

**Group Strategic Report,  
Report of the Directors and  
Consolidated Financial Statements  
for the Year Ended 30 June 2023  
for  
Lanchester Wine Cellars Limited**

# Lanchester Wine Cellars Limited

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**Lanchester Wine Cellars Limited**

**Company Information  
for the Year Ended 30 June 2023**

**DIRECTORS:**

A A Cleary  
V A Cleary  
M A Satchwell  
C R Cleary

**REGISTERED OFFICE:**

Greencroft Estate  
Greencroft Parkway  
Annfield Plain  
Stanley  
County Durham  
DH9 7XP

**REGISTERED NUMBER:**

01517126 (England and Wales)

**SENIOR STATUTORY  
AUDITOR:**

Simon Hook FCCA

**AUDITORS:**

Clive Owen LLP  
Chartered Accountants and Statutory Auditors  
Kepier House  
Belmont Business Park  
Durham  
DH1 1TW

## **Lanchester Wine Cellars Limited**

### **Group Strategic Report for the Year Ended 30 June 2023**

The directors present their strategic report of the company and the group for the year ended 30 June 2023.

#### **INTRODUCTION**

Lanchester Wine Cellars Limited is one of the UK's leading wine merchants, wholesalers and importers; supplying a wide range of quality and premium wines to the on trade and off trade. Our extensive wine collection includes high quality wines from all corners of the world and we work with some of the leading wine producers across the globe to make sure we are always offering the best quality wine at the best price.

The company owns and operates over 1,000,000ft<sup>2</sup> of Class A Bonded Warehousing both on site and at satellite warehouses in the North East, giving the opportunity to supply the finest wines, beers and spirits into the Trade, both UK and afar.

Lanchester Wine Cellars Limited also owns and operates Full Circle Brew Co, an exceptional state of the art new brewery with a 30 hectolitre brewhouse with keging and canning capability on site, together with a tap room / bar and meeting facilities.

Lanchester Wine Cellars Limited is part of the much larger Lanchester Group comprising Greencroft Bottling Company Limited, Spicers of Hythe Limited, The Wine Fusion Limited, Bon Bon's (Wholesale) Limited, Lanchester Properties Limited and Lanchester Energy Limited as well as a 45% stake in Universal Wines and Spirits Limited (an online spirit operation).

## Lanchester Wine Cellars Limited

### Group Strategic Report for the Year Ended 30 June 2023

#### REVIEW OF BUSINESS

The last Financial Year has been very challenging, with dry goods and shipping pricing at very high levels, which we have managed with great skill and determination. Our costs have continued to rise exponentially putting pressure on our profitability, but with many new and exciting wines being listed and running the business more efficiently we are keeping ahead of the game.

Our wholly-owned large warehouses have increased dramatically in value due to the shortage of "Big Sheds" in the market and the general surge in value of commercial property in the U.K. We are still investing in our mineworking's water heat pumps which are working well but with more water the efficiencies will rise.

We are a diverse group of businesses spanning different sectors and various customer bases. This was a strategic development plan to ensure that, as a group, we remain strong with each business supporting the others as needed.

- Full Circle Brew Co is producing excellent quality beers and lagers but still needs more sales to break even. The investment in new sales personnel is now showing dividends with the first supermarket listing for cans. We have hosted the first four weddings in our tap room which were really successful with over 15 new bookings for the coming year. Further investment has been made in a new much larger canning line to accommodate the new retailer orders and new on line orders.

- The Wine Fusion sales have moved ahead significantly from a very high base, but the margin has suffered achieving this, so we need to work on this in the coming financial year. The business has shipping many new interesting bulk wines from both Europe and the new world to satisfy the increase in demand for different styles of wine from many of our customers.

- Spicers of Hythe has recovered well from last year's shipping debacle, moving ahead with sales especially the drop shipping sector which had an excellent year. The automation is now fully implemented and with the new computer system being fully operational this has given us many more efficiencies within the business, helping to have a very low stock level after the all important Christmas sales. We are predicting a 15% growth for the new financial year which considering these troubled times for business is remarkable. The only major downside this year was a £180,000 dilapidation payment from when we moved premises from Hythe up to Gateshead which was negotiated down from a ridiculous number.

- Bon Bon's Wholesale has had another record breaking sales year where demand for our high quality concept units has been very high, and a real struggle to keep in stock. To this end we have installed two state of the art automated packing machines which weigh, fill confectionary into bags preformed by the machines, using much less material and increasing efficiency. The first few months of operation have been challenging whilst one is operating well the other is causing issues, but the manufacturer are on the case and we are looking forward to much improved working in the coming months. Profits have been affected by our inability to re-let our two original units at Thorpe Arch, with the landlord being particularly difficult in the re-letting process. The business is on target for a 14% increase in sales in the current year and with a relaunch of the Really Good Food concept we are looking forward to good numbers for this financial year.

## **Lanchester Wine Cellars Limited**

### **Group Strategic Report for the Year Ended 30 June 2023**

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The directors and management of the company see risk management as an integral aspect of managing the business. The principal risks faced by the company are:

##### **Financial Risk**

The group sees very low risk in the financial management of the business, with the valuation of our warehouse estate on the River Tyne increasing significantly. This gives the business an excellent base, together with 920,000 sq ft of warehouse space

##### **Foreign Currency Risk**

Foreign exchange rate risk is always present with main exposure arising from the purchase of wine, bottles and other packaging components from overseas suppliers. The group monitors exchange rates closely and looks to cover large volume business via forward contracts when necessary.

##### **Credit Risk**

Credit risk principally arises on trade debts. Policies and procedures exist to ensure that appropriate credit limits are set. An experienced team of credit controllers review credit accounts, set limits and chase overdue debt. Significant new accounts or increases to account limits are approved by a Director after thorough and robust checks have been carried out.

##### **Interest Rate Risk**

Rising interest rates become more of a factor at a time where the Company, and wider Group, is securing funding for its various expansion projects.

HP asset purchases and financing are undertaken on fixed interest rate terms and are therefore built into future considerations.

##### **Liquidity Risk**

The Company receives excellent support from its bank and ensures there are sufficient funds available to meet the requirements of ongoing operations.

## **Lanchester Wine Cellars Limited**

### **Group Strategic Report for the Year Ended 30 June 2023**

#### **SECTION 172(1) STATEMENT**

Section 172 of the Companies Act 2006 requires the directors of a group to act in a way they consider to be in good faith and would be most likely to promote the success of the company for the benefit of all of its members as a whole both in the current period and in the long term.

In discharging their duties above, the directors carefully consider, amongst other matters, the impact of their decisions on various stakeholder groups. The groups we consider in this regard are our employees, our customers, our suppliers and our shareholders as well as the wider community in which we operate. The directors recognise that building strong relationships with our stakeholders will help us to deliver our long-term strategy in line with our core values and operate the business in a sustainable way. We are committed to conducting business responsibly.

#### **Employees**

Directors receive information on various staff metrics. The directors are committed to promoting a healthy workforce comprising both physical and mental wellbeing. The directors keep staff informed of key issues through structured communication channels, ensure equal opportunities in the workplace and also provide training and development opportunities where they are considered of benefit to the Company and employees. Using the Companies recruitment and development strategies, the directors seek to attract and retain talented staff.

#### **Customers**

The directors and senior management commit considerable time, effort and resources into understanding and responding to the needs of our customers with a view to fostering long term mutually beneficial partnerships. We act to service our customers' needs to the highest standards and ensure appropriate processes are in place to mitigate and manage any disputes that may arise from time to time.

#### **Suppliers**

The directors have established Company procedures to ensure that external suppliers are individually verified to ensure they meet with the health and safety, regulatory and financial security standards required by the Company. The Company seeks to pay all suppliers any undisputed amounts due and that conform with the Companies billing requirements within agreed terms. The Company has established procedures for dispute resolution in a timely and fair manner.

#### **Community and the environment**

The Company takes its role within the sector very seriously and promotes and encourages community and charitable contribution. The Company also recognises the importance of its environmental responsibilities, its impact on the local environment and its compliance with any regulatory environmental standards. The Company seeks to implement policies aimed at reducing any potential detrimental environmental impact of its activities.

#### **Shareholders**

The directors endeavour to create value for our ultimate shareholders by ensuring the Company's performance remains strong as well as sustainable. The directors adhere to the Company's long term strategic plan when making operational decisions.

## **Lanchester Wine Cellars Limited**

### **Group Strategic Report for the Year Ended 30 June 2023**

#### **GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION**

The company used 1,924 MWh of electricity in the year to 30 June 2023. The onsite generation of electricity was 3,784 MWh using three 500kW wind turbines and a 41kW solar array. The onsite generation is also used by Greencroft Bottling Company Limited, a company based on the same site in common ownership. Given that the electricity is generated on site, the company would consider this to be carbon neutral electricity.

The company used 4,706 MWh of natural gas with a carbon intensity of 0.18293 kg of carbon dioxide emissions per kWh equating to 861 tonnes.

The company used 138,549 litres of liquefied petroleum gas (LPG) with a carbon intensity of 1.55713 kg of carbon dioxide emissions per litre equating to 216 tonnes.

The company emitted 18 tonnes of carbon dioxide in relation to business travel incurred by passenger vehicles under its ownership.

The group used 93,557 litres of DERV with a carbon intensity of 2.51206 kg of carbon dioxide emissions per litre equating to 235 tonnes.

Total carbon footprint of the company was 1,330 tonnes of carbon dioxide emissions.

1/3 of warehouse space (approx. 35,000m<sup>2</sup>) is heated using mine water heat pumps. This produces approximately 4 kWh of heat for each kWh used to run the heat pump. Using mine water as a source for space heating is a pioneering low carbon technology.

#### **Quantification and reporting methodology**

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocols - Corporate Standard and have used the 2023 UK Government GHG Conversion Factors for Company Reporting.

#### **SUSTAINABILITY**

We believe every business has a duty of care to minimise its impact on the environment, which is why Lanchester Wines and the wider Lanchester group of companies, which includes Greencroft Bottling, has worked tirelessly over the last decade to ensure sustainability is at our core.

There is, unfortunately, no 'one size fits all' solution when it comes to sustainability and so we've invested considerably to identify which changes we can make to lessen our effect on our planet. Our business' greatest opportunity to make a change is through minimising our reliance on fossil fuels. As such, we've invested around £10million in renewable heat and energy generation at our sites across the North of England and today our business is powered almost completely by renewable wind and solar energy, with heat generated from geothermal heat pump technology.

We believe sustainability is going to be a key driver for all businesses moving forward and it is to this end we have invested massively in our sustainable assets;

- Bon Bons having a Bio Mass Heating system, an installation of a 100 kW array of solar on the new roof and three electric car charging stations each capable of charging two cars simultaneously,
- Lanchester Wines is investing in more LED lighting systems throughout its warehouses with movement sensors to save power,
- Greencroft Two is nearing completion, with a U value of 0.12 and now 3 million watts of solar on the roof, using even more wind power, we are confident this is the "most sustainable large building on the planet".
- We are also producing over 4 MW of heat with our mine workings water heat pumps which are the largest of their type in Western Europe.

With all these assets we firmly believe the Lanchester Group of Companies is one of the most sustainable businesses on the planet. We are without doubt world leading when it comes to sustainability - a restless pioneer of renewable energy, with a proven track record for pushing at the boundaries of green technology.



## Lanchester Wine Cellars Limited

### Group Strategic Report for the Year Ended 30 June 2023

#### THE FUTURE

We firmly believe the Group is in a very strong position to grow exponentially over the coming years, we will be operating in over 1.3 million sq. ft. of space, 90% of which we own, and our investment in all things green bodes well for our future growth. One of our major strengths as a group is that we are not relying on just one business for success we are diverse with many different "Strings to our Bow".

#### FINANCIAL KEY PERFORMANCE INDICATORS

The table below shows the key performance indicators used by the group to manage the business:

	2023	2022
	£	£
Revenue	60,203,963	51,360,854
Gross profit (%)	14.17%	15.49%
Operating profit	1,774,267	1,165,938
EBITDA	3,992,686	3,514,784

#### OTHER KEY PERFORMANCE INDICATORS

##### Employee recruitment and retention

The group's performance relies upon the retention of key personnel and fortunately we have no issues keeping our talented people. With fresh new challenges and a profit share scheme, our managers and senior people appreciate how we operate.

#### ON BEHALF OF THE BOARD:

A A Cleary - Director

Date: 14 December 2023

## **Lanchester Wine Cellars Limited**

### **Report of the Directors for the Year Ended 30 June 2023**

The directors present their report with the financial statements of the company and the group for the year ended 30 June 2023.

#### **DIVIDENDS**

Dividends paid in the year were £73,000 (2022: £48,000). The directors do not recommend a final dividend in respect of the year.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 July 2022 to the date of this report.

A A Cleary  
V A Cleary  
M A Satchwell

Other changes in directors holding office are as follows:

A R Black - resigned 30 June 2023

C R Cleary was appointed as a director after 30 June 2023 but prior to the date of this report.

#### **DISCLOSURE IN THE STRATEGIC REPORT**

The following information, which would otherwise be disclosed in the directors' report, is instead disclosed in the strategic report, as permitted by s414C(11) of the Companies Act 2006:

- Principal risks and uncertainties
- Future developments
- Energy and carbon reporting

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**Lanchester Wine Cellars Limited**

**Report of the Directors  
for the Year Ended 30 June 2023**

**AUDITORS**

The auditors, Clive Owen LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

**ON BEHALF OF THE BOARD:**

A A Cleary - Director

Date: 14 December 2023

## **Report of the Independent Auditors to the Members of Lanchester Wine Cellars Limited**

### **Opinion**

We have audited the financial statements of Lanchester Wine Cellars Group (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2023 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 30 June 2023 and of the group's loss for the year 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## **Report of the Independent Auditors to the Members of Lanchester Wine Cellars Limited**

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page eight, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## **Report of the Independent Auditors to the Members of Lanchester Wine Cellars Limited**

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Our audit must be alert to the risk of manipulation of the financial statements and seek to understand the incentives and opportunities for management to achieve this.

We have undertaken the following procedures to identify and respond to these risks of non-compliance:

- Understanding the key legal and regulatory frameworks that are applicable to the Company. We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit. We determined the most significant of these to be financial reporting legislation Customs Warehousing Regulations 1991, Alcohol Wholesaler Registration Scheme (AWRS), company law, taxation legislation, health & safety, and employment law.
- Enquiry of directors and management as to policies and procedures to ensure compliance and any known instances of non-compliance.
- Review of board minutes and correspondence with regulators.
- Enquiry of directors and management as to areas of the financial statements susceptible to fraud and how these risks are managed.
- Challenging management on assumptions and judgements made in the preparation of the financial statements. These key areas of uncertainty are disclosed in the accounting policies.
- Identifying and testing unusual journal entries, with a particular focus on manual journal entries.

Through these procedures, we did not become aware of actual or suspected non-compliance.

We planned and performed our audit in accordance with auditing standards but owing to the inherent limitations of procedures required in these areas, there is an unavoidable risk that we may not have detected a material misstatement in the accounts. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve concealment, collusion, forgery, misrepresentations, or override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of  
Lanchester Wine Cellars Limited**

**Use of our report**

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 a Report of the Auditors 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.

Simon Hook FCCA (Senior Statutory Auditor)  
for and on behalf of Clive Owen LLP  
Chartered Accountants and Statutory Auditors  
Kepier House  
Belmont Business Park  
Durham  
DH1 1TW

Date: 14 December 2023

**Lanchester Wine Cellars Limited**

**Consolidated  
Income Statement  
for the Year Ended 30 June 2023**

	Notes	2023		2022	
		£	£	£	£
<b>TURNOVER</b>	3		60,203,963		51,360,854
Cost of sales			<u>51,674,442</u>		<u>43,406,555</u>
<b>GROSS PROFIT</b>			8,529,521		7,954,299
Administrative expenses			<u>13,865,518</u>		<u>12,435,690</u>
			(5,335,997)		(4,481,391)
Other operating income			<u>7,110,264</u>		<u>5,647,329</u>
<b>OPERATING PROFIT</b>	5		1,774,267		1,165,938
Income from other participating interests		232,068		196,089	
Interest receivable and similar income		<u>248</u>		<u>460</u>	
			<u>232,316</u>		<u>196,549</u>
			2,006,583		1,362,487
Interest payable and similar expenses	6		<u>1,591,737</u>		<u>709,309</u>
<b>PROFIT BEFORE TAXATION</b>			414,846		653,178
Tax on profit	7		<u>456,932</u>		<u>212,149</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>			<u>(42,086)</u>		<u>441,029</u>
(Loss)/profit attributable to:					
Owners of the parent			(152,774)		302,501
Non-controlling interests			<u>110,688</u>		<u>138,528</u>
			<u>(42,086)</u>		<u>441,029</u>

The notes form part of these financial statements



**Lanchester Wine Cellars Limited**

**Consolidated  
Other Comprehensive Income  
for the Year Ended 30 June 2023**

Notes	2023 £	2022 £
<b>(LOSS)/PROFIT FOR THE YEAR</b>	(42,086)	441,029
<b>OTHER COMPREHENSIVE INCOME</b>	<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>(42,086)</u>	<u>441,029</u>
Total comprehensive income attributable to:		
Owners of the parent	(152,774)	302,501
Non-controlling interests	<u>110,688</u>	<u>138,528</u>
	<u>(42,086)</u>	<u>441,029</u>

The notes form part of these financial statements

**Lanchester Wine Cellars Limited (Registered number: 01517126)**

**Consolidated Balance Sheet  
30 June 2023**

		2023		2022	
Notes	£	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	10		3,245,151		3,950,607
Tangible assets	11		35,633,290		26,306,450
Investments	12				
Interest in associate			618,456		-
Other investments			<u>10,085</u>		<u>484,721</u>
			39,506,982		30,741,778
<b>CURRENT ASSETS</b>					
Stocks	13	17,316,927		13,468,586	
Debtors	14	10,033,435		10,551,930	
Cash at bank and in hand		<u>32,598</u>		<u>222,481</u>	
			27,382,960		24,242,997
<b>CREDITORS</b>					
Amounts falling due within one year	15		<u>35,181,645</u>		<u>23,048,024</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>					
			<u>(7,798,685)</u>		<u>1,194,973</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			31,708,297		31,936,751
<b>CREDITORS</b>					
Amounts falling due after more than one year	16		(24,030,629)		(24,618,677)
<b>PROVISIONS FOR LIABILITIES</b>					
	19		<u>(1,224,383)</u>		<u>(749,703)</u>
<b>NET ASSETS</b>					
			<u><u>6,453,285</u></u>		<u><u>6,568,371</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20		100,000		100,000
Retained earnings	21		<u>6,030,995</u>		<u>6,256,769</u>
<b>SHAREHOLDERS' FUNDS</b>					
			6,130,995		6,356,769
<b>NON-CONTROLLING INTERESTS</b>					
			<u>322,290</u>		<u>211,602</u>
<b>TOTAL EQUITY</b>					
			<u><u>6,453,285</u></u>		<u><u>6,568,371</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 14 December 2023 and were signed on its behalf by:

A A Cleary - Director

The notes form part of these financial statements

**Lanchester Wine Cellars Limited (Registered number: 01517126)**

**Company Balance Sheet  
30 June 2023**

		2023		2022	
Notes	£	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	10		894,319		934,636
Tangible assets	11		33,059,806		24,412,055
Investments	12		<u>10,395,285</u>		<u>10,395,285</u>
			44,349,410		35,741,976
<b>CURRENT ASSETS</b>					
Stocks	13	9,965,684		6,161,376	
Debtors	14	6,577,783		6,761,635	
Cash at bank and in hand		<u>28,326</u>		<u>70,710</u>	
			16,571,793		12,993,721
<b>CREDITORS</b>					
Amounts falling due within one year	15	<u>29,192,117</u>		<u>16,701,294</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(12,620,324)</u>		<u>(3,707,573)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			31,729,086		32,034,403
<b>CREDITORS</b>					
Amounts falling due after more than one year	16		(24,030,629)		(24,618,677)
<b>PROVISIONS FOR LIABILITIES</b>	19		<u>(867,397)</u>		<u>(545,152)</u>
<b>NET ASSETS</b>			<u><u>6,831,060</u></u>		<u><u>6,870,574</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20		100,000		100,000
Retained earnings	21		<u>6,731,060</u>		<u>6,770,574</u>
<b>SHAREHOLDERS' FUNDS</b>			<u><u>6,831,060</u></u>		<u><u>6,870,574</u></u>
Company's profit for the financial year			<u><u>8,486</u></u>		<u><u>131,421</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 14 December 2023 and were signed on its behalf by:

A A Cleary - Director

The notes form part of these financial statements

**Lanchester Wine Cellars Limited**

**Consolidated Statement of Changes in Equity  
for the Year Ended 30 June 2023**

	Called up share capital £	Retained earnings £	Total £	Non-controlling interests £	Total equity £
<b>Balance at 1 July 2021</b>	322	6,002,268	6,002,590	73,074	6,075,664
<b>Changes in equity</b>					
Issue of share capital	99,678	-	99,678	-	99,678
Dividends	-	(48,000)	(48,000)	-	(48,000)
Total comprehensive income	-	302,501	302,501	138,528	441,029
<b>Balance at 30 June 2022</b>	<u>100,000</u>	<u>6,256,769</u>	<u>6,356,769</u>	<u>211,602</u>	<u>6,568,371</u>
<b>Changes in equity</b>					
Dividends	-	(73,000)	(73,000)	-	(73,000)
Total comprehensive income	-	(152,774)	(152,774)	110,688	(42,086)
<b>Balance at 30 June 2023</b>	<u>100,000</u>	<u>6,030,995</u>	<u>6,130,995</u>	<u>322,290</u>	<u>6,453,285</u>

The notes form part of these financial statements

**Lanchester Wine Cellars Limited**  
**Company Statement of Changes in Equity**  
**for the Year Ended 30 June 2023**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 July 2021</b>	-	6,687,153	6,687,153
<b>Changes in equity</b>			
Issue of share capital	100,000	-	100,000
Dividends	-	(48,000)	(48,000)
Total comprehensive income	-	131,421	131,421
<b>Balance at 30 June 2022</b>	<u>100,000</u>	<u>6,770,574</u>	<u>6,870,574</u>
<b>Changes in equity</b>			
Dividends	-	(48,000)	(48,000)
Total comprehensive income	-	8,486	8,486
<b>Balance at 30 June 2023</b>	<u><u>100,000</u></u>	<u><u>6,731,060</u></u>	<u><u>6,831,060</u></u>

The notes form part of these financial statements

**Lanchester Wine Cellars Limited**

**Consolidated Cash Flow Statement  
for the Year Ended 30 June 2023**

	Notes	2023 £	2022 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,075,915	4,546,753
Interest paid		(1,432,556)	(643,816)
Interest element of hire purchase payments paid		(59,682)	(65,493)
Finance costs paid		(99,499)	-
Tax paid		(244,125)	(303,055)
Tax refund		<u>17,294</u>	<u>-</u>
Net cash from operating activities		<u>(742,653)</u>	<u>3,534,389</u>
 <b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(69,324)	(71,781)
Purchase of tangible fixed assets		(8,895,749)	(8,855,619)
Sale of tangible fixed assets		89,884	110,059
Interest received		<u>248</u>	<u>460</u>
Net cash from investing activities		<u>(8,874,941)</u>	<u>(8,816,881)</u>
 <b>Cash flows from financing activities</b>			
New loans in year		10,230,175	3,000,000
Loan repayments in year		(1,444,849)	(980,000)
HP Capital repayments in year		(195,123)	(494,300)
Invoice financing movement		314,040	1,310,917
Import loan movement		287,165	1,345,355
Equity dividends paid		<u>(73,000)</u>	<u>(48,000)</u>
Net cash from financing activities		<u>9,118,408</u>	<u>4,133,972</u>
 <b>Decrease in cash and cash equivalents</b>			
<b>Cash and cash equivalents at beginning of year</b>	2	(350,634)	797,886
<b>Cash and cash equivalents at end of year</b>	2	<u><u>(849,820)</u></u>	<u><u>(350,634)</u></u>

The notes form part of these financial statements

**Lanchester Wine Cellars Limited**

**Notes to the Consolidated Cash Flow Statement  
for the Year Ended 30 June 2023**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2023	2022
	£	£
Profit before taxation	414,846	653,178
Depreciation charges	2,218,419	2,152,757
Profit on disposal of fixed assets	(28,741)	(52,711)
Finance costs	1,591,737	709,309
Finance income	<u>(232,316)</u>	<u>(196,549)</u>
	3,963,945	3,265,984
Increase in stocks	(3,848,341)	(4,965,322)
Decrease/(increase) in trade and other debtors	518,495	(3,495,142)
Increase in trade and other creditors	<u>441,816</u>	<u>9,741,233</u>
<b>Cash generated from operations</b>	<u><u>1,075,915</u></u>	<u><u>4,546,753</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 30 June 2023**

	30.6.23	1.7.22
	£	£
Cash and cash equivalents	32,598	222,481
Bank overdrafts	<u>(882,418)</u>	<u>(573,115)</u>
	<u>(849,820)</u>	<u>(350,634)</u>

**Year ended 30 June 2022**

	30.6.22	1.7.21
	£	£
Cash and cash equivalents	222,481	818,067
Bank overdrafts	<u>(573,115)</u>	<u>(20,181)</u>
	<u>(350,634)</u>	<u>797,886</u>

**Lanchester Wine Cellars Limited**

**Notes to the Consolidated Cash Flow Statement  
for the Year Ended 30 June 2023**

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.7.22 £	Cash flow £	Other non-cash changes £	At 30.6.23 £
<b>Net cash</b>				
Cash at bank and in hand	222,481	(189,883)		32,598
Bank overdrafts	<u>(573,115)</u>	<u>(309,303)</u>		<u>(882,418)</u>
	<u>(350,634)</u>	<u>(499,186)</u>		<u>(849,820)</u>
<b>Debt</b>				
Finance leases	(2,755,805)	195,123	(1,935,872)	(4,496,554)
Debts falling due within 1 year	(5,762,882)	(10,263,396)	-	(16,026,278)
Debts falling due after 1 year	<u>(6,825,905)</u>	<u>1,190,905</u>	<u>-</u>	<u>(5,635,000)</u>
	<u>(15,344,592)</u>	<u>(8,877,368)</u>	<u>(1,935,872)</u>	<u>(26,157,832)</u>
<b>Total</b>	<u><u>(15,695,226)</u></u>	<u><u>(9,376,554)</u></u>	<u><u>(1,935,872)</u></u>	<u><u>(27,007,652)</u></u>

The notes form part of these financial statements



## Lanchester Wine Cellars Limited

### Notes to the Consolidated Financial Statements for the Year Ended 30 June 2023

#### 1. STATUTORY INFORMATION

Lanchester Wine Cellars Group is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

#### 2. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

There were no material departures from that standard.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

##### **Basis of consolidation**

The consolidated financial statements present the results of the Group and its own subsidiaries ("the group") as they formed a single entity, together with the group's share of the results of an associate.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. Intra-group transactions and balances with subsidiaries are eliminated in full in the consolidated financial statements.

Entities in which the group holds an interest under a contractual arrangement are treated as associates. In the group financial statements, associates are accounted for using the equity method.

All of the entities' financial statements are made up to 30 June 2023. No separate profit and loss accounts for Lanchester Wine Cellars Limited is presented, as permitted by Section 406 of the Companies Act 2006.

##### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

##### **Income recognition**

Turnover represents the sale of goods and is recognised when the significant risk and rewards of ownership of the goods have transferred to the buyer, usually on delivery of the goods.

##### **Goodwill**

Goodwill is being amortised evenly over its estimated useful life of 5-10 years.

##### **Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Website rights are being amortised evenly over their estimated useful life of ten years.

Development costs are being amortised evenly over their estimated useful life of five years.

Computer software is being amortised evenly over its estimated useful life of ten years.

## Lanchester Wine Cellars Limited

### Notes to the Consolidated Financial Statements - continued for the Year Ended 30 June 2023

#### 2. ACCOUNTING POLICIES - continued

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 5% - 33% on cost
Assets under construction	- not provided
Long leasehold	- 5% - 10% on cost
Improvements to property	- 25% on reducing balance
Plant and machinery	- 25% on cost, 25% on reducing balance, 20% on cost and 20% on reducing balance
Fixtures and fittings	- 25% on reducing balance, 20% on cost and 5% - 33% on cost
Motor vehicles	- 25% on cost, 25% on reducing balance and 20% on cost
Computer equipment	- 33% on cost, 25% on reducing balance, 25% on cost and 20% on cost

Tangible fixed assets are initially measured at cost. After initial recognition, tangible fixed assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

##### **Investments in subsidiaries and associates**

Investments in subsidiary and associate undertakings are recognised at cost less any provision for impairment.

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

##### **Financial instruments**

###### **Debtors**

Short term debtors are measured at transaction price. Other financial assets including cash and bank are measured at fair value.

###### **Creditors**

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Lanchester Wine Cellars Limited

### Notes to the Consolidated Financial Statements - continued for the Year Ended 30 June 2023

#### 2. ACCOUNTING POLICIES - continued

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

##### **Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

##### **Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

##### **Significant judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

The basis of key estimates that management have considered in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. As estimate of the useful life of assets is detailed in the depreciation accounting policy. There is also judgement involved in the timing of assets under construction being brought into use and the timing of depreciation commencing.

##### **Going concern**

During the year, there has been significant investment into the construction of a new bottling and storage facility which is expected to increase output and sales long term. The directors consider that the going concern assumption upon which these financial statements have been prepared continues to be appropriate. Greencroft Bottling Company Limited, a company under common control, will continue to provide financial support to Lanchester Wine Cellars Limited as necessary to enable the entity to continue as a going concern for a period of not less than 12 months from the date of approval of these financial statements. Accordingly, the directors consider is reasonable to prepare these financial statements on a going concern basis.

##### **Invoice financing**

The invoice financing facility represents amounts received in respect of financed debts. There is full recourse to the group for losses on debts, and so the financed debts continue to be recognised on the balance sheet. Interest and other charges relating to invoice financing are recognised in the profit and loss account over the relevant period.

#### 3. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the group.

**Lanchester Wine Cellars Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2023**

**4. EMPLOYEES AND DIRECTORS**

	2023	2022
	£	£
Wages and salaries	7,190,934	6,615,704
Social security costs	673,895	644,856
Other pension costs	<u>185,290</u>	<u>159,550</u>
	<u>8,050,119</u>	<u>7,420,110</u>

The average number of employees during the year was as follows:

	2023	2022
Operational	153	161
Administration	59	56
Management	<u>37</u>	<u>37</u>
	<u>249</u>	<u>254</u>

	2023	2022
	£	£
Directors' remuneration	270,455	163,080
Directors' pension contributions to money purchase schemes	<u>5,318</u>	<u>2,250</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

Information regarding the highest paid director for the year ended 30 June 2023 is as follows:

	2023
	£
Emoluments etc	187,493
Pension contributions to money purchase schemes	<u>5,318</u>

**5. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2023	2022
	£	£
Hire of plant and machinery	130,638	196,915
Other operating leases	1,533,810	1,001,231
Depreciation - owned assets	1,125,372	1,273,411
Depreciation - assets on hire purchase contracts	249,530	39,757
Profit on disposal of fixed assets	(28,741)	(52,711)
Goodwill amortisation	723,513	237,633
Development costs amortisation	1,402	2,131
Computer software amortisation	118,601	110,575
Auditor's remuneration	60,000	39,450
Foreign exchange differences	(239,205)	94,243
Fees paid to auditors for other services	<u>6,500</u>	<u>-</u>

**Lanchester Wine Cellars Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2023**

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2023	2022
	£	£
Bank loan interest	368,355	201,987
Interest on intercompany loan	-	21,561
Invoice finance charges	99,499	31,793
Loan against import interest	1,090	538
Interest payable	1,063,111	387,937
Hire purchase	<u>59,682</u>	<u>65,493</u>
	<u><u>1,591,737</u></u>	<u><u>709,309</u></u>

**7. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2023	2022
	£	£
Current tax:		
UK corporation tax	-	244,875
Overprovision in prior year	<u>(17,957)</u>	<u>(7,204)</u>
Total current tax	<u>(17,957)</u>	<u>237,671</u>
Deferred tax:		
Deferred tax	243,274	(20,505)
Underprovision in prior year	<u>231,615</u>	<u>(5,017)</u>
Total deferred tax	<u>474,889</u>	<u>(25,522)</u>
Tax on profit	<u><u>456,932</u></u>	<u><u>212,149</u></u>

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2023	2022
	£	£
Profit before tax	<u>414,846</u>	<u>653,178</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20.50% (2022 - 19%)	85,043	124,104
Effects of:		
Expenses not deductible for tax purposes	152,870	186,840
Income not taxable for tax purposes	-	(37,257)
Benefit of super deduction	(38,547)	(44,396)
Prior year adjustment	213,658	(12,221)
Tax rate changes	<u>43,908</u>	<u>(4,921)</u>
Total tax charge	<u><u>456,932</u></u>	<u><u>212,149</u></u>

**Lanchester Wine Cellars Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2023**

**8. INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

**9. DIVIDENDS**

	2023 £	2022 £
Ordinary shares shares of £1 each		
Interim	<u>73,000</u>	<u>48,000</u>

**10. INTANGIBLE FIXED ASSETS**

**Group**

	Goodwill £	Website rights £	Development costs £	Computer software £	Totals £
<b>COST</b>					
At 1 July 2022	7,212,230	302,500	63,737	1,213,826	8,792,293
Additions	-	-	-	69,324	69,324
Disposals	(56,000)	-	-	-	(56,000)
Reclassification/transfer	-	-	-	68,736	68,736
	<u>7,156,230</u>	<u>302,500</u>	<u>63,737</u>	<u>1,351,886</u>	<u>8,874,353</u>
<b>AMORTISATION</b>					
At 1 July 2022	4,241,063	302,500	60,934	237,189	4,841,686
Amortisation for year	723,513	-	1,402	118,601	843,516
Eliminated on disposal	(56,000)	-	-	-	(56,000)
	<u>4,908,576</u>	<u>302,500</u>	<u>62,336</u>	<u>355,790</u>	<u>5,629,202</u>
<b>NET BOOK VALUE</b>					
At 30 June 2023	<u>2,247,654</u>	<u>-</u>	<u>1,401</u>	<u>996,096</u>	<u>3,245,151</u>
At 30 June 2022	<u>2,971,167</u>	<u>-</u>	<u>2,803</u>	<u>976,637</u>	<u>3,950,607</u>

Lanchester Wine Cellars Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2023

10. INTANGIBLE FIXED ASSETS - continued

Company

	Website rights £	Computer software £	Totals £
<b>COST</b>			
At 1 July 2022	302,500	1,165,501	1,468,001
Reclassification/transfer	<u>-</u>	<u>68,154</u>	<u>68,154</u>
At 30 June 2023	<u>302,500</u>	<u>1,233,655</u>	<u>1,536,155</u>
<b>AMORTISATION</b>			
At 1 July 2022	302,500	230,865	533,365
Amortisation for year	<u>-</u>	<u>108,471</u>	<u>108,471</u>
At 30 June 2023	<u>302,500</u>	<u>339,336</u>	<u>641,836</u>
<b>NET BOOK VALUE</b>			
At 30 June 2023	<u>-</u>	<u>894,319</u>	<u>894,319</u>
At 30 June 2022	<u>-</u>	<u>934,636</u>	<u>934,636</u>

The net book value of assets held under hire purchase contracts is £415,441 (2022: £469,629) included in computer software above.

11. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Assets under construction £	Long leasehold £	Improvement to property £
<b>COST</b>				
At 1 July 2022	8,074,318	11,756,048	670,741	98,352
Additions	178,199	9,351,192	-	-
Disposals	-	-	-	-
Reclassification/transfer	<u>-</u>	<u>(1,130,793)</u>	<u>-</u>	<u>796,202</u>
At 30 June 2023	<u>8,252,517</u>	<u>19,976,447</u>	<u>670,741</u>	<u>894,554</u>
<b>DEPRECIATION</b>				
At 1 July 2022	657,224	-	257,479	71,154
Charge for year	225,138	-	30,926	86,420
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 June 2023	<u>882,362</u>	<u>-</u>	<u>288,405</u>	<u>157,574</u>
<b>NET BOOK VALUE</b>				
At 30 June 2023	<u>7,370,155</u>	<u>19,976,447</u>	<u>382,336</u>	<u>736,980</u>
At 30 June 2022	<u>7,417,094</u>	<u>11,756,048</u>	<u>413,262</u>	<u>27,198</u>

**Lanchester Wine Cellars Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2023**

**11. TANGIBLE FIXED ASSETS - continued**

**Group**

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>					
At 1 July 2022	123,269	8,242,282	1,594,975	306,995	30,866,980
Additions	135,561	741,446	415,727	9,496	10,831,621
Disposals	(2,642)	-	(118,043)	(1,150)	(121,835)
Reclassification/transfer	4,071	254,562	-	7,222	(68,736)
At 30 June 2023	<u>260,259</u>	<u>9,238,290</u>	<u>1,892,659</u>	<u>322,563</u>	<u>41,508,030</u>
<b>DEPRECIATION</b>					
At 1 July 2022	46,820	2,371,535	974,729	181,589	4,560,530
Charge for year	39,875	665,433	284,081	43,029	1,374,902
Eliminated on disposal	(2,643)	-	(56,900)	(1,149)	(60,692)
At 30 June 2023	<u>84,052</u>	<u>3,036,968</u>	<u>1,201,910</u>	<u>223,469</u>	<u>5,874,740</u>
<b>NET BOOK VALUE</b>					
At 30 June 2023	<u><u>176,207</u></u>	<u><u>6,201,322</u></u>	<u><u>690,749</u></u>	<u><u>99,094</u></u>	<u><u>35,633,290</u></u>
At 30 June 2022	<u><u>76,449</u></u>	<u><u>5,870,747</u></u>	<u><u>620,246</u></u>	<u><u>125,406</u></u>	<u><u>26,306,450</u></u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Freehold property £	Assets under construction £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 July 2022	238,542	1,828,848	933,485	550,219	3,551,094
Additions	-	1,841,560	-	94,312	1,935,872
Transfer to ownership	-	-	-	70,145	70,145
At 30 June 2023	<u>238,542</u>	<u>3,670,408</u>	<u>933,485</u>	<u>714,676</u>	<u>5,557,111</u>
<b>DEPRECIATION</b>					
At 1 July 2022	89,564	-	209,766	305,993	605,323
Charge for year	37,088	-	61,233	151,209	249,530
At 30 June 2023	<u>126,652</u>	<u>-</u>	<u>270,999</u>	<u>457,202</u>	<u>854,853</u>
<b>NET BOOK VALUE</b>					
At 30 June 2023	<u><u>111,890</u></u>	<u><u>3,670,408</u></u>	<u><u>662,486</u></u>	<u><u>257,474</u></u>	<u><u>4,702,258</u></u>
At 30 June 2022	<u><u>148,978</u></u>	<u><u>1,828,848</u></u>	<u><u>723,719</u></u>	<u><u>244,226</u></u>	<u><u>2,945,771</u></u>



Lanchester Wine Cellars Limited

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2023

11. TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £	Assets under construction £	Long leasehold £
<b>COST</b>			
At 1 July 2022	8,074,318	10,699,624	670,741
Additions	178,199	8,703,139	-
Disposals	-	-	-
Reclassification/transfer	-	(128,062)	-
At 30 June 2023	<u>8,252,517</u>	<u>19,274,701</u>	<u>670,741</u>
<b>DEPRECIATION</b>			
At 1 July 2022	657,224	-	257,479
Charge for year	225,138	-	30,926
Eliminated on disposal	-	-	-
At 30 June 2023	<u>882,362</u>	<u>-</u>	<u>288,405</u>
<b>NET BOOK VALUE</b>			
At 30 June 2023	<u>7,370,155</u>	<u>19,274,701</u>	<u>382,336</u>
At 30 June 2022	<u>7,417,094</u>	<u>10,699,624</u>	<u>413,262</u>
	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>			
At 1 July 2022	7,288,417	1,439,449	28,172,549
Additions	646,395	251,162	9,778,895
Disposals	-	(115,343)	(115,343)
Reclassification/transfer	59,908	-	(68,154)
At 30 June 2023	<u>7,994,720</u>	<u>1,575,268</u>	<u>37,767,947</u>
<b>DEPRECIATION</b>			
At 1 July 2022	1,962,525	883,266	3,760,494
Charge for year	497,572	248,211	1,001,847
Eliminated on disposal	-	(54,200)	(54,200)
At 30 June 2023	<u>2,460,097</u>	<u>1,077,277</u>	<u>4,708,141</u>
<b>NET BOOK VALUE</b>			
At 30 June 2023	<u>5,534,623</u>	<u>497,991</u>	<u>33,059,806</u>
At 30 June 2022	<u>5,325,892</u>	<u>556,183</u>	<u>24,412,055</u>

**Lanchester Wine Cellars Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2023**

**11. TANGIBLE FIXED ASSETS - continued**

**Company**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Freehold property £	Assets under construction £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 July 2022	238,542	1,828,848	933,485	550,219	3,551,094
Additions	-	1,841,560	-	94,312	1,935,872
Transfer to ownership	-	-	-	70,145	70,145
At 30 June 2023	<u>238,542</u>	<u>3,670,408</u>	<u>933,485</u>	<u>714,676</u>	<u>5,557,111</u>
<b>DEPRECIATION</b>					
At 1 July 2022	89,564	-	209,766	305,993	605,323
Charge for year	<u>37,088</u>	-	<u>61,233</u>	<u>151,209</u>	<u>249,530</u>
At 30 June 2023	<u>126,652</u>	-	<u>270,999</u>	<u>457,202</u>	<u>854,853</u>
<b>NET BOOK VALUE</b>					
At 30 June 2023	<u>111,890</u>	<u>3,670,408</u>	<u>662,486</u>	<u>257,474</u>	<u>4,702,258</u>
At 30 June 2022	<u>148,978</u>	<u>1,828,848</u>	<u>723,719</u>	<u>244,226</u>	<u>2,945,771</u>

**12. FIXED ASSET INVESTMENTS**

**Group**

	Shares in group undertakings £	Interest in joint venture £	Interest in associate £	Unlisted investments £	Totals £
<b>COST</b>					
At 1 July 2022	8,085	474,636	-	2,000	484,721
Share of profit/(loss)	-	82,221	61,599	-	143,820
Reclassification/transfer	-	(556,857)	556,857	-	-
At 30 June 2023	<u>8,085</u>	-	<u>618,456</u>	<u>2,000</u>	<u>628,541</u>
<b>NET BOOK VALUE</b>					
At 30 June 2023	<u>8,085</u>	-	<u>618,456</u>	<u>2,000</u>	<u>628,541</u>
At 30 June 2022	<u>8,085</u>	<u>474,636</u>	-	<u>2,000</u>	<u>484,721</u>

**Lanchester Wine Cellars Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2023**

**12. FIXED ASSET INVESTMENTS - continued**

**Company**

	Shares in group undertakings £	Interest in joint venture £	Interest in associate £	Unlisted investments £	Totals £
<b>COST</b>					
At 1 July 2022	10,340,715	52,570	-	2,000	10,395,285
Reclassification/transfer	<u>-</u>	<u>(52,570)</u>	<u>52,570</u>	<u>-</u>	<u>-</u>
At 30 June 2023	<u>10,340,715</u>	<u>-</u>	<u>52,570</u>	<u>2,000</u>	<u>10,395,285</u>
<b>NET BOOK VALUE</b>					
At 30 June 2023	<u>10,340,715</u>	<u>-</u>	<u>52,570</u>	<u>2,000</u>	<u>10,395,285</u>
At 30 June 2022	<u>10,340,715</u>	<u>52,570</u>	<u>-</u>	<u>2,000</u>	<u>10,395,285</u>

The company have an investment in an associated company, Universal Wines & Spirits Limited. 5% of the shareholding was transferred in the year, transferring the company from a joint venture to an associate. The company is incorporated in the United Kingdom and the group and company own 45% of the ordinary share capital. The principal activity of the company is online sales of wines and spirits. The registered office is Greencroft Industrial Estate, Tower Road, Annfield Plain, County Durham, DH9 7XP.

The investment is accounted for using the equity method. The company made profit for the year of £497,435 (2022: £392,177), of which the group's share is recognised in the consolidated profit and loss account.

**13. STOCKS**

	<b>Group</b>		<b>Company</b>	
	2023 £	2022 £	2023 £	2022 £
Raw materials	3,745,952	1,648,797	2,282,363	419,008
Work-in-progress	22,636	16,915	22,636	16,915
Finished goods	<u>13,548,339</u>	<u>11,802,874</u>	<u>7,660,685</u>	<u>5,725,453</u>
	<u>17,316,927</u>	<u>13,468,586</u>	<u>9,965,684</u>	<u>6,161,376</u>

**14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2023 £	2022 £	2023 £	2022 £
Trade debtors	7,875,704	8,125,521	4,758,883	3,800,185
Amounts owed by group undertakings	-	-	159,557	1,040,951
Amounts owed by participating interests	20,000	55,989	20,000	55,989
Other debtors	145,596	588,428	22,765	492,126
VAT	30,209	-	-	-
Prepayments and accrued income	<u>1,961,926</u>	<u>1,781,992</u>	<u>1,616,578</u>	<u>1,372,384</u>
	<u>10,033,435</u>	<u>10,551,930</u>	<u>6,577,783</u>	<u>6,761,635</u>

**Lanchester Wine Cellars Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2023**

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2023	2022	2023	2022
	£	£	£	£
Bank loans and overdrafts (see note 17)	16,908,696	6,136,017	16,353,950	5,828,726
Other loans (see note 17)	-	199,980	-	199,980
Hire purchase contracts (see note 18)	825,430	219,440	825,430	219,440
Trade creditors	7,094,964	5,556,321	4,948,033	3,018,819
Amounts owed to group undertakings	-	-	7,068	984,221
Amounts owed to participating interests	4,686,139	2,871,155	3,137,004	961,261
Corporation tax	17,957	244,916	-	41,784
Taxation and social security	415,332	597,322	97,723	92,964
Other creditors	263,527	445,610	252,631	314,457
Accruals and deferred income	864,996	2,986,699	100,050	2,450,784
Invoice finance facility	4,104,604	3,790,564	3,470,228	2,588,858
	<u>35,181,645</u>	<u>23,048,024</u>	<u>29,192,117</u>	<u>16,701,294</u>

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2023	2022	2023	2022
	£	£	£	£
Bank loans (see note 17)	5,635,000	6,615,000	5,635,000	6,615,000
Other loans (see note 17)	-	210,905	-	210,905
Hire purchase contracts (see note 18)	3,671,124	2,536,365	3,671,124	2,536,365
Amounts owed to participating interests	14,724,505	15,256,407	14,724,505	15,256,407
	<u>24,030,629</u>	<u>24,618,677</u>	<u>24,030,629</u>	<u>24,618,677</u>

**Lanchester Wine Cellars Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2023**

**17. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	2023 £	2022 £	2023 £	2022 £
Amounts falling due within one year or on demand:				
Bank overdrafts	882,418	573,115	327,672	319,788
Bank loans	16,026,278	5,562,902	16,026,278	5,508,938
Other loans	<u>-</u>	<u>199,980</u>	<u>-</u>	<u>199,980</u>
	<u>16,908,696</u>	<u>6,335,997</u>	<u>16,353,950</u>	<u>6,028,706</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	1,960,000	1,960,000	1,960,000	1,960,000
Other loans - 1-2 years	<u>-</u>	<u>210,905</u>	<u>-</u>	<u>210,905</u>
	<u>1,960,000</u>	<u>2,170,905</u>	<u>1,960,000</u>	<u>2,170,905</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>2,940,000</u>	<u>2,940,000</u>	<u>2,940,000</u>	<u>2,940,000</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	<u>735,000</u>	<u>1,715,000</u>	<u>735,000</u>	<u>1,715,000</u>

All loans were consolidated into one term-loan of £9,800,000 which accrued interest at 1.7% above LIBOR and is repayable in 40 equal installments of £245,000 with the final repayment due in March 2030. There is a cross guarantee between companies under common control as detailed in note 23.

An additional £14,200,000 loan was taken out in April 2023 for a term of 3 months. Interest is charged at 2.1% above base rate. The facility was extended and is repayable in full in January 2024.

The bank loan and overdrafts are secured by a first fixed and floating charge over the assets of the group and entities under common control. The hire purchase liabilities are secured on the assets to which they relate.

Amounts owed to connected companies are unsecured and accrued interest of 1.7% plus LIBOR.

**18. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

<b>Group</b>	Hire purchase contracts	
	2023 £	2022 £
Net obligations repayable:		
Within one year	825,430	219,440
Between one and five years	<u>3,671,124</u>	<u>2,536,365</u>
	<u>4,496,554</u>	<u>2,755,805</u>

**Lanchester Wine Cellars Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2023**

**18. LEASING AGREEMENTS - continued**

**Company**

	Hire purchase contracts	
	2023	2022
	£	£
Net obligations repayable:		
Within one year	825,430	219,440
Between one and five years	<u>3,671,124</u>	<u>2,536,365</u>
	<u>4,496,554</u>	<u>2,755,805</u>

**Group**

	Non-cancellable operating leases	
	2023	2022
	£	£
Within one year	1,128,585	930,232
Between one and five years	1,677,118	1,163,011
In more than five years	<u>1,521,467</u>	<u>-</u>
	<u>4,327,170</u>	<u>2,093,243</u>

**Company**

	Non-cancellable operating leases	
	2023	2022
	£	£
Within one year	659,775	930,232
Between one and five years	119,150	1,163,011
In more than five years	<u>14,384</u>	<u>-</u>
	<u>793,309</u>	<u>2,093,243</u>

**19. PROVISIONS FOR LIABILITIES**

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Deferred tax	<u>1,224,383</u>	<u>749,703</u>	<u>867,397</u>	<u>545,152</u>

**Group**

	Deferred tax £
Balance at 1 July 2022	749,703
Charge to Income Statement during year	243,065
Underprovision in prior year	<u>231,615</u>
Balance at 30 June 2023	<u>1,224,383</u>

**Lanchester Wine Cellars Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2023**

**19. PROVISIONS FOR LIABILITIES - continued**

**Company**

	Deferred tax £
Balance at 1 July 2022	545,152
Accelerated capital allowances	100,441
Underprovision in the prior year	<u>221,804</u>
Balance at 30 June 2023	<u>867,397</u>

**20. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2023	2022
			£	£
100,000	Ordinary shares	£1	<u>100,000</u>	<u>100,000</u>

There is a single class of Ordinary shares. There are no restrictions on the distributions of dividends and the repayment of capital.

**21. RESERVES**

**Group**

	Retained earnings £
At 1 July 2022	6,256,769
Deficit for the year	(152,774)
Dividends	<u>(73,000)</u>
At 30 June 2023	<u>6,030,995</u>

**Company**

	Retained earnings £
At 1 July 2022	6,770,574
Profit for the year	8,486
Dividends	<u>(48,000)</u>
At 30 June 2023	<u>6,731,060</u>

Retained earnings includes all profits and losses less any distributions made.

**22. PENSION COMMITMENTS**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounts to £171,290 (2022: £157,300). Contributions totalling £24,263 (2022: £23,156) were payable to the fund at the balance sheet date and are included within other creditors.

**Lanchester Wine Cellars Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 June 2023**

**23. CONTINGENT LIABILITIES**

There is an unlimited and cross guarantee for the total bank indebtedness in both the group and Greencroft Bottling Company Limited, a company under common control. The aggregate amount outstanding at the balance sheet date to which the guarantee relates is £43,119,258 (2022: £30,910,226), of which £29,132,015 (2022: £17,076,143) is recognised as a liability in these financial statements.

**24. CAPITAL COMMITMENTS**

	2023	2022
	£	£
Contracted but not provided for in the financial statements	<u>1,125,305</u>	<u>1,966,888</u>

**25. RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

**Entities over which entity has control, joint control or significant influence**

	2023	2022
	£	£
Sales	1,177,199	882,257
Purchases	8,495,827	6,314,883
Recharges	518,983	60,790
Management charges	914,000	1,529,000
Interest paid	881,702	313,938
Dividends received	88,248	-
Amount due from related party	34,873	55,989
Amount due to related party	<u>19,738,590</u>	<u>18,127,562</u>

**26. ULTIMATE CONTROLLING PARTY**

The controlling party is A A Cleary.



**Lanchester Wine Cellars Limited**

**Consolidated Trading and Profit and Loss Account  
for the Year Ended 30 June 2023**

	2023		2022	
	£	£	£	£
<b>Sales</b>		60,203,963		51,360,854
<b>Cost of sales</b>				
Purchases and direct costs	28,285,440		21,112,491	
Carriage inwards	1,228,679		1,398,510	
Import duty	3,906,546		3,548,946	
Customs and excise duty	8,544,901		8,893,651	
Carriage and shipping	4,852,901		3,773,468	
Wages and salaries	2,673,874		2,476,502	
Other direct costs	1,055,596		863,220	
Sub contractors	1,126,505		1,339,767	
		<u>51,674,442</u>		<u>43,406,555</u>
<b>GROSS PROFIT</b>		8,529,521		7,954,299
<b>Other income</b>				
Rents received	4,559,544		3,550,470	
Sundry receipts	420,700		219,859	
Management charges	1,429,958		1,877,000	
Recharged expenses	700,062		-	
Interest in joint venture	232,068		196,089	
Deposit account interest	235		460	
Corporation tax interest	13		-	
		<u>7,342,580</u>		<u>5,843,878</u>
		15,872,101		13,798,177
<b>Expenditure</b>				
Rent	1,533,810		1,001,231	
Rates and water	964,684		582,298	
Insurance	439,361		562,012	
Light and heat	1,207,740		794,652	
Directors' salaries	252,747		163,080	
Directors' commission	17,708		-	
Directors' social security	13,009		-	
Directors' pension contributions	5,318		2,250	
Wages and salaries	4,246,605		3,976,122	
Social security	660,886		644,856	
Pension costs	179,972		157,300	
Hire of plant and machinery	130,638		196,915	
Office expenses	580		586	
Telephone	94,378		160,626	
Postage and stationery	68,637		67,010	
Advertising	316,218		358,318	
Travelling and subsistence	152,323		100,658	
Motor expenses	261,034		225,918	
Demurrage	60,750		51,983	
Dilapidation costs	180,000		-	
Repairs and maintenance	546,229		324,833	
Website costs	7,197		6,226	
Household and cleaning	136,968		82,356	
Computer costs	48,261		47,693	
		<u>11,525,053</u>		<u>9,506,923</u>
Carried forward		15,872,101		13,798,177

This page does not form part of the statutory financial statements

**Lanchester Wine Cellars Limited**

**Consolidated Trading and Profit and Loss Account  
for the Year Ended 30 June 2023**

	2023		2022	
	£	£	£	£
Brought forward	11,525,053	15,872,101	9,506,923	13,798,177
Sundry expenses	275,290		234,879	
Management charges	(684,042)		(379,194)	
Accountancy	5,519		21,295	
Subscriptions	133,932		182,336	
Legal fees	284,955		284,720	
Auditors' remuneration	60,000		39,450	
Donations	8,209		4,178	
Foreign exchange losses	(239,205)		94,243	
Amortisation of intangible fixed assets				
Goodwill	723,513		726,883	
Development costs	1,402		2,131	
Computer software	118,601		110,575	
Depreciation of tangible fixed assets				
Freehold property	225,265		221,662	
Long leasehold	30,926		31,240	
Improvements to property	86,419		9,069	
Plant and machinery	91,938		68,916	
Fixtures and fittings	647,505		667,885	
Motor vehicles	270,453		293,341	
Computer equipment	22,397		21,055	
Profit/loss on sale of tangible fixed assets	(27,908)		(52,711)	
Entertaining	28,990		27,046	
Bad debts	119,580		114,759	
Donations	2,000		1,921	
	<u>13,710,792</u>		<u>12,232,602</u>	
		2,161,309		1,565,575
<b>Finance costs</b>				
Bank charges	155,559		203,088	
Bank loan interest	368,355		201,987	
Interest on intercompany loan	-		21,561	
Invoice finance charges	99,499		31,793	
Loan against import interest	1,090		538	
Interest payable	1,063,111		387,937	
Hire purchase	59,682		65,493	
	<u>1,747,296</u>		<u>912,397</u>	
		414,013		653,178
<b>Profit on disposal of fixed assets</b>				
Motor vehicles		<u>833</u>		<u>-</u>
<b>NET PROFIT</b>		<u><u>414,846</u></u>		<u><u>653,178</u></u>

This page does not form part of the statutory financial statements