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Registered no: 376920

Averys of Bristol Limited
Annual report
for the year ended 29 June 2007

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Averys of Bristol Limited

Annual report for the year ended 29 June 2007

Averys of Bristol Limited

Company information

Directors

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

Secretary

M Jones

Registered office

4 High Street
Nailsea
Bristol
BS48 1BT

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
9 Greyfriars Road
Reading
Berkshire
RG1 1JG

Directors' report for the year ended 29 June 2007

The directors present their report and the audited financial statements of the company for the year ended 29 June 2007

Principal activity

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

Review of business and future developments

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

The directors recognise the company's employees as a great asset to the business and invest in their training and promote the advancement of disabled personnel The directors regularly update employees on the performance of the company

Averys of Bristol Limited (Averys) continues to develop strong relationships with its suppliers and pays all creditors within agreed credit terms

The posting of a profit of £151,630 for the year marks the move of Averys into profitability, which is founded on the heavy investment made in the previous year to the sales and warehousing infrastructure

The profit and loss account for the year is set out on page 5

Direct Wines Limited, the company's parent undertaking, has indicated its intention to provide such ongoing financial support as is necessary for the company to continue in operation and to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements

Results and dividends

The profit for the year after taxation was £151,630 (2006 loss £446,030) which will be transferred to reserves

The directors have not recommended a dividend (2006 Nil)

Directors

The directors of the company who were directors for the whole of the year, unless otherwise stated, and up to the date of signing the financial statements were

F J Avery	
A J Bentham	
O C Garland	
D Hamilton	
M Jones	(appointed 19 July 2006)
D G Snook	

Directors' report for the year ended 29 June 2007 (continued)

Financial Risk Management

The principal risks and uncertainty to the business are fluctuations in currency exchange rates, this risk is managed and minimised by complying fully with the group currency hedging policy

Statement as to disclosure of information to auditors

The directors who were in office on the date of approval of the financials statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

This disclosure is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 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

Auditors

During the year the directors appointed PricewaterhouseCoopers LLP as auditors of the company PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the Board

M Jones
Company Secretary

Independent auditor's report to the members of Averys of Bristol Limited

We have audited the financial statements of Averys of Bristol Limited for the year ended 29 June 2007 which comprise the Profit and loss Account, the Balance sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 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 is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 29 June 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Reading

9th January 2008

Profit and loss account for the year ended 29 June 2007

	Note	**Year ended 29 June 2007 £**	Year ended 30 June 2006 £
Turnover	2	**17,450,302**	12,715,785
Cost of sales		**(11,776,771)**	(8,317,561)
Gross profit		**5,673,531**	4,398,224
Operating expenses	3	**(5,512,789)**	(4,798,049)
Operating profit/(loss)		**160,742**	(399,825)
Interest payable and similar charges	4	**(9,112)**	(1,350)
Profit/(loss) on ordinary activities before taxation	5	**151,630**	(401,175)
Taxation	8	**-**	(44,855)
Retained profit/(loss) for the year	17, 18	**151,630**	(446,030)

The result for the year shown above is derived entirely from continuing activities

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents

Balance sheet as at 29 June 2007

	Note	29 June 2007 £	30 June 2006 £
Fixed assets			
Tangible assets	9	**278,697**	372,241
Investments	10	**2**	2
		278,699	372,243
Current assets			
Stocks	11	**3,356,427**	3,222,036
Debtors Amounts falling due within one year	12	**667,865**	921,405
Cash at bank and in hand		**257,448**	233,701
		4,281,740	4,377,142
Creditors: Amounts falling due within one year	13	**(3,288,990)**	(5,048,191)
Net current assets/(liabilities)		**992,750**	(671,049)
Total assets less current assets/(liabilities)		**1,271,449**	(298,806)
Creditors Amounts falling due after more than one year	14	3,639,730	2,221,105
Capital and reserves			
Called-up share capital	16	**1,500,000**	1,500,000
Profit and loss account (deficit)	17	**(3,868,281)**	(4,019,911)
Total capital and reserves (deficit)	18	**(2,368,281)**	(2,519,911)
		1,271,449	(298,806)

The financial statements on pages 5 to 15 were approved by the board of directors on 07 JAN 2008 and were signed on its behalf by

D Snook

D G Snook
Director

Notes to the financial statements for the year ended 29 June 2007

1 Accounting policies

These financial statements are prepared under the historical cost convention in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom Principal accounting policies are set out below

Financial year

The financial statements are made up to the Friday nearest to 30 June each year Periodically this results in a financial year of 53 weeks The current accounting period is for the 52 weeks ended 29 June 2007

Basis of accounting

The company is dependent on the ongoing support of its parent company, Direct Wines Limited to continue to trade Direct Wines Limited has 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

Investments

Investments are stated at cost less provision for any permanent diminution in value

Tangible fixed assets

Tangible fixed assets are stated at historic cost less accumulated depreciation 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 economic life, as follows

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

Stock

Stock is stated at the lower of cost and net realisable value In general, cost is determined on a first in first out basis and includes transport and handling costs Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for selling costs Provision is made where necessary for obsolete, slow moving and defective stocks

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date Trading transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Exchange gains or losses are included in the profit and loss account in the year in which they arise

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

Notes to the financial statements for the year ended 29 June 2007 (continued)

Pension contributions

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

Taxation
UK corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred taxation

Provision is made for deferred taxation, using the full provision method on an undiscounted basis, on all material timing differences Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied Turnover is recognised on sales when title to the product passes which is generally upon delivery

Cash flow statement and related party transactions

The company is a wholly owned subsidiary of Direct Wines Limited and is included in the consolidated financial statements of Direct Wines Limited, which are publicly available Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions between the company and other group companies

2 Turnover

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

3 Operating expenses

	Year ended 29 June 2007	Year ended 30 June 2006
	£	£
Distribution costs	**1,666,153**	1,095,071
Administrative expenses	**3,846,636**	3,702,978
	5,512,789	4,798,049

Notes to the financial statements for the year ended 29 June 2007 (continued)

4 Interest payable and similar charges

	Year ended 29 June 2007	Year ended 30 June 2006
	£	£
On bank loans and overdrafts	**9,112**	1,350

5 Profit/(loss) on ordinary activities before taxation

	Year ended 29 June 2007	Year ended 30 June 2006
	£	£
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):		
Wages and salaries	**1,640,806**	1,177,894
Social security costs	**205,100**	117,334
Other pension costs (note 20)	**39,206**	34,650
Staff costs	**1,885,112**	1,329,878
Depreciation charge for the period		
Owned assets	**140,943**	131,793
Profit on disposals of tangible fixed assets	**-**	(2,700)
Operating lease rentals		
Other than plant and machinery	**213,482**	245,266
Net profit on foreign currency translation	**-**	(4,202)
Services provided by the company's auditors		
Fees payable for the audit	**10,000**	8,900

Notes to the financial statements for the year ended 29 June 2007 (continued)

6 Employee information

The average monthly number of persons (including the executive directors) employed by the company during the year was

By activity	Year ended 29 June 2007 Number	Year ended 30 June 2006 Number
Office and management	**13**	8
Selling and distribution	**40**	41
	53	49

7 Directors' emoluments

	Year ended 29 June 2007 £	Year ended 30 June 2006 £
Aggregate emoluments	**395,294**	165,065
Company contributions to money purchase pension scheme	**39,206**	34,650

Included in the aggregate emoluments is £209,440 (2006 Nil) paid by the ultimate parent company, Direct Wines Limited in respect of director's services to Averys of Bristol Limited

Retirement benefits are accruing to three directors (2006 two directors) under money purchase schemes

The aggregate emoluments of the highest paid director were £270,810 Company contributions to money purchase schemes in respect of the highest paid director were £10,221

Notes to the financial statements for the year ended 29 June 2007 (continued)

8 Tax on profit/(loss) on ordinary activities

	Year ended 29 June 2007	Year ended 30 June 2006
	£	£
Taxation on the profit/(loss) for the year		
United Kingdom corporation tax at 30% (2006 30%)	-	-
Total current tax	-	-
Deferred tax (note 15)	-	44,855
Tax on profit/(loss) on ordinary activities	-	44,855

The tax assessed for the year is lower (2006 lower) than the standard rate of corporation tax in the UK (30%)

The differences are explained below

	Year ended 29 June 2007	Year ended 30 June 2006
	£	£
Profit/(loss) on ordinary activities before tax	**151,630**	(401,175)
Profit/(loss) on ordinary activities multiplied by standard rate in the UK of 30% (2006 19%)	**45,489**	(76,223)
Effects of		
Expenses not deductible for tax purposes	**82**	264
Difference in capital allowances and depreciation	**13,605**	4,059
(Utilisation) of brought forward tax losses/carry forward of losses	**(59,176)**	79,474
Short term timing differences	-	(7,574)
Current tax charge for the year	-	-

The company have trading losses available to carry forward amounting to £581,000 (2006 £779,000)

Notes to the financial statements for the year ended 29 June 2007 (continued)

9 Tangible fixed assets

	Property improvements & shop premiums	Office equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 July 2006	11,423	744,716	51,616	807,755
Additions	-	40,899	6,500	47,399
At 29 June 2007	**11,423**	**785,615**	**58,116**	**855,154**
Aggregate depreciation				
At 1 July 2006	9,883	383,598	42,033	435,514
Charge for the year	880	136,615	3,448	140,943
At 29 June 2007	**10,763**	**520,213**	**45,481**	**576,457**
Net book value				
At 29 June 2007	**660**	**265,402**	**12,635**	**278,697**
At 30 June 2006	1,540	361,118	9,583	372,241

10 Investments

	29 June 2007	30 June 2006
	£	£
Investment in subsidiaries	**2**	2

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

11 Stocks

	29 June 2007	30 June 2006
	£	£
Goods for resale	**3,356,427**	3,222,036

Notes to the financial statements for the year ended 29 June 2007 (continued)

12 Debtors

	29 June 2007	30 June 2006
	£	£
Amounts falling due within one year		
Trade debtors	**499,090**	345,987
Amounts owed by group undertakings	**9,395**	25,042
Other debtors	**-**	249,312
Prepayments and accrued income	**159,380**	301,064
	667,865	921,405

13 Creditors – Amounts falling due within one year

	29 June 2007	30 June 2006
	£	£
Bank loans and overdraft	**1,242,742**	1,999,458
Trade creditors	**1,056,787**	1,262,874
Amounts owed to group undertakings	**144,451**	-
Other taxation and social security costs	**342,166**	405,468
Accruals and deferred income	**502,844**	1,380,391
	3,288,990	5,048,191

The company's bank borrowings are secured by a cross guarantee with Direct Wines Limited, The Warehouse Wine Co Limited and Tough Developments Limited

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

14 Creditors – Amounts falling due after more than one year

	29 June 2007	30 June 2006
	£	£
Amounts owed to parent company	**3,639,730**	2,221,105

Amounts owed to parent company represents amounts owed to Direct Wines Limited, which are unsecured, interest free and have no set date for repayment They have been categorised as falling due after more than one year as the directors have received confirmation that these group undertakings will not require payment of these amounts due for at least 12 months from the balance sheet date

Notes to the financial statements for the year ended 29 June 2007 (continued)

15 Deferred taxation

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

	Amount recognised		Amount not recognised	
	29 June 2007	30 June 2006	**29 June 2007**	30 June 2006
	£'000	£'000	**£'000**	£'000
Tax effect of timing differences because of				
Accelerated capital allowances	-	-	**3**	(10)
Losses	-	-	**174**	234
	-	-	**177**	224

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement to be enacted in the 2007 and 2008 Finance Acts The effect of the changes would be to reduce the potential unrecognised deferred tax asset recognised at 28 June 2007 by £12,000 in 2008 This decrease in deferred tax is due to the reduction in the corporation tax rate from 30 per cent to 28 percent with effect from 1 April 2008

16 Called-up share capital

	29 June 2007	30 June 2006
	£	£
Authorised		
1,500,000 (2006 1,500,000) ordinary shares of £1 each	**1,500,000**	1,500,000
Allotted, called-up and fully paid		
1,500,000 (2006 1,500,000) ordinary shares of £1 each	**1,500,000**	1,500,000

17 Reserves

	Profit & loss account £
At 1 July 2006 (deficit)	(4,019,911)
Retained profit for the year	151,630
At 29 June 2007 (deficit)	**(3,868,281)**

Notes to the financial statements for the year ended 29 June 2007 (continued)

18 Reconciliation of movement in shareholders' deficit

	29 June 2007	30 June 2006
	£	£
Profit/(loss) for the year	**151,630**	(446,030)
Net increase/(reduction) to shareholders' funds	**151,630**	(446,030)
Opening shareholders' deficit	**(2,519,911)**	(2,073,881)
Closing shareholders' deficit	**(2,368,281)**	(2,519,911)

19 Commitments under operating leases

At 29 June 2007 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	29 June 2007	30 June 2006
	£	£
Expiring between two to five years	**198,464**	198,464

20 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 has amounted to £39,206 (2006 £34,650)

21 Ultimate parent company and controlling party

The directors regard Direct Wines Limited, a company registered in England and Wales, as the immediate and ultimate parent company and controlling party 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 29 June 2007 and is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 29 June 2007 Copies of the parent's consolidated financial statements may be obtained from The Secretary, Direct Wines Limited, New Aquitaine House, Exeter Way, Theale, Reading, Berkshire, RG7 4PL