

17 November 2014



## INTERIM RESULTS

Majestic Wine PLC ("Majestic"), the UK's largest wine specialist with 210 stores, today announces its unaudited interim results for the 26 weeks ended 29 September 2014.

### Financial Highlights

- Total group sales up **2.8%** to **£133.8m** (2013: £130.2m)
  - Increased market share by **0.1%** to **4.3%**
  - Like for like sales in UK retail stores up **2.8%**
- Group Profit before tax declined to **£8.5m** (2013: £9.5m)
  - Majestic Wine profit before interest and tax declined to **£7.7m** (2013: £8.4m) due to previously announced investments in infrastructure, technology and consumer insights to support future growth
  - Lay & Wheeler profit before interest and tax declined to **£127k** (2013: £575k) due to poor trading around the weaker Bordeaux 2013 vintage
  - Majestic Wine Calais profit before interest and tax increased to **£738k** (2013: £660k)
- Interim dividend in line with last year at **4.2p** net per share

### Operational Highlights

- Customer key metrics
  - Active customers up **1.9%** to **643,000** (2013: 631,000)
  - Average spend per transaction is **£130** (2013: £127)
  - Average bottle of still wine purchased at Majestic **£8.02** (2013: £7.71)
  - Market share gains supported by significant increase in sales of Picpoul from France, up 127%, Malbec from Argentina, up 41% and Rosé from Provence, up 32%
- Progress with key growth initiatives
  - Online sales increased **12.3%** to **£12.9m**, now representing **10.8%** of UK retail sales (2013: 10.3%)
  - Sales to business customers up **4.9%** to **£26.8m** (2013: £25.6m)
  - Sales of fine wine (priced at £20 per bottle and above) increased by **22.0%** to **£9.0m** (2013: £7.4m)
  - Four new stores opened during the half (2013: 3)

### New Developments

- Distribution centre successfully relocated in July 2014 to a larger and more modern facility
- Moved to a new central support office following the end of the lease term on our previous facility
- Completed an in-depth analysis of the market and our own extensive customer data. Now introducing new, better targeted customer communications
- Expanded the Commercial sales team to capitalise on the significant growth opportunities from sales to business customers
- New craft spirits range launched for Christmas 2014

Commenting on the results Steve Lewis, Chief Executive, said:

*“Majestic has a compelling proposition with a differentiated model, strong customer service ethos and a clear strategy to deliver growth. The 2015 financial year is one of investing to put in place the building blocks to deliver future growth and shareholder value and we are progressing to plan.”*

For further information, please contact:

**Majestic Wine PLC**

Steve Lewis, CEO  
Nigel Alldritt, FD

Tel: 01923 298200

**Buchanan**

Charles Ryland  
Gabriella Clinkard

Tel: 020 7466 5000

**Investec Bank PLC**

Patrick Robb  
Carlton Nelson  
David Anderson

Tel: 020 7597 5970

## **Chairman's Statement**

The retail environment in which we operate remains highly competitive, however, Majestic traded in line with our expectations and we increased market share over the period by 0.1% to 4.3%. Total Group revenues at £133.8m were up £3.6m on the previous first half and UK like for like sales grew 2.8%.

Majestic Wine has a strong and differentiated model and we remain committed to delivering an exceptional experience for our customers. As previously announced the current financial year is characterised by the Group developing and investing in market and customer insight, better infrastructure and the latest technologies necessary to secure our future growth. The cost of these investments, coupled with difficult trading at Lay & Wheeler around the weak Bordeaux 2013 vintage, has seen the Group's profit before tax for the six month period ended 29 September 2014 decline to £8.5m against £9.5m for the first half of the previous financial year.

During the period we invested in analysing the rich transactional data that we hold to help us understand better how customers interact with us across our entire multichannel offering. By combining this information with newly commissioned customer and market research we have identified opportunities for us to further develop our proposition and better target our audience. We are investing in our teams, our stores and customer facing technologies to deliver these opportunities.

We also successfully relocated both our central support office and distribution centre to more modern and larger facilities. Both of these were necessary to support future growth. The lease term on the old central support office was coming to an end and we took this opportunity to purchase a long leasehold on attractive terms and locate all our teams into one, modern facility. The previous distribution centre was operating at full capacity and the new facility is large enough to handle our expected future volume growth.

The Board believes that these investments in market and customer insight, better infrastructure and latest technologies will drive future value for the business and our shareholders albeit they impact our reported profit in the short term.

The Board is proposing an interim dividend of 4.2p per share which is in line with last year. The dividend will be paid on 9 January 2015 to shareholders on the register at the close of business on 12 December 2014.

**Phil Wrigley**

Chairman

17 November 2014

## **Business Review**

### **Majestic Wine**

Profit before interest and tax decreased by £0.7m to £7.7m as a result of the investments made in the period to support our future growth. Sales were up 5.7% to £124.9m with like for like sales increasing by 2.8%. The number of customers on our database who have purchased in the last twelve months grew by 1.9% to 643,000. The average spend per transaction at our stores has risen £3 to £130 and the average bottle price of still wine purchased at Majestic is £8.02 up from £7.71 last year.

#### **Multichannel**

We have merged multiple data sources to create a single view of our customers, reflecting both on-line and in-store purchases. This has enabled us to successfully implement a programme of segmented customer email communications. We are currently investing to grow our in-house multichannel team which will enable us greater flexibility to deliver rapid developments to our customer proposition. We have seen good growth in online sales, up 12.3% on the same period last year and they now represent 10.8% of total UK retail sales.

#### **Customer Relationship Management (CRM)**

We have appointed a multichannel customer relationship management agency with a demonstrable track record of utilising data to enhance and personalise communications. We have successfully executed the first component of our multichannel CRM strategy by segmenting our database to deliver better targeted customer communications. Since the end of the reporting period we have launched a welcome programme that is targeted to increase the proportion of new customers who return for future visits.

#### **Commercial**

Total sales to business customers grew by 4.9% to £26.8m and now represent 21.5% of total UK sales. We have a regional sales team whose role is to secure restaurant, gastro pub and hotel business with all subsequent logistics handled by the nearest Majestic store. Additionally in London we have a dedicated office and depot near King's Cross that sells to larger business customers in the City and West End. In order to capitalise on the significant growth opportunity from this channel we have further increased the size of our Commercial sales team.

#### **New Stores**

During the half year we opened in Leighton Buzzard, Hexham, Loughton and Addlestone. Since the end of the period we have opened in Tiverton and Wrexham bringing the total number of stores trading to 210. We expect to open a further three new stores before Christmas. We are currently conducting a comprehensive revalidation of the locations and total footprint required to service our targeted segment of the UK wine market.

#### **Fine Wine**

Sales of still wine priced at £20 per bottle and above grew by 22.0% to £9.0m following a continued programme to rationalise the range in store with a focus on well-known fine wine brands. We have sourced an exciting parcel of interesting wines for the peak Christmas trading period from Lay & Wheeler, our fine wine merchant.

## **Lay & Wheeler**

Lay & Wheeler is our fine wine specialist with particular expertise in the fields of en primeur sales, cellarage and broking of customer reserves. Over the Summer we experienced a disappointing Bordeaux 2013 campaign. The vintage was good but not great and sales were down across the industry. This had further impacts on ancillary trading and broking of older vintages. Profit before interest and tax for the period was £127k compared with £575k in the previous first half. We have increased the frequency of diversified offers, such as the recent successful launch of Penfolds Grange 2010. Since the end of the reporting period we have re-launched our fine wine subscription club rebranded as Cellar Circle which offers members exclusive benefits.

## **Majestic Wine Calais**

This business operates from two locations in Calais selling to UK consumers wishing to take advantage of the much lower rate of alcohol duty in France. Profit before interest and tax for the period was £738k, up from £660k in the first half of the previous year. We have recently simplified our pricing structure with clear messages highlighting to customers where they can make substantial savings on the UK market price. Customers are encouraged to order through our well-established Click and Collect proposition, which accounts for 45% of sales.

## **Investing for the future**

Majestic has a compelling proposition with a differentiated model, strong customer service ethos and a clear strategy to deliver growth. The 2015 financial year is one of investing to put in place the building blocks to deliver future growth and shareholder value and we are progressing to plan.

## **Steve Lewis**

Chief Executive

17 November 2014

## Unaudited Group Income Statement

For the 26 weeks ended 29 September 2014

		26 weeks ended 29.09.14 £000	26 weeks ended 30.09.13 £000	52 weeks ended 31.03.14 £000
<b>Revenue</b>	3	<b>133,770</b>	130,181	278,157
Cost of sales		<b>(103,186)</b>	(100,609)	(214,119)
<b>Gross profit</b>		<b>30,584</b>	29,572	64,038
Distribution costs		<b>(14,009)</b>	(12,885)	(26,814)
Administrative costs		<b>(8,424)</b>	(7,473)	(14,088)
Other operating income		<b>411</b>	378	751
<b>Profit before finance revenue, finance costs and taxation</b>		<b>8,562</b>	9,592	23,887
Finance revenue		<b>9</b>	7	30
Finance costs		<b>(75)</b>	(55)	(157)
<b>Profit before taxation</b>	3	<b>8,496</b>	9,544	23,760
UK income tax	4	<b>(1,808)</b>	(2,070)	(5,673)
Overseas income tax	4	<b>(244)</b>	(221)	(485)
<b>Profit for the period</b>		<b>6,444</b>	7,253	17,602
<b>Earnings per share</b>				
Basic	5	<b>9.8p</b>	11.1p	27.0p
Diluted	5	<b>9.7p</b>	11.0p	26.6p
<b>Dividend per share</b>	6	<b>4.2p</b>	4.2p	16.0p

## Unaudited Group Statement of Comprehensive Income

For the 26 weeks ended 29 September 2014

		26 weeks ended 29.09.14 £000	26 weeks ended 30.09.13 £000	52 weeks ended 31.03.14 £000
<b>Profit for the period</b>		<b>6,444</b>	7,253	17,602
<b>Other comprehensive income:</b>				
Currency translation differences on foreign currency net investments		<b>(286)</b>	(59)	(120)
<b>Other comprehensive income for the period, net of tax</b>		<b>(286)</b>	(59)	(120)
<b>Total comprehensive income for the period</b>		<b>6,158</b>	7,194	17,482

## Unaudited Group Statement of Changes in Equity

For the 26 weeks ended 29 September 2014

	Share Capital £000	Share Premium Account £000	Capital Reserve Own Shares Held in ESOT £000	Capital Redemption Reserve £000	Currency Translation Reserve £000	Retained Earnings £000	Total Share- holders' Funds £000
At 1 April 2013	4,886	18,743	(517)	363	2,208	62,129	87,812
Profit for the period	-	-	-	-	-	7,253	7,253
Other comprehensive income:							
Foreign exchange differences	-	-	-	-	(59)	-	(59)
Total comprehensive income for the period	-	-	-	-	(59)	7,253	7,194
Share issue	15	217	-	-	-	-	232
Shares vesting under deferred bonus scheme	-	-	283	-	-	(283)	-
Transfer to shareholders' funds – employee costs expected to be satisfied in shares	-	-	-	-	-	317	317
Tax credit on employee share options	-	-	-	-	-	327	327
Equity dividends paid	-	-	-	-	-	(7,689)	(7,689)
At 30 September 2013	4,901	18,960	(234)	363	2,149	62,054	88,193
Profit for the period	-	-	-	-	-	10,349	10,349
Other comprehensive income:							
Foreign exchange differences	-	-	-	-	(61)	-	(61)
Total comprehensive income for the period	-	-	-	-	(61)	10,349	10,288
Share issue	21	947	-	-	-	-	968
Share vesting under deferred bonus scheme	-	-	4	-	-	(4)	-
Transfer to shareholders' funds – employee costs expected to be satisfied in shares	-	-	-	-	-	(265)	(265)
Tax debit on employee share options	-	-	-	-	-	(412)	(412)
Equity dividends paid	-	-	-	-	-	(2,742)	(2,742)
At 31 March 2014	4,922	19,907	(230)	363	2,088	68,980	96,030
Profit for the period	-	-	-	-	-	6,444	6,444
Other comprehensive income:							
Foreign exchange differences	-	-	-	-	(286)	-	(286)
Total comprehensive income for the period	-	-	-	-	(286)	6,444	6,158
Share issue	1	16	-	-	-	-	17
Share vesting under deferred bonus scheme	-	-	213	-	-	(213)	-
Transfer to shareholders' funds – employee costs expected to be satisfied in shares	-	-	-	-	-	250	250
Tax debit on employee share options	-	-	-	-	-	(22)	(22)
Equity dividends paid	-	-	-	-	-	(7,744)	(7,744)
<b>At 29 September 2014</b>	<b>4,923</b>	<b>19,923</b>	<b>(17)</b>	<b>363</b>	<b>1,802</b>	<b>67,695</b>	<b>94,689</b>

# Unaudited Group Balance Sheet

As at 29 September 2014

	As at 29.09.14 £000	As at 30.09.13 £000	As at 31.03.14 £000
<b>Non current assets</b>			
Goodwill and intangible assets	8,989	9,433	9,106
Property, plant and equipment	72,921	67,457	71,682
En primeur purchases	510	1,376	1,487
Prepaid operating lease costs	2,216	2,145	2,145
Deferred tax assets	518	1,426	645
	<b>85,154</b>	<b>81,837</b>	<b>85,065</b>
<b>Current assets</b>			
Inventories	57,288	55,817	54,761
Trade and other receivables	10,174	9,978	7,945
En primeur purchases	2,522	3,145	1,883
Financial instruments at fair value	-	3	-
Cash and cash equivalents	4,207	2,121	5,587
	<b>74,191</b>	<b>71,064</b>	<b>70,176</b>
<b>Total assets</b>	<b>159,345</b>	<b>152,901</b>	<b>155,241</b>
<b>Current liabilities</b>			
Trade and other payables	(45,715)	(46,329)	(44,510)
En primeur deferred income	(3,042)	(3,867)	(2,448)
Bank overdraft	(9,047)	(6,125)	(3,808)
Provisions	(307)	(564)	(397)
Deferred lease inducements	(409)	(386)	(414)
Financial instruments at fair value	(480)	(475)	(161)
Current tax liabilities	(1,673)	(1,847)	(2,412)
	<b>(60,673)</b>	<b>(59,593)</b>	<b>(54,150)</b>
<b>Non current liabilities</b>			
En primeur deferred income	(594)	(1,566)	(1,676)
Provisions	(61)	(109)	(39)
Deferred lease inducements	(2,579)	(2,517)	(2,573)
Deferred tax liabilities	(749)	(923)	(773)
<b>Total liabilities</b>	<b>(64,656)</b>	<b>(64,708)</b>	<b>(59,211)</b>
<b>Net assets</b>	<b>94,689</b>	<b>88,193</b>	<b>96,030</b>
<b>Shareholders' equity</b>			
Called up share capital	4,923	4,901	4,922
Share premium account	19,923	18,960	19,907
Capital reserve – own shares held in ESOT	(17)	(234)	(230)
Capital redemption reserve	363	363	363
Currency translation reserve	1,802	2,149	2,088
Retained earnings	67,695	62,054	68,980
<b>Equity shareholders' funds</b>	<b>94,689</b>	<b>88,193</b>	<b>96,030</b>



## Unaudited Group Cash Flow Statement

For the 26 weeks ended 29 September 2014

	Note	26 weeks ended 29.09.14 £000	26 weeks ended 30.09.13 £000	52 weeks ended 31.03.14 £000
<b>Cash flows from operating activities</b>				
Cash generated by operations	8	8,471	6,096	23,649
UK income tax paid		(2,538)	(2,142)	(4,891)
Overseas income tax paid		(172)	(270)	(604)
<b>Net cash generated by operating activities</b>		<b>5,761</b>	<b>3,684</b>	<b>18,154</b>
<b>Cash flows from investing activities</b>				
Interest received		9	7	30
Purchase of non current assets		(4,449)	(3,397)	(10,267)
Receipts from sales of non current assets		7	427	440
<b>Net cash used by investing activities</b>		<b>(4,433)</b>	<b>(2,963)</b>	<b>(9,797)</b>
<b>Cash inflow before financing</b>		<b>1,328</b>	<b>721</b>	<b>8,357</b>
<b>Cash flows from financing activities</b>				
Interest paid		(90)	(127)	(183)
Issue of Ordinary Share capital		17	232	1,200
Equity dividends paid		(7,744)	(7,689)	(10,431)
<b>Net cash used by financing activities</b>		<b>(7,817)</b>	<b>(7,584)</b>	<b>(9,414)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(6,489)</b>	<b>(6,863)</b>	<b>(1,057)</b>
Cash and cash equivalents at beginning of period		1,779	2,888	2,888
Effect of foreign exchange differences		(130)	(29)	(52)
<b>Cash and cash equivalents at end of period</b>		<b>(4,840)</b>	<b>(4,004)</b>	<b>1,779</b>
<b>Reconciliation of cash and cash equivalents</b>				
Cash and cash equivalents per Group balance sheet		4,207	2,121	5,587
Bank overdraft per Group balance sheet		(9,047)	(6,125)	(3,808)
<b>Cash and cash equivalents at end of period</b>		<b>(4,840)</b>	<b>(4,004)</b>	<b>1,779</b>

# Notes to the Unaudited Group Interim Financial Statements

## 1. General Information

Majestic Wine PLC is a public limited company ("Company") incorporated in the United Kingdom under the Companies Act 2006 (registration number 2281640). The Company is domiciled in the United Kingdom and its registered address is Majestic House, The Belfry, Colonial Way, Watford, WD24 4WH. The Company's Ordinary Shares are traded on the Alternative Investment Market ("AIM"). Copies of the Interim Report are being sent to shareholders. Further copies of the Interim Report and Annual Report and Accounts may be obtained from the address above.

The Group's principal activity is the retailing of wines, beers and spirits.

## 2. Basis of preparation

The interim financial statements of the Group for the 26 weeks ended 29 September 2014, which are unaudited, have been prepared in accordance with the accounting policies set out in the annual report and accounts for the 52 weeks ended 31 March 2014.

The Board is currently of the opinion that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is able to operate within its current uncommitted borrowing facilities. The Board is satisfied that the Group has adequate financial resources to continue to operate for the foreseeable future and is financially sound. For this reason, the going concern basis is considered appropriate for the preparation of financial statements.

The financial information contained in the interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the full preceding year is based on the statutory accounts for the 52 weeks ended 31 March 2014. The report of the auditors, Ernst & Young LLP, on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498(2) or (3) of the Companies Act 2006. These accounts have been delivered to the Registrar of Companies.

As permitted, this interim report has been prepared in accordance with UK listing rules and not in accordance with IAS 34 "Interim Financial Reporting" - therefore it is not fully in compliance with IFRS.

The interim financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

### 3. Segment reporting

The Group's operations are organised into three distinct business units each operating in a separate segment of the overall wine market. Majestic Wine Warehouses is a UK based wine retailer, Lay & Wheeler is a specialist in the fine wine market and Majestic Wine Calais operates retail units in northern France servicing the UK cross-channel market.

No operating segments have been aggregated to form the above reportable segments. Management monitors the operating results of the businesses separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated on both sales growth and profit before interest.

In the information provided to the chief operating decision maker, the underlying performance of the Lay & Wheeler operating segment is evaluated and measured based on revenue and profit being recognised on orders, cash receipts and payments from en primeur campaigns. Management reviews the business on this alternative basis as resources utilised in generating these sales are expensed as incurred. This differs from the revenue recognition policy required under IAS 18 where revenue is recognised on delivery which may be up to two years later. As a result a reconciling item is presented between the total operating segments revenue and results and the IFRS statutory measure.

Financing (including finance costs and finance revenue) and income taxes are managed at a Group basis and are not allocated to operating segments. Inter-segment transactions are conducted on an arm's length basis in a manner similar to transactions with third parties.

	26 weeks ended 29.09.14 £000	26 weeks ended 30.09.13 £000	52 weeks ended 31.03.14 £000
Third party revenue			
Majestic Wine Warehouses	124,888	118,129	255,732
Lay & Wheeler	4,440	7,849	12,938
Majestic Wine Calais	3,954	4,193	8,168
Total operating segment revenue	133,282	130,171	276,838
Movement in en primeur sales deferred to future periods	488	10	1,319
<b>Total reported revenue</b>	<b>133,770</b>	<b>130,181</b>	<b>278,157</b>
Segment result			
Majestic Wine Warehouses	7,697	8,357	21,430
Lay & Wheeler	(23)	467	735
Majestic Wine Calais	738	660	1,456
Total operating segment results	8,412	9,484	23,621
Movement in en primeur profit deferred to future periods (see note 7)	150	108	266
<b>Total reported operating result</b>	<b>8,562</b>	<b>9,592</b>	<b>23,887</b>
Finance revenue less finance costs	(66)	(48)	(127)
<b>Profit before tax</b>	<b>8,496</b>	<b>9,544</b>	<b>23,760</b>
Inter-segment sales eliminated from revenue: Lay & Wheeler	113	203	418
Segment assets			
Majestic Wine Warehouses	137,433	130,844	133,200
Lay & Wheeler	17,351	15,984	17,834
Majestic Wine Calais	6,499	7,068	6,010
Unallocated	518	1,426	645
Eliminated	(2,456)	(2,421)	(2,448)
<b>Total group assets</b>	<b>159,345</b>	<b>152,901</b>	<b>155,241</b>

#### 4. Taxation

Taxation for the 26 weeks to 29 September 2014 has been calculated by applying the estimated tax rate for the financial year ending 31 March 2015 adjusted for the reduction in the rate of corporation tax to 21% from 23%, except that deferred tax assets relating to share based payments have been recalculated to reflect the change in the number of options outstanding and movement in the share price.

#### 5. Earnings per share

Basic earnings per share is calculated on profit for the period attributable to equity shareholders of £6,444,000 (2013: £7,253,000) apportioned over the weighted average number of Ordinary Shares that were in issue for the period: 65,604,842 (2013: 65,136,848). The calculation of diluted earnings per share is in accordance with IAS 33 – Earnings Per Share. The weighted average number of Ordinary Shares in issue has been adjusted to take account of the effect of all dilutive potential Ordinary Shares. The number of shares used in the calculation was 66,107,413 (2013: 65,769,559).

#### 6. Dividend

A dividend of 11.8p net per share was paid to shareholders on 15 August 2014. An interim dividend of 4.2p per share will be paid on 9 January 2015 to shareholders on the register at the close of business on 12 December 2014.

#### 7. En Primeur

En primeur refers to the process of purchasing wines early before they are bottled and released onto the market. This method of purchasing gives the consumer the opportunity to secure wines that may be in limited quantity and very difficult to acquire after release. Receipts and payments for these wines may be up to two years before the wines are delivered to customers. Payments to suppliers are treated as trade receivables and receipts from customers treated as deferred income until the wines are delivered.

##### a) Analysis of en primeur balances

	29.09.14	30.09.13	31.03.14
	£000	£000	£000
En primeur purchases included in non current assets	510	1,376	1,487
En primeur purchases included in current assets	2,522	3,145	1,883
Total en primeur purchases	3,032	4,521	3,370
En primeur deferred income included in current liabilities	(3,042)	(3,867)	(2,448)
En primeur deferred income included in non current liabilities	(594)	(1,566)	(1,676)
Total en primeur deferred income	(3,636)	(5,433)	(4,124)
Net en primeur balance	(604)	(912)	(754)

##### b) Movement in en primeur balances

	26 weeks ended 29.09.14	26 weeks ended 30.09.13	52 weeks ended 31.03.14
	£000	£000	£000
Net en primeur balance at beginning of period	(754)	(1,020)	(1,020)
Movement in en primeur balance	150	108	266
Net en primeur balance at end of period	(604)	(912)	(754)

## 8. Note to the cash flow statement

### Reconciliation of profit to cash generated by operations

	26 weeks ended 29.09.14 £000	26 weeks ended 30.09.13 £000	52 weeks ended 31.03.14 £000
<b>Cash flows from operating activities:</b>			
Profit	6,444	7,253	17,602
<b>Adjustments to reconcile profit for the year to cash generated by operations:</b>			
Income tax expense	2,052	2,291	6,158
Net finance expense	66	48	127
Amortisation, impairment and depreciation	3,013	2,596	5,530
Loss on disposal of non current assets	80	50	37
Increase in inventories	(2,527)	(4,511)	(3,455)
(Increase)/decrease in trade and other receivables	(2,229)	(1,463)	570
Increase/(decrease) in trade and other payables	1,220	(2,068)	(3,933)
Movement in en primeur balances	(150)	(108)	(266)
Increase in deferred lease inducements	1	1,314	1,398
Change in value of derivative instruments	319	349	38
(Decrease)/increase in provisions	(68)	28	(209)
Share based payments	250	317	52
Cash generated by operations	8,471	6,096	23,649

### 9. Reconciliation of net cash flow to movement in net (debt)/ funds

	29.09.14 £000	30.09.13 £000	31.03.14 £000
Net decrease in cash and cash equivalents	(6,489)	(6,863)	(1,057)
Effect of foreign exchange differences	(130)	(29)	(52)
Movement in net debt	(6,619)	(6,892)	(1,109)
Net funds at beginning of period	1,779	2,888	2,888
Total net (debt)/funds	(4,840)	(4,004)	1,779