

Averys of Bristol Limited
Directors' Report and Accounts
Year ended 31 December 1998

Company Registration No. 376920 (England and Wales)



Averys of Bristol Limited

Company Information

Directors

PJ Fricke
F J Avery

Secretary

PJ Fricke

Company number

376920

Registered office

Orchard House, Southfield Road
Nailsea
Bristol
BS19 1JD

Auditors

Moore Rowland
Clifford's Inn, Fetter Lane
London
EC4A 1AS

Moore
Rowland

Averys of Bristol Limited

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Averys of Bristol Limited

Directors' Report Year ended 31 December 1998

The directors present their report and accounts for the year ended 31 December 1998.

Directors

The following directors have held office since 1 January 1998:

PJ Fricke
F J Avery

Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 accounts 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.

Principal activities and review of the business

The principal activity of the company continued to be that of a wholesale and retail wine merchant.

The business developed reasonably during the year and the directors consider the financial position at the year end to be satisfactory.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Year 2000

The company has addressed the year 2000 issue by taking appropriate steps to update computer systems where necessary and believes that the company's business will not be adversely affected.

Directors' interests

The names of the present directors are given at the head of this report.

None of the directors had any beneficial interests in the shares of the company as defined by the Companies Act 1985.

Averys of Bristol Limited

Directors' Report Year ended 31 December 1998

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Moores Rowland be reappointed as auditors of the company will be put to the Annual General Meeting.

On behalf of the board



19 February 1999

Averys of Bristol Limited

Auditors' Report To the Shareholders of Averys of Bristol Limited

We have audited the accounts on pages 4 to 13.

Respective responsibilities of directors and auditors

As described in the directors' report the company's directors are responsible for the preparation of accounts. It is our responsibility as auditors to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

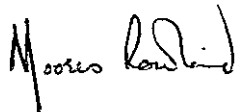
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditors

London

19 February 1999

Averys of Bristol Limited

Profit and Loss Account Year ended 31 December 1998

	Notes	1998 £	1997 £
Turnover	2	4,930,123	4,911,980
Cost of sales		(3,654,076)	(3,594,521)
Gross profit		1,276,047	1,317,459
Administrative expenses		(1,097,806)	(1,174,659)
Operating profit	3	178,241	142,800
Other interest receivable and similar income	4	1,887	888
Interest payable and similar charges	5	(22,368)	(22,449)
Profit on ordinary activities before taxation		157,760	121,239
Tax on profit on ordinary activities	9	(585)	(280)
Profit for the year	16	157,175	120,959

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

There are no recognised gains and losses other than those passing through the profit and loss account.

Averys of Bristol Limited

Balance Sheet

As at 31 December 1998

	Notes	£	1998 £	£	1997 £
Fixed assets					
Tangible assets	10		100,776		127,542
Investments	11		2,004		2,004
			<u>102,780</u>		<u>129,546</u>
Current assets					
Stocks	12	1,356,841		1,273,910	
Debtors	13	568,943		578,621	
Cash at bank and in hand		1,000		1,000	
		<u>1,926,784</u>		<u>1,853,531</u>	
Creditors: amounts falling due within one year	14	(1,365,374)		(1,476,062)	
Net current assets			561,410		377,469
Total assets less current liabilities			<u>664,190</u>		<u>507,015</u>
Capital and reserves					
Called up share capital	15		1,500,000		1,500,000
Profit and loss account	16		(835,810)		(992,985)
Shareholders' funds - equity interests	17		<u>664,190</u>		<u>507,015</u>

The accounts were approved by the Board on 19 February 1999



Director

Averys of Bristol Limited

Notes to the Accounts Year ended 31 December 1998

1 Accounting policies

1.1 Accounting convention

The accounts are prepared under the historical cost convention, and in accordance with applicable accounting standards.

1.2 Turnover

Turnover represents amounts receivable from customers for goods and services excluding VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided so as to write off the cost less estimated residual value of each asset over its expected useful life on a straight line basis, as follows:

Land and buildings Leasehold	over the period of the lease
Plant and machinery	25%
Fixtures, fittings & equipment	25%
Motor vehicles	25%

1.4 Leasing and hire purchase commitments

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

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

1.5 Investments

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

1.6 Stock

Stock is valued at the lower of cost including appropriate overhead expenses, and net realisable value.

1.7 Pensions

The pension costs charged in the accounts represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.9 Foreign currency translation

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

Averys of Bristol Limited

Notes to the Accounts Year ended 31 December 1998

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	1998	1997
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	52,374	114,725
Operating lease rentals	95,056	108,105
Auditors' remuneration	4,000	8,500

Included in the depreciation charges for 1997 is an exceptional charge of £55,386 due to a reappraisal of the expected useful lives of fixed assets.

4 Other interest receivable and similar income	1998	1997
	£	£
Other interest	1,887	888

5 Interest payable and similar charges	1998	1997
	£	£
On bank loans and overdrafts	21,858	20,409
Hire purchase interest	510	2,040
	22,368	22,449

Averys of Bristol Limited

Notes to the Accounts Year ended 31 December 1998

6 Employees

Number of employees

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

	1998 Number	1997 Number
Warehouse and distribution	5	5
Selling and marketing	15	17
Administration	9	10
	<u>29</u>	<u>32</u>

Employment costs

	£	£
Wages and salaries	483,084	534,788
Social security costs	45,893	49,390
Other pension costs	6,664	12,490
	<u>535,641</u>	<u>596,668</u>

7 Directors' emoluments

	1998 £	1997 £
Emoluments for qualifying services	34,500	37,042
Company pension contributions to money purchase schemes	4,000	8,097
	<u>38,500</u>	<u>45,139</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (1997 - 1).

8 Transactions with directors

During the year, the company has traded in the ordinary course of its business with Mr F J Avery. Sales amounted to £26,041 (1997 £9,740).

9 Taxation

	1998 £	1997 £
U.K. current year taxation		
U.K. corporation tax at 31% (1997 - 32%)	585	280
	<u>585</u>	<u>280</u>

Averys of Bristol Limited

Notes to the Accounts Year ended 31 December 1998

10 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 January 1998	42,123	199,739	193,827	128,428	564,117
Additions	-	-	125	33,901	34,026
Disposals	-	(82,517)	(82,909)	(44,110)	(209,536)
At 31 December 1998	42,123	117,222	111,043	118,219	388,607
Depreciation					
At 1 January 1998	6,363	183,485	160,493	86,234	436,575
On disposals	-	(82,517)	(82,909)	(35,692)	(201,118)
Charge for the year	3,511	12,733	18,489	17,641	52,374
At 31 December 1998	9,874	113,701	96,073	68,183	287,831
Net book value					
At 31 December 1998	32,249	3,521	14,970	50,036	100,776
At 31 December 1997	35,760	16,254	33,334	42,194	127,542

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

	Motor vehicles £
Net book values	
At 31 December 1998	-
At 31 December 1997	4,498
Depreciation charge for the year	
31 December 1998	-
31 December 1997	3,213

Averys of Bristol Limited

Notes to the Accounts Year ended 31 December 1998

11 Fixed asset investments

	Unlisted investments £	Shares in subsidiary undertakings £	Total £
Cost			
At 1 January 1998 & at 31 December 1998	2,000	4	2,004

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

The company owns 100% of the issued share capital of Cabot Cellars Limited and New World Vintners Limited, both companies being incorporated in England & Wales and non-trading. The net assets of each of these companies is £2.

The company has an investment in Merchant Vintners Buying Group of 4.76% of its fully paid ordinary shares.

12 Stocks	1998 £	1997 £
Finished goods and goods for resale	1,356,841	1,273,910

The directors consider that the replacement value of wines held for resale is not less than cost.

13 Debtors	1998 £	1997 £
Trade debtors	527,856	541,206
Other debtors	12,188	14,141
Prepayments and accrued income	28,899	23,274
	568,943	578,621

Averys of Bristol Limited

Notes to the Accounts

Year ended 31 December 1998

14 Creditors: amounts falling due within one year	1998 £	1997 £
Bank loans and overdrafts	455,683	467,226
Net obligations under finance lease and hire purchase contracts	-	2,712
Trade creditors	520,422	469,233
Amounts owed to parent and fellow subsidiary undertakings	11,335	219,433
Corporation tax	256	280
Other taxes and social security costs	270,255	211,193
Other creditors	12,969	12,057
Accruals and deferred income	94,454	93,928
	<u>1,365,374</u>	<u>1,476,062</u>

The bank loan and overdraft is secured by a fixed and floating charge over the assets of the company. The bank has given a guarantee to HM Customs and Excise amounting to £203,000 with recourse to the company.

Net obligations under finance leases and hire purchase contracts

Repayable within one year	-	2,712
Finance charges and interest allocated to future accounting periods	-	-
	<u>-</u>	<u>2,712</u>

15 Share capital

	1998 £	1997 £
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>

16 Statement of movements on profit and loss account

	£
Balance at 1 January 1998	(992,985)
Retained profit for the year	157,175
Balance at 31 December 1998	<u>(835,810)</u>

Averys of Bristol Limited

Notes to the Accounts

Year ended 31 December 1998

17 Reconciliation of movements in shareholders' funds	1998 £	1997 £
Profit for the financial year	157,175	120,959
Opening shareholders' funds	507,015	386,056
Closing shareholders' funds	<u>664,190</u>	<u>507,015</u>

18 Contingent liabilities

The company has entered into an unlimited cross guarantee to secure the overdrafts of its immediate parent company. The total liability arising from this guarantee amounted to £251,210 at the balance sheet date.

19 Financial commitments

At 31 December 1998 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1998 £	1997 £
Expiry date: In over five years	<u>28,750</u>	<u>28,750</u>

20 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £6,664 (1997 - £12,490). There were no outstanding or prepaid contributions at the balance sheet date.

21 Control

The immediate parent undertaking is Hallgarten Wines Limited, a company registered in England and Wales, and the ultimate parent undertaking and controlling party is WIV Wien International GmbH, a company registered Germany.

WIV Wien International GmbH prepares consolidated accounts, and copies can be obtained from WIV Wien International GmbH, Rummelsheimer Str. 55452 Burg Layen, Bei Bingen Am Rhein, Germany.

Transactions and balances between the group companies are not generally disclosed in the accounts of the subsidiary companies in accordance with the exemption given under the Financial Reporting Standard No. 8 'Related Party Transactions'.