

**PREPARED FOR THE REGISTRAR
THREE CHOIRS VINEYARDS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**



THREE CHOIRS VINEYARDS LIMITED

COMPANY INFORMATION

Directors
H B Shouler
T R R Shaw
M H Fowke
K H Morley

Company secretary T R R Shaw

Registered office
Baldwins Farm
Newent
Gloucestershire
Gloucester
GL18 1LS

Bankers
Lloyds TSB Bank plc
Ley Court
Barnett Way
Gloucester
GL4 3RT

Auditors
Hazlewoods LLP
Staverton Court
Staverton
Cheltenham
GL51 0UX

THREE CHOIRS VINEYARDS LIMITED

(REGISTRATION NUMBER: 01844521)

BALANCE SHEET AS AT 31 DECEMBER 2017

	Note	2017 £	(As restated) 2016 £
Fixed assets			
Tangible assets	4	2,044,735	2,130,309
		<u>2,044,735</u>	<u>2,130,309</u>
Current assets			
Stocks		759,230	716,620
Debtors	5	190,822	181,293
Cash at bank and in hand		5,078	29,681
		<u>955,130</u>	<u>927,594</u>
Creditors: Amounts falling due within one year	6	(864,774)	(616,102)
Net current assets		<u>90,356</u>	<u>311,492</u>
Total assets less current liabilities		2,135,091	2,441,801
Creditors: Amounts falling due after more than one year	6	(598,151)	(915,754)
Deferred tax liabilities	7	(77,761)	(102,591)
Net assets		<u>1,459,179</u>	<u>1,423,456</u>
Capital and reserves			
Called up share capital		55,000	55,000
Share premium reserve		955,693	955,693
Capital redemption reserve		18,500	18,500
Profit and loss account		<u>429,986</u>	<u>394,263</u>
Total equity		<u>1,459,179</u>	<u>1,423,456</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 4 June 2018 and signed on its behalf by:


 T R R Shaw
 Director

THREE CHOIRS VINEYARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Baldwins Farm
Newent
Gloucestershire
Gloucester
GL18 1LS

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is UK £, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest £.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Prior period errors

A prior period adjustment has been posted to correct an error on the carrying value of fixed assets and the HP liability relating to these assets. For details of the error see note 14 to these financial statements.

Judgements

No significant judgements have been made by management in preparing these financial statements.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and it is probable that future economic benefits can be reliably measured.

THREE CHOIRS VINEYARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Foreign currency transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into UK £ at the rates of exchange prevailing on the reporting period date. Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. All differences are taken to the profit and loss account.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation. The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Freehold building improvements have not been depreciated as it is the directors' policy to maintain all buildings in good repair. As a result any depreciation of these improvements would be immaterial. Depreciation is charged so as to write off the cost of assets, less any estimated residual value, over their estimated useful lives (or the unexpired term of the lease, whichever is shorter), as follows:

Asset class	Depreciation method and rate
Long term growing crops	10% of cost per annum
Improvement to leasehold properties	Over the remaining term of the lease
Plant, machinery and vehicles	10%-33% of cost per annum
Fixtures, fittings and equipment	15%-33% of cost per annum
Moveable cabins	5% of cost per annum
Freehold land and building	2% of freehold building cost per annum

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Stocks

Stocks are stated at the lower of cost and estimated net realisable value to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

THREE CHOIRS VINEYARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Biological assets

Biological assets are measured at cost less impairment. Cost includes direct costs together with direct costs and indirect overheads incurred in bringing growing vines to their state and condition at the end of the year. Fair value is not used to measure the carrying amount of biological assets as the directors consider that the information required to reliably estimate fair value is not available.

Trade creditors

Trade creditors 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 the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

THREE CHOIRS VINEYARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year was 49 (2016 - 54).

THREE CHOIRS VINEYARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4 Tangible assets

	Freehold land and buildings £	Improvements to leasehold properties £	Long term growing crops £	Plant, machinery and vehicles £	Fixtures, fittings and equipment £	Moveable cabins £	Total £
Cost							
At 1 January 2017	1,650,298	521,132	172,345	1,034,200	515,278	297,725	4,190,978
Additions	-	-	-	5,725	49,830	-	55,555
At 31 December 2017	1,650,298	521,132	172,345	1,039,925	565,108	297,725	4,246,533
Depreciation							
At 1 January 2017	84,229	435,351	172,345	885,344	382,919	100,481	2,060,669
Charge for the year	45,269	1,950	-	54,454	24,571	14,885	141,129
At 31 December 2017	129,498	437,301	172,345	939,798	407,490	115,366	2,201,798
Carrying amount							
At 31 December 2017	1,520,800	83,831	-	100,127	157,618	182,359	2,044,735
At 31 December 2016	1,566,069	85,781	-	148,856	132,359	197,244	2,130,309

The net carrying amount of tangible assets includes £169,175 (2016 - £179,480) in respect of assets held under finance leases and hire purchase contracts.

THREE CHOIRS VINEYARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

5 Debtors

	2017 £	(As restated) 2016 £
Trade debtors	135,909	150,013
Other debtors	27,717	-
Prepayments	27,196	31,280
	<u>190,822</u>	<u>181,293</u>

6 Creditors

Creditors: amounts falling due within one year

	Note	2017 £	(As restated) 2016 £
Due within one year			
Loans and borrowings	7	283,520	78,889
Trade creditors		159,206	122,524
Social security and other taxes		68,072	100,721
Outstanding defined contribution pension costs		1,199	627
Other creditors		34,556	27,615
Accrued expenses		21,757	28,633
Corporation tax liability		37,795	203
Deferred income		258,669	256,890
		<u>864,774</u>	<u>616,102</u>

Due after one year

Loans and borrowings	7	<u>598,151</u>	<u>915,754</u>
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	2017 £	2016 £
After more than five years by instalments	<u>405,513</u>	<u>443,143</u>

THREE CHOIRS VINEYARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

7 Deferred tax

Deferred tax assets and liabilities

	Liability £
2017	
Fixed asset and other timing differences	77,971
Losses and other deductions	(67)
	<u>77,904</u>
2016	
Fixed asset and other timing differences	105,549
Losses and other deductions	(2,958)
	<u>102,591</u>

8 Loans and borrowings

	2017 £	2016 £
Current loans and borrowings		
Bank loan	28,157	27,286
Bank overdrafts	205,475	-
Finance lease liabilities	49,888	51,603
	<u>283,520</u>	<u>78,889</u>

	2017 £	2016 £
Non-current loans and borrowings		
Bank loan	527,146	560,777
Finance lease liabilities	71,005	104,977
Other borrowings	-	250,000
	<u>598,151</u>	<u>915,754</u>

The bank loan is repayable in equal monthly instalments. The loan attracts interest at base rate plus 2.56% with the final instalment falling due in April 2034. The bank loan is secured on the property at Wickham to which the loan relates.

Finance lease liabilities are secured against the assets to which they relate.

Other borrowings include £nil (2016 - £250,000) in relation to a loan given to the company from the shareholders. The loan attracts interest at a rate of 5% to the period ending 31 March 2016, increasing to 6% for the period ending 31 March 2017 and 7% for the period ending 31 March 2018. The loan is secured against the assets of the company. The loan was repaid in full on 30 September 2017.

THREE CHOIRS VINEYARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

9 Financial commitments, guarantees and contingencies

At 31 December 2017, the company had total commitments under non-cancellable operating leases over the remaining life of those assets of £451,462 (2016 - £448,643).

10 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>

11 Prior period adjustments

A prior period adjustment has been posted to correct an error on the carrying value of fixed assets and the HP liability relating to those assets.

The impact of the above on the results are as follows:

- Decrease in plant and machinery cost of £127,706
- Decrease in the HP liability of £54,008
- Increase in prepayments by £11,409
- Decrease in accruals of £12,750
- Decrease in profit and loss reserves at 1 January 2017 of £49,539.

12 Related party transactions

During the year the company has had the following related party transactions:

H Shouler

(Director and shareholder)

During the year dividends were paid to H Shouler of £nil (2016 - £1,750).

H Shouler previously loaned a sum of £15,000, which attracts interest of 6% to the period ending 31 March 2017, 7% to the period ending 31 March 2018. The loan was repaid in full on 30 September 2017.

K Morley

(Director and shareholder)

During the year dividends were paid to K Morley of £nil (2016 - £1,625).

K Morley previously loaned a sum of £50,000, which attracts interest of 6% to the period ending 31 March 2017, 7% to the period ending 31 March 2018. The loan was repaid in full on 30 September 2017.

M Fowke

(Director and shareholder)

During the year dividends were paid to M Fowke of £nil (2016 - 1,500).

T Shaw

(Director and shareholder)

During the year dividends were paid to T Shaw of £nil (2016 - £500).

Summary of transactions with associates

During the year, the company was invoiced by The Global Winery Limited for services provided by M H Fowke. The invoiced value of those services totalled £37,142 (2016 - £38,414). The company also made sales totalling £4,383 (2016 - £1,235) to, and purchases totalling £nil (2016 - £12,572) from, The Global Winery Limited.

At the balance sheet date, the balance owed to The Global Winery Limited was £5,544 (2016 - £2,171).

THREE CHOIRS VINEYARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13 Audit report

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 12 June 2018 was Martin Howard, who signed for and on behalf of Hazlewoods LLP.