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MAJESTIC WINE PLC
ANNUAL REPORT AND ACCOUNTS
2008

INTERNATIONAL WINE CHALLENGE
UK MERCHANT OF THE YEAR

THE MAJESTIC WAY

MAJESTIC OPERATES THE LARGEST WINE WAREHOUSE CHAIN IN BRITAIN, SPECIALISING IN THE SALE OF WINE BY THE MIXED CASE DIRECT TO THE PUBLIC.

WE DIFFERENTIATE OURSELF BY THE HIGH QUALITY OF OUR CUSTOMER SERVICE AND ADVICE, THE DIVERSITY AND QUANTITY OF STOCK AVAILABLE TO PURCHASE AT EACH STORE, OUR DEDICATED ON-SITE CUSTOMER PARKING, WINES TO TASTE EVERY DAY, THE ABILITY TO ORDER IN STORE OR VIA OUR WEBSITE AND THE AVAILABILITY OF FREE DELIVERY THROUGHOUT MAINLAND UK.

CONTENTS

2004 £10 7
2005 £12 9
2006 £14 2
2007 £16 2
2008 £16 7

PROFIT BEFORE TAX (£M)
2006 TO 2008 UNDER IFRS
2004 AND 2005 UNDER
UK GAAP

CHAIRMAN'S STATEMENT

I AM PLEASED TO ANNOUNCE THAT THE GROUP HAS ACHIEVED A FURTHER YEAR OF PROFIT GROWTH.

PROFIT BEFORE TAX FOR THE 52 WEEKS ENDED 31 MARCH 2008 WAS £16.7M, AN INCREASE OF 3.4%.

I am pleased to announce that the Group has achieved a further year of profit growth

Profit before tax for the 52 weeks ended 31 March 2008 was £16 7m, an increase of 3 4% Diluted earnings per share increased 6 6% to 17 7p This enhanced growth in earnings per share is the result of the share buy-back programme

Total sales were £197 0m which was £5 8m higher than the prior year (a 53 week period) On a comparable 52 week basis total sales increased 5 1% with like for like UK store sales growing 2 4%

DIVIDEND

We are recommending for approval by shareholders at the Annual General Meeting a final dividend of 7 0 pence net per share payable on 15 August 2008 to shareholders on the register on 18 July 2008 This brings the total dividend to 9 8 pence net per share an increase of 15 3% on 2007

BOARD CHANGES

Tim How, who has been Chief Executive for the last 19 years will be retiring after the forthcoming Annual General Meeting Majestic, which over those 19 years has delivered exceptional customer satisfaction provided fulfilling work for thousands of people, and generated tremendous shareholder value owes these achievements in large part to Tim's leadership I would like to thank Tim for his invaluable contribution to Majestic

Steve Lewis, our Chief Operating Officer for the past two years, will be appointed Chief Executive on Tim's retirement Steve aged 44 joined Majestic in 1985 as a graduate trainee manager He became Retail Director in 1991 and was appointed to the Board in 1998

HIGHLIGHTS
MAJESTIC WINE PLC

PROFIT BEFORE TAX INCREASED BY 3 4% TO £16 7M (2007 £16 2M)

TOTAL SALES UP 3 1% TO £197 0M (2007 £191 2M)

FINAL DIVIDEND OF 7 0P (2007 6 2P) PER SHARE

TOTAL DIVIDEND OF 9 8P (2007 8 5P) PER SHARE

AVERAGE BOTTLE PRICE OF STILL WINE PURCHASED IS NOW £5 98 (2007 £5 75)

AVERAGE SPEND PER TRANSACTION HAS RISEN 8 1% TO £133 (2007 £123)

SALES OF FINE WINE INCREASED 25% ON LAST YEAR AND NOW REPRESENT 4 2% OF UK RETAIL SALES

INTERNET SALES NOW REPRESENT 7 9% OF UK RETAIL SALES

TEN NEW STORES AND THREE RE-SITES OPENED DURING THE FINANCIAL YEAR

WINE AND BEER WORLD PROFIT BEFORE TAX WAS £1 5M (2007 £1 8M)

PEOPLE
As I have noted before, the quality of our people at Majestic is central to our success In challenging markets their job is far from easy but it is thanks to their unstinting efforts that we have been able to record these results

SHARE BUY-BACK PROGRAMME
We are continuing to buy back our shares in line with the programme announced previously We have now purchased 4 4 million shares for an aggregate consideration of £14 9m In executing this programme, the Board is committed to acting in the best interests of shareholders taking account of all circumstances

CURRENT TRADING
Like for like UK sales for the ten weeks from 1 April 2008 to 9 June 2008 were up 0 8% The sales performance during this period has been affected by the above inflation increase in duty rates, which pulled forward some of April's sales into March Since April, sales have been significantly stronger with like for like UK sales for the most recent six weeks ending 9 June 2008 up 4 4%

SIMON BURKE
CHAIRMAN
16 JUNE 2008

2004 325,000
2005 354,000
2006 374,000
2007 400,000
2008 410,000

NUMBER OF CUSTOMERS
WHO MADE PURCHASES

REVIEW OF OPERATIONS

WE HAVE SEEN STRONG GROWTH IN THE AVERAGE SPEND PER TRANSACTION UP 8.1% TO £133. THE AVERAGE BOTTLE PRICE OF STILL WINE PURCHASED AT MAJESTIC HAS INCREASED TO £5.98 FROM £5.75 LAST YEAR.

THE TOTAL NUMBER OF CUSTOMERS ON OUR DATABASE WHO HAVE MADE PURCHASES IN THE LAST TWELVE MONTHS HAS GROWN 2.5% TO 410,000.

We have seen strong growth in the average spend per transaction up 8 1% to £133 The average bottle price of still wine purchased at Majestic has increased to £5 98 from £5 75 last year The total number of customers on our database who have made purchases in the last twelve months has grown 2 5% to 410,000

We have seen good growth in still wine sales particularly from Bordeaux, Loire, Beaujolais, Italy, Argentina and New Zealand In addition, Champagne and rosé sales continued to grow strongly

Sales of fine wine (still wine priced at £20 and above) grew 25% and now represent 4 2% of UK retail sales We have installed dedicated fine wine display areas in 45 stores and have plans to add a further 10 this year

Sales to corporate customers represent around 25% of UK sales We continue to see good opportunities to grow our corporate sales and have increased our regional sales team to fifteen Their task is to source new restaurant, hotel and business accounts with all subsequent logistics handled by the nearest Majestic store. We also have a central London team of ten, based near King's Cross, that sell to larger corporate customers in the City and West End

MARKETING
Over the past two years we have developed a marketing strategy of long-term promotions interspersed by shorter term deep cut offers Our customers tell us that they value regular contact so we have increased the frequency of communication We now mail a mix of full price lists, flyers and postcards to support our various marketing campaigns

ECOMMERCE
The value of orders placed via our website, majestic co uk, continues to grow strongly and now represents 7 9% of UK retail sales We re-launched our website on a new platform in October 2007 The new site delivers an improved customer experience has better search and navigation options and features content that emphasises our wine expertise We recognise the opportunity that email gives us to communicate with our customers We continue to gather their email addresses when they visit our stores and now have 190 000 up from 150,000 last year

NEW STORES
We opened ten new stores during the year in Sonning Aberdeen Macclesfield Sevenoaks, Brentford Lock, Stratford-upon-Avon, Bangor, Bishops Stortford Carlisle and Westbury-on-Trym in Bristol In addition we re-sited our stores in Chester and St Albans and relocated from Acocks Green to Shirley in Birmingham

Since the year end we have re-sited our stores in Kingston and Worcester This month we will open in Hereford giving us 145 stores trading in the UK. We are opening in Leatherhead and Summertown in Oxford by early autumn and have several more new stores at advanced stages of negotiation

WINE AND BEER WORLD
We have seen trading conditions deteriorate as the market suffered further declines due in part to the appreciation of the Euro against Sterling The result was that profit before tax declined £0 3m to £1 5m and like for like sales on a same currency basis declined 8 8%

SUZIE HARRISON
BUYER

HOW DID YOU BECOME A BUYER FOR MAJESTIC?

AFTER GAINING A FIRST CLASS HONOURS DEGREE IN ECONOMICS & POLITICS FROM THE UNIVERSITY OF DURHAM, I JOINED MAJESTIC IN MAY 2003 AS PART OF THE GRADUATE MANAGEMENT TRAINEE SCHEME I GAINED EXPERIENCE IN A NUMBER OF STORES BEFORE PROMOTION TO BUYER IN 2007

IN JUNE 2007 I PASSED MY WINE AND SPIRIT EDUCATION TRUST (WSET) DIPLOMA AND WON MY SECOND WSET "AWARDS OF EXCELLENCE" SCHOLARSHIP FOR OUTSTANDING PERFORMANCE

WHAT DO YOU PARTICULARLY ENJOY ABOUT YOUR JOB?

I LOVE THE DIVERSITY - NO TWO DAYS ARE EVER THE SAME I GET TO TASTE A HUGE RANGE OF WINES FROM ALL CORNERS OF THE WINE PRODUCING WORLD, VISIT THE VINEYARDS AND MEET THE PEOPLE BEHIND THE WINES MAJESTIC HAS GIVEN ME THE OPPORTUNITY TO COMBINE MY PASSION FOR WINE WITH WORK - NOT MANY PEOPLE ARE THAT LUCKY!

HOW WOULD YOU DESCRIBE THE MAJESTIC WAY?

THE PHILOSOPHY AT MAJESTIC IS TO LEAD THE MARKET, RATHER THAN TO FOLLOW IT AT MAJESTIC THE CORE RANGE OF CLASSIC WINES SUCH AS SANCERRE CONTINUE TO BE POPULAR, BUT INCREASINGLY WE'RE SEEING "NEWER" WINE REGIONS LIKE THE ALENTEJO IN PORTUGAL AND CAMPANIA IN SOUTHERN ITALY GARNERING SUPPORT FROM OUR CUSTOMERS IT'S EXCITING TO BE AT THE FOREFRONT OF CHANGES IN THE WINE MARKET - THERE ARE ALWAYS NEW WINES TO DISCOVER AND FOR ME THIS IS WHAT IT'S ALL ABOUT

2004 £5 40
2005 £5 51
2006 £5.59
2007 £5 75
2008 £5 98

AVERAGE BOTTLE PRICE
THE AVERAGE BOTTLE PRICE OF STILL WINE PURCHASED AT MAJESTIC HAS INCREASED TO £5 98 FROM £5 75

AILSA THORPE
MANAGER HUMAN RESOURCES

WHY DO SO MANY TALENTED GRADUATES CHOOSE MAJESTIC?

WE OFFER A HUGE AMOUNT OF EARLY RESPONSIBILITY AND AUTONOMY AND WORK HARD TO DEVELOP OUR PEOPLE WE PROVIDE A COMPREHENSIVE TRAINING PROGRAMME AND SPONSOR OUR PEOPLE THROUGH THE WINE AND SPIRIT EDUCATION TRUST'S ADVANCED CERTIFICATE WE ENCOURAGE THEM TO GO FURTHER STILL AND MANY STUDY THE TWO-YEAR WSET DIPLOMA COURSE TRAINING IS NOT ONLY ABOUT IMPROVING WINE KNOWLEDGE BUT ALSO OPERATIONAL MANAGEMENT AND CUSTOMER CARE

WHY DO MAJESTIC STAFF STAY IN THE COMPANY?

PEOPLE WORK IN SMALL FRIENDLY TEAMS AND THEY GET ALONG FAMOUSLY THERE IS ENORMOUS VARIETY AND INVOLVEMENT IN EVERY ASPECT OF THE BUSINESS CUSTOMERS VALUE YOUR OPINION ESPECIALLY WHEN THEY REALLY ENJOY A WINE THAT YOU HAVE SUGGESTED TO THEM

HOW WOULD YOU DESCRIBE THE MAJESTIC WAY?

IT IS ALL ABOUT THE ENTHUSIASM OF OUR PEOPLE THEY WORK WITH INCREDIBLE ENERGY AND ARE ALWAYS WILLING TO GO THE EXTRA MILE

CUSTOMER SERVICE
It is the quality of the customer service delivered by our staff that most notably differentiates Majestic from its competitors We provide a comprehensive training programme focusing on customer service, operational management and wine knowledge The training programme is widely regarded as being one of the best in the wine industry

All our retail staff take the Wine and Spirit Education Trust's (WSET) Advanced Certificate after about six months in the Company They are encouraged to further their wine education and 145 either hold or are studying for the two-year WSET Diploma We were delighted that eight of our staff were awarded WSET "Awards of Excellence" in January 2008 for outstanding papers in their Advanced Certificate and Diploma examinations

As well as the provision of excellent customer service we also offer free home delivery backed by a dedicated van at each of our stores and a carry to car service for our store customers We stock a wide range in depth at each location and customers can always taste a selection of wines at our in-store tasting counters

We were very pleased that our strengths were recognised at the International Wine Challenge 2007 where we were awarded both the "High Street Chain of the Year" and the overall "UK Merchant of the Year" awards The judges commended Majestic for "competitive prices, excellent customer service and impressive range"

FUTURE PROSPECTS
Although the consumer environment is challenging, Majestic has a clearly differentiated retail model and is well positioned for future growth in this highly competitive market

TIM HOW
CHIEF EXECUTIVE
16 JUNE 2008

CUSTOMER SERVICE

IT IS THE QUALITY OF THE CUSTOMER SERVICE DELIVERED BY OUR STAFF THAT MOST NOTABLY DIFFERENTIATES MAJESTIC FROM ITS COMPETITORS.

PROPERTY

WE OPENED TEN NEW STORES DURING THE YEAR:

SONNING, ABERDEEN, MACCLESFIELD, SEVENOAKS, BRENTFORD LOCK, STRATFORD-UPON-AVON, BANGOR, BISHOPS STORTFORD, CARLISLE AND WESTBURY-ON-TRYM IN BRISTOL.

WE OPENED HEREFORD IN JUNE 2008.

SCOTLAND
- ● **ABERDEEN**
- **AYR**
- **EDINBURGH** CAUSEWAYSIDE
- **EDINBURGH** COMISTON ROAD
- **GLASGOW** BEARSDEN
- **GLASGOW** CHARING CROSS
- **GLASGOW** GIFFNOCK
- **INVERNESS**
- **PERTH**
- **STIRLING**

NORTH
- ● **CARLISLE**
- **BEVERLEY**
- **BIRKDALE** SOUTHPORT
- ▲ **CHESTER**
- **DARLINGTON**
- **HARROGATE**
- **HUDDERSFIELD**
- **KENDAL**
- **LEEDS** CENTRAL
- **LEEDS** CHAPEL ALLERTON
- **LINCOLN**
- ● **MACCLESFIELD**
- **MANCHESTER**
- **NEWCASTLE**
- **PRESTON**
- **SHEFFIELD**
- **STOCKPORT**
- **WARRINGTON**
- **WILMSLOW**
- **YORK**

WALES
- ● **BANGOR**
- **CARDIFF**
- **SWANSEA**

MIDLANDS
- **BANBURY**
- **BICESTER**
- **BIRMINGHAM** HAGLEY ROAD
- ▲ **BIRMINGHAM** SHIRLEY
- **DERBY**
- ● **HEREFORD**
- **LEAMINGTON SPA**
- **LEICESTER**
- **MERE GREEN** SUTTON COLDFIELD
- **MILTON KEYNES**
- **NORTHAMPTON**
- **NOTTINGHAM**
- **OXFORD**
- ● **STRATFORD-UPON-AVON**
- **STOURBRIDGE**
- **STOW-ON-THE-WOLD**
- **WOLVERHAMPTON**
- ▲ **WORCESTER**

SOUTH AND WEST
- **BARNSTAPLE**
- **BATH**
- **BRISTOL** BATH ROAD
- **BRISTOL** FILTON
- ● **BRISTOL** WESTBURY-ON-TRYM
- **CHELTENHAM**
- **CHICHESTER**
- **CHIPPENHAM**
- **CIRENCESTER**
- **DORCHESTER**
- **EXETER**
- **GLOUCESTER**
- **MARLBOROUGH**
- **NEWBURY**
- **POOLE**
- **SALISBURY**
- **SOUTHAMPTON**
- **SWINDON**
- **TAUNTON**
- **WINCHESTER**

NEW
STORES

WE NOW HAVE 145 STORES TRADING IN THE UK WE ARE OPENING IN LEATHERHEAD AND SUMMERTOWN IN OXFORD BY EARLY AUTUMN AND HAVE SEVERAL MORE NEW STORES AT ADVANCED STAGES OF NEGOTIATION

KEY
▲ RELOCATIONS
● NEW STORES

EAST
CAMBRIDGE
COLCHESTER
IPSWICH
NORWICH
PETERBOROUGH

SOUTH EAST
AMERSHAM
AYLESBURY
BERKHAMSTED
BISHOPS STORTFORD ●
BRIGHTON & HOVE
CAMBERLEY
CHELMSFORD
EAST GRINSTEAD
FARNHAM
GUILDFORD
HASLEMERE
HIGH WYCOMBE
HORSHAM
MAIDENHEAD
MAIDSTONE
READING
REIGATE
SEVENOAKS ●
SONNING ●
ST ALBANS ▲
STEVENAGE
SUNNINGDALE
TUNBRIDGE WELLS
WOKING
WOKINGHAM

FRANCE
CALAIS
COQUELLES
CHERBOURG

LONDON AND INSIDE M25
BATTERSEA
BELGRAVIA
BRENTFORD LOCK ●
BROMLEY
BUSHEY
CHALK FARM
CHEAM
CHISLEHURST
CITY
CLAPHAM
CROYDON
COVENT GARDEN
DOCKLANDS
DULWICH
EALING
EAST MOLESEY
ENFIELD
EPSOM
FULHAM
GIDEA PARK
GREENWICH
ISLINGTON
KINGSTON ▲
MARYLEBONE
MAYFAIR
MUSWELL HILL
NEW BARNET
NOTTING HILL GATE
PUTNEY
RICHMOND
ROEHAMPTON
RUISLIP
SANDERSTEAD
SHEPHERDS BUSH
SOUTH KENSINGTON
ST JOHN'S WOOD
SURBITON
TWICKENHAM
UXBRIDGE
VAUXHALL
VINOPOLIS
WANSTEAD
WEYBRIDGE
WIMBLEDON

DIRECTORS
ADVISERS

COMPANY SECRETARY
NIGEL ALLDRITT ACMA

REGISTERED OFFICE
MAJESTIC HOUSE
OTTERSPOOL WAY
WATFORD
HERTS WD25 8WW

AUDITORS
ERNST & YOUNG LLP
400 CAPABILITY GREEN
LUTON LU1 3LU

TAX ADVISERS
PRICEWATERHOUSECOOPERS LLP
10 BRICKET ROAD
ST ALBANS
HERTS AL1 3JX

BANKERS
BARCLAYS BANK PLC
FLOOR 27
1 CHURCHILL PLACE
LONDON E14 5HP

THE ROYAL BANK OF SCOTLAND
9TH FLOOR
280 BISHOPSGATE
LONDON EC2N 4RB

NOMINATED ADVISER AND BROKER
LANDSBANKI SECURITIES
(UK) LIMITED
BEAUFORT HOUSE
15 ST BOTOLPH STREET
LONDON EC3A 7QR

FINANCIAL ADVISER
CLOSE BROTHERS
CORPORATE FINANCE
10 CROWN PLACE
LONDON EC2A 4FT

SOLICITORS
OSBORNE CLARKE
ONE LONDON WALL
LONDON EC2Y 5EB

ROCHMAN LANDAU
45 MORTIMER STREET
LONDON W1W 8HJ

REGISTRARS
CAPITA REGISTRARS
THE REGISTRY
BOURNE HOUSE
34 BECKENHAM ROAD
BECKENHAM
KENT BR3 4TU

PAUL DERMODY
AGED 62 IS A NON EXECUTIVE DIRECTOR AND WAS APPOINTED TO THE BOARD IN 2003
HE IS THE FORMER CHIEF EXECUTIVE OF DE VERE GROUP PLC HE IS A NON-EXECUTIVE DIRECTOR OF AGA RANGEMASTER GROUP PLC HE CHAIRS THE AUDIT COMMITTEE

HELEN KEAYS
AGED 44 IS A NON-EXECUTIVE DIRECTOR AND WAS APPOINTED TO THE BOARD IN NOVEMBER 2005
SHE IS A TRUSTEE OF THE SHAKESPEARE BIRTHPLACE TRUST SHE CHAIRS THE REMUNERATION COMMITTEE

JUSTIN APTHORP
AGED 46 IS BUYING DIRECTOR HE WAS APPOINTED TO THE BOARD IN JANUARY 2006

NIGEL ALLDRITT
AGED 44 IS FINANCE DIRECTOR AND COMPANY SECRETARY AND WAS APPOINTED TO THE BOARD IN 2002 HE IS A CHARTERED MANAGEMENT ACCOUNTANT AND RESPONSIBLE FOR THE FINANCE AND IT FUNCTIONS

STEVE LEWIS
AGED 44 IS CHIEF OPERATING OFFICER WITH RESPONSIBILITY FOR THE GROUP'S TRADING OPERATIONS HE WAS APPOINTED TO THE BOARD IN 1998 HE WILL BE APPOINTED CHIEF EXECUTIVE ON 8 AUGUST 2008

TIM HOW
AGED 57 IS CHIEF EXECUTIVE AND WAS APPOINTED TO THE BOARD IN 1989 HE IS NON EXECUTIVE CHAIRMAN OF FRAMLINGTON AIM VCT PLC
HE IS RETIRING AFTER THE FORTHCOMING ANNUAL GENERAL MEETING ON 8 AUGUST 2008

SIMON BURKE
AGED 49 IS NON-EXECUTIVE CHAIRMAN AND WAS APPOINTED TO THE BOARD IN 2000
HE IS CHAIRMAN OF IRISH SUPERMARKET CHAIN SUPERQUINN

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2008

The Directors present their report and Group financial statements for the year ended 31 March 2008

PRINCIPAL ACTIVITY
The principal activity of the business is the retailing of wines beers and spirits

RESULTS AND REVIEW OF THE BUSINESS
The Group Income Statement is set out on page 16

The Directors' Report should be read in conjunction with the Chairman s Statement on pages 2-3 and the Review of Operations on pages 4 to 6 which include information about the Group's business performance during the year and indication of future prospects

DIVIDENDS
The Directors propose that a final dividend of 7 0p net per Ordinary Share be paid which together with an interim dividend of 2 8p paid on 4 January 2008, makes a total of 9 8p (2007 8 5p) per share for the year The final dividend amounting to £4 320 000, if approved will be paid on 15 August 2008 to the shareholders whose names appear on the Register of Members at the close of business on 18 July 2008

DIRECTORS
The Directors who served during the year and their interests in the Ordinary Share capital of the Company were

	Number of Ordinary Shares	
	2008	2007
Tim How (note 1)	**237,493**	429 789
Steve Lewis	**53,805**	47 061
Nigel Alldritt	**60,120**	58 620
Justin Apthorp (note 2)	**762,873**	759,639
Simon Burke	**8,000**	8,000
Paul Dermody (note 3)	**7,000**	7 000
Helen Keays	**-**	-

Notes
1) 91,505 of the Ordinary Shares that Tim How has an interest in are held in his own name 125 988 are held by his wife and 20 000 are held jointly

2) 38,873 of the Ordinary Shares that Justin Apthorp has an interest in are held in his own name 24 000 are held by his wife and 700,000 are held by Meespiersen

3) 2 000 of the Ordinary Shares that Paul Dermody has an interest in are held in his own name and 5 000 are held by his wife

Simon Burke, Paul Dermody and Helen Keays are non-executive Directors

In accordance with the Company's Articles of Association Simon Burke and Nigel Alldritt retire by rotation and, being eligible, offer themselves for re-election

The Group has provided to all of its Directors limited indemnities in respect of costs of defending claims against them and third party liabilities

SHARE CAPITAL
The authorised and called-up share capital of the Company together with details of the Ordinary Shares allotted and purchased during the year are shown in note 23 of the financial statements The Company is authorised by the shareholders to purchase in the market the Company's own shares up to a maximum aggregate nominal value equal to £480,314 representing approximately 10% of the nominal value of the issued ordinary share capital of the Company This authority is renewable annually and approval will be sought at the Annual General Meeting to renew the authority for a further year It is the Company's present intention to cancel any shares it buys back, rather than hold them in treasury

MAJOR SHAREHOLDERS
At 4 June 2008 the following interests of shareholders in excess of 3%, have been notified to the Company

	Number of Ordinary Shares held	Ordinary Shares as % of issued share capital
P&L Trust Company Limited	7 978 376	12 92
Fidelity Investments	5,523 489	8 95
Artemis Investment Management	3 384 994	5 49
AXA Framlington Investment Managers	3 088 796	5 01
Brewin Dolphin	1 872,640	3 03

CORPORATE GOVERNANCE
The Board has established a remuneration committee and an audit committee

REMUNERATION COMMITTEE
The remuneration committee consists of the Chairman and the other two non-executive Directors It is chaired by Helen Keays and meets as required during the year The committee determines the remuneration and benefits of the executive Directors The executive Directors have rolling one year contracts subject to one year's notice on either side The remuneration of non-executive Directors is determined by the Board within the limits set by the Company's Articles of Association They have letters of engagement with the Company and their appointments are terminable on three months written notice on either side

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2008

SHARE OPTION SCHEMES
The Group operates executive share option schemes (one of which is a HM Revenue & Customs Company Approved Share Option Scheme and one which is unapproved for tax purposes) in which the Directors and employees participate The Group also operates a savings related share option scheme that is available to all Group employees and conforms to HM Revenue & Customs rules The committee determines the allocation of options for the share schemes and the awards made for the co-investment plan and the deferred bonus scheme

The executive Directors' participation in the Groups executive share option schemes is limited such that they are eligible to receive options over shares in value up to a maximum of two times gross salary at the date of grant which will only become exercisable on the achievement of performance criteria determined by the remuneration committee During the year no grants were made to the executive Directors

CO-INVESTMENT PLAN
The Company operates an annual cash bonus and co-investment plan for the executive Directors The performance criteria set by the remuneration committee for the annual bonus for the year ended 31 March 2008 were not achieved The remuneration committee has determined that as an annual cash bonus was not earned this year, participants will not be invited to invest in the co-investment plan

Four executive Directors, Tim How Nigel Alldritt Steve Lewis and Justin Apthorp were entitled to a combined cash award of £205 000 under the terms of the annual bonus scheme for the year ended 2 April 2007 The remuneration committee determined that they were required to invest a minimum of 25% of their net annual bonus to acquire shares, which must be held in the co-investment plan The participants also invested additional bonuses in shares on a voluntary basis such that the total value invested was 60% of their respective gross salaries Shares invested are to be held in the plan for three years At the end of the period provided participants are still employed within the Group and dependent upon the achievement of specified performance targets related to total shareholder return, they may be awarded free shares up to a maximum award of one and a half free shares for every share invested The total amount payable under the scheme is capped at one and a half times gross salary in any one year The participants were issued with nil cost options in proportion to the number of shares that they invested in the plan and equal to the maximum possible matching award under the terms of the plan

The Directors interests in share options are as follows

	Options at 02 04 07	Options granted	Options exercised	**Options at 31 03 08**	Exercise price	Market price at date of exercise	Date from which exercisable	Expiry date	Scheme name
Tim How	100 000	–	5 800	**94,200**	£1 145	£3 90	09 07 05	08 07 09	Unapproved
	1,904	–	1 904	–	£1 99	£2 385	01 03 08	31 08 08	SAYE
	11 380	–	–	**11,380**	£2 635	–	25 07 08	25 07 15	Approved
	38,620	–	–	**38,620**	£2 635	–	25 07 08	24 07 15	Unapproved
	73 275	–	–	**73,275**	nil	–	25 07 08	24 07 15	Co-investment
	1,982	–	–	**1,982**	£2 86	–	01 03 10	31 08 10	SAYE
	–	63 543	–	**63,543**	nil	–	19 07 10	18 07 17	Co-investment
Nigel Alldritt	35 000	–	–	**35,000**	£1 145	–	09 07 05	08 07 09	Unapproved
	11,380	–	–	**11,380**	£2 635	–	25 07 08	25 07 15	Approved
	38 620	–	–	**38,620**	£2 635	–	25 07 08	24 07 15	Unapproved
	34 482	–	–	**34,482**	nil	–	25 07 08	24 07 15	Co-investment
	4,192	–	–	**4,192**	£2 23	–	01 03 09	31 08 09	SAYE
	–	27,729	–	**27,729**	nil	–	19 07 10	18 07 17	Co-investment
Steve Lewis	4,840	–	4,840	–	£0 76875	£3 90	22 12 01	22 12 08	Approved
	78 750	–	–	**78,750**	£1 145	–	09 07 05	08 07 09	Unapproved
	1,904	–	1,904	–	£1 99	£2 385	01 03 08	31 08 08	SAYE
	9,970	–	–	**9,970**	£2 635	–	25 07 08	25 07 15	Approved
	40 030	–	–	**40,030**	£2 635	–	25 07 08	24 07 15	Unapproved
	37,930	–	–	**37,930**	nil	–	25 07 08	24 07 15	Co-investment
	1 321	–	–	**1,321**	£2 86	–	01 03 10	31 08 10	SAYE
	–	34 660	–	**34,660**	nil	–	19 07 10	18 07 17	Co-investment
Justin Apthorp	4,761	–	4,761	–	£1 99	£2 385	01 03 08	31 08 08	SAYE
	10 235	–	–	**10,235**	£2 93	–	10 07 09	10 07 16	Approved
	39,765	–	–	**39,765**	£2 93	–	10 07 09	09 07 16	Unapproved
	–	21 952	–	**21,952**	nil	–	19 07 10	18 07 17	Co-investment

The market value of the Company's shares at 31 March 2008 was 222 0p The highest and lowest prices during the year were 390 0p and 215 75p respectively

DEFERRED BONUS SCHEME
The Group operates a deferred bonus scheme for senior managers which excludes the executive Directors

It involves the award of bonus shares to participants subject to meeting performance criteria that are set annually by the remuneration committee Any bonus shares awarded in this manner are held on behalf of participants by the trustee of the Company's employee share ownership trust for a two year deferral period At the end of that period, participants have a right to receive loyalty shares of equivalent number provided that they are still in employment

The performance criteria set by the remuneration committee for the financial year ended 31 March 2008 were not met and therefore participants are not entitled to an award of bonus shares

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2008

AUDIT COMMITTEE
The audit committee consists of the Chairman and the other two non-executive Directors It is chaired by Paul Dermody The other Directors attend by invitation It meets as required during the year, at least once with the Group's external auditors Its role is to review the interim and final financial statements for approval by the Board, to ensure that appropriate financial and operating controls are functioning properly and to provide the forum through which the Groups external auditors report to the Board

INTERNAL CONTROLS
The Directors are responsible for the Groups internal controls and have established a framework intended to provide reasonable but not absolute, assurance against material financial misstatement or loss

FINANCIAL REPORTING
The Group's trading performance is monitored on an ongoing basis An annual budget is prepared and specific objectives and targets are set The budget is reviewed and approved by the Board The key trading aspects of the business are monitored weekly and internal management and financial accounts are prepared quarterly The results are compared to budget and prior year performance

STORE CONTROL ENVIRONMENT
Operating procedures for control of store operations are clearly documented and set out in operation manuals Senior operational managers are responsible for the implementation of these procedures and compliance is monitored

RISK MANAGEMENT
The risks facing the business are assessed on an ongoing basis The executive Directors have direct responsibility for a number of key risk areas They evaluate the likelihood and potential impact of risks and ensure appropriate action is taken to mitigate them The key risks and mitigating factors are set out below

- The retail industry is very competitive The Group competes with a number of retailers of varying size on areas including price, range, quality and service Failure to compete effectively could have an adverse impact on the financial results Apart from regularly monitoring performance against competitors in these areas the Group mitigates its exposure by ensuring that the business is differentiated from the competition by the diversity and quantity of stock at each location provision of dedicated car parking and wine expertise
- The Group recognises that it is essential to its success to attract, retain and motivate staff at all levels in the organisation The Group considers its employment policies regularly and provides a comprehensive package of salary and benefits including bonuses and participation in the Groups share option schemes Great emphasis is placed on training in order to help people achieve their full potential
- The business is dependent on information technology systems and a significant failure may impact the Groups ability to trade The Group has extensive controls in place to ensure the integrity and reliability of its systems Recovery plans are in place to ensure that any disruption from a failure can be kept to a minimum and they are regularly tested
- As a drinks retailer the Group operates in a market that is regulated most notably by way of licences to sell alcohol The Group monitors compliance with licensing requirements ensuring that all relevant staff hold the appropriate qualifications Changes in the regulatory environment could occur at any time and may have a detrimental effect on the business
- The Group imports product direct from suppliers located abroad and is therefore exposed to risk from fluctuations in foreign currency exchange rates Forward currency contracts are purchased to mitigate foreign currency exposures

FINANCIAL INSTRUMENTS
The Groups financial risk management objectives and policies are discussed in note 27 to the financial statements

CHARITABLE AND POLITICAL DONATIONS
Charitable donations made in the year amounted to £35 000 The largest beneficiary was the Multiple Sclerosis Society at £24 000 The Group made no political donations during the year

KEY PERFORMANCE INDICATORS
The Group monitors a number of performance indicators both financial and non-financial

	52 weeks to 31 03 08	53 weeks to 02 04 07
Total % increase in Group turnover (%)*	**3 1%**	11 0%
UK retail like for like sales increase (%)	**2 4%**	4 9%
Profit before tax £m*	**£16 7m**	£16 2m
Profit before tax as a % of total turnover (%)	**8 5%**	8 5%
Number of stores trading in the UK	**144**	135
Number of active customers	**410,000**	400,000
Average transaction value (£)	**£133**	£123

*Note that these indicators are partly influenced by the change in reporting period to 52 weeks as against 53 weeks in the comparative

These indicators are discussed in the Chairman's Statement and the Review of Operations

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS
The Directors are responsible for preparing the annual report and the Group and Company financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards (IFRS) as adopted by the European Union

The Directors are required to prepare Group and Company financial statements for each financial year which present fairly the financial position of the Group and Company and the financial performance and cash flows of the Group and Company for that period In preparing those financial statements the Directors are required to
- select suitable accounting policies in accordance with IAS 8 – Accounting Policies Changes in Accounting Estimates and Errors and then apply them consistently
- present information including accounting policies, in a manner that provides relevant reliable comparable and understandable information
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions other events and conditions on the Group's and Company's financial position and financial performance and
- state that the Group and Company have complied with IFRS subject to any material departures disclosed and explained in the financial statements

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 11 Having made enquiries of fellow Directors and of the Company's auditors each of these Directors confirms that
- to the best of each Director's knowledge and belief there is no information relevant to the preparation of their report of which the Company's auditors are unaware and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information

EMPLOYEES
The Directors recognise the value of involving employees in the business and ensure that matters of concern to them, including the Groups aims and objectives are communicated in an open and regular manner Employees are kept informed of the Groups performance and activities by regular briefings Directors and senior managers visit stores frequently to brief staff and discuss matters of concern or interest The Group's senior staff participate in the Groups share option schemes and the deferred bonus scheme Recruitment and training development policies give equal opportunity to all employees regardless of age sex, colour race religion or ethnic origin The Groups policy is to recruit disabled workers for those vacancies that they are able to fill The Group uses its best endeavours to continue to employ persons who become disabled during their employment Training programmes are held for all levels of staff These are aimed at increasing skills and contribution with particular emphasis placed on product knowledge and customer service skills

PAYMENT OF SUPPLIERS
The Group does not follow any formal code of practice for payment of its suppliers The Groups current policy concerning the payment of the majority of its trade and other payables is to

(a) agree the terms of payment with suppliers when agreeing the terms of business
(b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms on purchase orders and
(c) pay in accordance with the terms agreed

The average credit period taken during the year by the Group was 83 days (2007 79 days) The Company has no trade payables

GOING CONCERN
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

AUDITOR
A resolution to reappoint Ernst & Young LLP will be put to the Annual General Meeting The Directors will also be given the authority to fix the auditor's remuneration

By Order of the Board

Nigel Alldritt ACMA
Secretary

Majestic House
Otterspool Way
Watford
WD25 8WW

16 June 2008

Registered in England Wales
No 2281640

AUDIT REPORT
FOR THE YEAR ENDED 31 MARCH 2008

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAJESTIC WINE PLC

We have audited the Group and parent company (the "Company") financial statements (the "financial statements") of Majestic Wine PLC for the year ended 31 March 2008 which comprise the Group Income Statement the Group and Company Balance Sheets the Group and Company Cash Flow Statements, the Group and Company Statement of Changes in Equity and the related notes 1 to 28 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the Company's members as a body in accordance with Section 235 of the Companies Act 1985 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 auditors
The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRS) as adopted by the European Union are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors Report is consistent with the financial statements

In addition we report to you if, in our opinion the Company has not kept proper accounting records if we have not received all the information and explanations we require for our audit or if information specified by law regarding Directors' remuneration and other transactions are not disclosed

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements The other information comprises only the Directors' Report, the Chairman s Statement and Review of Operations We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Groups and Company's circumstances consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion
In our opinion
- the Group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union of the state of the Group's affairs as at 31 March 2008 and of its profit for the year then ended
- the Company financial statements give a true and fair view in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985 of the state of the Company's affairs as at 31 March 2008
- the financial statements have been properly prepared in accordance with the provisions of the Companies Act 1985 and
- the information given in the Directors' Report is consistent with the financial statements

Ernst & Young

Ernst & Young LLP
Registered auditor
Luton

16 June 2008

GROUP INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008

	Note	52 weeks to 31 03 08 £000	53 weeks to 02 04 07 £000
REVENUE		**197,026**	191 193
Cost of sales		**(155,018)**	(150,879)
GROSS PROFIT		**42,008**	40 314
Distribution costs		**(16,336)**	(15 352)
Administrative costs		**(10,044)**	(10 218)
Other operating income		**535**	534
OPERATING PROFIT	6	**16,163**	15 278
Profit on disposal of property	8	**341**	407
PROFIT BEFORE FINANCE REVENUE AND TAXATION		**16,504**	15,685
Finance revenue	9	**259**	474
Finance costs	9	**(61)**	(1)
PROFIT BEFORE TAXATION		**16,702**	16,158
UK income tax	10	**(4,977)**	(4 675)
Overseas income tax	10	**(471)**	(578)
PROFIT FOR THE YEAR		**11,254**	10 905
EARNINGS PER SHARE			
Basic	11	**17 9p**	16 8p
Diluted	11	**17 7p**	16 6p
TOTAL DIVIDEND PER SHARE FOR THE YEAR	12	**9 8p**	8 5p

GROUP AND COMPANY BALANCE SHEETS
AS AT 31 MARCH 2008

	Note	Group 31 03 08 £000	Group 02 04 07 £000	Company 31 03 08 £000	Company 02 04 07 £000
NON CURRENT ASSETS					
Goodwill and intangible assets	13	**7,790**	6,426	-	-
Property plant and equipment	14	**42,759**	36 723	-	-
Prepaid operating lease costs	15	**1,528**	1 251	-	-
Deferred tax assets	10	**452**	1 271	-	-
Investments in subsidiaries	16	-	-	**12,021**	12,021
		52,529	45 671	**12,021**	12 021
CURRENT ASSETS					
Inventories	17	**34,601**	30 335	-	-
Trade and other receivables	18	**6,973**	6 731	**15,788**	21 386
Financial instruments at fair value	27	**307**	69	-	-
Cash and cash equivalents	27	**2,626**	4 484	-	-
		44,507	41 619	**15,788**	21 386
Non current assets held for sale	19	-	588	-	-
TOTAL ASSETS		**97,036**	87 878	**27,809**	33 407
CURRENT LIABILITIES					
Trade and other payables	20	**(41,176)**	(33 648)	-	-
Bank overdraft		**(2,735)**	-	-	-
Provisions	21	**(213)**	(318)	-	-
Deferred lease inducements	22	**(94)**	(95)	-	-
Financial instruments at fair value	27	**(10)**	(4)	-	-
Current tax liabilities		**(2,195)**	(1,321)	-	-
		(46,423)	(35 386)	-	-
NON CURRENT LIABILITIES					
Amounts due to Group undertakings	20	-	-	**(2,000)**	(2 000)
Provisions	21	**(19)**	(60)	-	-
Deferred lease inducements	22	**(749)**	(703)	-	-
Deferred tax liabilities	10	**(426)**	(404)	-	-
TOTAL LIABILITIES		**(47,617)**	(36 553)	**(2,000)**	(2,000)
NET ASSETS		**49,419**	51,325	**25,809**	31,407
SHAREHOLDERS' EQUITY					
Called up share capital	23	**4,628**	4 803	**4,628**	4,803
Share premium account	23	**10,359**	9 518	**10,359**	9 518
Capital reserve – own shares	23	**(105)**	(120)	-	-
Capital redemption reserve	23	**333**	125	**333**	125
Currency translation reserve	23	**1,217**	(119)	-	-
Retained earnings		**32,987**	37 118	**10,489**	16 961
EQUITY SHAREHOLDERS' FUNDS		**49,419**	51 325	**25,809**	31,407

The financial statements were approved by the Board on 16 June 2008 and signed on its behalf by

Simon Burke
Chairman

GROUP AND COMPANY CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

	Group 52 weeks 31 03 08 £000	Group 53 weeks 02 04 07 £000	Company 52 weeks 31 03 08 £000	Company 53 weeks 02 04 07 £000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the year	11,254	10,905	8,726	21,278
Adjustments to reconcile profit for the year to cash generated/(utilised) by operations				
Income tax expense	5,448	5 253	–	–
Dividends received	–	–	(8,726)	(21 278)
Net finance revenue	(198)	(473)	–	–
Amortisation and depreciation	2,762	2 733	–	–
Profit on disposal of non current assets	(351)	(410)	–	–
Increase in inventories	(4,266)	(1 637)	–	–
(Increase)/decrease in trade and other receivables	(242)	(615)	5,598	(12 236)
Increase/(decrease) in trade and other payables	7,514	(67)	–	–
Increase/(decrease) in deferred lease inducements	45	(23)	–	–
Change in fair value of derivative instruments	(232)	15	–	–
(Decrease)/increase in provisions	(146)	92	–	–
Share based payments	498	577	–	–
CASH GENERATED/(UTILISED) BY OPERATIONS	22,086	16 350	5,598	(12 236)
UK income tax paid	(3,622)	(2 595)	–	–
Overseas income tax paid	(449)	(618)	–	–
NET CASH GENERATED/(UTILISED) BY OPERATING ACTIVITIES	18,015	13,137	5,598	(12 236)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	265	464	–	–
Dividends received	–	–	8,726	21 278
UK income tax paid	(91)	(78)	–	–
Overseas income tax paid	(41)	(18)	–	–
Purchase of non current assets	(10,622)	(8 109)	–	–
Receipts from sales of non current assets	58	1 560	–	–
Receipts from sales of non current assets held for sale	2,190	697	–	–
NET CASH (UTILISED)/GENERATED BY INVESTING ACTIVITIES	(8,241)	(5 484)	8,726	21 278
CASH INFLOW BEFORE FINANCING	9,774	7 653	14,324	9 042
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(53)	(1)	–	–
Issue of Ordinary Share capital	674	1 211	674	1,211
Receipt for shares issued to ESOT	–	–	200	–
Shares re-purchased	(9,496)	(5 445)	(9,496)	(5 445)
Equity dividends paid	(5,702)	(4 808)	(5,702)	(4 808)
NET CASH USED BY FINANCING ACTIVITIES	(14,577)	(9 043)	(14,324)	(9,042)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,803)	(1,390)	–	–
Cash and cash equivalents at beginning of year	4,484	5 916	–	–
Effect of foreign exchange differences	210	(42)	–	–
CASH AND CASH EQUIVALENTS AT END OF YEAR	(109)	4,484	–	–
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents per Group and Company balance sheets	2,626	4,484	–	–
Bank overdraft per Group and Company balance sheets	(2,735)	–	–	–
CASH AND CASH EQUIVALENTS PER GROUP CASH FLOW	(109)	4 484	–	–

GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2008

	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 shareholders' funds £000
GROUP							
At 27 March 2006	4 864	8 371	(391)	–	107	35 694	48 645
Currency translation differences on foreign currency net investments	–	–	–	–	(226)	–	(226)
Tax credit on employee share options	–	–	–	–	–	466	466
Total income and expense for the year recognised directly in equity	–	–	–	–	(226)	466	240
Profit for the year	–	–	–	–	–	10 905	10,905
Total income and expense for the year	–	–	–	–	(226)	11,371	11,145
Share issue	64	1,147	–	–	–	–	1 211
Shares vesting under deferred bonus scheme	–	–	271	–	–	(271)	–
Transfer to shareholders funds – employee costs expected to be satisfied in shares	–	–	–	–	–	577	577
Purchase and cancellation of share capital	(125)	–	–	125	–	(5,445)	(5 445)
Equity dividends paid	–	–	–	–	–	(4 808)	(4,808)
At 2 April 2007	4 803	9 518	(120)	125	(119)	37 118	51 325
Currency translation differences on foreign currency net investments	–	–	–	–	1 336	–	1 336
Tax debit on employee share options	–	–	–	–	–	(470)	(470)
Total income and expense for the year recognised directly in equity	–	–	–	–	1 336	(470)	866
Profit for the year	–	–	–	–	–	11,254	11,254
Total income and expense for the year	–	–	–	–	1 336	10 784	12,120
Share issue	29	645	–	–	–	–	674
ESOT share issue	4	196	(100)	–	–	(100)	–
Shares vesting under deferred bonus scheme	–	–	115	–	–	(115)	–
Transfer to shareholders' funds – employee costs expected to be satisfied in shares	–	–	–	–	–	498	498
Purchase and cancellation of share capital	(208)	–	–	208	–	(9,496)	(9,496)
Equity dividends paid	–	–	–	–	–	(5 702)	(5 702)
AT 31 MARCH 2008	**4,628**	**10,359**	**(105)**	**333**	**1,217**	**32,987**	**49,419**
COMPANY							
At 27 March 2006	4 864	8,371	–	–	–	5 682	18 917
Profit for the year	–	–	–	–	–	21 532	21,532
Total income and expense for the year	–	–	–	–	–	21 532	21 532
Share issue	64	1,147	–	–	–	–	1 211
Purchase and cancellation of share capital	(125)	–	–	125	–	(5 445)	(5,445)
Equity dividends paid	–	–	–	–	–	(4 808)	(4 808)
At 2 April 2007	4 803	9 518	–	125	–	16 961	31 407
Profit for the year	–	–	–	–	–	8 726	8 726
Total income and expense for the year	–	–	–	–	–	8 726	8 726
Share issue	29	645	–	–	–	–	674
ESOT share issue	4	196	–	–	–	–	200
Purchase and cancellation of share capital	(208)	–	–	208	–	(9 496)	(9 496)
Equity dividends paid	–	–	–	–	–	(5,702)	(5,702)
AT 31 MARCH 2008	**4,628**	**10,359**	**–**	**333**	**–**	**10,489**	**25,809**

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION
Majestic Wine PLC is a public limited company ("Company") incorporated in the United Kingdom under the Companies Act 1985 (registration number 2281640) The Company is domiciled in the United Kingdom and its registered address is Majestic House Otterspool Way, Watford WD25 8WW The Company's Ordinary Shares are traded on the Alternative Investment Market ("AIM")

The Group's principal activity is the retailing of wines, beers and spirits The Company's principal activity is to act as a holding company for its subsidiaries

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2 AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS
The Group's and Company's financial statements for the year ended 31 March 2008 were authorised for issue by the Board of Directors on 16 June 2008 and the balance sheets were signed on the Board's behalf by Simon Burke

The Groups financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as endorsed by the European Union and with those parts of the Companies Act 1985 and 2006 applicable to companies reporting under IFRS The Company's financial statements have been prepared on the same basis and as permitted by Section 230(3) of the Companies Act 1985 No income statement is presented for the Company

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3 BASIS OF PREPARATION
The financial year represents the 52 weeks to 31 March 2008 and the prior financial year 53 weeks to 2 April 2007 The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated

The accounting policies set out in note 4 have been applied consistently to all periods presented in these consolidated financial statement except as follows

The Group has adopted the following new and revised IFRS during the year Adoption of these revised standards did not have any effect on the financial performance or position of the Group in the current or prior periods In certain cases they have given rise to additional disclosures

IFRS 7 Financial Instruments Disclosures
This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Groups financial instruments and the nature and extent of the risks arising from those financial instruments The new disclosures are included throughout the financial statements While there has been no effect on the financial position or results comparative information has been revised where necessary

IAS 1 Presentation of Financial Statements
This amendment requires the Group to make new disclosures to enable users of the financial statements to evaluate the Groups objectives, policies and processes for managing capital The new disclosures are shown in note 27

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4 ACCOUNTING POLICIES

Basis of consolidation
The full year consolidated financial statements incorporate the results and net assets of the Company and its subsidiary undertakings drawn up to the nearest Monday to 31 March each year The interim results are prepared for the first 26 weeks of the relevant full period

Intercompany transactions and balances between Group entities are eliminated upon consolidation

Company investment in subsidiaries
In its separate financial statements the Company recognises its investments in subsidiaries at cost Income is recognised from these investments only in relation to distributions received from post acquisition profits

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured

Revenue consists of
- sales through retail outlets in the UK and France and trade sales through both head office and our dedicated depot in King's Cross measured at the fair value of consideration net of returns rebates and value-added taxes and recognised when the significant risks and rewards of ownership have been transferred to the buyer
- finance revenue is interest receivable from bank deposits, interest receivable from lessees under the terms of their leases and interest receivable from HM Revenue & Customs on corporation tax paid on account and is recognised on an effective interest rate basis,
- other operating income comprises rental income receivable from sub-let premises and is recognised on an accruals basis and
- dividends receivable by the Company are from subsidiary undertakings and are recognised when the Company has the right to receive them

Finance costs
Finance costs comprise interest payable on bank overdrafts interest payable to lessors under the terms of the leases and interest payable to HM Revenue & Customs on corporation tax paid on account and are recognised on an accruals basis

Intangible assets

Computer software
Computer software is carried at cost less accumulated amortisation and any impairment loss Externally acquired computer software and software licences are capitalised at the costs incurred to acquire and bring in to use the specific software These assets are considered to have finite useful lives and are amortised on a straight line basis over the estimated useful economic life of each of the assets considered to be between three and five years

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable

NOTES TO THE FINANCIAL STATEMENTS

4 ACCOUNTING POLICIES CONTINUED

Goodwill
Goodwill arising on consolidation represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition Goodwill is recognised as an asset on the Groups balance sheet in the year in which it arises Goodwill is not amortised and is tested for impairment at least annually and more frequently if events or changes indicate that the carrying value may be impaired and is carried at cost less accumulated impairment losses For the purpose of impairment testing, goodwill is allocated to the cash generating units on which it arose Any impairment is recognised immediately in the consolidated income statement and is not subsequently reversed

Goodwill arising on acquisitions after 31 December 1997 and before 28 March 2005 (the date of transition to IFRS) has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date Goodwill arising on the acquisition of subsidiaries prior to 31 December 1997 was written off immediately against reserves This has not been reinstated and is not included in determining any subsequent profit or loss on disposal

Property, plant and equipment
Property plant and equipment is carried at cost less accumulated depreciation and any recognised impairment in value Cost comprises the aggregate amount paid to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended

Depreciation is calculated to write down the cost of the assets to their residual values on a straight-line method on the following bases
– Freehold buildings and leasehold properties – 50 years or the lease term if shorter
– Equipment fittings and vehicles – at rates varying from 10% to 33%
– Freehold land is not depreciated

Land and buildings under construction and non current assets held for sale are not depreciated

The assets' residual values useful lives and methods of depreciation are reviewed and adjusted if appropriate on an annual basis An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year that the asset is derecognised

Impairment of assets
At each balance sheet date the Group reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that these assets have suffered an impairment loss If any such indication exists the recoverable amount of the asset, which is the higher of its fair value less costs to sell and its value in use, is estimated in order to determine the extent of the impairment loss Where the asset does not generate cash flows that are independent from other assets the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs For tangible and intangible assets excluding goodwill the cash-generating unit is considered to be each trading store For goodwill, the cash-generating unit is considered to be the business on which the goodwill arose

An impairment charge is recognised in the income statement in the year in which it occurs Where an impairment loss, other than an impairment loss on goodwill subsequently reverses due to a change in its original estimate the carrying amount of the asset is increased to the revised estimate of its recoverable amount The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation had no impairment loss been recognised for the asset in prior years

Inventories
Inventories are valued at the lower of cost and net realisable value Cost is determined on a first in first out 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

Trade and other receivables
Trade receivables, which are generally received on end of month following terms are recognised and carried at the lower of their original invoiced value and recoverable amount Provision is made when it is likely that the balance will not be recovered in full Balances are written off when the probability of recovery is considered remote

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less Bank overdrafts that are repayable on demand and form an integral part of the Groups cash management are included as components of cash and cash equivalents for the purposes of the cash flow statement

Non current assets held for sale
Non current assets are classified as held for sale if their carrying amount will be recovered through sales rather than continuing use This condition is regarded as met if management are committed to the sale and the asset is available for immediate disposal in its present condition Non current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell

Foreign currencies

Foreign operations
The consolidated financial statements are presented in sterling which is the Company's functional and presentational currency Each entity in the Group determines its own functional currency and items in the financial statements of each entity are measured using that functional currency The income and expenses of overseas subsidiaries are translated at the average rate of exchange ruling during the year The balance sheet of the overseas subsidiary undertaking is translated into sterling at the rate of exchange ruling at the balance sheet date Exchange differences arising if any, are included within equity and transferred to the Groups currency translation reserve Such translation differences are recognised as income or as expenses in the period in which the operation is disposed

Foreign currency transactions
Transactions denominated in foreign currencies are translated at the exchange rate on the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date Foreign exchange differences arising on translation are recognised in the income statement for the period

NOTES TO THE FINANCIAL STATEMENTS

4 ACCOUNTING POLICIES CONTINUED

Provisions
Provisions are recognised when there is a present legal or constructive obligation as a result of past events for which it is probable that an outflow of economic benefit will be required to settle the obligation and where the amount of the obligation can be reliably measured

Leased assets

Group as lessee
Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Group All other leases are classified as operating leases

Assets leased under operating leases are not recorded on the balance sheet Rental payments are charged directly to the income statement Lease incentives primarily up-front cash payments or rent-free periods, are capitalised and spread over the period of the lease term Payments made to acquire operating leases are treated as prepaid lease expenses and amortised over the life of the lease

Group as lessor
Assets leased out under operating leases are included in property, plant and equipment and depreciated over their useful lives Rental income including the effect of lease incentives is recognised on a straight line basis over the lease term

Pensions
The Group contributes to the personal pension plans of certain staff The contributions are charged as an expense as they fall due Any contributions unpaid at the balance sheet date are included as an accrual at that date The Group has no further payment obligations once the contributions have been paid

Share based payments
The Group provides benefits to employees (including Directors) in the form of share based payment transactions, whereby employees render services in exchange for rights over shares ("equity-settled transactions") The cost of the equity-settled transactions with employees and Directors is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date at which the relevant employees become fully entitled to the award Fair value of employee share option plans is calculated using the Black-Scholes model In valuing equity-settled transactions no account is taken of any vesting conditions other than conditions linked to the price of the shares of the Company (market conditions)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance conditions are satisfied

At each balance sheet date before vesting, the cumulative expense is calculated representing the extent to which the vesting period has expired and the Directors' best estimate of the number of equity instruments that will ultimately vest on achievement or otherwise of non-market conditions or in the case of an instrument subject to a market condition be treated as vested as described above The movement in the cumulative expense since the previous balance sheet date is recognised in the income statement, with the corresponding increase in equity

The Group has taken advantage of the transitional provisions of IFRS 2 in respect of equity-settled awards so as to apply IFRS 2 only to those equity-settled awards granted after 7 November 2002 that had not vested before 28 March 2005

Income taxes
Current income tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date

Deferred income tax is recognised using the balance sheet liability method, providing for temporary differences between the tax bases and the accounting bases of assets and liabilities Deferred income tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates and laws enacted or substantively enacted at the balance sheet date

Deferred income tax liabilities are recognised for all temporary differences, except where the deferred income tax liability from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss and in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred income tax is charged or credited to the income statement except when it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity Deferred income tax assets and liabilities are offset against each other only when the Group has a legally enforceable right to do so and the Company intends to settle them on a net basis

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised

Derivative financial instruments
The Group uses derivative financial instruments to hedge its exposure to foreign currency fluctuations arising from operational activities These instruments are primarily foreign exchange forward contracts The Group does not hold or issue derivative financial instruments for speculative purposes However if derivatives do not qualify for hedge accounting they are accounted for as such

All derivative financial instruments are initially measured at fair value on the contract date and are also measured at fair value at subsequent reporting dates Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles For derivative financial instruments not designated as a hedge, any change in fair value is immediately recognised in the income statement

There were no derivatives accounted for using hedge accounting during the year

NOTES TO THE FINANCIAL STATEMENTS

4 ACCOUNTING POLICIES CONTINUED

Own shares
Majestic Wine PLC shares held by the Company and the Group are classified in shareholders equity as Capital Reserve-Own Shares' and are recognised at cost No gain or loss is recognised in the income statement on the purchase or sale of such shares

Use of assumptions and estimates
The Group makes judgements estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses The resulting accounting estimates calculated using these judgements and assumptions will, by definition seldom equal the related actual results but are based on historical experience and expectations of future events The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods

The estimates and assumptions that have a significant effect on the amounts recognised in the financial statements are those related to establishing depreciation and amortisation periods for the Group and the estimates in relation to future cash flows and discount rates utilised in impairment testing

New standards and interpretations not applied
The following standards and interpretations have been issued by the IASB They become effective after the current year and have not been early adopted by the Group and Company

International Financial Reporting Standards (IFRS)		Effective date	To be adopted by the Group and Company during years commencing
IFRS 8	Operating Segments	01 01 2009	31 03 2009
IAS 23	Amendment – Borrowing Costs	01 01 2009	31 03 2009
IFRS 3	Business Combinations (Revised)	01 01 2009	31 03 2009
IAS 27	Consolidations (Revised)	01 07 2009	30 03 2010
IAS 1	(Revised) Presentation of Financial Statements	01 07 2009	30 03 2010
IFRS 2	Amendments to IFRS 2 – Vesting Conditions and Cancellations	01 01 2009	31 03 2009
International Financial Reporting Interpretations Committee (IFRIC)			
IFRIC 12	Service Concession Arrangements	01 01 2008	01 04 2008
IFRIC 13	Customer Loyalty Programmes	01 07 2008	31 03 2009

The impact on the Groups and Company's financial statements on adoption of these new standards is not expected to be material

NOTES TO THE FINANCIAL STATEMENTS

5 SEGMENT REPORTING
The Group's primary segmental reporting format is geographical based on the Group's management and internal reporting structure Secondary information is reported by a single business segment retailing

Segment results assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis Unallocated items are overdrafts and taxation related assets and liabilities Inter-segment transactions are conducted on an arm s length basis in a manner similar to transactions with third parties Segment results include transfers between business segments Those transfers are eliminated on consolidation Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period including items held for resale and prepaid operating lease costs

Geographical segments

	Retailing UK £000	Retailing France £000	Unallocated £000	Group £000
Segment analysis 2008				
Segment revenue	185 283	11 743	–	197 026
Segment result	15,098	1,406	–	16,504
Finance revenue	190	69	–	259
Finance costs	(61)	–	–	(61)
Profit before tax	15,227	1,475	–	16 702
Income tax expense	(4 977)	(471)	–	(5 448)
Profit for the year	10 250	1 004	–	11 254
Segment assets	84 925	11 659	452	97 036
Segment liabilities	(41 758)	(2 698)	(3 161)	(47 617)
Other segment items				
Purchase of non current assets	10,519	103	–	10,622
Depreciation and amortisation	2 637	125	–	2 762
Share based payments	498	–	–	498

	Retailing UK £000	Retailing France £000	Unallocated £000	Group £000
Segment analysis 2007				
Segment revenue	178 512	12 681	–	191 193
Segment result	13 971	1,714	–	15,685
Finance revenue	414	60	–	474
Finance costs	(1)	–	–	(1)
Profit before tax	14,384	1 774	–	16 158
Income tax expense	(4,675)	(578)	–	(5 253)
Profit for the year	9 709	1 196	–	10 905
Segment assets	76 577	10,030	1 271	87 878
Segment liabilities	(33 561)	(2,588)	(404)	(36 553)
Other segment items				
Purchase of non current assets	8 088	21	–	8 109
Depreciation and amortisation	2,588	145	–	2,733
Share based payments	577	–	–	577

NOTES TO THE FINANCIAL STATEMENTS

6 OPERATING PROFIT

	52 weeks to 31 03 08 £000	53 weeks to 02 04 07 £000
Operating profit is stated after charging/(crediting) the following items		
Depreciation	**2,562**	2 357
Amortisation	**200**	376
Operating lease rentals – land and buildings	**6,017**	5 707
– other leases	**676**	634
– sublease payments received	**(535)**	(530)
Profit on sale of plant and equipment	**(10)**	(3)
Profit on sale of property	**–**	(245)
Profit on sale of non current assets held for sale	**(341)**	(162)
Bad debt expense	**119**	69
Net foreign currency exchange loss	**99**	18
Auditor's remuneration		
Audit of the Group financial statements	**10**	10
Local statutory audits for subsidiaries	**56**	54
Other assurance services	**–**	43
Taxation services	**5**	23

No audit fee has been charged in Majestic Wine PLC

7 EMPLOYEE INFORMATION

The average monthly number of employees (including Directors) during the year was as follows.

	2008	2007
Head office including distribution	**117**	112
Store staff	**661**	628
	778	740

Staff costs for the above employees during the year amounted to

	52 weeks to 31 03 08 £000	53 weeks to 02 04 07 £000
Wages and salaries	**17,677**	16 657
Social security costs	**1,731**	1,841
Pension costs	**311**	322
Share based payments expense (note 25)	**498**	577
	20,217	19 397

Directors' emoluments

	2008 £000	2007 £000
Salary and benefits	**847**	792
Bonus – current year	**–**	205
Deferred bonus in respect of the 2005 financial year	**14**	209
Aggregate emolument	**861**	1 206
Gain made on exercise of share options	**34**	297
Company pension contributions to money purchase schemes for four Directors (2007 4)	**167**	156
Highest paid Director		
Salary and benefits	**302**	292
Bonus – current year	**–**	88
Deferred bonus in respect of the 2005 financial year	**–**	98
Aggregate emolument	**302**	478
Gain made on exercise of share options	**17**	224
Company pension contributions to money purchase scheme	**85**	83

NOTES TO THE FINANCIAL STATEMENTS

8 PROFIT ON DISPOSAL OF PROPERTY

In the prior year comparative profit on disposal of property which arises from the disposal of leasehold flats and freehold property was shown as a deduction from the distribution costs expense heading which includes the closure costs associated with relocating stores To provide users of the accounts with more detailed and comparable information profit on disposal of property has been reclassified to a separate line on the face of the income statement and the prior year comparative has been adjusted accordingly

9 FINANCE REVENUE AND COSTS

	52 weeks to 31 03 08 £000	53 weeks to 02 04 07 £000
Interest on bank overdrafts	**(61)**	(1)
Bank interest receivable	**198**	381
Other interest receivable	**61**	93
	198	473

10 TAXATION

a) Taxation charge

	52 weeks to 31 03 08 £000	53 weeks to 02 04 07 £000
Current income tax expense		
UK income tax	**4,765**	4,570
Overseas income tax on subsidiary undertaking	**496**	578
Adjustment in respect of the previous year	**(27)**	(792)
Total current income tax expense	**5,234**	4 356
UK deferred tax expense		
Origination and reversal of temporary differences	**214**	26
Adjustment in respect of prior years	**(39)**	871
Change in tax rate on prior year balances	**39**	–
Total deferred tax expense	**214**	897
Total income tax expense charged in the income statement	**5,448**	5 253

b) Taxation reconciliation

	52 weeks to 31 03 08 £000	53 weeks to 02 04 07 £000
Profit before tax	**16,702**	16 158
Taxation at the standard UK corporation tax rate of 30% (2007 30%)	**5,011**	4,847
Adjustments in respect of prior years	**(66)**	79
Overseas income tax at higher rates	**50**	59
Non-deductible expenses	**449**	289
Change in tax rate on current year deferred tax	**(23)**	–
Change in tax rate on prior year balances	**39**	–
Income not taxable	**(12)**	(21)
Total income tax expense charged in the income statement	**5,448**	5 253
Effective tax rate	**32 6%**	32 5%

NOTES TO THE FINANCIAL STATEMENTS

10 TAXATION CONTINUED

c) Tax on items charged/(credited) to equity

	52 weeks to 31 03 08 £000	53 weeks to 02 04 07 £000
Current tax credit on share based payments	**(157)**	(496)
Deferred tax charge on share based payments	**608**	30
Change in tax rate on prior year balances	**19**	–
Total tax on items charged/(credited) to equity	**470**	(466)

d) Deferred tax

	Accelerated tax depreciation £000	Short-term temporary differences £000	Share-based payments £000	Total deferred tax assets £000	Deferred tax liabilities £000	Total £000
At 27 March 2006	(152)	572	1,705	2 125	(331)	1,794
(Charged) to the income statement	(33)	(13)	(778)	(824)	(73)	(897)
Credited/(charged) to equity	–	31	(61)	(30)	–	(30)
At 2 April 2007	(185)	590	866	1,271	(404)	867
(Charged)/credited to the income statement	36	(60)	(168)	(192)	(22)	(214)
Credited/(charged) to equity	–	(46)	(581)	(627)	–	(627)
At 31 March 2008	**(149)**	**484**	**117**	**452**	**(426)**	**26**

The deferred tax liabilities relate solely to held-over capital gains arising on the disposal of freehold properties

e) Factors that may affect future tax charges
The Groups overseas tax rate is higher than that in the UK as profits earned by Les Celliers de Calais S A S in France are taxed at a rate of 31 9% (2007 32 6%)

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries as the Group has no liability to additional taxation should such amounts be remitted due to the availability of double taxation relief The temporary difference unrecognised at the year end amounted to £443,000 (2007 £541 000)

11 EARNINGS PER SHARE

The calculations of earnings per Ordinary Share are based upon profits after taxation of £11 254,000 (2007 £10 905,000)

The number of Ordinary Shares used in the diluted earnings per share is calculated as follows:

	2008	2007
Basic weighted average number of shares	**62,842,155**	64 771 571
Dilutive potential Ordinary Shares		
Employee share options	**575,301**	830 790
	63,417,456	65,602 361

Reconciliation of earnings per Ordinary Share to diluted earnings per Ordinary Share:

	2008	2007
Earnings per Ordinary Share	**17 9p**	16 8p
Dilutive effect of employee share options	**(0 2)p**	(0 2)p
Diluted earnings per Ordinary Share	**17 7p**	16 6p

NOTES TO THE FINANCIAL STATEMENTS

12 DIVIDENDS PAID AND PROPOSED

	2008 £000	2007 £000
Equity dividends on Ordinary Shares declared and paid during the year		
Final dividend for 2007 6 2p (2006 – 5 1p)	**3,961**	3,327
Interim for 2008 2 8p (2007 – 2 3p)	**1,741**	1 481
Equity dividends paid	**5,702**	4,808
Proposed for approval by shareholders at the AGM.		
Final dividend for 2008 7 0p (2007 – 6 2p)	**4,320**	3 968

13 GOODWILL AND INTANGIBLE ASSETS
GROUP

	Software £000	Goodwill £000	Total £000
Cost			
At 2 April 2007	1,330	6 054	7,384
Additions	420	–	420
Foreign currency adjustment	18	1 058	1 076
Disposals	(31)	–	(31)
At 31 March 2008	**1,737**	**7,112**	**8,849**
Amortisation			
At 2 April 2007	958	–	958
Amortisation during the year	119	–	119
Foreign currency adjustment	13	–	13
Disposals	(31)	–	(31)
At 31 March 2008	**1,059**	**–**	**1,059**
Net carrying value:			
At 31 March 2008	**678**	**7,112**	**7,790**
At 2 April 2007	372	6,054	6 426
Cost			
At 27 March 2006	1,229	6,223	7,452
Additions	101	–	101
Foreign currency adjustment	–	(169)	(169)
At 2 April 2007	**1,330**	**6,054**	**7,384**
Amortisation			
At 27 March 2006	744	–	744
Amortisation during the year	214	–	214
At 2 April 2007	**958**	**–**	**958**
Net carrying value:			
At 2 April 2007	**372**	**6,054**	**6,426**
At 27 March 2006	485	6,223	6 708

The goodwill which arose on the acquisition of Les Celliers de Calais S.A S whose principal activity is the retailing of wines, beers and spirits in France, is not amortised but tested annually for impairment The recoverable amount of the French retailing business has been determined from value in use calculations The key assumptions for the value in use calculations are those regarding the discount rate and changes in income and costs

The Group prepares discounted cash flow projections based on financial budgets approved by the Board covering a one year period Cash flows beyond the budget are extrapolated using a growth rate of 3%, which does not exceed the long term average growth rate of the business The discount rate is estimated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the French business A pre-tax discount rate of 10 0% has been used No impairment loss was deemed necessary in the current financial year (2007 £nil)

NOTES TO THE FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT
GROUP

	Land and buildings				
	Freehold £000	Long leasehold £000	Leasehold improvements £000	Equipment fittings & vehicles £000	Total £000
Cost or valuation					
At 2 April 2007	24 098	439	7 868	13,865	46,270
Additions	5 856	–	2 172	1,815	9 843
Foreign currency adjustment	–	–	99	73	172
Transferred to assets held for sale	(1,268)	–	–	(51)	(1,319)
Disposals	–	–	(19)	(328)	(347)
At 31 March 2008	**28,686**	**439**	**10,120**	**15,374**	**54,619**
Depreciation.					
At 2 April 2007	971	29	2,101	6 446	9 547
Charge for year	227	4	576	1,755	2 562
Foreign currency adjustment	–	–	49	60	109
Transferred to assets held for sale	(21)	–	–	(37)	(58)
Disposals	–	–	(12)	(288)	(300)
At 31 March 2008	**1,177**	**33**	**2,714**	**7,936**	**11,860**
Net book value:					
At 31 March 2008	**27,509**	**406**	**7,406**	**7,438**	**42,759**
At 2 April 2007	23 127	410	5 767	7 419	36 723
Cost or valuation·					
At 27 March 2006	22,450	439	6 987	11,769	41 645
Additions	4 047	–	1 260	2 491	7,798
Foreign currency adjustment	–	–	(17)	(13)	(30)
Transferred to assets held for sale	(1 123)	–	–	–	(1,123)
Disposals	(1,276)	–	(362)	(382)	(2 020)
At 2 April 2007	**24,098**	**439**	**7,868**	**13,865**	**46,270**
Depreciation					
At 27 March 2006	768	25	1 947	5 173	7,913
Charge for year	213	4	522	1 618	2 357
Foreign currency adjustment	–	–	(6)	(9)	(15)
Disposals	(10)	–	(362)	(336)	(708)
At 2 April 2007	**971**	**29**	**2,101**	**6,446**	**9,547**
Net book value:					
At 2 April 2007	**23,127**	**410**	**5,767**	**7,419**	**36,723**
At 27 March 2006	21 682	414	5,040	6,596	33,732

Freehold land and buildings includes £13 764,000 (2007 £12 144 000) in respect of land that is not depreciated

NOTES TO THE FINANCIAL STATEMENTS

15 PREPAID OPERATING LEASE COSTS
GROUP

	Prepaid Total £000
Cost	
At 2 April 2007	2 408
Additions	359
Disposals	(3)
At 31 March 2008	**2,764**
Amortisation	
At 2 April 2007	1,157
Amortisation during the year	81
Disposals	(2)
At 31 March 2008	**1,236**
Net Book Value	
At 31 March 2008	**1,528**
At 2 April 2007	1 251
Cost	
At 27 March 2006	2 235
Additions	210
Disposals	(37)
At 2 April 2007	**2,408**
Amortisation	
At 27 March 2006	1,032
Amortisation during the year	162
Disposals	(37)
At 2 April 2007	**1,157**
Net Book Value	
At 2 April 2007	**1,251**
At 27 March 2006	1,203

16 INVESTMENTS IN SUBSIDIARIES
COMPANY

	31 03 08 £000	02 04 07 £000
Shares in Group undertakings at cost	**12,021**	12,021

The Company owns the following

i) 100% of the ordinary share capital of Majestic Wine Warehouses Limited a company registered in England and Wales whose principal activity is the retailing of wines beers and spirits
ii) 100% of the ordinary share capital of Les Celliers de Calais S.A S a company registered in France, whose principal activity is the retailing of wines beers and spirits
iii) 100% of the ordinary share capital of Majestic Wine Employee Share Ownership Trust Limited a company registered in England and Wales whose principal activity is acting as a discretionary trust for the benefit of the Groups employees
iv) 100% of the ordinary share capital of Majestic Wine Card Services Limited a dormant company registered in England and Wales
v) 100% of the share capital of Wharfside Wine PLC an investment company, registered in England and Wales which is no longer trading
vi) 100% of the ordinary share capital of Wine and Beer World Limited, a dormant company registered in England and Wales
vii) 100% of the ordinary share capital of Majestic Wine QUEST Trustees Limited a company registered in England and Wales whose principal activity is acting as a discretionary trust for the benefit of the Groups employees
viii) Through Wharfside Wine PLC
   (a) 100% of the ordinary share capital of Marnlev Limited a company registered in England and Wales which is no longer trading
   (b) 100% of the ordinary share capital of Wizard Wine Limited a dormant company registered in England and Wales which owns all of the share capital of Merlin Wine Limited a dormant company registered in England and Wales

NOTES TO THE FINANCIAL STATEMENTS

17 INVENTORIES

	Group 31 03 08 £000	Group 02 04 07 £000	Company 31 03 08 £000	Company 02 04 07 £000
Goods for resale	**34,601**	30,335	-	-

The amount of inventories recognised as an expense and charged to the income statement was £139 168 000 (2007 £135,689,000)

18 TRADE AND OTHER RECEIVABLES

	Group 31 03 08 £000	Group 02 04 07 £000	Company 31 03 08 £000	Company 02 04 07 £000
Trade receivables	**3,351**	3,215	-	-
Amounts due from Group undertakings	-	-	**15,788**	21,386
Other debtors	**279**	181	-	-
Prepayments and accrued income	**3,343**	3,335	-	-
	6,973	6,731	**15,788**	21 386

The amounts due from Group undertakings have no fixed payment terms and are interest free Trade receivables are non-interest bearing and are generally on 30-90 days' terms Trade receivables are shown net of a provision for impairment The movements in the provision for impairment of receivables were as follows

	Group 31 03 08 £000	Group 02 04 07 £000	Company 31 03 08 £000	Company 02 04 07 £000
Balance at the beginning of the year	**86**	66	-	-
Charge for the year	**119**	69	-	-
Uncollectable amounts written off	**(70)**	(49)	-	-
Balance at the end of the year	**135**	86	-	-

As at the balance sheet date, the ageing analysis of trade receivables that were past due but not impaired is as follows

	Total £000	Neither past due nor impaired £000	Up to 3 months past due £000	3 to 6 months past due £000	Over 6 months past due £000
Group					
As at 31 March 2008	**3,351**	**2,238**	**856**	**192**	**65**
As at 2 April 2007	3 215	2 467	503	204	41

19 NON CURRENT ASSETS HELD FOR SALE

	Group 31 03 08 £000	Group 02 04 07 £000	Company 31 03 08 £000	Company 02 04 07 £000
Balance at the beginning of the year	**588**	-	-	-
Transferred from property, plant and equipment	**1,261**	1 123	-	-
Disposals	**(1,849)**	(535)	-	-
Balance at the end of the year	-	588	-	-

During the year the freehold of a property in St Albans was sold for £1 445,000 resulting in a profit on disposal of £233,000 In addition the leaseholds to four residential flats above a freehold property in Cheam were sold for £745,000 realising a profit on disposal of £108 000 In the prior year the leaseholds to three residential flats above the freehold property in Cheam were sold for £697 000 realising a profit on disposal of £162 000

NOTES TO THE FINANCIAL STATEMENTS

20 TRADE AND OTHER PAYABLES

	Group 31 03 08 £000	Group 02 04 07 £000	Company 31 03 08 £000	Company 02 04 07 £000
Current				
Trade payables	**34,061**	25,383	–	–
Other taxes and social security	**2,173**	3,053	–	–
Accruals and other payables	**4,942**	5 212	–	–
Non current				
Amounts due to Group undertakings	–	–	**2,000**	2 000
	41,176	33,648	**2,000**	2 000

The amounts due to Group undertakings have no fixed repayment terms, are interest free and are not expected to be settled within one year

21 PROVISION FOR LIABILITIES AND CHARGES
GROUP

	Provision for lease exit £000	Deferred bonus £000	National insurance £000	Total £000
At 2 April 2007	125	55	198	378
Provided/(released) in the year	186	–	(59)	127
Re-allocated	–	(34)	34	–
Utilised in year	(171)	(21)	(81)	(273)
At 31 March 2008	**140**	–	**92**	**232**

Analysis of total provisions

	31 03 08 £000	02 04 07 £000
Current	**213**	318
Non current	**19**	60
	232	378

a) Provision for lease exit
During the year the Company re-sited a number of stores, some of which were rented under non-cancellable operating leases The provision is the Directors best estimate of the costs associated with surrendering or assigning the leases including legal costs, empty property costs and surrender premiums payable

b) Deferred bonus.
There were no deferred bonuses awarded for the financial year as performance criteria were not achieved Amounts of deferred bonus and loyalty bonus expected to be settled in newly issued shares are recognised in shareholders' equity All liabilities are expected to be settled within two years Details of the deferred bonus scheme are set out on page 12

c) National insurance
National insurance contributions which will become payable on exercise of share options have been provided The share options can be exercised at various dates from the balance sheet date to 5 December 2017 The amount payable is dependent on the Company's share price at the date of exercise of the options The provision which is allocated on a time weighted basis over the period from date of grant to the date that employees become unconditionally entitled to the options has been calculated on the share price at the balance sheet date of 222p and the assumption that 100% of employees will exercise their share options and that the rate of NIC is 12 8%

22 DEFERRED LEASE INDUCEMENTS
GROUP

	31 03 08 £000	02 04 07 £000
Current	**94**	95
Non current	**749**	703
	843	798

Deferred lease inducements comprise rent free periods and premiums received from lessors in respect of operating leases These lease incentives are recognised in the income statement on a straight-line basis over the full term of each relevant lease

NOTES TO THE FINANCIAL STATEMENTS

23 SHARE CAPITAL AND RESERVES

Called up share capital	2008		2007	
	Number	**Value £000**	Number	Value £000
Authorised				
Ordinary Shares of 7 5p each	**140,000,000**	**10,500**	140 000 000	10 500
Alloted, called up and fully paid				
In issue at beginning of period	**64,041,800**	**4,803**	64 854 869	4 864
Issued on exercise of share options	**393,838**	**29**	846,931	64
Issued to ESOT	**52,476**	**4**	–	–
Share buybacks	**(2,776,999)**	**(208)**	(1 660 000)	(125)
In issue at end of period	**61,711,115**	**4,628**	64 041 800	4 803

Issue of new shares
During the year 446 314 (2007 846 931) Ordinary Shares of 7 5p each were allotted for a consideration of £874 000 (2007 £1 211 000) The shares were allotted during the year under the terms of the Company's share option and deferred bonus schemes which are described in note 25

Purchase of own shares
During the year 2 776 999 (2007 1 660 000) Ordinary Shares representing 4 3% of the issued share capital of the Company and having a nominal value of £208 000 (2007 £125,000) were purchased by the Company for an aggregate consideration of £9 496 000 (2007 £5 445 000) The reason for the purchase was to return cash to shareholders The shares purchased were then cancelled and the nominal value transferred to the capital redemption reserve

Share premium account
The share premium account represents the amounts received by the Company on the issue of Ordinary Shares that are in excess of the nominal value of the issued shares

Capital reserve – own shares
The Group holds shares in an employee share ownership trust (see note 24) The reserve represents the cost of acquired shares that have not as yet fully vested with employees

Capital redemption reserve
The Company when cancelling its Ordinary Shares transfers amounts equivalent to the nominal value of the cancelled shares into the capital redemption reserve so as to maintain the level of non-distributable reserves in shareholders' equity

Currency translation reserve
The currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries

24 EMPLOYEE SHARE OWNERSHIP TRUST

The trust is used to acquire shares in Majestic Wine PLC to satisfy awards under the deferred bonus scheme The shares are distributed to participants of the scheme at the end of a two-year deferral period

At the year end the trust held 28,206 (2007 47 353) shares with a nominal value of 7 5p each which are not yet fully vested with the participants The total acquisition cost of these shares was £105 000 (2007 £120 000) At the year end the market value of these shares was £63 000 (2007 £183 000)

The shares held by the trust are due to be settled in June 2009 and represent the maximum due to employees under the deferred bonus scheme after the two year deferral period for the 2007 award

NOTES TO THE FINANCIAL STATEMENTS

25 SHARE-BASED PAYMENTS

The total charge recognised in the Income Statement in respect of share-based payments is £498 000 (2007 £577 000) which is made up of share option schemes and share bonus payments under the Company's deferred bonus scheme

	52 weeks to 31 03 08 £000	53 weeks to 02 04 07 £000
Share option schemes	**477**	380
Deferred bonus scheme	**21**	197
Total charged to income statement	**498**	577

a) Share option schemes

The Company operated seven share option schemes during the year, all of which are equity settled

Savings related share option schemes

These schemes permit the grants to employees of options in respect of Ordinary Shares linked to a building society/bank save-as-you-earn contract for a term of three or five years with contributions from employees limited to a maximum amount of £250 per month Options granted under the schemes are exercisable at the end of the three or five-year period, provided that the employee has been in continuous employment in a Group company throughout at a subscription price not less than 80% of the average of the middle-market quotations of an Ordinary Share over the three dealing days immediately preceding the offer date

The Company operated the following savings related option schemes during the year

i) The Majestic Wine PLC 1996 Savings Related Share Option Scheme was adopted on 9 September 1996 and the authority to grant options under the scheme expired in September 2007 There were no discounted options granted during the year under this scheme

ii) The Majestic Wine PLC 2006 Savings Related Share Option Scheme was adopted on 4 August 2006 and achieved HMRC approval for tax purposes on 7 December 2006 The first offer of discounted options under the rules of this scheme was made in January 2007

Approved and unapproved executive share option schemes

These schemes permit the grant of options in respect of Ordinary Shares to selected employees Options are normally exercisable between three and ten years from the date of grant for consideration not less than market value at grant date Apart from grants of options to executive Directors the exercise of options is normally not subject to any conditions other than continuous employment The exercise of options granted to executive Directors is conditional on the achievement of specified performance targets related to growth in earnings per share over a three-year period The executive Director's participation in these schemes is limited in value to a maximum of two times gross salary at date of grant

The Company operated the following approved and unapproved executive share option schemes

i) The Majestic Wine PLC Approved Executive Share Option Scheme (1996) was adopted on 14 October 1996 The authority to grant options under this scheme expired in October 2006

ii) The Majestic Wine PLC Approved Executive Share Option Scheme (2006) was adopted on 4 August 2006 and achieved HMRC approval for tax purposes on 7 December 2006 The first grant of options under the rules of this scheme was made in January 2007

iii) The Majestic Wine PLC Unapproved Executive Share Option Scheme (1996) was adopted on 14 October 1996 The authority to grant options under this scheme expired in October 2006

iv) The Majestic Wine PLC Unapproved Executive Share Option Scheme (2006) was adopted on 4 August 2006 The first grant of options under the rules of this scheme was made in January 2007

Co-investment plan

The Majestic Wine PLC Co-Investment Plan was adopted on 6 August 2004 This scheme permits the grant of options in respect of Ordinary Shares to selected executives Participants are required to hold shares in the plan and options are granted in proportion to the number of shares invested Options are normally exercisable between three and ten years from date of grant for nil consideration The exercise of options will normally be conditional on the achievement of specified performance targets related to total shareholder return over a three-year period

NOTES TO THE FINANCIAL STATEMENTS

25 SHARE-BASED PAYMENTS CONTINUED

The following table reconciles the number of share options outstanding and the weighted average exercise price (WAEP)

	Note	**52 weeks to 31 03 08 Options**	**52 weeks to 31 03 08 WAEP**	53 weeks to 02 04 07 Options	53 weeks to 02 04 07 WAEP
Outstanding as at the beginning of the year	a	**2,901,575**	**£2 26**	3 197 633	£1 84
Exercised	b	**(393,838)**	**£1 71**	(846 931)	£1 43
Lapsed		**(293,964)**	**£2 80**	(218,089)	£2 42
Granted		**519,884**	**£2 50**	768 962	£3 14
Outstanding as at the end of the year		**2,733,657**	**£2 32**	2 901 575	£2 26
Exercisable as at the end of the year		**857,570**	**£1 94**	495 790	£1 09
Weighted average remaining contractual life in years		**6 31**		6 67	

Notes

a) Included within this figure were options over 309 170 (2007 423 292) shares that were granted on or before 7 November 2002 The Group has elected to take advantage of the transitional provisions of IFRS 2 and has only applied the fair value model to all grants of equity instruments after 7 November 2002 that had not vested as at 28 March 2005

b) Share options were exercised on a regular basis throughout the year The weighted average share price for options exercised during the year was £3 03 (2007 £3 15)

The fair value of equity-settled share options is estimated as at the date of grant using the Black-Scholes option pricing model The following table lists the range of assumptions applied to the options granted in the respective periods shown

	Savings related option schemes 2008	Executive option schemes 2008	Co-investment plan 2008	Savings related option schemes 2007	Executive option schemes 2007	Co-investment plan 2007
Weighted average share price at grant	n/a	£3 54	£3 90	£3 70	£3 27	n/a
Weighted average exercise price	n/a	£3 50	£0 00	£2 86	£3 22	n/a
Expected life of options (years)	n/a	3 6 – 4	3	3 or 5	3 6 – 4	n/a
Contractual life (years)	n/a	10	10	3 or 5	10	n/a
Volatility (%)	n/a	20% - 22%	21%	20%	19% - 20%	n/a
Dividend yield (%)	n/a	2 18-3 10%	2 18%	2 00%	2 05-2 34%	n/a
Risk free interest rate (%)	n/a	4 42-5 59%	5 58%	5 18%	4 77-4 96%	n/a
Weighted average fair value of options granted during the year	n/a	£0 63	£2 19	£1 07	£0 57	n/a

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur The expected volatility reflects the assumption that historical volatility is indicative of future trends which may not necessarily be the actual outcome

b) Deferred bonus scheme

The Group operates a deferred bonus scheme for senior managers, which excludes the executive Directors The scheme involves the award of bonus shares to participants subject to meeting performance criteria Participants may defer the award of the bonus shares for two years and so long as they are in continuous employment throughout this period the Company will award an equivalent number of matching shares The cost of the scheme is charged to the income statement over a three-year period The bonus shares are expensed in the initial year of operation and the matching loyalty shares over the initial year and the two-year deferral period

	52 weeks to 31 03 08 £000	53 weeks to 02 04 07 £000
2005 Scheme	**-**	39
2007 Scheme	**21**	158
Total charged to the income statement	**21**	197

Note there was no award under the scheme for the 2008 financial year

NOTES TO THE FINANCIAL STATEMENTS

26 COMMITMENTS

a) Operating lease agreements where Group is lessee:
The Group leases various stores offices, warehouses and equipment under non-cancellable operating lease agreements The leases have varying terms, escalation clauses and renewal rights

	31 03 08 £000	02 04 07 £000
Future minimum rentals payable under non-cancellable operating leases expiring		
Within one year	**6,659**	6 183
Between one and five years	**21,359**	19 967
In over five years	**26,804**	25,916
	54,822	52 066

b) Operating lease commitments where Group is lessor
The Group leases surplus space in various owner-occupied stores offices and warehouses under non-cancellable operating lease agreements The leases have varying terms escalation clauses and renewal rights

	31 03 08 £000	02 04 07 £000
Future minimum rentals receivable under non-cancellable operating leases expiring		
Within one year	**533**	422
Between one and five years	**1,395**	1,199
In over five years	**929**	515
	2,857	2 136

c) Capital expenditure commitments
Capital expenditure authorised and contracted for but not provided in the accounts amounts to £1,414,000 for the Group (2007 £367 000)

27 FINANCIAL INSTRUMENTS

The Groups financial instruments other than derivatives comprise cash and various items such as trade receivables and trade payables that arise directly from its operations The main purpose of these financial instruments is to raise finance for the Groups operations

The Group also enters into derivative transactions in the form of forward currency contracts The purpose of these transactions is to manage the currency risk arising from the Groups operations The Group does not hold or issue financial instruments for trading purposes The Group's treasury function is under the direct control of the Finance Director and does not engage in speculative trading

The principal financial risks to which the Group is exposed relate to liquidity/funding credit risk, interest rates and foreign exchange rates

Liquidity/funding
The Group has short-term seasonal borrowing requirements that are backed by an overdraft facility agreed with Barclays Bank PLC The facility is negotiated annually and was current at 31 March 2008 The committed overdraft facility available at 31 March 2008 was £4 000 000 (2007 £6,000,000) and expires in July 2008

The table below summarises the maturity profile of the Groups financial liabilities at 31 March 2008 and 2 April 2007 based on contractual undiscounted payments

As at 31 March 2008

	On demand £000	Less than 3 months £000	3 to 12 months £000	**Total £000**
Bank overdraft	2 735	–	–	**2,735**
Trade and other payables	–	41,176	–	**41,176**
Derivative financial instruments				
Gross settled payments	–	8 357	9 927	**18,284**
Gross settled receipts	–	(8,572)	(9 970)	**(18,542)**
	2 735	40 961	(43)	**43,653**

NOTES TO THE FINANCIAL STATEMENTS

27 FINANCIAL INSTRUMENTS CONTINUED

As at 2 April 2007

	On demand £000	Less than 3 months £000	3 to 12 months £000	Total £000
Bank overdraft	–	–	–	–
Trade and other payables	–	33 648	–	33 648
Derivative financial instruments				
Gross settled payments	–	7 413	9 685	17 098
Gross settled receipts	–	(7,377)	(9 617)	(16,994)
	–	33 684	68	33 752

Credit risk
There are no significant concentrations of credit risk within the Group The maximum credit risk exposure relating to financial assets is represented by its carrying value as at the balance sheet date limited to the value of trade and other receivables

Risk of financial loss due to a counterparty's failure to honour its obligations arises principally from deposits of cash and sales on deferred terms The Group's cash deposits are only lodged with approved institutions that have secure credit ratings at present the only counterparty is Barclays Bank PLC The Group uses a credit referencing agency to establish third party's credit worthiness before offering to sell on deferred terms Credit limits are assigned to each debtor account and compliance is monitored In addition trade debtor balances are regularly reviewed with the result that the Groups exposure to bad debts is not significant

Interest rates
The Groups only financial asset, excluding short-term trade and other receivables was cash and cash equivalents of £2,626,000 (2007 £4 484 000) Funds not required immediately for the Groups operations are invested in sterling denominated deposit accounts The funds are placed on a combination of overnight and call deposits The rates are reviewed regularly and the best rate obtained in the context of the Groups needs The weighted average floating interest rate earned in the year on the Group's sterling deposits was 5 41% (2007 4 73%) The only interest risk is related to the floating rates on the cash balances and is insignificant

The cash profile at 31 March 2008 was

	Cash at floating rates	
	31 03 08 £000	02 04 07 £000
Currency		
Sterling	**92**	3 871
Euros	**2,401**	487
Australian Dollars	**92**	31
New Zealand Dollars	**17**	94
US Dollars	**24**	1
Sub-total	**2,626**	4 484
Bank overdraft		
Sterling	**(2,735)**	–
Total	**(109)**	4,484

Foreign currency exchange rates
Transactional foreign currency exposures arise from the import of goods directly sourced from overseas suppliers The Group hedges these cash flow exposures by acquiring forward currency contracts sufficient to cover the anticipated foreign currency denominated purchases Contracts are put in place prior to the setting of retail prices The exposure may be covered up to a period of one year The majority of these contracts are in Euros maturing in less than one year At 31 March 2008 the Group had forward contracts in place to cover all of its foreign currency purchases for which firm commitments had been made

The Group does not use derivatives to hedge balance sheet and profit and loss translation exposures arising on the consolidation of the French subsidiary

Foreign currency risk
The following table demonstrates the sensitivity to a reasonably possible change in the Sterling against the Euro and the Australian dollar exchange rate with all other variables held constant, of the Group s profit before tax, due to changes in the fair value of monetary assets, liabilities and forward currency contracts and equity on the re-translation of the French subsidiary

The currency sensitivity analysis is based on the following assumptions Major non-derivative monetary financial instruments (liquid assets, receivables, non-interest bearing liabilities) are either denominated in the functional currency or are transferred to the functional currency through the use of derivates Exchange rate functions therefore have no effect on profit or loss The Company is therefore only exposed to currency risk from specific currency derivatives These derivatives are used to hedge planned transactions but are not accounted for using hedge accounting

NOTES TO THE FINANCIAL STATEMENTS

27 FINANCIAL INSTRUMENTS CONTINUED

	Increase/decrease in Sterling against the Euro/Australian dollar rate	Effect on profit before tax £000	Effect on equity £000
2008			
Euro	**+5%**	**742**	**339**
	-5%	**(821)**	**(372)**
Australian dollar	**+5%**	**65**	**-**
	-5%	**(72)**	**-**
2007			
Euro	+5%	226	309
	-5%	(250)	(296)
Australian dollar	+5%	58	-
	-5%	(65)	-

Derivative financial instruments
Forward foreign currency exchange contracts acquired to hedge the Group s forecast currency requirements are for accounting purposes designated as held for trading with fair value movements being recognised in the income statement

The nominal and fair value of forward currency contracts is shown in the following table All contracts have maturity dates within one year

	Nominal value £000	Fair value Assets £000	Fair value Liabilities £000
Forward foreign currency contracts as at 31 March 2008	**18,284**	**307**	**(10)**
Forward foreign currency contracts as at 2 April 2007	17 098	69	(4)

Fair values of financial assets and financial liabilities
There were no financial liabilities as at 31 March 2008 or 2 April 2007 apart from the bank overdraft and short term trade and other payables There is no material difference between the book value and the fair value of any financial asset or liability

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders return capital to shareholders or issue new shares No changes were made in the objectives, policies or processes during the current year During the prior year, it was decided that capital be returned to shareholders in order to manage excess liquidity

28 RELATED PARTY TRANSACTIONS

Group
Sales and purchases between related parties are made at normal market prices Outstanding balances with entities other than subsidiaries are unsecured interest free and cash settlement is expected by end of month following date of invoice Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period The Group has not benefited from any guarantees for any related party receivables or payables During the year ended 31 March 2008 the Group has not made any provision for doubtful debts relating to amounts owed by related parties (2007 nil)

The Group considers its key management personnel to be the Directors of the Company

The compensation of key management personnel is as follows

	52 weeks to 31 03 08 £000	53 weeks to 02 04 07 £000
Short-term employee benefits	**847**	792
Bonus	**-**	205
Post – employment benefits	**167**	156
Share-based payment including LTIP	**185**	106
	1,199	1,259

Company
The Company receives dividends from its subsidiary companies The total dividends received in the year were £8 726 000 (2007 £21 278 000)