

HALEWOOD INTERNATIONAL MARKETING LIMITED

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	J E Halewood P G Eaton A Robinson (appointed 18 March 2016) S Hainsworth (appointed 18 March 2016) S J Oldroyd (resigned 5 October 2016)
Registered office	The Sovereign Distillery Wilson Road Huyton Business Park Huyton Liverpool L36 6AD
Registered number	03861237
Bankers	Lloyds Bank Plc 94 Fishergate Preston Lancashire PR1 2JB

Strategic report

The directors present their annual report of the company for the 52 week period ended 25 June 2016. The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

PRINCIPAL ACTIVITIES

The principal activities of the company are to provide marketing and design services for certain companies within the Halewood Wines and Spirits group ('the group').

BUSINESS REVIEW

Halewood International Marketing Limited is a wholly owned subsidiary of Halewood International Holdings (UK) Limited, a company incorporated in England. The ultimate parent undertaking is Halewood Wines and Spirits PLC (formerly Halewood International Holdings PLC). The group monitors performance as a whole, therefore a complete review of the business and future prospects of the group is included in the Directors' Report of the ultimate parent company accounts.

The directors are satisfied with the performance of the company during the period given the current wider economic environment. Turnover was £8,526k, which was a increase of £770k on the previous period (2015: decrease £1,231k). Operating profit was £332k, which was a decrease in profit of £25k on the previous period (2015: decrease £61k).

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

PRINCIPAL RISKS AND UNCERTAINTIES

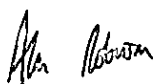
As the company supplies marketing services to fellow group undertakings it is wholly dependent upon the requirements of internal group customers. Loss of these group customers would eliminate the only source of revenue for its services.

The company and its customers continue to operate in a very competitive domestic market and as a result pressure on volumes is expected to continue. To combat these pressures the company will continue to focus on its successful strategy of new product development and providing marketing support for its brands.

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 explained further in note 1 to the accounts.

Key performance indicators are disclosed within the group financial statements.

The strategic report of Halewood International Marketing Limited was approved by the board of directors and signed on its behalf on 23/3/17 by:



A Robinson
Director

Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 25 June 2016.

The business review, future developments and discussion of principal risks and uncertainties and going concern is included within the Strategic Report on page 2.

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £406k (2015: £390k). No dividend was declared in the period (2015: £nil).

CHARITABLE AND POLITICAL CONTRIBUTIONS

No charitable donations were made during the period (2015: £nil). No political donations were made during the period (2015: £nil).

DIRECTORS

The present directors of the company who served throughout the period and thereafter, except where noted, are set out on page 1.

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' 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 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:

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

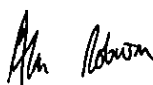
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF REDUCED DISCLOSURES

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received. The company also intends to take advantage of the disclosure exemptions in the financial statements to be issued in the following year. Objections may be served on the company by its shareholders.

APPROVAL

The Report of the Directors was approved by the Board on 23/3/17 and signed on its behalf by:



A Robinson
Director

Profit and loss account

For the 52 weeks ended 25 June 2016

	Note	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
Turnover	4	8,526	7,756
Cost of sales		(8,175)	(7,381)
Gross profit		351	375
Administrative expenses		(18)	(18)
Operating profit	5	333	357
Interest payable	8	(1)	(1)
Interest receivable	9	75	59
Profit on ordinary activities before taxation		407	415
Taxation on profit on ordinary activities	10	(1)	(25)
Profit on ordinary activities after taxation		406	390

The company's activities derive from continuing operations.

The company has no recognised gains and losses other than those included in the results above. As such, no separate statement of comprehensive income has been presented.

Balance sheet

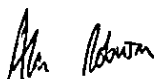
At 25 June 2016

	Note	25 June 2016 £'000	27 June 2015 £'000
Fixed assets			
Tangible assets	11	15	29
Investments	12	119	77
		134	106
Current assets			
Debtors	13	5,410	4,160
Creditors: amounts falling due within one year	14	(2,537)	(1,664)
Provision for liabilities	15	(1)	(2)
Net current assets		2,872	2,494
Net assets		3,006	2,600
Capital and reserves			
Called-up share capital	16	-	-
Profit and loss account		3,006	2600
Shareholder's funds		3,006	2,600

The notes on pages 7 – 14 form an integral part of the financial statements.

For the 52 week period ended 25 June 2016, 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 52 week period ended 25 June 2016 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.

The financial statements of Halewood International Marketing Limited, registered number 3861237, were approved by the board of directors on 23/3/17 and signed on its behalf by:



A Robinson
Director

Statement of changes in equity

At 25 June 2016

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
At 28 June 2014 as previously stated	-	2,210	2,210
Changes on transition to FRS 102 (note 20)	-	-	-
At 29 June 2014 as restated	-	2,210	2,210
Profit for the year and total other comprehensive income	-	390	390
Balance as at 27 June 2015	-	2,600	2,600
Profit for the year and total other comprehensive income	-	406	406
Balance as at 25 June 2016	-	3,006	3,006

Notes to the financial statements

For the 52 weeks ended 25 June 2016

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding period. Details of the transition to FRS 102 can be found in note 20.

General information and basis of preparation

Halewood International Marketing 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 Halewood International Marketing 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. In relation to intercompany balances, the company is in a net debtor position which is considered recoverable.

As shown in note 17, the company is party to group borrowing facilities under which the various UK companies in the group have cross-guaranteed the borrowings due to Lloyds Bank Plc. On 24th February 2017 the group completed on a re-financing agreement with Natwest RBS. The new facility is due for renewal on the third anniversary of the completion date. 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.

After making enquiries, the directors have a reasonable expectation that the company and the group have 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 impact on consumer spending, and are expected to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Tangible fixed assets

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating profit unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses. The principal annual rates used for other assets are:

Computer equipment	25% on cost
Fixtures and fittings	10% on cost
Motor vehicles	25% on cost

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Notes to the financial statements (continued)

For the 52 weeks ended 25 June 2016

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Turnover

Turnover is recognised at the point at which charges are incurred on marketing projects and recharged to fellow subsidiary undertakings.

Investments

Investments relate to racehorses held by the company, which are held at amortised cost less provision for impairment. The investments are amortised over 5 years.

Dividends

Dividends are recognised when the dividend is declared by the company directors passing a written resolution.

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.

2. STATEMENT OF COMPLIANCE

The financial statements of Halewood International Marketing 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.

4. TURNOVER

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

Notes to the financial statements (continued)

For the 52 weeks ended 25 June 2016

5. OPERATING PROFIT

Operating profit is arrived at after charging:

	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
Depreciation on owned assets	14	13
Amortisation	29	3
Loss on disposal of investments	-	1

6. EMPLOYEES

Staff costs:

	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
Wages and salaries	621	600
Social security costs	68	63
Pensions - defined contribution scheme	47	47
	736	710

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

	2016 Number	2015 Number
Administration & selling	19	18

7. DIRECTORS' EMOLUMENTS

No directors' remuneration was paid by the company during the period (2015: nil). Such costs were settled by Halewood International Ltd, and not recharged.

Notes to the financial statements (continued)

For the 52 weeks ended 25 June 2016

8. INTEREST PAYABLE

	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
Interest due to fellow subsidiary undertakings	1	1
	<u>1</u>	<u>1</u>

9. INTEREST RECEIVABLE

	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
Interest due from parent undertaking	36	35
Interest due from subsidiary undertakings	39	24
	<u>75</u>	<u>59</u>

Notes to the financial statements (continued)

For the 52 weeks ended 25 June 2016

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
Current Tax on Profit		
UK corporation tax	-	-
Double tax relief	-	-
Foreign tax	-	-
	<u>-</u>	<u>-</u>
Adjustments in respect of prior years		
UK corporation tax	-	23
Foreign tax	-	-
Total current tax	<u>-</u>	<u>23</u>
Deferred Tax		
Origination and reversal of timing differences	(1)	2
Effect of decrease in tax rate on opening liability	-	-
Effect of a change in the tax status of the entity or its shareholders	-	-
Decrease in estimate of recoverable deferred tax asset	-	-
	<u>(1)</u>	<u>-</u>
Total deferred tax	<u>(1)</u>	<u>25</u>
Total tax on profit	<u><u>(1)</u></u>	<u><u>25</u></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 as follows :

	52 weeks ended 25 June 2016 £'000	52 weeks ended 27 June 2015 £'000
Profit on ordinary activities before taxation	406	414
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2015: 20.75%)	<u>81</u>	<u>86</u>
Effects of:		
- Expenses not deductible for tax purposes	2	7
- Income not taxable in determining taxable profit	-	-
- Utilisation of tax losses not previously recognised	(85)	(92)
- Change in unrecognised deferred tax assets	1	-
- Higher tax rates on overseas earnings	-	-
- Adjustments to tax charge in respect of previous periods	-	23
Total tax charge for the period	<u><u>(1)</u></u>	<u><u>25</u></u>

Notes to the financial statements (continued)

For the 52 weeks ended 25 June 2016

11. TANGIBLE FIXED ASSETS

	Fixtures, fittings and computer equipment £'000
Cost	
At 27 June 2015	132
Additions	-
At 25 June 2016	132
Accumulated depreciation	
At 27 June 2015	103
Charge for the year	14
At 25 June 2016	117
Net book value	
At 25 June 2016	15
At 27 June 2015	29

12. INVESTMENTS

	£'000
Cost	
At 27 June 2015	164
Additions	70
Disposals	(22)
At 25 June 2016	212
Amortisation	
At 27 June 2015	87
Charge for the period	29
Disposals	(23)
At 25 June 2016	93
Net Book Value	
At 25 June 2016	119
At 27 June 2015	77

Investments relate to racehorses held by the company, which are held at cost and amortised over 5 years.

Notes to the financial statements (continued)

For the 52 weeks ended 25 June 2016

13. DEBTORS

	25 June 2016 £'000	27 June 2015 £'000
Trade debtors	210	75
Prepayments	132	384
Amount due from parent undertaking	1,700	1,821
Amount due from fellow subsidiary undertakings	3,368	1,880
	5,410	4,160

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

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	25 June 2016 £'000	27 June 2015 £'000
Bank overdraft	2	4
Trade creditors	708	681
Corporation tax	-	-
Other creditors	358	297
Accruals and deferred income	1,199	637
Amounts due to fellow subsidiary undertakings	270	45
	2,537	1,664

In respect of amounts due to fellow subsidiary undertakings, there was no fixed term of repayment and interest is paid monthly at a commercial rate above the Bank of England base rate.

15. DEFERRED TAXATION

	25 June 2016 £'000	27 June 2015 £'000
Opening deferred tax asset	-	-
Charge during the period (note 10)	(1)	(2)
Closing deferred tax liability	(1)	(2)
Deferred tax is analysed as follows:	25 June 2016 £'000	27 June 2015 £'000
Capital allowances less than depreciation	(1)	(2)

Notes to the financial statements (continued)

For the 52 weeks ended 25 June 2016

16. SHARE CAPITAL

	25 June 2016 £'000	27 June 2015 £'000
Allotted, called-up and fully paid 100 ordinary shares of £1 each	-	-

17. CONTINGENT LIABILITY

The company is party to group borrowings facilities under which the various UK companies in the group have cross-guaranteed the borrowings due to Lloyds Bank Plc. At 25 June 2016 the borrowings of the group amounted to £11,722k (27 June 2015: £6,217k). On 24th February 2017 the group completed on a re-financing agreement with Natwest RBS. The new facility is due for renewal on the third anniversary of the completion date.

18. 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.

19. ULTIMATE PARENT AND CONTROLLING PARTY

The immediate parent undertaking is Halewood International Holdings (UK) Limited. The ultimate parent company and parent undertaking at the largest and smallest group which includes the company is Halewood Wines and Spirits PLC (formerly Halewood International Holdings PLC), a company registered in England. Group accounts for Halewood Wines and Spirits PLC (formerly Halewood International Holdings PLC) are available to the public on payment of the appropriate fee, from Companies registration Office, Crown Way, Maindy, Cardiff, CF4 3UZ.

The directors consider that the ultimate controlling party of the company is the Estate of J E Halewood, owing to his overall control of the parent company.

20. TRANSITION TO FRS 102

This is the first year that the Company 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. No changes to reported numbers were required as a result of the transition to FRS 102.