

# **TANNERS WINES LIMITED**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2015**

**Company Registration Number 01072469**

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## **OFFICERS AND PROFESSIONAL ADVISERS**

### **The board of directors**

J J Tanner  
R C Boutflower  
A J Patterson  
R J Morgan  
S D Crosland  
S J Lloyd

### **Business address**

26 Wyle Cop  
Shrewsbury  
Shropshire  
SY1 1XD

### **Registered office**

As above

### **Auditor**

RSM UK Audit LLP  
Chartered Accountants  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF

### **Bankers**

Lloyds TSB  
Pride Hill  
Shrewsbury  
SY1 1DG

## STRATEGIC REPORT

The principal activity of the company during the year was wholesaling and retailing of wines, spirits, beers and mineral waters.

### Fair review of the business

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and complexity of the business and is written in the context of the risks and uncertainties we face.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross profit margin and profit before tax.

During the year the company's turnover marginally increased to £18.76m. Gross margins improved due to a change in sales mix and foreign currency benefits following the strengthening of GBP compared to the Euro. Gross profit increased by 6.4% to £5.2m. Continued careful control of overheads has meant that this increase in gross profit flowed through to a profit before tax of £513k, an increase of £160k or 45.3%.

Since the year end we have opened our new retail site in Chester, increased our warehousing space in Welshpool and relocated our premises in Llandudno.

As for many companies of our size, the business environment in which we operate continues to be challenging. With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control. However, we will continue to show flexibility and respond to market conditions and opportunities as they arise.

### Risks and uncertainties

The company finances its operations through a mixture of retained profit, bank overdraft, fixed asset under hire purchase agreement and various items such as trade debtors and trade creditors that arise directly from its operations. The company's exposure to interest rate fluctuations is managed by regular review with the company's bankers. The exposure to exchange rate fluctuations is managed by the conservative use of forward exchange rate contracts. The control of risk and efficient working capital management are integral to the company's business and the directors regularly review and agree policies for managing such risks.

Signed on behalf of the directors

  
J J Tanner

Director

Approved by the directors on 25<sup>th</sup> February 2016

## **DIRECTORS' REPORT**

The directors present their report and the financial statements of the company for the year ended 31 May 2015.

### **Results and dividends**

The profit for the year, after taxation, amounted to £413,279 (2014: £275,926). The directors have not recommended a dividend.

### **Directors**

The directors who served the company during the year were as follows:

- J J Tanner
- R C Boutflower
- A J Patterson
- R J Morgan
- S D Crosland
- S J Lloyd

### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, Directors' 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). 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 year.

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; 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.

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditor**

A resolution to reappoint RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) as auditor for the ensuing year will be proposed at the forthcoming annual general meeting.

Signed on behalf of the directors



J J Tanner

**Director**

Approved by the directors on 25<sup>th</sup> February 2016

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TANNERS WINES LIMITED**

We have audited the financial statements on pages 9 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As more fully explained in the Directors' responsibilities statement set out on pages 5 to 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2015 and of its profit 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

*RSM UK Audit LLP*

Charles Fray (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor  
Chartered Accountants  
St Philips Point  
Temple Row  
Birmingham  
West Midlands  
B2 5AF

Date: 25<sup>th</sup> February 2016



**PROFIT AND LOSS ACCOUNT**

	Note	2015 £	2014 * £
<b>Turnover</b>	5	<b>18,764,212</b>	<b>18,754,888</b>
Cost of sales		(13,536,914)	(13,842,933)
<b>Gross profit</b>		<b>5,227,298</b>	<b>4,911,955</b>
Distribution costs		(396,946)	(371,489)
Administrative expenses		(4,313,788)	(4,184,457)
Other operating income	6	16,217	33,295
<b>Operating profit</b>		<b>532,781</b>	<b>389,304</b>
Fair value losses on foreign exchange contracts	7	(4,457)	(7,350)
Income from fixed asset investments	10	3,147	4,050
Interest payable and similar charges	11	(18,602)	(33,086)
<b>Profit on ordinary activities before taxation</b>	7	<b>512,869</b>	<b>352,918</b>
Tax on profit on ordinary activities	12	(99,590)	(76,992)
<b>Profit for the financial year</b>		<b>413,279</b>	<b>275,926</b>

All of the activities of the group are classed as continuing.

\* Restated under FRS102 from UK GAAP; please see note 32 for further details

**STATEMENT OF CHANGES IN INCOME AND RETAINED EARNINGS**

	Called-up share capital £	Profit and loss account £	Total £
<b>At 1 June 2014</b>	<b>100</b>	<b>523,984</b>	<b>524,084</b>
Profit for the financial year	-	413,279	413,279
Dividends	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>413,279</b>	<b>413,279</b>
<b>At 31 May 2015</b>	<b>100</b>	<b>937,263</b>	<b>937,363</b>
<b>At 1 June 2013</b>	<b>100</b>	<b>248,058</b>	<b>248,158</b>
Profit for the financial year	-	275,926	275,926
Dividends	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>275,926</b>	<b>275,926</b>
<b>At 31 May 2014</b>	<b>100</b>	<b>523,984</b>	<b>524,084</b>

# BALANCE SHEET

	Note	2015		2014	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	13		63,107		103,475
Tangible assets	14		379,619		304,177
Investments	15		23,700		20,050
			<u>466,426</u>		<u>427,702</u>
<b>Current assets</b>					
Stocks	16	2,411,795		2,816,445	
Debtors	17	2,416,654		2,791,056	
Cash at bank and in hand		<u>353,165</u>		<u>1,663</u>	
		5,181,614		5,609,164	
<b>Creditors: Amounts falling due within one year</b>	18	<u>(4,511,601)</u>		<u>(5,314,625)</u>	
<b>Net current assets</b>			670,013		294,539
<b>Total assets less current liabilities</b>			<u>1,136,439</u>		<u>722,241</u>
<b>Creditors: Amounts falling due after more than one year</b>	19		(164,777)		(169,757)
<b>Provisions for liabilities</b>					
Deferred taxation	22		(34,299)		(28,400)
			<u>937,363</u>		<u>524,084</u>
<b>Capital and reserves</b>					
Called-up share capital	26		100		100
Profit and loss account	27		937,263		523,984
<b>Total equity</b>			<u>937,363</u>		<u>524,084</u>

These accounts were approved by the directors and authorised for issue on 25<sup>th</sup> February 2016 and are signed on their behalf by:

  
JJ Tanner  
Director

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

The principal activity of the company during the year was wholesaling and retailing of wines, spirits, beers and mineral waters in the United Kingdom. The financial statements are presented in sterling (£). The principal business address for the company is 26 Wyle Cop, Shrewsbury, Shropshire SY1 1XD.

#### Going concern

These company financial statements have been drawn up on a going concern basis.

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

### 2. Significant accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Significant accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### a) Stock provision

At each reporting date, the Company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. A review is undertaken with the Buying Director and members of the sales team to establish slow moving lines or where there is an indication of impairment. The nature of the wines held on stock by the Company means the requirement for a provision should be lower than for a number of retailers as fine wines should not lose significant value with ageing until they mature.

##### b) Bad debt provision

The Company undertakes monthly reviews of all outstanding debtor balances and employs a full-time credit controller to monitor all debtor balances. A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract.

### **Significant areas of judgement**

#### **a) Recognition of En Primeur revenue**

Revenue in respect of En Primeur sales is recognised when invoiced and the amount is payable by the customer. The cost of the goods to be delivered is included in cost of sales and creditors. Payment has usually been made to the supplier before the delivery of the goods. The commercial risk of the goods passes from the Company to the customer once ordered and therefore the directors believe it applicable to recognise En Primeur revenue on invoicing, rather than on shipping of the goods to the customer.

### **3. First time adoption**

These company financial statements are the first financial statements of Tanners Wines Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Tanners Wines Limited for the year ended 31 May 2014 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

The Company has restated its comparative financial information in accordance with FRS 102.

Reconciliations and descriptions of the effect of the transition to FRS 102 on;

- (i) the company equity at the date of transition to FRS 102;
  - (ii) the company equity at the end of the comparative period; and
  - (iii) the company profit or loss for the comparative period reported under previous UK GAAP
- are given in note 32.

### **4. Accounting policies**

#### **Basis of accounting**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include certain financial instruments at fair value.

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures for the company. Tanners Wines Limited is a wholly owned subsidiary of Tanners (Shrewsbury) Limited. The Company has taken advantage of the exemption under FRS 102 not to present a Cash Flow Statement as this a Consolidated Cash Flow Statement is presented in the accounts of the parent company.

- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

### **Turnover**

Turnover is recognised at the fair value, net of Value Added Tax, of the consideration received or receivable for goods and services supplied to external customers during the year in the ordinary course of business. The fair value of consideration takes into account trade and volume discounts.

Revenue in respect of En Primeur sales is recognised when invoiced and the amount is payable by the customer. The cost of the goods to be delivered is included in cost of sales and creditors. Payment has usually been made to the supplier before the delivery of the goods. The commercial risk of the goods passes from the Company to the customer once ordered and therefore the directors believe it applicable to recognise En Primeur revenue on invoicing.

### **Intangible assets**

Intangible assets are initially measured at cost and subsequently measured at cost or valuation, net of amortisation and any impairment losses. Amortisation is provided on all intangible assets at a rate shown in the table below. Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefits. Any remaining carrying amounts of previously recognised intangible assets are then derecognised. All other costs of repairs and maintenance are charged to profit or loss as incurred.

### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Software	5 years straight line
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### **Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Freehold Property:	Not depreciated
Leasehold Property Improvements:	7 to 20 years straight line
Fixtures & Fittings:	5 to 7 years straight line
Motor Vehicles:	3 to 7 years straight line

The Companies Act 2006 requires all properties to be depreciated. Freehold Property is not depreciated. The directors consider that these properties are maintained in such a state of repair

that their residual value is at least equal to their net book value. As a result, the corresponding depreciation would not be material and therefore is not charged in the profit and loss account.

Subsequent costs, including replacement parts and major inspections, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts of previous inspections are then derecognised. All other costs of repairs and maintenance are charged to profit or loss as incurred.

Properties in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

#### **Impairments of fixed assets**

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Company estimates the recoverable amount of the asset

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

#### **Fixed asset investments**

Fixed asset investments are shown at fair value unless no reliable estimate of a fair value can be obtained, in which case the investment is held at historical cost less impairment.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is determined on a "First In, First Out" ("FIFO") basis and includes carriage and duty costs. Net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal.

At each reporting date, the Company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### **Hire purchase and finance lease contracts**

An asset and corresponding liability are recognised for leasing agreements that transfer to the Company substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit

and loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### **Operating leases**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

#### **Foreign currencies**

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss.

#### **Financial instruments**

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### *Financial assets*

##### *Trade debtors*

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.



#### *Financial liabilities and equity*

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### *Bank overdrafts*

Bank overdrafts are presented within Creditors: amounts falling due within one year.

#### *Derivative instruments*

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently revalued to fair value at each reporting date. Fair value gains and losses are recognised in the profit and loss account.

#### **Pension costs**

The Company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme. Differences between contributions paid and payable are accrued to the balance sheet.

#### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 5. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2015 £	2014 £
United Kingdom	18,764,212	18,754,888

## 6. Other operating income

	2015 £	2014 £
Rent receivable	12,210	11,362
Advertising space income	-	13,041
Other operating income	4,007	8,892
	16,217	33,295

## 7. Profit on ordinary activities before taxation

	2015 £	2014 £
Profit on ordinary activities before taxation is stated after charging:		
Amortisation of intangible assets	44,976	64,160
Depreciation of owned fixed assets	66,455	46,214
Depreciation of assets held under hire purchase and finance lease agreements	41,319	38,736
Total amortisation and depreciation	152,750	149,110
Loss on disposal of fixed assets	1,925	6,165
Operating lease costs:		
- Land and buildings	64,585	45,000
- Vehicle leasing costs	70,514	70,184
Fair value losses on foreign exchange contracts	4,457	7,350
Auditor's remuneration - audit of the financial statements	10,388	8,750
Auditor's remuneration - other fees	7,500	9,250

	2015	2014
	£	£
Auditor's remuneration - audit of the financial statements	10,388	8,750
Auditor's remuneration - other fees:		
- Taxation services	3,500	3,500
- Payroll services	4,000	4,000
- Accounts preparation services	-	1,750
	7,500	9,250

## 8. Particulars of employees

	2015	2014
	No	No
The average number of staff employed by the company during the financial year amounted to:		
Number of distribution staff	31	29
Number of administrative staff	72	72
	103	101

	2015	2014
	£	£
The aggregate payroll costs of the above were:		
Wages and salaries	1,920,560	1,861,747
Social security costs	177,248	169,812
Other pension costs	36,382	22,170
	2,134,190	2,053,729

## 9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2015	2014
	£	£
Remuneration receivable	55,470	52,040
Value of company pension contributions to money purchase schemes	3,549	3,188
	59,019	55,228

Certain directors of Tanners Wines Limited are remunerated through the holding company, Tanners (Shrewsbury) Limited with the costs being recharged to this company.

Total directors' emoluments of £230,392 (2014 - £231,970), including benefits in kind, have been paid by Tanners (Shrewsbury) Limited. The emoluments of the directors of Tanners (Shrewsbury) Limited are disclosed in that company's financial statements.

In addition to this, pension contributions of £20,429 (2014 - £19,948) have been made on behalf of the directors which have also been paid by Tanners (Shrewsbury) Limited.

The total number of directors on whose behalf Tanners (Shrewsbury) Limited made pension contributions was as follows:

	2015 No	2014 No
Money purchase schemes	4	4

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £55,470 (2014 - £52,040), and company pension contributions £3,549 (2014 - £3,188) were made to a money purchase scheme on their behalf.

#### 10. Income from fixed asset investments

	2015 £	2014 £
Income from other fixed asset investments	3,147	4,050

#### 11. Interest payable and similar charges

	2015 £	2014 £
Interest payable on bank borrowing	13,672	28,239
Hire purchase and finance lease charges	4,340	4,480
Other similar charges payable	590	367
	18,602	33,086

## 12. Taxation on ordinary activities

### (a) Analysis of charge in the year

	2015	2014
	£	£
Current tax:		
UK corporation tax	95,230	59,000
Over provision in prior year	(1,539)	(8)
Total current tax	93,691	58,992
Deferred tax:		
Origination and reversal of timing differences	3,501	18,000
Adjustment in respect of prior periods	2,398	-
Total deferred tax	5,899	18,000
Tax on profit on ordinary activities	99,590	76,992

### (b) Factors affecting the tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20.83% (2014 - 22.67%).

	2015	2014
	£	£
Profit on ordinary activities before taxation	512,869	352,918
Profit on ordinary activities by rate of tax	106,831	80,007
Effects of:		
Expenses not deductible for tax purposes	1,641	1,386
Adjustments to tax charge in respect of previous periods	859	(8)
Marginal relief	(592)	(3,104)
Group relief claimed	(4,579)	-
Exempt dividend income	(657)	-
Sundry tax adjusting items	(3,913)	(1,289)
Total tax	99,590	76,992

### 13. Intangible assets

	Software
	£
<b>Cost or valuation</b>	
At 1 June 2014	468,831
Additions	4,608
At 31 May 2015	<u>473,439</u>
<b>Amortisation</b>	
At 1 June 2014	365,356
Charge for the year	44,976
At 31 May 2015	<u>410,332</u>
<b>Net book value</b>	
At 31 May 2015	63,107
At 31 May 2014	<u>103,475</u>

#### 14. Tangible fixed assets

	Leasehold property improvements	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 June 2014	294,723	1,057,412	427,334	1,779,469
Additions	-	108,794	78,614	187,408
Disposals	-	(207,655)	(48,840)	(256,495)
At 31 May 2015	294,723	958,551	457,108	1,710,382
<b>Depreciation</b>				
At 1 June 2014	294,723	947,997	232,572	1,475,292
Charge for the year	-	40,182	67,592	107,774
On disposals	-	(207,653)	(44,650)	(252,303)
At 31 May 2015	294,723	780,526	255,514	1,330,763
<b>Net book value</b>				
At 31 May 2015	-	178,025	201,594	379,619
At 31 May 2014	-	109,415	194,762	304,177

The gross book value of fixtures and fittings includes £13,309 (2014: £13,419) of non-depreciable assets due to the assets not being ready for use as at 31 May 2015.

#### Hire purchase and finance lease agreements

Included within the net book value of £379,619 is £171,833 (2014 - £163,933) relating to assets held under hire purchase and finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £41,319 (2014 - £38,736).

## 15. Investments

	Total £
<b>Cost</b>	
At 1 June 2014	20,050
Additions	3,650
At 31 May 2015	<u>23,700</u>

## Net book value

At 1 June 2014	20,050
Additions	3,650
At 31 May 2015	<u>23,700</u>

The directors consider that no reliable fair value can be obtained for the unquoted investments and therefore these are held at cost less any impairment.

## 16. Stocks

	2015 £	2014 £
Goods for resale	<u>2,411,795</u>	<u>2,816,445</u>

Stock recognised in cost of sales during the year as an expense was £13,072,047 (2014: £13,495,493). An impairment loss of £59,837 (2014: £14,831) was recognised in cost of sales against stock during the year.

## 17. Debtors

	2015 £	2014 £
Trade debtors	1,918,778	1,970,013
Amounts owed by group undertakings	47,105	47,105
Other debtors	226,909	561,991
Prepayments and accrued income	223,862	211,947
	<u>2,416,654</u>	<u>2,791,056</u>

Advance payments to suppliers are shown within other debtors.

An impairment loss of £43,419 (2014: £49,094) was recognised against trade debtors during the year.



# 18. Creditors: Amounts falling due within one year

	2015	2014
	£	£
Overdraft	-	230,244
Trade creditors	2,384,064	2,922,073
Amounts owed to group undertakings	813,610	997,084
Hire purchase and finance lease agreements	39,858	44,417
Corporation tax	95,237	59,000
PAYE and social security	84,501	86,889
VAT	648,735	699,927
Other creditors	157,589	67,592
Foreign currency forward contracts	7,685	3,228
Accruals and deferred income	280,322	204,171
	<u>4,511,601</u>	<u>5,314,625</u>

The bank borrowings are secured by a cross guarantee between group companies and a fixed charge over some of the freehold properties of the group.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2015	2014
	£	£
Hire purchase agreements	39,858	44,417
	<u>39,858</u>	<u>44,417</u>

# 19. Creditors: Amounts falling due after more than one year

	2015	2014
	£	£
Amounts owed to group undertakings	114,150	114,150
Hire purchase and finance lease agreements	50,627	55,607
	<u>164,777</u>	<u>169,757</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2015	2014
	£	£
Hire purchase and finance lease agreements	50,627	55,607

Hire purchase liabilities are secured against the assets to which they relate.

## 20. Commitments under hire purchase and finance lease agreements

	2015	2014
	£	£
Future commitments under hire purchase and finance lease agreements are as follows:		
Amounts payable within 1 year	39,858	44,417
Amounts payable between 1 and 2 years	50,627	55,607
	<u>90,485</u>	<u>100,024</u>

Hire purchase agreements are analysed as follows:

Current obligations	39,858	44,417
Non-current obligations	50,627	55,607
	<u>90,485</u>	<u>100,024</u>

## 21. Pensions

### Defined contribution pension scheme

The company operates a defined contribution pension scheme. During the year the company implemented pension auto-enrolment for all eligible staff, in line with regulations. The pension cost charge for the period represents contributions payable by the company to the schemes and amounted to £36,382 (2014 - £22,170).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

## 22. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2015	2014
	£	£
At 1 June 2014	28,400	10,400
Increase in provision	5,899	18,000
At 31 May 2015	<u>34,299</u>	<u>28,400</u>

The company's provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2015	2014
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>34,299</u>	<u>28,400</u>

### 23. Commitments under operating leases

At 31 May 2015 the Group had total minimum commitments under non-cancellable operating leases as set out below.

Certain leases contain tenant only break clauses. Where a lease contains a break clause the total commitment has been taken to the date of that break rather than the end of the lease.

	2015		2014	
	Land and buildings	Other items	Land and buildings	Other items
	£	£	£	£
Operating leases which expire:				
Within 1 year	22,562	16,013	6,098	16,170
Within 2 to 5 years	22,433	100,501	33,933	134,793
More than 5 years	448,184	-	-	-
	493,179	116,514	40,031	150,963

During the year the company entered into two new leases. Subsequent to year end the company entered into two leases on properties which are due to expire within 15 years and a total annual rent payment of £49,450.

### 24. Contingencies

A cross guarantee exists between the main banking facilities of Tanners (Shrewsbury) Limited and its subsidiaries. At 31 May 2015, net bank overdrafts across the group companies amounted to £nil (2014: £230,244). These facilities are secured by way of a fixed charge over some of the freehold properties of the group.

At the year end the Company had entered into a number of forward contracts to purchase Euros at protected rates of exchange. Gains and losses on these forward contracts have been recognised in the profit and loss account and for the Company result in an accrual of £7,685 (2014: £3,228), disclosed as a current liability.

### 25. Related party transactions

J J Tanner (Chairman of the Company and parent company) is also a Director of Merchant Vintners Company Ltd. Merchant Vintners Company Ltd is a wine buying group consisting of independent family-owned wine merchants. Tanners (Shrewsbury) Limited holds a 1/20<sup>th</sup> stake in Merchant Vintners Company Ltd (all members have an equal share). Tanners Wines Ltd is a wholly owned subsidiary of Tanners (Shrewsbury) Ltd, and made purchases on standard commercial terms from Merchant Vintners Company Ltd during the year amounting to £690,234 (2014: £649,905) and at 31 May 2015 the balance owed to Merchant Vintners Company Ltd was £73,826 (2014: £74,955). The company received income from Merchant Vintners Company Ltd of £2,332 during the year.

## 26. Share capital

Allotted, called up and fully paid:

	2015	2015	2014	2014
	No	£	No	£
Ordinary shares of £1 each	100	100	100	100

## 27. Profit and loss account

	2015	2014
	£	£
Balance brought forward	523,984	248,058
Profit for the year	413,279	275,926
Balance carried forward	937,263	523,984

## 28. Reconciliation of movements in shareholders' funds

	2015	2014
	£	£
Profit for the financial year	413,279	275,926
Opening shareholders' funds	524,084	248,158
Closing shareholders' funds	937,363	524,084

## 29. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £43,710 (2014 - £45,306).

## 30. Financial risk management

The Company has exposures to three main areas of risk - foreign exchange currency exposure, liquidity risk and customer credit exposure. To a lesser extent the Company is exposed to interest rate risk.

### *Foreign exchange transactional currency exposure*

The Company is exposed to currency exchange rate risk due to a significant proportion of its trade payables being denominated in non-Sterling currencies. The net exposure of each currency is monitored and managed by the use of forward foreign exchange contracts with bank cash and overdraft accounts available in non-Sterling currencies as part of the Company's bank facilities. The forward foreign exchange contracts all mature within 12 months and are taken out to cover known or highly likely exposures to foreign currency payments.

#### *Liquidity risk*

The objective of the Company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Company expects to meet its financial obligations through operating cash flows and use of the bank overdraft facility. Cash flow forecasts, including currency forecasts are reviewed on a regular basis to monitor the level of headroom to the total facility.

#### *Customer credit exposure*

The Company may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The Company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships, regular monitoring of any delayed payments and use of external credit checking agencies.

#### *Interest rate risk*

The Company borrows from its bankers using overdrafts and monitors the expected future direction of interest rates. Given the low level of interest rates over the past few years the Company has not entered into interest rate swaps but would consider this if management believe it is appropriate.

### **31. Ultimate parent party**

The company's ultimate parent undertaking at the balance sheet date was Tanners (Shrewsbury) Limited, a company registered in England and Wales.

The company's ultimate controlling party is J J Tanner by virtue of his controlling interest in the company's ultimate parent undertaking.

## 32. Transition to FRS 102

The company has adopted FRS 102 for the year ended 31 May 2015 and has restated the comparative prior year amounts.

### Changes of accounting measurement for FRS 102 adoption:

#### *a) Holiday pay*

The group has recognised a potential liability for unused holiday pay.

The holiday pay accrual represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The accrual is measured as the salary cost payable for the period of absence.

#### *b) Foreign exchange revaluation of future exchange transactions*

The Group takes a prudent approach to buying forward foreign currency (principally Euros) to cover future payments in those foreign currencies.

Under FRS 102, the Group is required to mark to market value those future contracts taken out for the purchase of foreign exchange.

#### *c) Deferred tax*

Under FRS 102, the Group is required to account for the deferred tax position arising on the accounting adjustments made on transition. However, the adjustment required would not be material and therefore no deferred tax has been recognised on transition, with the adjustment to the tax rate being taken through current taxation in the 2015 P&L statement.

Restated balance sheet	Explanation	31 May 2014	1 June 2013
Original shareholders' funds		546,330	262,986
Holiday pay	a)	(19,018)	(18,950)
Foreign exchange on future contracts	b)	(3,228)	4,122
Restated shareholders' funds		524,084	248,158

Restated profit or loss for the year	Explanation	31 May 2014
Original profit on ordinary activities before tax		360,336
Holiday pay	a)	(68)
Foreign exchange on future contracts	b)	(7,350)
Restated profit on ordinary activities before tax		<u>352,918</u>

#### Disclosure amendments

There are a number of disclosure and presentation amendments following the adoption of FRS 102.

Under old UK GAAP, software was included in tangible fixed assets. Under FRS 102 software is presented as an intangible asset and subject to amortisation rather than depreciation. There has been no change to the measurement of the value or useful economic life of the software used by the Group resulting from this change.