


Registered number: 00376920

Averys of Bristol Limited
Annual report and financial statements
For the period ended 3 July 2015

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Averys of Bristol Limited

Annual report and financial statements for the period ended 3 July 2015

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Company information

Directors

J W H Weir
D A Thatcher

Registered office

9A Culver Street
Bristol
BS1 5LD

Bankers

Barclays Bank plc
Apex Plaza
Forbury Road
Reading
Berkshire
RG1 1AX

Strategic report for the period ended 3 July 2015

The directors present their strategic report of the company for the period ended 3 July 2015

Review of business and future developments

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

Following a review of the accounting policy for revenue recognition, the directors have decided to change the approach for recognition of En Primeur sales to reflect more accurately the nature of the transaction. The impact of this reclassification on the Profit and loss account and the Balance sheet is included in these accounts and the impact is outlined in more detail on page 6

The profit after tax for the financial period was £293,952 (2014 £272,647)

Financial performance in the year, with profit before taxation growth of 37% on last year, reflected the cost savings achieved due to restructuring and improvements in the sales and gross margin

Customer base is the important key performance indicator and it is carefully monitored. The directors are satisfied with the level of its stability

In addition to the customer base the business monitors other key performance indicators which include key measures on productivity, cost, sales and margin which is currently at a sufficient level at 29.8% (2014 29.7%)

The directors recognise following as the principal risks of the business

- | | |
|------------------|--|
| Technology risk | - any significant failure of IT systems would affect our ability to trade |
| People risk | - the success of our business is based on employing the best people with the right capabilities |
| Operational risk | - the businesses continuity plan in the event of an emergency incident is key to ensure we are prepared and have a plan in place to mitigate the impact of any adverse event |
| Performance risk | - performance against budget and competitors is tracked as any negative variance could lead to a failure to deliver the long-term goals |
| Regulatory risk | - we need to ensure our compliance, and monitor any legal or regulatory changes |

The directors meet regularly to evaluate business risks and monitor the economic climate and take appropriate action where necessary. In particular the processes and systems surrounding fraud and credit risk are continuously evaluated

Despite the small drop in the current ratio to 1.21 (2014 1.28) the overall balance sheet position of the company has improved with faster inventory turnover 1.98 (2014 2.1) and the reduction in the net liability of 6.6% on last year

Telegraph, one of our main business partners, have given a notice of termination of our contract which expires in September 2015. The relevant customer database will be transferred back to Telegraph and we will concentrate on rebuilding sales, improving margin, overheads savings and continuing to search for new business partners

The company remains focused on the customers, retaining and growing market share post Telegraph exit and cost control

On behalf of the Board



D A Thatcher
Director

15 September 2015

Directors' report for the period ended 3 July 2015

The directors present their annual report and the financial statements of the company for the period ended 3 July 2015

Dividends

The directors have not recommended the payment of a dividend (2014 £nil)

Directors

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

S N McMurtrie	(resigned 2 March 2015)
C A Humphreys	(resigned 11 July 2014)
D A Thatcher	
J W H Weir	(appointed 2 March 2015)

Financial risk management

Liquidity/cashflow – the company is reliant upon the continued support of the parent company, Direct Wines Holdings Limited. The parent company has indicated its intention to provide such ongoing financial support as is necessary for the company to continue in operation for a period of no less than one year from the date of approval of these financial statements

Credit – the company has standard policies which set out specific guidance on how credit risk is managed

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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

On behalf of the Board


D A Thatcher
Director

15 September 2015

Profit and loss account for the period ended 3 July 2015

	Note	53 week period ended 3 July 2015 £	Restated 52 week period ended 27 June 2014 £
Turnover	2	13,483,893	13,429,270
Cost of sales		(9,471,012)	(9,440,608)
Gross profit		4,012,881	3,988,662
Administrative expenses		(3,631,216)	(3,710,467)
Operating profit	3	381,665	278,195
Profit on ordinary activities before taxation		381,665	278,195
Tax on profit on ordinary activities	6	(87,713)	(5,548)
Profit for the financial period	16	293,952	272,647

The results for the periods shown above are derived entirely from continuing activities

The impact of the review of the accounting policy for revenue recognition in relation to En Primeur sales was to reduce the turnover by £429,154 (2014 £201,036) and to reduce operating profit by £81,368 (2014 £89,917) (Note 1)

The company has no recognised gains and losses other than the profit 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 profit for the financial periods stated above, and their historical cost equivalents

Balance sheet as at 3 July 2015

		3 July 2015	Restated 27 June 2014
	Note	£	£
Fixed assets			
Tangible assets	7	636,554	99,702
Investments	8	-	2
		636,554	99,704
Current assets			
Stock	9	4,893,742	4,676,037
Debtors – Amounts falling due within one year	10	467,751	468,579
Debtors – Amounts falling due after one year	10	8,760	51,056
Cash at bank and in hand		49,719	41,859
		5,419,972	5,237,531
Creditors amounts falling due within one year	11	(4,493,649)	(4,098,719)
Net current assets		926,323	1,138,812
Total assets less current liabilities		1,562,877	1,238,516
Creditors: amounts falling due after more than one year	12	(5,595,547)	(5,595,547)
Provision for liabilities	13	(97,792)	(67,383)
Net liabilities		(4,130,462)	(4,424,414)
Capital and reserves			
Called up share capital	15	1,500,000	1,500,000
Profit and loss account deficit	16	(5,630,462)	(5,924,414)
Total shareholders' deficit	17	(4,130,462)	(4,424,414)

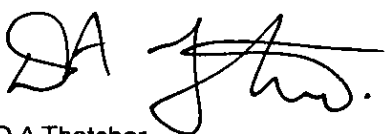
The review of the accounting policy for revenue recognition in relation to En Priemur sales resulted in the increase in stock by £1,368,309 (2014 £1,020,523), increase in Creditors by £1,704,474 (2014 1,275,320) and reduction in the Profit and loss account £336,165 (2014 254,797) (Note 1)

For the year ending 3 July 2015 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

The members have not required the company to obtain an audit of its accounts for this year in accordance with section 476 of the Act

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts

The financial statements on pages 4 to 14 were approved by the board of directors on 15th September 2015 and were signed on its behalf by



D A Thatcher
Director
Averys of Bristol Limited
Registered number 00376920

Notes to the financial statements for the period ended 3 July 2015

1 Accounting policies

These financial statements present information about the company as an individual undertaking and not about the group. The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements as its parent undertaking, Direct Wines Holdings Limited, is a UK company which prepares consolidated financial statements which include Averys of Bristol Limited and its subsidiary undertakings.

Financial period

The financial statements are made up to the Friday nearest to 30 June each year. Periodically this results in a financial period of 52 weeks. The current accounting period is for the 53 weeks period ended 3 July 2015. The previous accounting period was for the 52 weeks period ended 27 June 2014.

Basis of accounting

The company is dependent on the ongoing support of its parent company, Direct Wines Holdings Limited, to continue to trade. Direct Wines Holdings Limited 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. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

During the period ending 3rd July 2015, following a review of the accounting treatment of En Primeur revenue recognition, the directors have decided to adopt a more prudent approach. Revenue for En Primeur sales are now recognised on a dispatch basis instead of on order basis. The comparative results for the period ended 27 June 2014 have been restated. The effect of implementing this new accounting policy was to decrease operating profit for the year by £81k (2014: 90k), increase stock by £1,368k (2014: £1,021k), increase creditors by £1,704k (2014: £1,275k) and reduce the Profit and loss account by £336k (2014: £255k).

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 dispatch.

Fixed asset investments

Fixed asset 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. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. 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:

Office equipment	25%
Motor vehicles	25%
Computer equipment	20%

Stock

Stock and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a moving average 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.

**Notes to the financial statements for the period ended
3 July 2015 (continued)****1 Accounting policies (continued)****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 period in which they arise.

Leased assets and obligations

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful economic lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in 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 taxation

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 obligations to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Cash flow statement and related party transactions

The company is a wholly owned subsidiary of Direct Wines Holdings Limited and is included in the consolidated financial statements of Direct Wines Holdings 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 'Cash flow statements (revised 1996)'.

The company is also exempt under the terms of Financial Reporting Standard 8 'Related party disclosures' from disclosing related party transactions between the company and other group companies.

Notes to the financial statements for the period ended 3 July 2015 (continued)

2 Turnover

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

3 Operating profit

	53 week period ended 3 July 2015	52 week period ended 27 June 2014
	£	£
Operating profit is stated after charging:		
Wages and salaries	1,283,860	1,332,237
Social security costs	126,447	106,191
Other pension costs (note 19)	47,925	20,764
Staff costs	1,458,232	1,459,192
Depreciation charge for the period		
Owned assets	12,288	14,293
Leased assets	40,929	-
Services provided by the company's auditors		
Fees payable for the audit of the company	1,500	-

4 Employee information

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

	53 week period ended 3 July 2015	52 week period ended 27 June 2014
By activity	Number	Number
Office and management	3	3
Selling and distribution	33	30
	36	33

5 Directors' emoluments

Two of the directors (2014 two) are remunerated by a fellow Direct Wines Holdings Limited group subsidiary. None of the costs are recharged to the company and the directors do not believe that a reasonable allocation can be practically made. Accordingly no amounts are included in the Directors' emoluments.

Retirement benefits are accruing to no directors (2014 no directors) under money purchase schemes.

Notes to the financial statements for the period ended 3 July 2015 (continued)

6 Tax on profit on ordinary activities

	53 week period ended 3 July 2015 £	52 week period ended 27 June 2014 £
Current tax:		
United Kingdom corporation tax at 20 75% (2014 22 50%)	-	-
Other current tax		
Adjustment in respect of previous periods	45,417	-
Total current tax charge	45,417	-
Deferred tax:		
Origination and reversal of timing differences	42,296	(1,835)
Impact of change in tax rate	-	7,383
Total deferred tax (note 14)	42,296	5,548
Tax on profit on ordinary activities	42,296	5,548

The tax assessed for the period is lower (2014 lower) than the standard rate of corporation tax in the UK 20 75% (2014 22 5%)

The differences are explained below

	53 week period ended 3 July 2015 £	Restated 52 week period ended 27 June 2014 £
Profit on ordinary activities before tax	381,665	278,195
Profit on ordinary activities multiplied by standard rate in the UK of 20 75% (2014 22 50%)	79,198	62,599
Effects of		
Fixed asset differences	6,659	902
Expenses not deductible for tax purposes	320	616
Difference in capital allowances and depreciation	(33,740)	(4,478)
Group relief	2,899	(86,413)
Other timing differences	(2,153)	6,543
Adjustment in respect of prior periods	45,417	-
Change in Accounting Policy	(53,183)	20,231
Total current tax charge	45,417	-

Notes to the financial statements for the period ended 3 July 2015 (continued)

6 Tax on profit on ordinary activities (continued)

Factors affecting current and future tax changes

Changes to the UK Corporation tax system were announced in the March 2013 UK Budget Statement. The UK Finance Act 2013 received royal assent on 17 July 2013, reducing the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. The effect of these changes is included in these financial statements.

Further changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

7 Tangible fixed assets

	Office and computer equipment £	Motor vehicles £	Leasehold £	Total £
Cost				
At 27 June 2014	354,678	7,580	79,520	441,778
Additions	29,746	-	560,322	590,068
Disposals	-	-	-	-
At 3 July 2015	384,424	7,580	639,842	1,031,846
Accumulated depreciation				
At 27 June 2014	334,908	3,158	4,010	342,076
Charge for the period	10,392	1,895	40,929	53,216
Disposals	-	-	-	-
At 3 July 2015	345,300	5,053	44,939	395,292
Net book value				
At 3 July 2015	39,124	2,527	594,903	636,554
At 27 June 2014	19,770	4,422	75,510	99,702

Included within the net book value is £639,842 (2014 £79,520) relating to assets held under finance lease agreements. The depreciation charged during the period in respect of such assets amounted to £40,929 (2014 £4,010).

8 Fixed asset Investments

	3 July 2015 £	27 June 2014 £
Investment in subsidiaries	-	2

The company's 100% investment in the share capital of New World Vintners Limited, company incorporated in England and Wales and dissolved on 24 March 2015, has been written off.

Notes to the financial statements for the period ended 3 July 2015 (continued)

9 Stock

	3 July 2015	Restated 27 June 2014
	£	£
Goods for resale	4,893,742	4,676,037

The stock balance has been restated following the change in revenue recognition policy for En Primeur sales (Note 1)

10 Debtors

	3 July 2015	27 June 2014
	£	£
Amounts falling due within one year		
Trade debtors	389,753	342,105
Prepayments and accrued income	75,397	81,057
Amounts owed by group undertakings	2,601	-
Corporation tax	-	45,417
	467,751	468,579

	3 July 2015	27 June 2014
	£	£
Amounts falling due after more than one year		
Deferred tax asset (note 14)	8,760	51,056

11 Creditors: amounts falling due within one year

	3 July 2015	Restated 27 June 2014
	£	£
Bank loans and overdraft	-	430,985
Trade creditors	868,937	775,278
Amounts owed to group undertakings	-	41,208
Other taxation and social security costs	426,122	384,431
Accruals and deferred income	3,198,590	2,466,817
	4,493,649	4,098,719

The company's bank borrowings are secured by a cross guarantee with the Direct Wines Holdings Limited group

Amounts owed to group undertakings are unsecured and repayable on demand

The Accruals and deferred income balance has been restated following the change in revenue recognition policy for En Primeur sales (Note 1)

Notes to the financial statements for the period ended 3 July 2015 (continued)

12 Creditors: amounts falling due after more than one year

	3 July 2015 £	27 June 2014 £
Amounts owed to group undertakings	5,595,547	5,595,547

Amounts owed to group undertakings including those amounts due within one year represent amounts owed to Direct Wines Finance Limited which are unsecured, 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 this group undertaking will not require payment of these amounts due for at least 12 months from the balance sheet date.

13 Provision for liabilities

	Dilapidations Provision £	Debtors Provision	Total £
At 27 June 2014	57,383	10,000	67,383
Transferred from Accruals	16,726	1,500	18,226
Charged to the profit and loss account	24,150	-	24,150
Utilised during the year	(6,967)	(5,000)	(11,967)
At 3 July 2015	91,292	6,500	97,792

Dilapidations

The lease on the Nailsea office ended in April 2015. The dilapidations are currently being discussed with the landlord and the provision will be released once a mutual agreement has been met. The provision is expected to be fully utilised by the second quarter of the year ending 1 July 2016.

A dilapidations provision has been made for the Bristol shop. This provision will be built up over the life of the lease.

Notes to the financial statements for the period ended 3 July 2015 (continued)

14 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	
	3 July 2015	27 June 2014
	£	£
Tax effect of timing differences because of		
Accelerated capital allowances	(9,615)	22,904
Short-term timing difference	18,375	28,152
Deferred tax provision	8,760	51,056
Movement in period		
Deferred tax asset at the beginning of the period	51,056	56,604
Transfer to profit and loss account	(42,296)	(5,548)
Deferred tax asset at the end of the period	8,760	51,056

15 Called up share capital

	3 July 2015	27 June 2014
	£	£
Authorised		
1,500,000 (2014 1,500,000) ordinary shares of £1 each	1,500,000	1,500,000
Allotted, called up and fully paid		
1,500,000 (2014 1,500,000) ordinary shares of £1 each	1,500,000	1,500,000

16 Reserves

	Restated Profit & loss account £
At 27 June 2014 – as previously reported	(5,669,617)
Prior year adjustment – revenue recognition (note 1)	(254,797)
At 27 June 2014 – as restated	(5,924,414)
Profit for the period	293,952
At 3 July 2015	(5,630,462)

Notes to the financial statements for the period ended 3 July 2015 (continued)

17 Reconciliation of movement in shareholders' deficit

	3 July 2015 £	Restated 27 June 2014 £
Profit for the period	293,952	272,647
Net addition to shareholders' deficit	293,952	272,647
Opening shareholders' deficit	(4,424,414)	(4,697,061)
Closing shareholders' deficit	(4,130,462)	(4,424,414)

18 Commitments under operating leases

At 3 July 2015 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 3 July 2015 £	27 June 2014 £
Within one year	-	52,937
In more than two year, but less than five	-	-
In more than 5 years	48,518	48,518
	48,518	101,455

19 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 representing contributions payable by the company amounted to £47,925 (2014 £20,764). There were unpaid contributions at the period end of £nil (2014 £nil).

20 Ultimate parent company and controlling party

The immediate and ultimate parent company is Direct Wines Holdings Limited. According to the register kept by the company, Direct Wines Holdings Limited had a 100% interest in the equity capital of Averys of Bristol Limited at 3 July 2015 and is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 3 July 2015. Copies of the parent's consolidated financial statements may be obtained from The Secretary, Direct Wines Holdings Limited, One Waterside Drive, Arlington Business Park, Theale, Reading, Berkshire, RG7 4SA.

The directors regard the Laithwaite family as the ultimate controlling party by virtue of their interest in the share capital of Direct Wines Holdings Limited.