

WILLOW WATER LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 June 2019

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Willow Water Limited

Annual report and financial statements 2019

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Willow Water Limited

Company information

Directors	J M Halewood P G Eaton (resigned 31 August 2019) S A Hainsworth A W Robinson L Tayburn
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Registered Office	The Sovereign Distillery Wilson Road Liverpool Merseyside L36 6AD
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Registered number	05539318
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Bankers	National Westminster Bank Plc 22 Castle Street Liverpool L2 0UP Investec Bank PLC 30 Gresham Street London EC2V 7QP
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Willow Water Limited

Director's report

The directors present their report and the financial statements of the company for the year ended 30 June 2019.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of extraction and supply of water.

RESULTS AND DIVIDENDS

The directors are satisfied with the results of the company during the year given the wider economic environment. The loss for the year after taxation amounted to £125k (2018: £453k). The directors cannot recommend the payment of a dividend (2018: same).

GOING CONCERN

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

DIRECTORS

The directors who served the company during the year and thereafter, except where noted, are set out on page 1.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SMALL COMPANY PROVISIONS

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

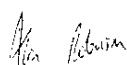
POST BALANCE SHEET EVENTS

The outbreak of the COVID-19 was confirmed to be a global pandemic by the World Health Organisation on 11 March 2020 and only after that date did major governments, such as the UK, start taking significant mitigating steps. As such the Company considers this to be a non-adjusting post balance sheet event. The full impact of the COVID-19 pandemic on medium- and long-term economic activity is not yet known, although is likely to be significant.

The Company continues to monitor the impact on its business, however while the uncertainty continues, the Company is not able to quantify the possible financial effect of the pandemic. Some asset and liability carrying values may be impacted, particularly where they are reliant on management's use of estimates and judgements when applying accounting policies.

APPROVAL

The Directors' Report was approved by the Board on 27 June 2020 and signed on its behalf by:



Willow Water Limited

Profit and loss account

Year ended 30 June 2019

		12 months ended 30 June 2019	12 months ended 30 June 2018
	Note	£'000	£'000
Turnover	4	24	581
Cost of sales		(4)	(336)
Gross profit		20	245
Distribution costs		-	(86)
Administrative expenses		(86)	(583)
Operating loss	5	(66)	(424)
Interest payable and similar charges		(52)	(15)
Loss before taxation		(118)	(439)
Tax on loss	7	(7)	14
Loss for the financial year		(125)	(453)

The company's activities derive from continuing operations.

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

The notes on pages 7 to 13 form an integral part of the financial statements.

Willow Water Limited

Balance sheet

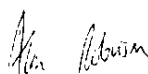
As at 30 June 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	8	–	–
Tangible assets	9	1,952	1,985
		<hr/> 1,952	<hr/> 1,985
Current assets			
Stocks		–	–
Debtors	10	17	152
Cash at bank and in hand		2	5
		<hr/> 19	<hr/> 157
Creditors: amounts falling due within one year	11	(34)	(493)
Net current (liabilities) / assets		<hr/> (15)	<hr/> (308)
Total assets less current liabilities		<hr/> 1,937	<hr/> 1,649
Creditors: amounts falling due after more than one year	12	(1,214)	(808)
Provision for liabilities	13	(21)	(14)
Net assets		<hr/> 702	<hr/> 827
Capital and reserves			
Called-up equity share capital	14	2	2
Share premium account		4,232	4,232
Revaluation reserve		750	750
Profit and loss account		(4,282)	(4,157)
Shareholders' funds		<hr/> 702	<hr/> 827

The notes on pages 7 to 13 form an integral part of the financial statements.

For the year ended 30 June 2019, the company was entitled to exemption under section 479A of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year ended 30 June 2019 in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of the accounts.

These financial statements were approved by the directors on 27 June 2020 and are signed on their behalf by:



A W Robinson
Director

Willow Water Limited

Statement of changes in equity

Year ended 30 June 2019

	Called-up share capital £'000	Share Premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
Balance as at 30 June 2017	2	4,232	750	(3,704)	1,280
Loss for the year	-	-	-	(453)	(453)
Balance as at 30 June 2018	2	4,232	750	(4,157)	827
Loss for the year	-	-	-	(125)	(125)
Balance as at 30 June 2019	2	4,232	750	(4,282)	702

The notes on pages 7 to 13 form an integral part of the financial statements.

Willow Water Limited

Notes to the financial statements (continued)

Year ended 30 June 2019

1. ACCOUNTING POLICIES

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

General information and basis of preparation

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

Going concern

The company meets its day-to-day working capital requirements through loans from its parent undertaking and fellow subsidiary companies. 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. On 29 November 2018 the company completed on a re-financing agreement with Investec Bank. The new facility has a minimum term of 60 months from commencement date.

After making enquiries and taking account of the letter of support described below, the directors have a reasonable expectation that the company and the group has access to adequate resources and believe that the company and the group are well placed to manage their business risks successfully, despite the current uncertain economic outlook, and any impact on consumer spending, and are expected to continue in operational existence for the foreseeable future.

The directors are in receipt of a letter of support from its ultimate parent company, Halewood Wines and Spirits PLC. This letter of support confirms that the loans from group undertakings, and intercompany trade balances will not need to be repaid and the company will continue to receive support to meet its forecasted requirements for a minimum of 12 months from the date the accounts are signed provided there are no material changes to the company's or the parent company's trading position in comparison to that currently forecast.

While there remains significant uncertainty as to the future impact of the COVID-19 pandemic, the Company and its ultimate parent entity continue to conduct ongoing risk assessments of the potential impact of the pandemic on its business operations and liquidity. The impact on the Company to date is set out in Note 21.

Having undertaken these assessments, the directors consider that the Company will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Turnover

Turnover is recognised consistently with the right to receive consideration in exchange for the performance of supplying services.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 5% Straight Line

Fixed assets

All fixed assets are initially recorded at cost.

Willow Water Limited

Notes to the financial statements (continued)

Year ended 30 June 2019

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	10% Straight Line
Fixtures & Fittings	-	10% Straight Line
Motor Vehicles	-	25% Straight Line
Equipment	-	33.3% Straight Line

No depreciation is provided on freehold land and buildings, as they are maintained to a high standard and all repairs are charged in the profit and loss account.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

FRS 102 exemption

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of available exemptions to not disclose:

- (a) A statement of cash flows;
- (b) Certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the group in which the company is consolidated; and
- (c) Key management personnel compensation in total.

Deferred taxation

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, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on a discounted/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.

2. STATEMENT OF COMPLIANCE

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

3. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTY

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

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

Willow Water Limited

Notes to the financial statements (continued)

Year ended 30 June 2019

4. TURNOVER

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

5. OPERATING LOSS

Operating loss is stated after charging:

	2019 £'000	2018 £'000
Normal depreciation of owned fixed assets	33	19
Normal depreciation of assets under hire purchase agreements	-	2
Cost of inventories recognised as an expense	-	274
Write down of inventories recognised as an expense	-	62
Operating lease rentals – plant and equipment	-	12

6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services was 2019 £nil (2018: £nil).

7. TAXATION

	12 months ended 30 June 2019 £'000	12 months ended 30 June 2018 £'000
Corporation tax on loss and deferred tax	(7)	14

The standard rate of tax applied to reported profit is 19% (PY 19%). The deferred tax balances have been restated to the lower rate of 17% in these financial statements.

Willow Water Limited

Notes to the financial statements (continued)

Year ended 30 June 2019

TAXATION (continued)

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

	12 months ended 30 June 2019 £'000	12 months ended 30 June 2018 £'000
Loss on ordinary activities before taxation	(85)	(439)
Tax on loss on ordinary activities at standard UK corporation tax rate of 19% (2018: 19%)	16	(83)
Effects of:		
- Effect of group relief and other reliefs	(23)	87
- Change in unrecognised deferred tax assets	-	-
-Adjustment from previous tax periods	-	10
Tax charge	(7)	14

8. INTANGIBLE FIXED ASSETS

	Goodwill £'000
Cost	
At 30 June 2018 and 30 June 2019	117
Amortisation	
At 30 June 2018 and 30 June 2019	117
Net book value	
At 30 June 2019	-
At 30 June 2018	-

Willow Water Limited

Notes to the financial statements (continued)

Year ended 30 June 2019

9. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Other plant & machinery £'000	Total £'000
Cost or valuation			
At 30 June 2018	1,704	370	2,074
Additions	-	-	-
Disposals	-	-	-
At 30 Jun 2019	1,704	370	2,074
Depreciation			
At 30 June 2018	-	89	89
Charge for the year	-	33	33
Disposals	-	-	-
At 30 Jun 2018	-	122	122
Net book value			
At 30 Jun 2019	1,704	248	1,952
At 30 June 2018	1,704	248	1,985

Balances relating to assets held under hire purchase agreements totalled £nil (2018: £nil) and depreciation charged to the financial statements amounted to £nil (2018: £2k).

10. DEBTORS

	2019 £'000	2018 £'000
Trade debtors	-	-
Amounts owed by group companies	12	147
Other debtors & prepayments	7	5
	19	152

Debtors do not include any items due in more than one year.

Willow Water Limited

Notes to the financial statements (continued)

Year ended 30 June 2019

11. CREDITORS: amounts falling due within one year

	2019 £'000	2018 £'000
Obligations under finance leases and hire purchase	-	-
Trade creditors	3	14
Amounts owed to group companies	-	433
Other creditors including taxation and social security	-	-
Accruals and deferred income	30	32
Deferred tax creditor	1	14
	<u>34</u>	<u>493</u>

12. CREDITORS: amounts falling due after more than one year

	2019 £'000	2018 £'000
Obligations under finance leases and hire purchase	-	-
Amounts owed to group companies	1,214	822
	<u>1,214</u>	<u>822</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.

13. DEFERRED TAX LIABILITY

The deferred tax liability is as follows:

	2019 £'000	2018 £'000
Opening deferred tax liability	14	14
Deferred tax charge to Profit and Loss	7	-
Closing liability	<u>21</u>	<u>14</u>

Deferred tax is analysed as follows:

	2019 £'000	2018 £'000
Fixed asset timing difference	21	14
Closing liability	<u>21</u>	<u>14</u>

Willow Water Limited

Notes to the financial statements (continued)

Year ended 30 June 2019

14. OPERATING LEASES

The company had no commitments under non-cancellable operating leases.

15. SHARE CAPITAL

Authorised share capital:

	2019 £'000	2018 £'000
2,000 Ordinary shares of £1 each	2	2

Allotted, called up and fully paid:

	2019 No	2019 £'000	2018 No	2018 £'000
2,000 Ordinary shares of £1 each	2,000	2	2,000	2

17. CONTINGENT LIABILITY

The company is party to group borrowings facilities under which the various UK companies in the group have unlimited cross-guaranteed in respect of the others' bank borrowings. At 30 June 2019 these borrowings amounted to £12,072K (2018: £13,558K).

18. FINANCIAL COMMITMENTS

The company had contracted capital commitments of £nil at 30 June 2019 (2018:£nil).

19. RELATED PARTY TRANSACTIONS

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

20. ULTIMATE PARENT AND CONTROLLING PARTY

The immediate and ultimate parent company and parent undertaking of the largest and smallest group which includes the company is Halewood Wines and Spirits PLC, a company registered in England. Group accounts for Halewood Wines and Spirits PLC are available to the public 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.

21. POST BALANCE SHEET EVENTS

The outbreak of the COVID-19 was confirmed to be a global pandemic by the World Health Organisation on 11 March 2020 and only after that date did major governments, such as the UK, start taking significant mitigating steps. As such the Company considers this to be a non-adjusting post balance sheet event. The full impact of the COVID-19 pandemic on medium- and long-term economic activity is not yet known, although is likely to be significant.

The Company continues to monitor the impact on its business, however while the uncertainty continues, the Company is not able to quantify the possible financial effect of the pandemic. Some asset and liability carrying values may be impacted, particularly where they are reliant on management's use of estimates and judgements when applying accounting policies.