation		1,696	(9,696)
Equity minority interest	26	(32)	206
Profit/(loss) for the financial period		1,664	(9,490)

The profit for the current period and loss for the prior period arise from the Group's continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 52 weeks ended 25 June 2016

The company has no recognised gains and losses other than those included in the results above

	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
Profit/(loss) for the year	1,664	(9,490)
Foreign exchange movement	(478)	695
Total comprehensive income/(expense) for the year	1,207	(8,795)

CONSOLIDATED BALANCE SHEET
As at 25 June 2016

	Note	25 June 2016 £'000	27 June 2015 £'000
Fixed assets			
Goodwill	12	748	283
Negative goodwill	12	(30)	(32)
		<u>718</u>	<u>251</u>
Brands and IPR	12	1,584	27
		<u>2,302</u>	<u>278</u>
Intangible assets			
Tangible assets	13	38,538	37,876
Investments	14	358	77
Share of JV net assets	14	921	-
		<u>42,119</u>	<u>38,231</u>
Current assets			
Stocks	16	27,306	25,864
Debtors	17	38,463	37,912
Investments	18	2,145	2,331
Cash at bank and in hand		10,651	7,761
		<u>78,565</u>	<u>73,868</u>
Creditors: amounts falling due within one year	19	(59,910)	(52,472)
Net current assets		<u>18,655</u>	<u>21,396</u>
Total assets less current liabilities		<u>60,774</u>	<u>59,627</u>
Creditors: amounts falling due after more than one year	20	(2,014)	(1,987)
Provision for liabilities	23	-	(166)
Net assets		<u>58,760</u>	<u>57,474</u>
Capital and reserves			
Called up share capital	24	95	95
Capital redemption reserve		5	5
Profit and loss account		58,592	56,406
Shareholders' funds		<u>58,692</u>	<u>57,506</u>
Minority interests	25	68	(32)
Total capital employed		<u>58,760</u>	<u>57,474</u>

The financial statements of Halewood Wines and Spirits PLC (formerly Halewood International Holdings PLC), registered number 3699814, were approved by the board of directors on 22 December 2016 and signed on their behalf by:

J M Halewood
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**As at 25 June 2016**

	Called-up share capital £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 28 June 2014 as previously stated	95	5	2,786	63,444	66,330
Changes on transition to FRS 102 (note 34)	-	-	(2,786)	2,757	(29)
At 29 June 2014 as restated	95	5	-	66,201	66,301
Loss for the period	-	-	-	(9,490)	(9,490)
Exchange profit	-	-	-	695	695
Balance as at 27 June 2015	95	5	-	57,406	57,506
Profit for the period	-	-	-	1,664	1,664
Exchange loss	-	-	-	(478)	(478)
Balance as at 25 June 2016	95	5	-	58,592	58,692

COMPANY BALANCE SHEET**As at 25 June 2016**

	Note	25 June 2016 £'000	27 June 2015 £'000
Fixed assets			
Investments	14	10,614	8,381
Current assets			
Debtors	17	21,983	21,759
Creditors: amounts falling due within one year	19	(9,125)	(9,322)
Net current assets		12,858	12,437
Total assets less current liabilities		23,472	20,818
Creditors: amounts falling due after more than one year	20	(258)	(261)
Net assets		23,214	20,557
Capital and reserves			
Called up share capital		95	95
Profit and loss account		23,119	20,462
Shareholders' funds		23,214	20,557

The financial statements of Halewood Wines and Spirits PLC (formerly Halewood International Holdings PLC), registered number 3699814, were approved by the Board of directors on 22 December 2016 and signed on their behalf by:

J M Halewood

Director

HALEWOOD WINES AND SPIRITS PLC (formerly HALEWOOD INTERNATIONAL HOLDINGS PLC)

COMPANY STATEMENT OF CHANGES IN EQUITY

As at 25 June 2016

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
Balance as at 29 June 2014	95	22,978	23,073
Loss for the period and total comprehensive expense	-	(2,516)	(2,516)
Balance as at 27 June 2015	95	20,462	20,557
Profit for the period and total comprehensive income	-	2,657	2,657
Balance as at 25 June 2016	95	23,119	23,214

CONSOLIDATED CASH FLOW STATEMENT
For the 52 week period ended 25 June 2016

		52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
	Note		
Cash flows from operating activities	27	3,333	17,880
Cash flows from investing activities			
Interest received		619	385
Purchase of tangible fixed assets		(4,542)	(5,351)
Sale of fixed assets		1,191	528
Sale of investments		186	-
Purchase of joint venture		(953)	-
Purchase of investment		(215)	(77)
Purchase of intangibles		(1,639)	-
Cash acquired with a subsidiary		18	-
Net cash flows from investing activities		(2,002)	13,365
Cash outflow from financing activities			
(Repayment)/drawdown of loans		(21)	219
Interest paid		(599)	(519)
Capital element of finance lease		(391)	(1,044)
Net cash outflow from financing activities		(1,011)	(1,344)
Net (decrease)/increase in cash		(3,013)	12,021
Cash at the beginning of the year		2,757	(9,264)
Cash at the end of the year		(256)	2,757
Reconciliation to cash at bank and in hand			
Cash at bank and in hand		10,651	7,761
Overdrafts		(10,907)	(5,004)
		(256)	2,757

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 25 June 2016

1. ACCOUNTING POLICIES

Halewood Wines and Spirits PLC is incorporated in England and the address of the registered office is given on page 1. The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding period. Details of the transition to FRS 102 are disclosed in note 34. The functional currency of Halewood Wines and Spirits PLC (formerly Halewood International Holdings PLC) is considered to be pounds sterling as that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

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 25 June 2016. 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.

Cash flow statement

The company holds no cash in the current or prior year therefore no cash flow statement has been prepared.

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 is due for renewal on 31 January 2017, however the group have received an offer to extend the current facility under the same terms for a further 12 months. 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.

The directors manage liquidity risk by performing regular cash flow forecasting and consistently reviewing operations. The Group's cash position at the 25 June 2016 was £10.7m (2015: £7.8m) and the overdraft position has increased to £10.9m (2015: £5.0m). Net debt has increased marginally from net funds of £1.5m at 27 June 2015 to net debt of £1.0m at 25 June 2016.

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. 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.

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 week period ended 25 June 2016

1. ACCOUNTING POLICIES (continued)

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 ten 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

Tangible fixed assets

Tangible fixed assets are stated at cost, 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. 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 |

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.

In the Group financial statements investments in joint ventures are accounted for using the equity method. Investments in joint ventures are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the associate. Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out above.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 25 June 2016

1. ACCOUNTING POLICIES (continued)

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. 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

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 25 June 2016

1. ACCOUNTING POLICIES (continued)

Pensions

The Group contributes to defined contribution pension arrangements (including stakeholder equivalent arrangements) on behalf of 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.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, there are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

The company uses derivatives to hedge its exposure to changes in foreign currency exchange rates. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 25 June 2016

2. STATEMENT OF COMPLIANCE

The financial statements of Halewood Wines and Spirits PLC (formerly Halewood International Holdings PLC) have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), and the Companies Act 2006.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

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

- i. Critical judgements in applying the Company's accounting policies - the directors do not consider there to be any critical accounting judgements that must be applied
- ii. Key accounting estimates and assumptions – the directors do not consider there to be any key accounting estimates and assumptions that require further analysis.

4. SEGMENTAL ANALYSIS

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

	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
United Kingdom	163,407	176,358
Other EC countries	4,201	4,715
Rest of Europe	10,690	10,170
Other	36,392	39,878
	<u>214,690</u>	<u>231,121</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 has therefore not been disclosed as permitted by FRS 102.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
Bank interest	271	339
Corporation tax interest received	281	-
Interest due from related parties	67	46
	<u>619</u>	<u>385</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 25 June 2016

6. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
Bank overdraft	555	518
Finance lease interest	14	89
Interest on bank loans	-	1
Related party interest	42	-
Corporation tax interest	2	-
	<u>613</u>	<u>608</u>

7. OPERATING PROFIT/(LOSS)

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

	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
Depreciation of owned tangible fixed assets	3,969	3,448
Depreciation of tangible fixed assets held under finance leases	758	856
Operating lease rentals - land and buildings	204	144
- plant and machinery	256	257
- others	55	71
Government grants released in period	(201)	(371)
Amortisation - goodwill	146	41
- negative goodwill	(2)	(2)
- brands & IPR	82	56
Impairment of investments	11	3
Loss on disposal of tangible fixed assets	225	899
Impairment of tangible fixed assets	374	1,350
Loss on disposal of investments	-	26
Foreign exchange loss	1,033	478
Cost of inventories recognised as an expense	162,858	176,635
Write downs of inventories recognised as an expense	441	1,212
Auditor's remuneration		
Fees payable for the audit of the Company's annual accounts	9	15
Fees payable for the audit of the Company's subsidiaries pursuant to legislation	133	129
Total audit fees	<u>142</u>	<u>144</u>
Non audit fees - Tax services	10	-
- Other services	3	3

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 25 June 2016

8. EMPLOYEES

The remuneration of employees, including directors, was:

	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
Group		
Wages and salaries	18,979	20,166
Social security costs	1,862	1,835
Pensions - defined contribution schemes (note 30)	1,283	1,373
	<u>21,924</u>	<u>23,374</u>

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

	2016 No.	2015 No.
Administration and selling	323	303
Warehouse, production and distribution	649	644
	<u>972</u>	<u>947</u>

Company

No staff costs or directors' remuneration were paid by the company during the period (2015: £nil).
There were no staff employed by the company during the period (2015: nil).

9. DIRECTORS' EMOLUMENTS

	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
Group		
Emoluments	1,937	1,466
Company contributions to money purchase pension schemes	44	38
Compensation for loss of office	160	526
	<u>2,141</u>	<u>2,030</u>
 The emoluments of the highest paid director were:	 £'000	 £'000
Emoluments	<u>516</u>	<u>516</u>

Pension contributions have been made on behalf of 6 directors (2015: 3).

The directors are considered to be the key management personnel.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 25 June 2016

10. PROFIT 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 £2,657K (2015: loss after tax of £2,516K).

11. TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
Current tax on profit		
UK corporation tax	-	6
Foreign tax	(268)	472
	<u>(268)</u>	<u>479</u>
Adjustments in respect of prior years		
UK corporation tax	62	(171)
Foreign tax	746	-
	<u>808</u>	<u>(171)</u>
Total current tax	<u>540</u>	<u>307</u>
Deferred taxation		
Origination and reversal of timing differences	(165)	(813)
Effect of decrease in tax rate in opening liability		
Effect of a change in the tax status of the entity or its shareholders		
Decrease in estimate of recoverable deferred tax asset	(1)	(373)
	<u>(166)</u>	<u>(1,186)</u>
Total deferred taxation	<u>(166)</u>	<u>(1,186)</u>
Total taxation on profit on ordinary activities	<u>374</u>	<u>(879)</u>

The standard rate of tax applied to reported profit is 20% (PY 20.75%)

The Government has announced that it intends to reduce the rate of corporation tax to 17% with effect from 1 April 2020. As this legislation had not been substantively enacted at the year end the impact of the anticipated rate change is not reflected in the tax provisions reported in these financial statements. Finance Act 2016, which was enacted in September 2016, included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020. Accordingly, deferred tax balances have been restated to the lower rate of 17% in these financial statements.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is shown on the following page.

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the 52 week period ended 25 June 2016****11. TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (continued)**

	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
Profit/(loss) on ordinary activities before taxation	2,070	(8,413)
Tax on group profit/(loss) on ordinary activities at standard United Kingdom corporation tax rate of 20% (2015: 20.75%)	414	(1,746)
Effects of:		
Expenditure not tax deductible for tax purposes	199	1,075
Income not taxable in determining taxable profit	(47)	(87)
Utilisation of tax losses not previously recognised	(4)	-
Change in unrecognised deferred tax assets	101	(152)
Effect of tax rates on overseas earnings	(1,097)	202
Adjustment to tax charge in respect of prior periods	808	(171)
Total tax charge/(credit)	374	(879)

A deferred tax asset has not been recognised in respect of excess capital allowances: £170K (2015: £356K) and losses: £163K (2015: £106K) as there is insufficient evidence that the asset will be recovered. A deferred tax liability of £426k (2015: £107k) in relation to unremitted earnings of Halewood International South Africa Pty Ltd has not been recognised as there are no plans to remit this entity's earnings to the UK.

12. INTANGIBLE FIXED ASSETS AND GOODWILL

	Brands and IPR £'000	Positive Goodwill £'000	Negative Goodwill £'000	Total £'000
Cost				
At 28 June 2015	2,676	567	(304)	2,939
Additions	1,639	611	-	2,250
At 25 June 2016	4,315	1,178	(304)	5,189
Amortisation				
At 28 June 2015	2,649	284	(272)	2,661
Charge for the period	82	146	(2)	226
At 25 June 2016	2,731	430	(274)	2,887
Net book value				
At 25 June 2016	1,584	748	(30)	2,302
At 27 June 2015	27	283	(32)	278

During the year the group acquired a 100% controlling interest in the ordinary share capital of Willow Water Limited, a company incorporated in the UK, from its shareholder. This resulted in goodwill arising on consolidation of £611k. See note 15 for further detail.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 25 June 2016

13. TANGIBLE FIXED ASSETS

Group	Freehold Property £'000	Plant & Machinery, Fixtures & Fittings £'000	Total £'000
Cost or valuation			
At 27 June 2015	18,168	53,959	72,127
Additions	684	3,858	4,542
Acquired upon acquisition	-	1,522	1,522
Disposals	(1,029)	(858)	(1,887)
Impairment of fixed assets	-	(374)	(374)
Exchange adjustment	816	703	1,519
At 25 June 2016	18,639	58,810	77,449
Accumulated depreciation			
At 27 June 2015	2,542	31,709	34,251
Charge for the period	532	4,195	4,727
Disposals	-	(450)	(450)
Exchange adjustment	265	118	383
At 25 June 2016	3,339	35,572	38,911
Net book value			
At 25 June 2016	15,300	23,238	38,538
At 27 June 2015	15,626	22,250	37,876

The net book value of fixed assets includes an amount of £3,355K (2015: £3,690K) in respect of assets held under hire purchase contracts. Depreciation charged in respect of these assets in the period was £758K (2015: £856K). The net book value of assets under construction was £583k (2015: £478k); these assets are not being depreciated.

The company does not hold any tangible fixed assets (2015: same).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 25 June 2016

13. FIXED ASSET INVESTMENTS

Group	Unquoted Investments £'000	Racehorses £'000	Total £'000
Cost			
At 27 June 2015	2	162	164
Additions	292	-	292
At 25 June 2016	294	162	456
Provisions for impairment			
At 27 June 2015	-	87	87
Charge for the period	-	11	11
At 25 June 2016	-	98	98
Net Book Value			
At 25 June 2016	294	64	358
At 27 June 2015	2	75	77

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

Group	Interests in joint ventures £'000
Cost and Net Book Value	
At 27 June 2015	-
On acquisition	520
Share of joint venture loss	(32)
At 25 June 2016	488
Goodwill	433
Total interest in joint venture	921

On 16 February 2016, the Group acquired 50% of the ordinary share capital of Halewood International Streams of Whiskey Limited, a company incorporated in the United Kingdom. Goodwill arose on the acquisition.

Company	Investments in Subsidiary Undertakings £'000
Cost and Net Book Value	
At 27 June 2015	8,381
Additions	2,233
At 25 June 2016	10,614

The addition in the year relates to the acquisition of Willow Water, see note 15.

The company's principal subsidiaries and joint venture undertakings are set out on the following page. A full list of subsidiary companies is set out in note 34. All subsidiaries are 100% owned and registered in England and Wales unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 25 June 2016

14. FIXED ASSET INVESTMENTS (continued)

Principal subsidiary undertakings	Principal activity	Country of incorporation	Class of share
Halewood International Properties Ltd	Property company	UK	Ordinary
Willow Water Limited ~	Production & sale of bottled water	UK	Ordinary
Halewood International Holdings (UK) Limited	Investment Holding Company	UK	Ordinary
Halewood International Holdings (Overseas) Limited	Investment Holding Company	UK	Ordinary
H&A Prestige Bottling Limited	Wine & spirits bottler	UK	Ordinary
Halewood International Marketing Limited	Marketing services	UK	Ordinary
<i>Through Halewood International Holdings (UK) Limited</i>			
Halewood International Limited	Distribution of wines and spirits	UK	Ordinary
Halewood International Brands Limited	Brand ownership	UK	Ordinary
Lambrini Limited	Brand ownership	UK	Ordinary
Red Square Beverages Limited	Brand ownership	UK	Ordinary
Halewood Wines SRL	Wine production	Romania	Ordinary
<i>Through H&A Prestige Bottling Limited</i>			
H J Neill Limited ~	Brand Owner	UK	Ordinary
<i>Through Halewood International Holdings (Overseas) Limited.</i>			
Halewood International Trademarks Limited	Brand Ownership	UK	Ordinary
Halewood International SA Pty Limited	Wines and spirits bottler	South Africa	Ordinary
<i>Through Halewood International Trademarks Limited.</i>			
Beijing Shunxing Halewood Alcoholic Beverages Limited#	Distribution of wines and spirits	China	Ordinary
Cramele Halewood SA+	Wine production	South Africa	Ordinary
Halewood Romania SRL+	Production of wines and spirits	Romania	Ordinary
Vitis Sebes SRL+	Wine production	Romania	Ordinary
Domeniile Halewood SRL+	Wine production	Romania	Ordinary
Halewood International Romania SRL>	Wine production	Romania	Ordinary
Viticola Aiud SRL+	Wine production	Romania	Ordinary
Vitis Murfatlar SRL+	Wine production	Romania	Ordinary
Joint ventures			
Halewood International Streams of Whiskey Ltd	Brand owner	UK	Ordinary
50% joint venture <			

+ The Group had 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. During the period the group purchased the remaining 5% shares in Halewood Romania SRL.

The Group had an 80% holding in Beijing Shunxing Halewood Alcoholic Beverages Limited. During the period the Group acquired the remaining 20% shares in Beijing Shunxing Halewood Alcoholic Beverages Limited.

> The company had a 95% shareholding in Halewood Wines SRL. During the period the company purchased the remaining 5% shareholding in Halewood Wines SRL.

< During the year the Group acquired a 50% shareholding in Halewood International Streams of Whiskey Limited, whose principal activity is the ownership of a brand and the receipt of royalty income. The loss for the year of Halewood International Streams of Whiskey Limited was £57k and closing reserves were £976k.

~ During the year the Group acquired 100% of the ordinary share capital of Willow Water Limited and 75% of the ordinary share capital of H J Neill Ltd, see note 15 for full details.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 25 June 2016

14. FIXED ASSET INVESTMENTS (continued)

Audit exemption

The subsidiary undertakings also consolidated at 25 June 2016, all of which were wholly owned and claimed exemption from audit under section 479A Companies Act 2006, were as follows.

Principal subsidiary undertakings	Principal activity	Country of Incorporation	Class of share
Halewood International Properties Ltd	Property company	UK	Ordinary
Willow Water Limited ~	Production & sale of bottled water	UK	Ordinary
Halewood International Holdings (UK) Limited	Investment Holding Company	UK	Ordinary
Halewood International Holdings (Overseas) Limited	Investment Holding Company	UK	Ordinary
Halewood International Marketing Limited	Marketing services	UK	Ordinary
Halewood International Brands Limited	Brand ownership	UK	Ordinary
Lambrini Limited	Brand ownership	UK	Ordinary
Red Square Beverages Limited	Brand ownership	UK	Ordinary
Halewood International Trademarks Limited	Brand Ownership	UK	Ordinary

15. ACQUISITION OF SUBSIDIARIES

On 25 March 2016 the Company acquired 100% per cent of the issued share capital of Willow Water Limited, from its shareholder. The primary activity of Willow Water Limited is the production and distribution of bottled water in the UK. Willow Water Ltd had an amount owing to the Company of £2,233k and this debt was capitalised in exchange for 100% of the shares. The book value of the assets and liabilities of Willow Water Limited are assumed to be equal to the fair value.

The acquisition has been accounted for under the acquisition method.

In the period to 25 June 2016, turnover of £345k and profit of £97k was included in the consolidated profit and loss account in respect of Willow Water Limited since the acquisition date.

The following table sets out the fair value to the Group at acquisition, which is equal to the book value:

	Willow Water Limited £'000
Fixed Assets	
Tangible assets	1,522
Current Assets	
Stock	136
Debtors	290
Cash	18
Creditors due within one year	(267)
Creditors due after one year	(77)
Net assets	1,622
Goodwill	611
	2,233
Satisfied by:	
Intercompany debtor	2,233

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 25 June 2016

15. ACQUISITION OF SUBSIDIARIES (continued)

On 10 June 2016 H&A Prestige Bottling Limited, a 100% subsidiary of the Company, acquired 75% of the ordinary share capital of H J Neill Limited, a company incorporated in the UK and whose principal activity is the development and sale of premium spirits. The consideration for the 75% shareholding was satisfied in cash. No assets or liabilities were acquired as the company was incorporated on 23 December 2015 and did not trade up to the point of acquisition.

16. STOCKS

	Group 25 June 2016 £'000	Group 27 June 2015 £'000
Goods for resale	18,497	15,714
Raw materials	7,368	9,124
Consumables	1,440	1,026
	<u>27,306</u>	<u>25,864</u>

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

The Company holds no stocks (2015: same).

17. DEBTORS

	Group 25 June 2016 £'000	Group 27 June 2015 £'000	Company 25 June 2016 £'000	Company 27 June 2015 £'000
Trade debtors	34,175	31,009	-	-
Corporation tax	80	1,482	48	251
Other debtors	1,590	2,720	-	29
Prepayments	1,830	2,029	-	-
Amounts due from subsidiary under takings	-	-	21,935	21,435
Amounts due from related parties	788	672	-	44
	<u>38,463</u>	<u>37,912</u>	<u>21,983</u>	<u>21,759</u>

All amounts are due within one year

18. CURRENT ASSET INVESTMENTS

	Endowment Policy £'000	Shares £'000	Total £'000
Group			
At 27 June 2015	186	2,145	2,331
Disposal	(186)	-	(186)
At 25 June 2016	<u>-</u>	<u>2,145</u>	<u>2,145</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the 52 week period ended 25 June 2016****18. CURRENT ASSET INVESTMENTS (continued)**

On 18 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 25 June 2016. 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 Wines and Spirits PLC group. As at the balance sheet date the net assets of JEH Investments Limited (BVI) is £3,003k (2015: £2,721k) excluding intercompany balances.

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 25 June 2016 £'000	Group 27 June 2015 £'000	Company 25 June 2016 £'000	Company 27 June 2015 £'000
Bank overdrafts (note 21)	10,907	5,004	-	-
Bank loans (note 21)	66	59	-	-
Finance leases (note 21)	419	909	-	-
Trade creditors	18,639	17,891	-	-
Corporation tax	-	33	-	-
Other taxation and social security	13,262	13,758	-	-
Accruals and deferred income	14,499	13,051	925	1,238
Other creditors	1,407	902	23	-
Deferred income – grants (note 22)	111	265	9	9
Amounts due to subsidiary undertakings	-	-	7,568	7,475
Amounts due to related parties	600	600	600	600
	<u>59,910</u>	<u>52,472</u>	<u>9,125</u>	<u>9,322</u>

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

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

	Group 25 June 2016 £'000	Group 27 June 2015 £'000	Company 25 June 2016 £'000	Company 27 June 2015 £'000
Bank loans (note 21)	146	174	-	-
Finance leases (note 21)	184	71	-	-
Other creditors	3	14	-	-
Deferred income grants (note 23)	1,681	1,728	258	261
	<u>2,014</u>	<u>1,987</u>	<u>258</u>	<u>261</u>

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 25 June 2016

21. BORROWINGS

	Group 25 June 2016 £'000	Group 27 June 2015 £'000
Bank overdrafts, bank loans and other loans due:		
Within one year	10,973	5,063
Between one and two years	56	49
Between two and five years	90	125
	<u>11,119</u>	<u>5,237</u>
Finance leases due:		
Within one year	419	909
Between one and two years	184	71
Between two and five years	-	-
	<u>603</u>	<u>980</u>
Total borrowings including finance leases due:		
Within one year	11,392	5,972
Between one and two years	240	120
Between two and five years	90	125
	<u>11,722</u>	<u>6,217</u>

The Company has no borrowings (2015. same).

Bank loans consist of the following:

- 1) During the prior period Halewood Romania entered into a long-term loan from Raiffisen Bank, payable in full by 2020. Interest is payable on the loan at a rate 3.4% above EURibor. The amount outstanding as at 25 June 2016 was £202k.

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 25 June 2016 was £10,907K (2015 £5,014k)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 25 June 2016

22. FINANCIAL INSTRUMENTS

Disclosures in respect of the Group

	Group	
	2016	2015
	£'000	£'000
Financial assets that are measured at amortised cost		
- Trade debtors	34,175	31,009
- Other debtors	1,590	2,720
- Amounts owed by related parties	788	672
- Current asset unlisted investments	2,145	2,331
	<u>38,698</u>	<u>36,732</u>
Financial liabilities measured at fair value through profit or loss		
- Derivative financial instruments	(524)	-
Financial liabilities that are measured at amortised cost		
- Loans and other borrowings	(11,722)	(6,217)
- Trade creditors	18,639	17,891
- Accruals (excluding deferred income)	14,499	13,051
- Other creditors	1,410	916
- Amounts owed to related parties	600	600
	<u>35,148</u>	<u>32,458</u>

Derivative financial instruments

The Group enters into derivative financial instruments to hedge against certain risks, such as exchange rate volatility, through forward contracts. Although the instruments represent hedge arrangements, the Group does not apply hedge accounting and, therefore, movements in the fair value of such instruments are recognised in the profit and loss account. During the year ended 25 June 2016 the Group entered into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency payables. At 25 June 2016, the outstanding contracts all mature within 13 months of the year-end. The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates. The fair value of the forward-foreign currency contracts is a liability of £524K (2015: £nil).

Disclosures in respect of the Company

	Company	
	2016	2015
	£'000	£'000
Financial assets that are debt instruments measured at amortised cost		
- Amounts owed by subsidiary undertakings	21,935	21,435
- Other debtors	-	29
	<u>21,935</u>	<u>21,464</u>
Financial liabilities that are measured at amortised cost		
- Amounts owed to subsidiary undertakings	7,568	7,475
- Amounts owed to related parties	600	600
- Other creditors	23	-
- Accruals	925	1,238
	<u>9,116</u>	<u>9,313</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the 52 week period ended 25 June 2016****23. DEFERRED INCOME**

	Group 25 June 2016 £'000	Group 27 June 2015 £'000	Company 25 June 2016 £'000	Company 27 June 2015 £'000
Grants				
Opening balance	1,993	2,364	270	278
Profit and loss account	(201)	(371)	(9)	(9)
Closing balance	<u>1,792</u>	<u>1,993</u>	<u>261</u>	<u>269</u>

24. PROVISIONS FOR LIABILITIES**Deferred taxation**

	Group 25 June 2016 £'000	Group 27 June 2015 £'000	Company 25 June 2016 £'000	Company 27 June 2015 £'000
Opening provision	166	1,350	-	-
Prior period movement	-	(814)	-	-
Current period credit to profit and loss account	(166)	(370)	-	-
Closing provision	<u>-</u>	<u>166</u>	<u>-</u>	<u>-</u>

Deferred tax is analysed as follows:

	Group 25 June 2016 £'000	Group 27 June 2015 £'000
Capital allowances in excess of depreciation	-	730
Short term timing differences	-	(564)
Amounts arising on revaluations	-	-
	<u>-</u>	<u>166</u>

25. SHARE CAPITAL

	25 June 2016 £'000	27 June 2015 £'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 25 June 2016

26. MINORITY INTERESTS

	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
Opening balance	(32)	174
On acquisition	68	-
Profit/(loss) for the financial period	32	(206)
Closing balance	68	(32)

27. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO OPERATING CASH FLOWS

	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
Operating profit/(loss)	2,620	(8,219)
Depreciation of tangible fixed assets	4,727	4,304
Impairment of fixed assets	374	1,350
Loss on sale of tangible fixed assets	225	899
Loss on disposal of investments	-	26
Release of deferred income	(201)	(371)
Amortisation - positive goodwill	146	41
- brands and IPR	82	56
- negative goodwill	(2)	(2)
Impairment of investments	-	3
Movements in working capital.		
(Increase)/decrease in stocks	(1,306)	2,405
(Increase)/decrease in debtors	(2,146)	9,754
(Decrease)/increase in creditors	(2,016)	8,591
	2,503	18,837
UK corporation tax paid	-	(362)
Foreign tax received/(paid)	830	(595)
Net cash inflow from operating activities	3,333	17,880

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 25 June 2016

28. ANALYSIS OF NET FUNDS/(DEBT)

	At 27 June 2015 £'000	Cash flow £'000	At 25 June 2016 £'000
Cash at bank and in hand	7,761	2,890	10,651
Bank overdrafts	(5,004)	(5,903)	(10,907)
Cash	2,757	(3,013)	(256)
Bank loans	(233)	21	(212)
Finance leases	(980)	377	(603)
Borrowings	(1,213)	398	(815)
Net funds/(debt)	1,544	(2,615)	(1,071)

29. FINANCIAL COMMITMENTS

The Group and Company had no contracted capital commitments (2015: same)

Leases

The Group has commitments under non-cancellable operating leases as set out below:

	25 June 2016 £'000	27 June 2015 £'000
Land and buildings operating leases which expire:		
Within one year	150	-
Between two and five years	-	-
After five years	702	756
	852	756
Other operating leases which expire:		
Within one year	10	10
Between one and two years	3	15
	13	25

The company had no non-cancellable operating lease commitments at 25 June 2016 (2015: same)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 25 June 2016

30. DERIVATIVE FINANCIAL INSTRUMENTS

The Group entered into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency payables. At 25 June 2016, the outstanding contracts all mature within 18 months (2015: no contracts outstanding) of the year-end

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP:USD and GBP:ZAR. The fair value of the forward-foreign currency contracts is £524k (2015: £nil). This is included within other creditors.

	Principal	Fair value	Principal	Fair value
	25 June	liability	27 June	liability
	2016	2016	2015	2015
	£'000	£'000	£'000	£'000
Forward foreign exchange contracts	7,376	524	-	-

The fair value of foreign currency derivatives contracts is their market value at the balance sheet date. Market values are based on the duration of the derivative instrument together with the quoted market data including interest rates, foreign exchange rates and market volatility at the balance sheet date. The financial instruments that are measured subsequent to initial recognition at fair value are all grouped into Level 2. There were no transfers between Level 1 and Level 2 during the year.

The Company holds no derivatives (2015: same)

31. CONTINGENT LIABILITIES

Halewood Wines and Spirits 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 25 June 2016 these borrowings amounted to £4,754K (2015: £6,217K).

32. PENSION ARRANGEMENTS

The Group operates a number of defined contribution schemes for which the pension cost charge for the period amounted to £1,283K (2015: £1,373K), which represented contributions to these schemes. The assets of this scheme are held separately for those of the Group in independently administered funds. At 25 June 2016 the amount outstanding to the pension scheme was £95K (2015: £102K).

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the 52 week period ended 25 June 2016****33. 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 25 June 2016 the amount outstanding was £600K (2015: £600K). The Group has an existing balance owed from the Estate of Mr J E Halewood at 25 June 2016 of £20K (2015: £44K).

During the prior period the Group provided in full for the loan to Willow Water Limited totalling £1,854k (2015: outstanding debtor of £1,854K). On 25 March 2016, the debt was capitalised and Willow Water Ltd became a 100% subsidiary of Halewood Wines and Spirits PLC.

34. TRANSITION TO FRS 102

This is the first year that the Group has presented its results under FRS 102. The last financial statements under the previous UK GAAP were for the year ended 27 June 2015. The date of transition to FRS 102 was 29 June 2014.

Net assets

	Notes	At 27 June 2015 £'000	At 29 June 2014 £'000
Capital and reserves (as previously stated)		57,507	66,330
Financial instruments – foreign currency forward contracts	(i)	-	(29)
Capital and reserves (as restated)		<u>57,507</u>	<u>66,301</u>

Profit and loss account

	Notes	52 week period ended 27 June 2015 £'000
(Loss) for the year (as previously stated)		(8,442)
Financial instruments – foreign currency forward contracts	(i)	29
(Loss) for the year (as restated)		<u>(8,413)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the 52 week period ended 25 June 2016

34. TRANSITION TO FRS 102 (continued)

Statement of other comprehensive income

	Notes	52 week period ended 27 June 2015 £'000
Comprehensive income for the year (as previously stated)		(8,442)
Profit for the year (see above)	(i)	29
Comprehensive income for the year (as restated)		<u>(8,413)</u>

Notes

(i) Financial instruments – foreign exchange forward contracts

Under previous GAAP, the fair values of the group's financial instruments were disclosed in the notes to the financial statements but they were not required to be recorded on the balance sheet. FRS 102 requires on-balance sheet accounting and, therefore, on adoption of FRS 102 an asset was recorded. The movement in the fair values during the year ended 27 June 2015, totalling a gain of £29k, has been recorded in the restated profit and loss account for the year, with the fair value of the derivatives at 27 June 2015 being £nil.

(ii) Revaluation of properties

On transition to FRS 102, the revaluation reserve has been transferred to the profit and loss account, and the net book value of previously revalued fixed assets has been recognised as the deemed cost at the date of transition. A charge of £2,162k has been recognised in the profit and loss account for the year ended 27 June 2015 which was previously recognised in the revaluation reserve under UK GAAP. There is no impact on net assets of this adjustment.

35. SUBSIDIARY COMPANIES

The complete list of subsidiary companies is set out below:

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the 52 week period ended 25 June 2016

36. ULTIMATE 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.

37. POST BALANCE SHEET EVENTS

On 1 July 2016, Halewood International Beverages (Ireland) Limited, a company wholly owned by Halewood Wines and Spirits PLC and incorporated in Ireland, purchased 100% of the nominal share capital of Skibbereen Distilleries Holding Limited, which was a newly incorporated company, registered in Ireland. On the same day, Skibbereen Distilleries Holding Limited acquired a significant shareholding in West Cork Distillers Limited, a trading company incorporated and registered in Ireland

On 23 August 2016, 7,308 B shares, 36,540 C shares and 7,308 D shares, all of £1 each, were issued by the company. These have been issued to certain employees as part of a Long Term Management Incentive scheme. Of these shares, 7,307 B shares, 14,614 C shares and 7,307 D shares have been issued to directors of the company as follows; S Hainsworth, A Robinson, A Murray and P Eaton