

# Averys of Bristol Limited

## FINANCIAL STATEMENTS

for the period ended

25 June 2004



# Averys of Bristol Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

F J Avery  
A J Bentham  
O C Garland  
D Hamilton  
D G Snook

### SECRETARY

D Hamilton

### REGISTERED OFFICE

4 High Street  
Nailsea  
Bristol  
BS48 1BT

### AUDITORS

Baker Tilly  
Chartered Accountants  
1 Georges Square  
Bristol  
BS16BP

# Averys of Bristol Limited

## DIRECTORS' REPORT

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The Directors submit their report and the financial statements of the company for the period ended 25 June 2004.

### PRINCIPAL ACTIVITY

The principal activity of the company during the period was the importing and distribution of wines.

### REVIEW OF THE BUSINESS

The Directors are satisfied with the performance of the company during the period and will continue to invest heavily in the client base in order to achieve future goals.

### RESULTS AND DIVIDENDS

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

### DIRECTORS

The following directors have held office during the period:

F J Avery  
A J Bentham  
P J Fricke (resigned 10 May 2004)  
O C Garland  
D Hamilton  
D G Snook

During the period none of the directors had a beneficial interest in the shares of the company.

### POLITICAL AND CHARITABLE CONTRIBUTIONS

The company did not make any donations in the period.

### EMPLOYEES

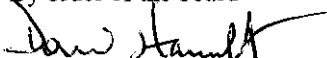
The necessity for, and the importance of, good communications and relations with all employees is well recognised and accepted throughout the company. Employees are encouraged to discuss with management factors affecting the company and any matters about which they are concerned. In addition, the Board takes account of employees' interests when making decisions, and employees are informed regularly of the company performance. Suggestions from employees aimed at improving the company's performance are welcomed.

The company also supports the employment of persons with disability wherever possible, through recruitment and by retention of those who suffer disability during their employment, and generally through training, career development and promotion.

### AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



D Hamilton  
Company Secretary

11 November 2004

# Averys of Bristol Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVERYS OF BRISTOL LIMITED

We have audited the financial statements on pages 5 to 13.

*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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and 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 law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. 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 opinion**

We conducted our audit in accordance with Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 financial statements give a true and fair view of the state of the company's affairs at 25 June 2004 and of the loss of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY

Registered Auditor  
Chartered Accountants  
1 Georges Square  
Bristol  
BS1 6BP

11 November 2004

# Averys of Bristol Limited

## PROFIT AND LOSS ACCOUNT

for the period ended 25 June 2004

	Notes	Period ending 25 June 04 £	Period from 1 Jan 02 to 27 June 03 £
TURNOVER		6,469,538	6,608,908
Cost of sales		(4,640,915)	(4,827,591)
GROSS PROFIT		1,828,623	1,781,317
Other operating expenses	2	(3,052,976)	(3,154,758)
OPERATING (LOSS)		(1,224,353)	(1,373,441)
Interest receivable	3	-	2,333
		(1,224,353)	(1,371,108)
Interest payable	4	(295)	(7,789)
(LOSS) ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION	5	(1,244,648)	(1,378,897)
Dividends		-	-
RETAINED (LOSS) FOR THE PERIOD	16	(1,224,648)	(1,378,897)

The operating (loss)/profit for the period arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

# Averys of Bristol Limited

## BALANCE SHEET

25 June 2004

	Notes	25 June 2004 £	27 June 2003 £
<b>FIXED ASSETS</b>			
Tangible assets	7	505,920	211,144
Fixed asset investment	8	2	2
		<u>505,922</u>	<u>211,146</u>
<b>CURRENT ASSETS</b>			
Stocks	9	1,737,844	1,557,002
Debtors due within one year	10	494,615	249,524
Cash at bank and in hand		200,387	800
		<u>2,432,846</u>	<u>1,807,326</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	3,241,073	1,677,026
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(808,227)</u>	<u>130,300</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(302,305)</u>	<u>341,446</u>
<b>CREDITORS</b>			
Amounts falling due after one year	12	1,088,095	507,198
		<u>(1,390,400)</u>	<u>(165,752)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	1,500,000	1,500,000
Profit and loss account	15	(2,890,400)	(1,665,752)
Equity shareholders' (deficiency)	16	<u>(1,390,400)</u>	<u>(165,752)</u>

Approved by the Board on 11 November 2004

D. Scott  
Director

# Averys of Bristol Limited

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 25 June 2004

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### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards. The financial statements are for the period ended 25 June 2004. The comparative figures are for the period from 1 January 2002 to 27 June 2003.

The company is dependent on the ongoing support of Direct Wines Limited to continue to trade. Direct Wines Limited have confirmed that they do not intend to demand repayment of the amount due to them in the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

### CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

### TANGIBLE FIXED ASSETS

Depreciation is provided on all fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Leasehold property	over the life of the lease
Office furniture and equipment	25%
Motor vehicles	25%
Computer equipment	20%

### STOCKS

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete and slow moving items.

### FOREIGN EXCHANGE

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

### OPERATING LEASES

The annual rentals on operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

### PENSION CONTRIBUTIONS

The company operates defined contribution pension schemes and the pension charge represents the amounts payable by the company to the funds in respect of the period.

### DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable, taxable profits from which the future reversal of the underlying timing differences can be deducted



# Averys of Bristol Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 25 June 2004

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### TURNOVER

Turnover represents sales to external customers at invoiced amounts less value added tax.

# Averys of Bristol Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 25 June 2004

### 1 TURNOVER

The company's turnover was all derived from its principal activity and arises solely within the United Kingdom.

### 2 OTHER OPERATING EXPENSES (NET)

	2004	2003
	£	£
Distribution costs	775,956	2,009,127
Administration expenses	2,277,020	1,145,631
	<u>3,052,976</u>	<u>3,154,758</u>

### 3 INTEREST RECEIVABLE

	2004	2003
	£	£
Other interest	<u>-</u>	<u>2,333</u>

### 4 INTEREST PAYABLE

	2004	2003
	£	£
On bank loans, overdrafts and other loans repayable within five years	<u>295</u>	<u>7,789</u>

### 5 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging:

	2004	2003
	£	£
Depreciation and amounts written off tangible fixed assets:		
Charged for the period		
Owned assets	47,734	53,111
Loss on disposals	16,005	-
Operating lease rentals:		
Plant and machinery	111,622	5,122
Other assets	388,359	225,978
Net (profit) on foreign currency translation	(3,469)	-
Auditors' remuneration		
- audit services	8,000	7,000
- non audit services	-	1,250
	<u>-</u>	<u>1,250</u>

# Averys of Bristol Limited

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 25 June 2004

### 6 EMPLOYEES

The average weekly number of persons (including directors) employed by the company during the period was:

	2004	2003
	No.	No.
Office and management	6	8
Selling and distribution	29	21
	<u>35</u>	<u>29</u>

Staff costs for the above persons:

	2004	2003
	£	£
Wages and salaries	934,468	859,170
Social Security costs	95,820	75,227
Other pension costs	37,189	51,507
	<u>1,067,477</u>	<u>985,904</u>

### DIRECTORS' REMUNERATION IN RESPECT OF SERVICES TO THIS COMPANY

	2004	2003
	£	£
Aggregate emoluments	140,293	178,057
Company pension contributions to money purchase schemes	23,503	41,234
Retirement benefits are accruing to 2 directors (2003: 2) under money purchase pension schemes		
Highest paid director:		
Aggregate emoluments	93,540	111,661
Company pension contributions to money purchase schemes	8,503	10,589

### 7 TANGIBLE FIXED ASSETS

	Property improvements and shop premiums £	Office furniture and equipment £	Motor vehicles £	Total £
Cost				
27 June 2003	42,123	464,389	86,266	592,778
Additions	-	354,132	-	354,132
Disposals	(30,700)	(117,222)	-	(147,922)
25 June 2004	<u>11,423</u>	<u>701,299</u>	<u>86,266</u>	<u>798,988</u>
Depreciation				
27 June 2003	25,669	275,651	80,314	381,634
Charged in the period	1,537	40,378	5,819	47,734
Disposals	(19,078)	(117,222)	-	(136,300)
25 June 2004	<u>8,128</u>	<u>198,807</u>	<u>86,133</u>	<u>293,068</u>
Net book value				
25 June 2004	<u>3,295</u>	<u>502,492</u>	<u>133</u>	<u>505,920</u>
27 June 2003	<u>16,454</u>	<u>188,738</u>	<u>5,952</u>	<u>211,144</u>

# Averys of Bristol Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 25 June 2004

### 8 FIXED ASSET INVESTMENTS

	2004	2003
	£	£
Investment in subsidiaries	2	2
Other fixed asset investments	-	-
	<u>2</u>	<u>2</u>

The company owns 100% of the issued ordinary share capital of New World Vintners Limited which is incorporated in England and Wales. The company is non-trading and has not been consolidated as the directors consider that the amounts involved are not material.

### 9 STOCKS

	2004	2003
	£	£
Goods for resale	<u>1,737,844</u>	<u>1,557,002</u>

### 10 DEBTORS

	2004	2003
	£	£
Due within one year:		
Trade debtors	355,293	177,924
Amounts owed by parent company	-	-
Other debtors	44,836	44,855
Prepayments and accrued income	94,486	26,745
	<u>494,615</u>	<u>249,524</u>

Included within other debtors is a deferred tax asset of £ 44,855 (2003: £44,855) in respect of capital allowances.

### 11 CREDITORS: Amounts falling due within one year

	2004	2003
	£	£
Bank loans and overdrafts	1,362,767	449,820
Trade creditors	1,404,837	971,859
Corporation tax	-	44,475
Other taxation and social security costs	282,754	62,194
Other creditors	5,377	10,296
Accruals and deferred income	185,338	138,382
	<u>3,241,073</u>	<u>1,677,026</u>

### 12 CREDITORS: Amounts falling due in more than one year

	2004	2003
	£	£
Amounts owed to parent company	<u>1,088,095</u>	<u>507,198</u>
	<u>1,088,095</u>	<u>507,198</u>

Amounts owed to parent company represents amounts owed to Direct Wines Limited, who have indicated they will not seek repayment prior to September 2005

# Averys of Bristol Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 25 June 2004

### 13 DEFERRED TAXATION

	2004	2003
	£	£
Accelerated capital allowances	44,855	44,855
	<u>44,855</u>	<u>44,855</u>

There has been no movement in the deferred tax asset during the period.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable, taxable profits from which the future reversal of the underlying timing differences can be deducted

### 14 SHARE CAPITAL

	2004	2003
	£	£
Authorised:		
1,500,000 Ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>
Allotted, called up and fully paid:		
1,500,000 Ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>

### 15 RESERVES

	Profit and loss account £
At 27 June 2003	(1,665,752)
Loss for the financial period	<u>(1,224,648)</u>
At 25 June 2004	<u>(2,890,400)</u>

### 16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004	2003
	£	£
(Loss)/profit after taxation	(1,224,648)	(1,378,897)
Opening shareholders' (deficit)/funds	<u>(165,752)</u>	<u>1,213,145</u>
Closing shareholders' (deficit)/funds	<u>(1,390,400)</u>	<u>(165,752)</u>

### 17 COMMITMENTS UNDER OPERATING LEASES

At 25 June 2004 the company had annual commitments under non-cancellable operating leases as follows:-

	2004	2003
	£	£
Land and buildings:		
Expiring in the first year	-	-
Expiring in the second to fifth year	149,569	49,625
Expiring after five years	-	-
	<u>149,569</u>	<u>49,625</u>

# Averys of Bristol Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 25 June 2004

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### 18 PENSION COMMITMENTS

The company operates defined contribution pension schemes whose assets are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company and amounted to £ 37,189 (2003: £51,507).

### 19 RELATED PARTY TRANSACTIONS

#### *Ultimate parent company*

The directors regard Direct Wines Limited, a company registered in England and Wales, as the ultimate parent company. According to the register kept by the company, Direct Wines Limited had a 100% interest in the equity capital of Averys of Bristol Limited at 25 June 2004.

#### *Related party transactions and balances*

During the period the company made purchases of £285,625 (2003: £278,396) from its parent company, Direct Wines Limited. The balance owed to the company at the period end was £1,088,095 (2003: £507,198). The largest and smallest group in which the results of the company are consolidated is that headed by Direct Wines Limited. Copies of the financial statements of Direct Wines can be obtained from New Aquataine House, Exeter Way, Theale, RG7 4PL

F J Avery, a Director, made purchases of £7,496 (2003: £20,530) from the company during the period. The balance owed to the company at the period end was £ 8,515 (2003: £nil).

### 20 GOING CONCERN

The company is dependent on the ongoing support of Direct Wines Limited to continue to trade. Direct Wines Limited have confirmed that they do not intend to demand repayment of the amount due to them in the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

# Avery's of Bristol Limited

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 25 June 2004

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The following pages do not form part of the statutory financial statements  
which are the subject of the independent auditors' report on page 4.

# Averys of Bristol Limited

## PROFIT AND LOSS ACCOUNT

for the period ended 25 June 2004

	2004 £	2003 £
TURNOVER	6,469,538	6,608,908
Cost of sales	4,640,915	4,827,591
GROSS PROFIT	1,828,623	1,781,317
Selling and distribution costs	775,956	744,390
	1,052,667	1,036,927
Promotion costs	946,948	1,264,737
Administration expenses	940,808	762,427
Office expenses	130,465	134,368
Property expenses	258,799	248,836
OVERHEAD COSTS	2,277,020	2,410,368
OPERATING (LOSS)/PROFIT	(1,224,353)	(1,373,441)
INTEREST RECEIVABLE	-	2,333
	(1,224,353)	(1,371,108)
INTEREST PAYABLE	295	7,789
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(1,224,648)	(1,378,897)
TAX CHARGE ON ORDINARY ACTIVITIES	-	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	(1,224,648)	(1,378,897)
PROPOSED DIVIDEND	-	-
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD	(1,224,648)	(1,378,897)



# Averys of Bristol Limited

## PROFIT AND LOSS ACCOUNT

for the period ended 25 June 2004

	2004 £	2003 £
SALES		
Sales of wine	6,469,538	6,608,908
Membership subscriptions	-	-
	<u>6,469,538</u>	<u>6,608,908</u>
Cost of sales	4,640,915	4,827,591
	<u>1,828,623</u>	<u>1,781,317</u>
GROSS PROFIT		
SELLING AND DISTRIBUTION COSTS		
Cartons and packaging	49,157	34,918
Samples and breakages	9,000	21,010
Carriage outwards	308,184	314,769
Tastings	6,389	(8,161)
Other commission	70,452	74,263
Warehouse and shops wages	314,177	291,331
Motor vehicle running costs	18,597	16,260
	<u>775,956</u>	<u>744,390</u>
PROMOTION COSTS		
Travel, subsistence and entertaining	17,138	29,017
Advertising and publicity	929,810	1,235,720
	<u>946,948</u>	<u>1,264,737</u>
ADMINISTRATION EXPENSES		
Office wages and payroll	798,380	499,258
Pension costs	37,189	51,507
Postage and stationery	7,052	17,838
Insurance	29,879	23,461
Bank charges	8,712	11,113
Consultancy	-	2,732
Professional fees	12,688	104,200
Audit fees	8,000	13,550
Training	9,557	5,494
Office furniture, equipment and shop depreciation	6,018	4,750
Vehicle depreciation	5,819	22,294
Disposal of assets	-	-
Bad debts	17,514	6,230
	<u>940,808</u>	<u>762,427</u>
OFFICE EXPENSES		
Telephone	19,742	16,452
Equipment repair and hire	20,805	24,229
Sundries	17,488	28,855
Subscriptions and donations	2,175	6,746
Computer costs	19,308	18,210
Light and heat	16,589	19,074
Computer equipment depreciation	34,358	20,802
	<u>130,465</u>	<u>134,368</u>

# Avery's of Bristol Limited

## PROFIT AND LOSS ACCOUNT

for the period ended 25 June 2004 (*continued*)

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	2004 £	2003 £
PROPERTY EXPENSES		
Rent and rates	220,547	226,455
Cleaning	18,527	13,622
Security	2,183	3,494
Loss on disposal of fixed asset	16,005	-
Property depreciation	1,537	5,265
	<u>258,799</u>	<u>248,836</u>
OPERATING (LOSS)/PROFIT	<u>(1,224,648)</u>	<u>(1,373,441)</u>