

Company Registration No. 04362181 (England and Wales)

**ENGLISH WINES GROUP PLC**

**ANNUAL REPORT**

**FOR THE YEAR ENDED  
31 DECEMBER 2010**

WEDNESDAY



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# ENGLISH WINES GROUP PLC

## DIRECTORS AND ADVISERS

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<b>Directors</b>	P Brett F D Thompson R A B Woodhouse N W Wray
<b>Secretary</b>	R A B Woodhouse
<b>Company number</b>	4362181
<b>Registered office</b>	Chapel Down Winery, Small Hythe Road Tenterden Kent TN30 7NG
<b>Registered auditors</b>	Creaseys LLP Chartered Accountants & Statutory Auditors 12 Lonsdale Gardens Tunbridge Wells Kent TN1 1PA
<b>Bankers</b>	Barclays Bank Plc Kent Business Centre 17 North Street Ashford Kent BX3 2BB
<b>Registrars</b>	Capita Registrars 34 Beckenham Road Beckenham Kent BR3 4TU
<b>Financial advisers</b>	Rivington Street Corporate Finance Limited 3rd Floor 3 London Wall Buildings London Wall London EC2M 5SY
<b>Solicitors</b>	Thomson Snell & Passmore 3 Lonsdale Gardens Tunbridge Wells Kent TN1 1NX

# ENGLISH WINES GROUP PLC

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# ENGLISH WINES GROUP PLC

## CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

### Summary

I have pleasure in presenting the company's Annual Report and Financial Statements for the 12 months ending 31st December 2010

Overall turnover has risen 7% to £2,668,249 principally due to a 6% increase in volume of wine sold

Gross profit is up 5% at £1,260,992, a gross profit margin of 47%

The Group made a pre-tax profit of £84,557 compared with a pre-tax profit of £61,828 in the previous year \*

The 6% increase in volume, along with the impact of increasing raw material and fuel prices and unfavourable exchange rates, has led to an overall increase in cost of sales of 9%

Administration and marketing expenses have been tightly controlled, increasing by only 3% on a like for like basis at £1,007,605

### Operations

We continue to make good progress on our key targets -

- Pricing continues to move forward. Despite poor trading conditions and heavy discounting on Champagne, our average selling price (excluding duty) has increased by 1%
- Volumes are being managed to maintain supply to key customers
- We are receiving strong support from D&D (formerly Conran) restaurants, Ramsay Holdings, Gary Rhodes, Selfridges, Roast and other well known prestige accounts and this is helping to improve awareness amongst our target audience
- Similarly, we are receiving strong support from key retailers including Waitrose, Sainsbury, Marks and Spencer, Morrisons and Majestic
- Overheads continue to be well controlled, with bad debts at almost zero in spite of the recession
- We continue to seek growers to supply us with premium grapes
- The development of our land at Kit's Coty, Aylesford has been successful, with the first small crop harvested in 2010
- The 2010 harvest was 30% up in volume terms on 2009

## ENGLISH WINES GROUP PLC

### CHAIRMAN'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

#### Particular highlights in 2010

Demand for our wines continues to exceed our ability to supply, despite the harsh economic climate and heavy discounting by many wine producers, in particular Champagne, which was being sold for under £10 a bottle at Christmas. This growing demand from our customers has been driven by the quality of our product and our high media profile, enabling us to charge a premium over some well known Champagne brands over the Christmas 2010 period.

Strong support from Waitrose, Marks and Spencer, D&D (formerly Conran) restaurants, Ramsay Holdings, Gary Rhodes, Selfridges, Fortnum and Mason, Roast and other well known accounts is improving awareness, as is the continued success of our restaurant partners Richard Phillips at Chapel Down, which continues to grow and thrive despite the recession.

The Board believes that developing Chapel Down into one of the leading drinks brands in the UK is the most important driver of value for the Company in the future. We will therefore continue to invest in our brand ahead of sales to develop its premium appeal.

The business is supported by substantial net tangible assets. In addition, we have considerable goodwill in the Chapel Down brand included in these results as the impact of the £1.1m raised on 1st July 2009 via an 8% convertible loan. The net assets of the company, assuming full conversion of the loan notes to equity, would be £5.7m. This is in excess of 10p per share, assuming conversion of the loan notes only, and values our stock at that point at cost rather than Net Realisable Value, which in the opinion of the Directors represents a conservative valuation of realisable value. It also does not include our intangible brand value.

Our wines have won further awards in 2010. We are also delighted to have been awarded the Best Leisure and Tourism Business of the Year in the Kent Excellence in Business Awards (KEIBA).

#### Risks and uncertainties

The Directors believe the following risks to be the most significant to the Company. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic condition and in legal, regulatory and tax requirements.

#### Harvest failure

This risk of harvest failure is partially mitigated by the wide spread of contracted vineyards across the South East of England.

#### Credit risk

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against contractual terms.

#### Outlook

The 2010 harvest was encouraging and will enable us to substantially increase volumes of still wine sales in 2011 and sparkling wine sales from 2013. The new acreage added at our site at Kit's Coty will become fully productive from 2011, enabling us to sell more premium wines from 2012 onwards.

We continue to welcome growers seeking to plant vines for us and the growing demand for our wines should ensure excellent growth for the Company in the medium term.

  
Paul Brett

Chairman

DATE: 13 April 2011

Note

\* FRS 20 accounting standard requires us to restate our profit to attribute a notional cost of non-cash share option agreements to the business. After adopting FRS 20 the accounts show a pre-tax profit of £33,342 (2009: £9,247 loss) a reduction in Group pre-tax profit of £51,215 (2009: £71,075) on the £84,557 referred to in the Chairman's Report (2009: £61,828).

# ENGLISH WINES GROUP PLC

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and financial statements for the year ended 31 December 2010

### Directors

The following directors have held office since 1 January 2010

P Brett  
F D Thompson  
R A B Woodhouse  
N W Wray

### Principal activities and review of the business

The principal activity of the company continues to be that of producing and selling wine. A review of the business appears in the Chairman's statement on pages 1 and 2.

### Results and dividends

The consolidated profit and loss account for the year is set out on page 7.

The directors do not recommend payment of an ordinary dividend.

### Creditor payment policy

The company's current policy concerning the payment of trade creditors is to

- establish the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the company's contractual and other legal obligations.

### Auditors

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Creaseys LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

### Statement of Directors' responsibilities

The directors are responsible for preparing the directors report and 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 the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK 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 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.

**ENGLISH WINES GROUP PLC**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**Provision of information to auditors**

Each of the persons who are directors at the time when the directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and

- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

On behalf of the board



F D Thompson  
Director  
13 April 2011

## **ENGLISH WINES GROUP PLC**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ENGLISH WINES GROUP PLC FOR THE YEAR ENDED 31 DECEMBER 2010**

We have audited the group and parent company financial statements of English Wines Group Plc for the year ended 31 December 2010, set out on pages 7 to 28. 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).

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 Auditors' 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 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 auditors**

As explained more fully in the statement of directors' responsibilities, 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 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 Ethical Standards for Auditors.

#### **Scope of the Audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's profits 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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.



## ENGLISH WINES GROUP PLC

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ENGLISH WINES GROUP PLC (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

#### 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 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

*Creaseys LLP*

James Pearce BA (Hons) FCA (Senior Statutory Auditor)

*14/4/2011*

For and on behalf of

Creaseys LLP  
Chartered Accountants  
Statutory Auditors

12 Lonsdale Gardens  
Tunbridge Wells  
Kent  
TN1 1PA

## ENGLISH WINES GROUP PLC

### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £	2009 £
Turnover	2	2,668,249	2,485,890
Cost of sales		<u>(1,407,257)</u>	<u>(1,286,410)</u>
Gross Profit		1,260,992	1,199,480
Administrative expenses before share based payment	(1,007,605)		(977,478)
Share based payment (FRS 20)	<u>(51,215)</u>		<u>(71,075)</u>
Administrative expenses after share based payment		<u>(1,058,820)</u>	<u>(1,048,553)</u>
Operating profit/(loss)	3	202,172	150,927
Other interest receivable and similar income		285	206
Interest payable and similar charges	4	<u>(169,115)</u>	<u>(160,380)</u>
Profit/(loss) on ordinary activities before taxation		33,342	(9,247)
Tax on profit/(loss) on ordinary activities	5	<u>-</u>	<u>-</u>
Profit/(loss) on ordinary activities after taxation		<u>33,342</u>	<u>(9,247)</u>
Profit/(loss) on ordinary activities before taxation - excluding FRS 20 share based payments		<u>84,557</u>	<u>61,828</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

Profit/(loss) per share (pence)	7		
- basic		0 08	(0 02)
- diluted		0 08	(0 02)

## ENGLISH WINES GROUP PLC

### STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 £	2009 £
Profit/(loss) for the financial year	33,342	(9,247)
Total gains and losses recognised since last financial statements	<u>33,342</u>	<u>(9,247)</u>
Note of historical cost profits and losses		
	2010 £	2009 £
Reported profit/(loss) on ordinary activities before taxation	33,342	(9,247)
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>38,631</u>	<u>39,387</u>
Historical cost profit/(loss) on ordinary activities before taxation	<u>71,973</u>	<u>30,140</u>
Historical cost profit/(loss) for the year retained after taxation, extraordinary items and dividends	<u>71,973</u>	<u>30,140</u>

**ENGLISH WINES GROUP PLC**  
**COMPANY REGISTRATION NO. 04362181 (ENGLAND AND WALES)**

**BALANCE SHEETS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	Group		Company	
		2010 £	2009 £	2010 £	2009 £
<b>Fixed assets</b>					
Intangible assets	8	104,557	120,796	104,557	120,796
Tangible assets	9	4,945,516	4,839,087	4,324,016	4,344,320
Investments	10	-	-	50,000	50,000
		<u>5,050,073</u>	<u>4,959,883</u>	<u>4,478,573</u>	<u>4,515,116</u>
<b>Current assets</b>					
Stocks	11	2,636,047	1,926,918	-	-
Debtors	12	371,990	366,245	2,839,121	2,907,674
Cash at bank and in hand		<u>370,985</u>	<u>1,098,715</u>	<u>799</u>	<u>4,093</u>
		<u>3,379,022</u>	<u>3,391,878</u>	<u>2,839,920</u>	<u>2,911,767</u>
<b>Creditors amounts falling due within one year</b>	13	<u>(1,033,685)</u>	<u>(932,118)</u>	<u>(109,452)</u>	<u>(116,892)</u>
<b>Net current assets</b>		<u>2,345,337</u>	<u>2,459,760</u>	<u>2,730,468</u>	<u>2,794,875</u>
<b>Total assets less current liabilities</b>		<u>7,395,410</u>	<u>7,419,643</u>	<u>7,209,041</u>	<u>7,309,991</u>
<b>Creditors amounts falling due after more than one year</b>	14	<u>(2,803,804)</u>	<u>(2,912,594)</u>	<u>(2,709,355)</u>	<u>(2,773,325)</u>
		<u>4,591,606</u>	<u>4,507,049</u>	<u>4,499,686</u>	<u>4,536,666</u>
<b>Capital and reserves</b>					
Called up share capital	16	2,116,234	2,116,234	2,116,234	2,116,234
Share premium account	17	1,790,352	1,790,352	1,790,352	1,790,352
Revaluation reserve	17	1,415,069	1,453,700	1,234,885	1,265,189
Other reserves	17	375,293	324,078	-	-
Profit and loss account	17	<u>(1,105,342)</u>	<u>(1,177,315)</u>	<u>(641,785)</u>	<u>(635,109)</u>
<b>Shareholders' funds</b>	18	<u>4,591,606</u>	<u>4,507,049</u>	<u>4,499,686</u>	<u>4,536,666</u>

Approved by the Board and authorised for issue on 13 April 2011



F D Thompson  
 Director



R A B Woodhouse  
 Director

## ENGLISH WINES GROUP PLC

### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

	Cash Flow Notes	2010 £	2009 £
Net cash inflow/(outflow) from operating activities	1	(168,848)	24,822
<b>Returns on investments and servicing of finance</b>			
Interest received	285	206	
Interest paid	<u>(188,955)</u>	<u>(150,999)</u>	
<b>Net cash outflow for returns on investments and servicing of finance</b>		<b>(188,670)</b>	<b>(150,793)</b>
<b>Capital expenditure</b>			
Payments to acquire tangible assets	<u>(255,573)</u>	<u>(169,719)</u>	
<b>Net cash inflow/(outflow) for capital expenditure</b>		<b><u>(255,573)</u></b>	<b><u>(169,719)</u></b>
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		<b>(613,091)</b>	<b>(295,690)</b>
<b>Financing</b>			
New other long term loan	-	1,100,000	
Increase/(decrease) deferred income	205	11,155	
Repayment of long term bank loan	(108,995)	(110,994)	
Repayment of short term bank loan	1,338	(9,423)	
Capital element of hire purchase contracts	<u>(7,187)</u>	<u>(25,082)</u>	
<b>Net cash inflow/(outflow) from financing</b>	2	<b><u>(114,639)</u></b>	<b><u>965,656</u></b>
<b>Increase/(decrease) in cash in year</b>	2	<b><u><u>(727,730)</u></u></b>	<b><u><u>669,966</u></u></b>

# ENGLISH WINES GROUP PLC

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

<b>1</b>	<b>Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities</b>	<b>2010</b>	<b>2009</b>		
		£	£		
	Operating profit/(loss)	202,172	150,927		
	Depreciation of tangible assets	148,668	136,003		
	Loss on disposal of assets	476	-		
	Amortisation of intangible assets	16,239	16,240		
	Share based payments	51,215	71,075		
	(Increase)/decrease in stocks	(709,129)	(362,257)		
	(Increase)/decrease in debtors	(5,745)	(152,375)		
	Increase/(decrease) in creditors within one year	127,257	165,209		
	<b>Net cash inflow/(outflow) from operating activities</b>	<b><u>(168,848)</u></b>	<b><u>24,822</u></b>		
<b>2</b>	<b>Analysis of net debt</b>	<b>1 January 2010</b>	<b>Cash flow</b>	<b>Other non- cash changes</b>	<b>31 December 2010</b>
		£	£	£	£
	Net cash				
	Cash at bank and in hand	1,098,715	(727,730)	-	370,985
		<u>1,098,715</u>	<u>(727,730)</u>	<u>-</u>	<u>370,985</u>
	Finance leases	(7,187)	7,187	-	-
	Debts falling due within one year	(107,867)	(1,338)	-	(109,205)
	Debts falling due after one year	(2,912,594)	108,790	-	(2,803,804)
		<u>(3,027,648)</u>	<u>114,639</u>	<u>-</u>	<u>(2,913,009)</u>
	<b>Net debt</b>	<b><u>(1,928,933)</u></b>	<b><u>(613,091)</u></b>	<b><u>-</u></b>	<b><u>(2,542,024)</u></b>
<b>3</b>	<b>Reconciliation of net cash flow to movement in net debt</b>	<b>2010</b>	<b>2009</b>		
		£	£		
	Increase/(decrease) in cash in the year	(727,730)	669,966		
	Cash (inflow)/outflow from (increase)/decrease in debt	114,639	(965,656)		
	<b>Movement in net debt in the year</b>	<b><u>(613,091)</u></b>	<b><u>(295,690)</u></b>		
	Opening net debt	(1,928,933)	(1,633,243)		
	<b>Closing net debt</b>	<b><u>(2,542,024)</u></b>	<b><u>(1,928,933)</u></b>		

# ENGLISH WINES GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with applicable accounting standards

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### 1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2010. The results of subsidiaries sold or acquired are included in the profit and loss account up to or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

#### 1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Revenue for trade sales is recognised at point of despatch and retail sales at point of purchase.

#### 1.5 Intellectual property and goodwill

Acquired goodwill is written off in equal instalments over 15 years, its estimated useful economic life.

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life as follows:

Freehold land and buildings	Straight line over 50 years on the buildings and 20 years on Kils Coty Vineyard
Plant and machinery	5% straight line
Fixtures, fittings and equipment	15% reducing balance
Motor vehicles	25% reducing balance

#### 1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.9 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

Direct costs of the winery plus attributable overheads are used to value stock. The directors consider that this method is most appropriate for the nature of the company's activities.

#### 1.10 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

#### 1.12 Convertible loan stock

The convertible loan stock has been treated as debt.

## ENGLISH WINES GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

#### 2 Turnover

The total turnover of the group for the year has been derived from its principal activity

##### Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below

	2010	2009
	£	£
<b>Geographical segment</b>		
UK	2,658,491	2,444,559
Other EU	1,302	1,880
Non EU	8,456	39,451
	<u>2,668,249</u>	<u>2,485,890</u>

#### 3 Operating profit/(loss)

	2010	2009
	£	£
Operating profit/(loss) is stated after charging		
Depreciation of intangible assets	16,239	16,240
Depreciation of tangible assets	148,668	136,003
Loss on foreign exchange transactions	121	3,981
Operating lease rentals	47,156	47,494
Auditors' remuneration (Company £4,680 , 2009 £3,750)	12,624	11,300
Auditors' remuneration other services relating to taxation	636	1,200
Auditors' all other services	<u>2,228</u>	<u>4,783</u>

#### 4 Interest payable

	2010	2009
	£	£
On bank loans and overdrafts	168,153	156,365
Hire purchase interest	962	4,015
	<u>169,115</u>	<u>160,380</u>
Loss to date on effective hedge loan	-	-
<b>Interest Paid</b>	<u>169,115</u>	<u>160,380</u>

At 31 December 2010 the Group and Company held a 5 year interest swap that reduced the Company's exposure to variability in cash-flows resulting from movements in base rate. This interest rate swap expires on 5 July 2012. During the period to 31 December 2010 no amount was recognised for the loss or gain to date on the effective hedge.



## ENGLISH WINES GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

5	Taxation	2010	2009
		£	£
	<b>Analysis of tax charge in the year</b>		
	Current tax (see note below)	-	-
	<b>Uk corporation tax charge on profit for year</b>	<u>-</u>	<u>-</u>
	<b>Deferred tax</b>		
	Origination and deferral of timing differences	-	-
	Adjustment to prior periods	-	-
	<b>Tax on profit on ordinary activities</b>	<u>-</u>	<u>-</u>
	<b>Current Tax Charge</b>	<u>-</u>	<u>-</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit/(loss) on ordinary activities before taxation	<u>33,342</u>	<u>(9,247)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2009 28%)	<u>9,335</u>	<u>(2,589)</u>
	<b>Effects of</b>		
	Non deductible expenses	24,110	24,815
	Depreciation add back	(14,754)	(22,760)
	Tax losses utilised	-	1,219
	Unutilised losses carried forward	(18,691)	-
	Other tax adjustments	-	(685)
		<u>(9,335)</u>	<u>2,589</u>
	<b>Current tax charge</b>	<u>-</u>	<u>-</u>
	<b>6 Profit/(loss) for the financial period</b>		
	As permitted by section 408 of the Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit/(loss) for the financial year is made up as follows:		
		2010	2009
		£	£
	Holding company's loss for the financial period	<u>(36,980)</u>	<u>(107,667)</u>

## ENGLISH WINES GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

#### 7 Earnings per share

The calculation of basic earnings per share is based on the profit/(loss) after tax and on a weighted average number of ordinary shares in issue during the period. The diluted earnings per share allows for the full exercise of outstanding share purchase options and warrants and adjusted earnings.

	Profit/(loss) after tax		Weighted average number of shares		Earnings per share	
	2010 £	2009 £	2010	2009	2010 pence	2009 pence
Basic earnings	33,342	(9,247)	42,324,664	42,324,664	0.08	(0.02)
Outstanding share options	-	-	1,994,742	1,994,742	-	-
Diluted earnings	<u>33,342</u>	<u>(9,247)</u>	<u>44,319,406</u>	<u>44,319,406</u>	<u>0.08</u>	<u>(0.02)</u>

# ENGLISH WINES GROUP PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

### 8 Intangible fixed assets Group

	Intellectual property and goodwill £
<b>Cost</b>	
At 1 January 2010 and at 31 December 2010	<u>243,594</u>
<b>Amortisation</b>	
At 1 January 2010	122,798
Charge for the year	16,239
<b>At 31 December 2010</b>	<u>139,037</u>
<b>Net book value</b>	
At 31 December 2010	<u>104,557</u>
At 31 December 2009	<u>120,796</u>

Goodwill was revalued in 2002 on a fair value basis. The historical cost of goodwill is £216,094 (2009 £216,094). The provision for amortisation based on historical cost would have been £119,119 (2009 £105,453) and the charge for the year would have been £13,666.

### Company

	Intellectual property and goodwill £
<b>Cost</b>	
At 1 January 2010 and at 31 December 2010	<u>243,594</u>
<b>Amortisation</b>	
At 1 January 2010	122,798
Charge for the year	16,239
<b>At 31 December 2010</b>	<u>139,037</u>
<b>Net book value</b>	
At 31 December 2010	<u>104,557</u>
At 31 December 2009	<u>120,796</u>

## ENGLISH WINES GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

#### 9 Tangible fixed assets Group

	Freehold land and buildings	Plant and machinery
	£	£
<b>Cost or valuation</b>		
At 1 January 2010	4,134,749	1,143,329
Additions	120,464	106,699
Disposals	-	(531)
<b>At 31 December 2010</b>	<b>4,255,213</b>	<b>1,249,497</b>
<b>Depreciation</b>		
At 1 January 2010	172,329	350,205
Charge for the year	73,819	59,007
Eliminated on disposal	-	(55)
<b>At 31 December 2010</b>	<b>246,148</b>	<b>409,157</b>
<b>Net book value</b>		
At 31 December 2010	<b>4,009,065</b>	<b>840,340</b>
At 31 December 2009	<b>3,962,420</b>	<b>793,124</b>

	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 January 2010	197,111	13,781	5,488,970
Additions	28,410	-	255,573
Disposals	-	-	(531)
<b>At 31 December 2010</b>	<b>225,521</b>	<b>13,781</b>	<b>5,744,012</b>
<b>Depreciation</b>			
At 1 January 2010	115,196	12,153	649,883
Charge for the year	15,435	407	148,668
Eliminated on disposal	-	-	(55)
<b>At 31 December 2010</b>	<b>130,631</b>	<b>12,560</b>	<b>798,496</b>
<b>Net book value</b>			
At 31 December 2010	<b>94,890</b>	<b>1,221</b>	<b>4,945,516</b>
At 31 December 2009	<b>81,915</b>	<b>1,628</b>	<b>4,839,087</b>

The freehold land and buildings were valued by Michael Parkes Surveyors Ltd, Chartered Surveyors on 19 February 2007 on the basis of open market value and were carried out in accordance with RICS appraisal and valuation standards. The historical cost of freehold land and buildings is £2,770,899 (2009 £2,650,434). The plant and machinery was valued by Edward Symmons and Partners, Surveyors on 26 February 2002. The historical cost of the plant and machinery is £1,228,134 (2009 £1,121,967). The provision for depreciation based on historical cost would have been freehold land and buildings £147,282 (2009 £107,218), plant and machinery £395,843 (2009 £339,193). The depreciation charge for the year based on historical cost would have been freehold land and buildings £40,064 and plant and machinery £56,705. Assets costing £655,098 and with accumulated depreciation £37,178 are held for use in operating leases. The directors consider that the value of the property as shown in the financial statements is held at market value.

## ENGLISH WINES GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

#### 9 Tangible fixed assets (continued) Group

Included are assets held under finance leases or hire purchase contracts as follows

	<b>Plant and machinery</b>	<b>Total</b>	
	£	£	
<b>Net book values</b>			
At 31 December 2010	-	-	
At 31 December 2009	<u>44,664</u>	<u>44,664</u>	
<b>Depreciation charge for the year</b>			
At 31 December 2010	-	-	
At 31 December 2009	<u>2,648</u>	<u>2,648</u>	
<b>Company</b>			
	<b>Freehold land and buildings</b>	<b>Plant and machinery</b>	<b>Total</b>
	£	£	£
<b>Cost or valuation</b>			
At 1 January 2010	4,097,004	635,500	4,732,504
Additions	79,588	-	79,588
<b>At 31 December 2010</b>	<u><b>4,176,592</b></u>	<u><b>635,500</b></u>	<u><b>4,812,092</b></u>
<b>Depreciation</b>			
At 1 January 2010	151,921	236,263	388,184
Charge for the year	68,116	31,776	99,892
<b>At 31 December 2010</b>	<u><b>220,037</b></u>	<u><b>268,039</b></u>	<u><b>488,076</b></u>
<b>Net book value</b>			
At 31 December 2010	<u><b>3,956,555</b></u>	<u><b>367,461</b></u>	<u><b>4,324,016</b></u>
At 31 December 2009	<u><b>3,945,083</b></u>	<u><b>399,237</b></u>	<u><b>4,344,320</b></u>

The freehold land and buildings and plant and machinery were transferred to the company from its subsidiary English Wines Plc in 2002. Disclosure of the cost of the property is shown in the group fixed assets summary.

## ENGLISH WINES GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

#### 10 Fixed asset investments

##### Company

Shares in  
group  
undertakings  
£

##### Cost or valuation

At 1 January 2010 and at 31 December 2010

50,000

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

##### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held	
		Class	%
<b>Subsidiary undertakings</b>			
English Wines Plc	England and Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows

Company	Principal activity
English Wines Plc	Manufacture and sale of wine

#### 11 Stocks and work in progress

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Work in progress	2,373,129	1,802,912	-	-
Finished goods and goods for resale	262,918	124,006	-	-
	<u>2,636,047</u>	<u>1,926,918</u>	<u>-</u>	<u>-</u>

## ENGLISH WINES GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

#### 12 Debtors

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	296,258	305,900	-	-
Amounts owed by group undertakings	-	-	2,839,121	2,907,674
Other debtors	4,903	523	-	-
Prepayments and accrued income	38,751	27,744	-	-
Deferred tax (refer to note 15)	32,078	32,078	-	-
	<u>371,990</u>	<u>366,245</u>	<u>2,839,121</u>	<u>2,907,674</u>

Amounts falling due after more than one year and included in the debtors above are

	2010	2009	2010	2009
	£	£	£	£
Amounts owed by group undertakings	<u>-</u>	<u>-</u>	<u>2,839,121</u>	<u>2,907,674</u>

#### 13 Creditors amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans and overdrafts	109,205	107,867	64,180	62,841
Net obligations under finance leases and hire purchase agreements	-	7,187	-	-
Trade creditors	534,289	366,639	-	-
Taxes and social security costs	152,599	177,944	-	-
Other creditors	196,173	231,989	40,078	46,585
Accruals and deferred income	41,419	40,492	5,194	7,466
	<u>1,033,685</u>	<u>932,118</u>	<u>109,452</u>	<u>116,892</u>

The bank loans and overdraft are secured by a charge over the assets of the company and by way of a cross guarantee by English Wines Group Plc. A debenture has been given in favour of English Wines Group Plc over the assets of the company. This debenture ranks secondary behind security given to Barclays Bank Plc.

## ENGLISH WINES GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

#### 14 Creditors amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans	1,688,023	1,797,018	1,609,355	1,673,325
Loan notes	1,100,000	1,100,000	1,100,000	1,100,000
Accruals and deferred income	15,781	15,576	-	-
	<u>2,803,804</u>	<u>2,912,594</u>	<u>2,709,355</u>	<u>2,773,325</u>
<b>Analysis of loans</b>				
Not wholly repayable within five years by instalments				
Commercial mortgage	530,776	600,446	530,776	600,447
Shareholder loans	1,100,000	1,100,000	1,100,000	1,100,000
Wholly repayable within five years	1,266,452	1,304,439	1,142,759	1,135,719
	<u>2,897,228</u>	<u>3,004,885</u>	<u>2,773,535</u>	<u>2,836,166</u>
Included in current liabilities	(109,205)	(107,867)	(64,180)	(62,841)
	<u>2,788,023</u>	<u>2,897,018</u>	<u>2,709,355</u>	<u>2,773,325</u>
<b>Instalments not due within five years</b>	<u>530,776</u>	<u>600,446</u>	<u>530,776</u>	<u>600,446</u>
<b>Loan maturity analysis</b>				
In more than one year but not more than two years	110,825	109,452	65,799	64,427
In more than two years but not more than five years	2,146,422	2,187,120	1,012,780	2,108,452
In more than five years	<u>530,776</u>	<u>600,446</u>	<u>530,776</u>	<u>600,446</u>

The bank loans and overdraft are secured by a charge over the assets of the company and by way of a cross guarantee by English Wines Group Plc. A debenture has been given in favour of English Wines Group Plc over the assets of the company. This debenture ranks secondary behind security given to Barclays Bank Plc.

The bank loans are due to be repaid over varying periods between April 2013 and June 2022. The loans are at commercial rates linked to the Bank of England base rate. The shareholders loan of £1,100,000 is at an interest rate of 8% and is repayable or convertible between June 2012 and June 2014.

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
<b>Net obligations under finance leases and hire purchase contracts</b>				
Repayable within one year	-	8,149	-	-
Repayable between one and five years	-	-	-	-
	-	<u>8,149</u>	-	-
Finance charges and interest allocated to future accounting periods	-	(962)	-	-
	-	<u>7,187</u>	-	-
Included in liabilities falling due within one year	-	<u>(7,187)</u>	-	-
	-	-	-	-



## ENGLISH WINES GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

#### 15 Deferred taxation

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
At beginning of year	32,078	32,078	-	-
Credit for year	-	-	-	-
At end of year	<u>32,078</u>	<u>32,078</u>	<u>-</u>	<u>-</u>

The deferred tax asset is made up as follows

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Tax losses available	71,960	71,960	-	-
Depreciation claimed in advance of capital allowances	<u>(39,882)</u>	<u>(39,882)</u>	<u>-</u>	<u>-</u>

The deferred tax asset has been recognised as the Directors anticipate that this will crystallise in the medium term after review of financial forecasts

## ENGLISH WINES GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

16 Share capital	2010 £	2009 £
<b>Allotted, called up and fully paid</b>		
42,324,664 Ordinary shares of 5p each	<u>2,116,234</u>	<u>2,116,234</u>
	<u><b>2,116,234</b></u>	<u><b>2,116,234</b></u>

1,968,450 unissued ordinary shares of 5p each are covered by a share option agreement and these are exercisable at 12 5p per share. A further 6,239,997 unissued ordinary shares of 5p each are covered by various share option agreements and these are exercisable at between 5p and 15p per share after 1 July 2010.

A further 3,000,000 unissued ordinary shares of 5p each are covered by various share option agreements and these are exercisable at 10p per share after 1 July 2013.

In addition, 11,000,000 unissued ordinary shares of 5p each are covered by a convertible loan note issued on 1st July 2009 which is exercisable between 1st July 2012 and 1st July 2014 at an exercise price of 10p.

## ENGLISH WINES GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

**17 Statement of movements on reserves**  
**Group**

	Share premium account £	Revaluation reserve £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2010	1,790,352	1,453,700	324,078	(1,177,315)
Profit/(loss) for the year	-	-	-	33,342
Transfer from revaluation reserve to profit and loss account	-	(38,631)	-	38,631
Movement during the year	-	-	51,215	-
<b>Balance at 31 December 2010</b>	<b><u>1,790,352</u></b>	<b><u>1,415,069</u></b>	<b><u>375,293</u></b>	<b><u>(1,105,342)</u></b>

**Other reserves**

**Reserves arising from share based payments**

Balance at 1 January 2010	324,078
Other reserve movement	51,215
<b>Balance at 31 December 2010</b>	<b><u>375,293</u></b>

**Company**

	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance at 1 January 2010	1,790,352	1,265,189	(635,109)
Retained loss for the year	-	-	(36,980)
Transfer from revaluation reserve to profit and loss account	-	(30,304)	30,304
<b>Balance at 31 December 2010</b>	<b><u>1,790,352</u></b>	<b><u>1,234,885</u></b>	<b><u>(641,785)</u></b>

## ENGLISH WINES GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

<b>18</b>	<b>Reconciliation of movements in shareholders' funds</b>	<b>2010</b>	<b>2009</b>
	<b>Group</b>	<b>£</b>	<b>£</b>
	Profit/(loss) for the financial year	33,342	(9,247)
	Other recognised gains and losses	-	-
	Proceeds from issue of shares	-	-
	Movements on other reserves	<u>51,215</u>	<u>71,075</u>
	<b>Net increase in shareholders' funds</b>	<b>84,557</b>	<b>61,828</b>
	Opening shareholders' funds	<u>4,507,049</u>	<u>4,445,221</u>
	<b>Closing shareholders' funds</b>	<b><u>4,591,606</u></b>	<b><u>4,507,049</u></b>
		<b>2010</b>	<b>2009</b>
	<b>Company</b>	<b>£</b>	<b>£</b>
	(Loss)/profit for the financial year	(36,980)	(107,667)
	Other recognised gains and losses	-	-
	Proceeds from issue of shares	-	-
	<b>Net (depletion)/increase in shareholders' funds</b>	<b>(36,980)</b>	<b>(107,667)</b>
	Opening shareholders' funds	<u>4,536,666</u>	<u>4,644,333</u>
	<b>Closing shareholders' funds</b>	<b><u>4,499,686</u></b>	<b><u>4,536,666</u></b>

#### 19 Financial commitments

At 31 December 2010 the group had annual commitments under non-cancellable operating leases as follow

	Land and buildings		Other	
	2010	2009	2010	2009
Expiry date	£	£	£	£
Within one year	-	4,667	267	21,321
Between two and five years	<u>14,000</u>	<u>-</u>	<u>23,662</u>	<u>7,970</u>
	<b><u>14,000</u></b>	<b><u>4,667</u></b>	<b><u>23,929</u></b>	<b><u>29,291</u></b>

The company had no annual operating commitments under non-cancellable operating leases at the balance sheet date

## ENGLISH WINES GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

<b>20</b>	<b>Directors' emoluments</b>	<b>2010</b>	<b>2009</b>
		£	£
	Emoluments for qualifying services	<u>201,969</u>	<u>198,773</u>

2 Directors are entitled to receive shares under long term incentive schemes

The highest paid director received remuneration of £129,586 (2009 - £127,085) and was entitled to receive shares under long term incentive schemes

#### 21 Employees

##### Number of employees

The average monthly number of employees (including directors) during the year was

	<b>2010</b>	<b>2009</b>
	<b>Number</b>	<b>Number</b>
Administration	5	4
Production	12	13
Directors	2	2
Retail	11	9
	<u>30</u>	<u>28</u>

<b>Employment costs</b>	<b>2010</b>	<b>2009</b>
	£	£
Wages and salaries	657,368	656,065
Social security costs	<u>69,178</u>	<u>69,788</u>
	<u>726,546</u>	<u>725,852</u>
Share based payments	<u>51,215</u>	<u>71,075</u>

Employment costs include £51,215 (2009 £71,075) relating to the effect of adopting the FRS20 accounting standard. This standard requires us to attribute a notional cost of non-cash share option agreements to the business.

## ENGLISH WINES GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

#### 22 Share options

During the period ended 31 December 2010, the company and the group had four share based payment arrangements, which are described below

	2003	2006	2006	2009
Date of grant	11 February 2003	Variable price 27 January 2006	Fixed price 27 January 2006	Fixed price 11 December 2009
Number granted	1,968,450	3,000,000	3,986,663	3,000,000
Contractual life	3.7 years	4.4 years	4.4 years	3.6 years
Vesting conditions	Service ranging from 9 months to 3 years 9 months *	4.4 years' service **	4.4 years' service	3.6 years' service

\* 80% of the shares required service ranging from 9 months to 3 years 9 months

\*\* 4.4 years' service A minimum of 2,000,000 options are exercisable at a price of between 5p and 15p per share, depending on the future share price This option extends to a further two tranches of 500,000 ordinary shares at 5p, again depending on future share price

The estimated fair value of the 1,968,450 share options granted in 2003 is 2.3p This was calculated by applying the Black Scholes option pricing model The model inputs were the share price at grant date of 12.5p, exercise price of 12.5p, expected volatility of 12%, no expected dividends, contractual life of 3.7 years and a risk free interest rate of 4.3% The options were granted before the shares were listed on PLUS and so volatility has been based on share price movements from listing, in April 2003, to 31 December 2005

The estimated fair value of each of the 3,000,000 share options granted in 2006 is 7.3p This was calculated by applying the Black Scholes option pricing model to the two extremes of the variable option and averaging the result The model inputs were the share price at grant date of 15p, exercise prices of 15p and 5p, expected volatility of 12%, no expected dividends, contractual life of 4.4 years and a risk free interest rate of 5.5%

The estimated fair value of each of the 3,986,663 share options granted in 2006 is 3.5p This was calculated by applying the Black Scholes option pricing model The model inputs were the share price at grant date of 15p, exercise price of 15p, expected volatility of 12%, no expected dividends, contractual life of 4.4 years and a risk free interest rate of 5.5%

The estimated fair value of each of the 3,000,000 share options granted in 2009 is 5.2p This was calculated by applying the Black Scholes option pricing model The model inputs were the share price at grant date of 15p, exercise price of 10p, expected volatility of 9%, no expected dividends, contractual life of 3.6 years and a risk free interest rate of 0.50%

## ENGLISH WINES GROUP PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

#### 22 Share options

Further details of the four share option plans are as follows

	2003		2006 Variable price		2006 Fixed price		2009 Fixed price	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at start of year	1,968,450	12.5p	3,000,000	9.0p	3,239,997	15.0p	3,000,000	10.0p
Granted	-	-	-	-	-	-	-	-
Forfeited	-	-	-	-	(920,000)	15.0p	-	-
Outstanding at end of year	<u>1,968,450</u>	<u>12.5p</u>	<u>3,000,000</u>	<u>9.0p</u>	<u>2,319,997</u>	<u>15.0p</u>	<u>3,000,000</u>	<u>10.0p</u>
Exercisable at end of year	<u>1,968,450</u>	<u>12.5p</u>	<u>3,000,000</u>	<u>9.0p</u>	<u>2,319,997</u>	<u>15.0p</u>	<u>-</u>	<u>10.0p</u>

The options outstanding at 31 December 2010 had exercise prices of 10p, 15p, 12.5p and 5-15p, and a weighted average remaining contractual life of 1 year (2009: 1 year)

	Total	2003	2006 Variable Price	2006 Fixed Price	2009 Fixed Price
Expense arising from share based payment transactions share option plans 2010	<u>51,215</u>	-	<u>24,595</u>	<u>(19,476)</u>	<u>46,096</u>
2009	<u>71,075</u>	-	<u>45,466</u>	<u>25,609</u>	<u>-</u>

#### 23 Ultimate Controlling Party

The Directors consider that there is no one ultimate controlling party

#### 24 Related party transactions

During the year English Wines Plc made sales of £83,756 (2009: £38,952) to Hush Heath Estate in respect of contract winemaking services. Hush Heath is owned by Richard Balfour-Lynn, one of the major shareholders of English Wines Group Plc.