(Formerly AAIS
AVERYS OF BRISTOL LIMITED)
376920

Registered number: 06574767

Direct Wines Holdings Limited
Annual report and financial statements
For the year ended 29 June 2018

Direct Wines Holdings Limited

Annual report and financial statements for the year ended 29 June 2018

Direct Wines Holdings Limited

Company information

Directors

A H G Laithwaite	President
B A Laithwaite	Co-Chairman
A J Porter	Co-Chairman
A Clifford-King	Non-executive
H J H Laithwaite	Non-executive
W W Laithwaite	Non-executive
T A E Laithwaite	Non-executive
D A Thatcher	CEO
J W H Weir	CFO

Registered office

One Waterside Drive
Arlington Business Park
Theale
Berkshire
RG7 4SW

Bankers

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

HSBC plc
Level 7
Thames Tower
Station Road
Reading
Berkshire
RG1 1LX

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place
23 Forbury Road
Reading
RG1 3JH

Solicitors

CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London
EC4N 6AF
United Kingdom

President and Co-Chairmens' Statement - 2018

Whilst this year has not seen a repeat of the exceptional performance of last year, results in all three of our core markets (the UK, the USA and Australia) have been good.

In another year of wider economic uncertainty, the continued focus on our core markets has delivered sustained growth in customer numbers and sales. Revenue grew by 2.5% to £315.0m although Profit before income tax has decreased from £11.8m to £5.8m, principally due to adverse currency movements. Cash flow remains strong and Net cash and cash equivalents stand at a record £32.6m, an increase of £2.2m on last year, highlighting the Group's strong financial position. The uncertain conditions in the UK in particular highlighted the benefit of having a geographically diverse business.

In the UK, despite an increase in sales, the continued weakness of Sterling, increased wine costs and increased investment in customer recruitment saw profits reduce. The ongoing evolution of our sophisticated personalisation system continues to enhance our customers' experience across all of our channels. Our online success was recognized by the IWC award of Best Online Retailer for the second time in three years. The foundations for future growth of the UK business have been enhanced by the introduction of a major new IT system, which was implemented without disruption to our customers. This system upgrade will be rolled out to the US and Australia over the next two years giving us, for the first time, a fully integrated operating platform across the group.

The US business continues to grow, once again hitting record sales numbers, and we are confident that our strategy will continue to ensure long-term growth in this exciting but complex market.

Our Australian business yet again achieved record profits and customer numbers helped by the continued growth of sales in New Zealand. We have also seen good growth in Asian franchises and from exports to China.

We continue to invest in our own wine production capabilities, cementing our unique position as producers as well as retailers of wine. In Bordeaux we have invested in storage and production facilities in Chateau La Clariere and in Australia we have acquired a vineyard in the Barossa with the construction of a RedHeads winery well under way. We anticipate that the 2019 harvest will see us produce our first vintage at the new winery.

We recognise that exceptional service remains a key part of what makes us different from our competitors, and we are dedicated to serving our customers brilliantly. By continuing to attract and retain exceptionally talented colleagues, we ensure that we provide knowledgeable and responsive customer service with a genuine focus on what individual customers will enjoy drinking. Our 5-star Trustpilot score suggests that our customers agree.

This year's results demonstrate the resilience of the Group despite significant headwinds. We expect that next year will be a challenging year with so much uncertainty. However, our business has thrived for almost fifty years by innovating and evolving our approach and by building deep and sustainable customer relationships.

As we celebrate our fiftieth year, in 2019, Henry Laithwaite will succeed Barbara Laithwaite as family co-Chairman, and we approach our next fifty years confident of continued success.

Tony Laithwaite	Barbara Laithwaite	Angus Porter
President	Co-Chairman	Co-Chairman
19 September 2018	19 September 2018	19 September 2018

Strategic report for the year ended 29 June 2018

The directors present their strategic report on Direct Wines Holding Limited Group (the "Group") for the year ended 29 June 2018.

Business review and principal activities

The principal activity of the Group is the importing and distribution of wines.

The consolidated income statement for the period is set out on page 11.

Strong performance of our core businesses has again delivered a good operating profit of £5.8m (2017: £11.8m) the decrease year on year is mainly due to adverse currency movements. Cash and cash equivalents increased by £2.2m to £32.6m (2017: £30.4m).

The directors were pleased to see further growth in the customer base. Overall our customer base increased 2% on last year.

In addition to the customer base the business monitors several key performance indicators which include key measures on productivity, cost, sales and margin.

Our gross product margin remained strong at 39.7% (2017: 40.0%) despite the negative currency impact. The Consolidated balance sheet remains strong with net assets of £72.7m (2017: £72.7m). Included in the Net assets are derivative financial instruments which are measured at fair value, with a net liability of £1.2m (2017: asset of £1.0m).

Risk management

The directors recognise the following as the principal risks of the business and meet regularly to update and review the risk register:

Technology risk/IT Security

- Any significant failure of IT systems would affect our ability to trade. The Group ensures that the organisation appropriately manages the IT risk across security, availability, performance and compliance. These risks are monitored through dedicated governance reviews, regular tests and annual audits from a number of independent organisations. The Group continues to invest significantly in IT development and has deployed a new system this financial year to lay the foundations for future growth and enhance controls and security.

People risk

- The success of our business is based on employing the best people with the right capabilities. The Group recognises that the loss of staff with specific knowledge or skills can be disruptive to the business and therefore continues to maintain focus on retaining staff and on succession planning.

Operational risk

- In the event of an emergency incident, business continuity plans are key to ensure the business is appropriately protected against risk. These plans are in place and are regularly tested.

Regulatory risk/Compliance

- We need to ensure compliance with all legal and regulatory requirements in the markets in which we operate and to monitor any legal or regulatory changes. With the introduction of UK legislation, principally GDPR, the UK Data Compliance Group meets regularly to deal with various aspects of UK compliance. Areas covered include governance and policies, security of personal data and marketing communications. The US and Australian businesses have similar governance procedures and structures.

Strategic report for the year ended 29 June 2018 (continued)

Risk management (continued)

Performance risk

- Performance against budget is tracked as any negative variance could lead to a failure to deliver the long-term goals. The Board is informed about the Group's progress on a monthly basis and any deviations from the budget are discussed at board meetings.

Economic risk

- The diversified nature of the Group is such that the economic risk is diversified. The Board reviews a broad range of economic, regulatory and political risks as part of the Strategic Planning process.

Financial risk

- Foreign exchange, interest rate, credit and liquidity risks are managed with appropriate financial instruments and the directors approve the FX hedging policy annually. Further information is provided in the Directors' Report.

Brexit

- The Group recognise the risks of the Brexit process, principally in the areas of people, logistics and tariffs on wine imported from the EU and additional legislation. A Brexit Readiness Group has been set up to monitor the issues raised by Brexit and review options to mitigate these risks using internal and industry resources.

The directors meet regularly to evaluate business risks, monitor the economic climate and take appropriate action where necessary.

The main objectives of the Group continue to be the maintenance of a positive trajectory on revenue, profit and customer numbers; to build long-term customer relationships, to work with our partners to source outstanding and great value wine for our customers and to continue to be the world's most successful home delivery wine business with a growing digital dimension to our operation.

Additional information on the Group's activities is given in the President and Co-Chairmens' Statement on page 2.

On behalf of the Board

D A Thatcher
Director
19 September 2018

Directors' report for the year ended 29 June 2018

The directors present their annual report and the audited consolidated financial statements of the Group and Direct Wines Holdings Limited (the "Company") for the year ended 29 June 2018.

Results and dividends

The Group's profit for the financial period was £4,546,000 (2017: £9,101,000). Subsequent to the year end, the directors declared an interim dividend of £1,599,972 (£31.62 per share) in respect of the period ended 29 June 2018 (2017: £2,052,000, £40.56 per share). Dividends paid in the year amounted to £2,052,000 in respect of 2017 (2017: £308,000). Further information is provided in Note 11.

Future developments

The future developments of the Company are disclosed in the Strategic Report.

Directors

The directors, who held office during the period and up to the date of signing the financial statements, except as stated otherwise, are given below:

A H G Laithwaite	President
B A Laithwaite	Co-Chairman
A J Porter	Co-Chairman
H J H Laithwaite	Non-executive
W W Laithwaite	Non-executive
T A E Laithwaite	Non-executive
A Clifford-King	Non-executive
D A Thatcher	CEO
J W H Weir	CFO

Directors' and officers' liability insurance

The Group maintains liability insurance for its directors and officers. Following shareholder approval the Group has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This was in force during the financial period and at the date of approval of the financial statements.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk, foreign exchange risk, interest rate risk and credit risk. The Group has a risk management programme that limits the adverse effect of these financial risks on the financial performance of the Group.

The risk management policies are set by the board of directors and implemented by the Group's finance department. The policies provide specific guidelines to manage liquidity risk, foreign exchange risk, interest rate risk and credit risk and circumstances where it would be appropriate to use financial instruments to manage these risks. Further details are provided in Note 21.

Political and charitable contributions

The Group made charitable donations of £33,000 (2017: £50,669). The main donation of £30,000 was to Drinkaware, the drinks industry charity (2017: £50,000 to Drinkaware, covering contributions for two financial years). No political donations were made during the period (2017: £Nil).

Directors' report for the year ended 29 June 2018 (continued)

Employees

The necessity for, and the importance of, good communications and relations with all employees is well recognised and accepted throughout the Group. Employees are encouraged to discuss with management factors affecting the Group 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 Group's performance, both operational and financial. Suggestions from employees aimed at improving the Group's performance are welcomed.

All employees participate in the group's annual Management Bonus Scheme and are rewarded based on the profitability and customer growth of the business in the financial year.

The Group 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.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Directors' report for the year ended 29 June 2018 (continued)

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the board

D A Thatcher
Director
19 September 2018

Independent auditors' report to the members of Direct Wines Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Direct Wines Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 29 June 2018 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated income statement for the year ended 29 June 2018; the Consolidated statement of comprehensive income for the year ended 29 June 2018, the Consolidated balance sheet as at 29 June 2018, the Company balance sheet as at 29 June 2018, the Consolidated statement of changes in equity for the year ended 29 June 2018, the Company statement of changes in equity for the year ended 29 June 2018, the Consolidated statement of cash flows for the year ended 29 June 2018; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Direct Wines Holdings Limited (continued)

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 29 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of the Directors' Responsibilities set out on page 6, the directors *are responsible for the preparation of the financial statements in accordance with the applicable framework* and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent auditors' report to the members of Direct Wines Holdings Limited (continued)

Responsibilities for the financial statements and the audit (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Christopher Maw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
19 September 2018

Consolidated income statement for the year ended 29 June 2018

	Note	**52 week period ended 29 June 2018 £'000**	52 week period ended 30 June 2017 £'000
Revenue	4	**315,016**	307,359
Cost of sales		**(190,004)**	(184,474)
Gross profit		**125,012**	122,885
Distribution costs		**(10,214)**	(9,953)
Administrative expenses		**(108,957)**	(101,118)
Operating profit	5	**5,841**	11,814
Finance income	6	**83**	51
Finance costs	7	**(111)**	(115)
Profit before income tax		**5,813**	11,750
Income tax expense	10	**(1,267)**	(2,649)
Profit for the financial year		**4,546**	9,101

The results for the year ended 29 June 2018 are derived entirely from continuing operations.

Consolidated statement of comprehensive income for the year ended 29 June 2018

	52 week period ended 29 June 2018 £'000	52 week period ended 30 June 2017 £'000
Profit for the financial year	**4,546**	9,101
Other comprehensive (expense)/income:		
- Currency translation differences	**(631)**	1,093
- Changes in fair value of cash flow hedges net of tax	**(1,911)**	(2,066)
Other comprehensive (expense)/income for the year, net of tax	**(2,542)**	(973)
Total comprehensive income for the year	**2,004**	8,128

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company income statement. The profit for the Company for the financial year was £Nil (2017: £Nil).

Consolidated balance sheet as at 29 June 2018

	Note	**29 June 2018 £'000**	30 June 2017 £'000
Fixed assets			
Intangible assets	12	**36,634**	39,661
Property, plant and equipment	13	***9,006***	*8,365*
Total fixed assets		**45,640**	48,026
Current assets			
Inventories	15	**43,130**	38,289
Trade and other receivables	16	**13,156**	15,769
Cash at bank and in hand		**39,304**	35,887
Total current assets		**95,590**	89,945
Trade and other payables	17	**(67,099)**	(63,144)
Net current assets		**28,491**	26,801
Total assets less current liabilities		**74,131**	74,827
Provisions for liabilities	18	**(1,453)**	(2,101)
Net assets		**72,678**	72,726
Capital and reserves			
Called up share capital	22	**51**	51
Hedging reserve		**(981)**	930
Retained earnings		**73,608**	71,745
Total equity		**72,678**	72,726

The notes on pages 17 to 46 are integral part of these financial statements.

The financial statements on pages 11 to 46 were approved by the board of directors on 19th September 2018 and were signed on its behalf by:

W W Laithwaite
Director
Direct Wines Holdings Limited
Registered number: 06574767

Company balance sheet as at 29 June 2018

	Note	**29 June 2018 £'000**	30 June 2017 £'000
Fixed assets			
Investments	14	**2,703**	2,703
Current assets			
Trade and other receivables (falling due after more than one year)	16	**4,125**	6,177
Total net current assets		**4,125**	6,177
Total assets less current liabilities		**6,828**	8,880
Net assets		**6,828**	8,880
Capital and reserves			
Called up share capital	22	**51**	51
Retained earnings		**6,777**	8,829
Total equity		**6,828**	8,880

The financial statements on pages 11 to 46 were approved by the board of directors on 19th September 2018 and were signed on its behalf by:

W W Laithwaite
Director
Direct Wines Holdings Limited
Registered number: 06574767

Consolidated statement of changes in equity
For the year ended 29 June 2018

	Called up share capital £'000	Retained earnings £'000	Hedging Reserve £'000	Total Equity £'000
Balance as at 1 July 2016	51	61,859	2,996	64,906
Profit for the financial year	-	**9,101**	-	**9,101**
Other comprehensive income/(expense) for the year:				
- Currency translation differences on net investment in foreign operations	-	**1,093**	-	**1,093**
- Cash flow hedge	-	-	**(2,066)**	**(2,066)**
Total comprehensive income for the year	-	**10,194**	**(2,066)**	**8,128**
Dividends paid	-	**(308)**	-	**(308)**
Total transactions with owners, recognised directly in equity	-	**(308)**	-	**(308)**
Balance as at 30 June 2017	**51**	**71,745**	**930**	**72,726**
Profit for the financial year	-	**4,546**	-	**4,546**
Other comprehensive income/(expense) for the year:				
- Currency translation differences on net investment in foreign operations	-	**(631)**	-	**(631)**
- Cash flow hedge	-	-	**(1,911)**	**(1,911)**
Total comprehensive income for the year	-	**3,915**	**(1,911)**	**2,004**
Dividends paid	-	**(2,052)**	-	**(2,052)**
Total transactions with owners, recognised directly in equity	-	**(2,052)**	-	**(2,052)**
Balance as at 29 June 2018	**51**	**73,608**	**(981)**	**72,678**

Company statement of changes in equity
For the year ended 29 June 2018

	Called up share capital £'000	Retained earnings £'000	Total Equity £'000
Balance as at 1 July 2016	51	9,137	9,188
Profit for the financial year	-	-	-
Total comprehensive income for the year	-	-	-
Dividends paid	-	(308)	(308)
Total transactions with owners, recognised directly in equity	-	(308)	(308)
Balance as at 30 June 2017	**51**	**8,829**	**8,880**
Profit for the financial year	-	-	-
Total comprehensive income for the year	-	-	-
Dividends paid	-	**(2,052)**	**(2,052)**
Total transactions with owners, recognised directly in equity	-	**(2,052)**	**(2,052)**
Balance as at 29 June 2018	**51**	**6,777**	**6,828**

Consolidated statement of cash flows for the year ended 29 June 2018

	Note	52 week period ended 29 June 2018 £'000	52 week period ended 30 June 2017 £'000
Net cash inflow from operating activities	23	**15,214**	16,009
Taxation paid		**(3,447)**	(2,421)
Net cash generated from operating activities		**11,767**	13,588
Cash flow from investing activities			
Interest received		**83**	39
Sale of property, plant and equipment		**236**	6
Purchase of property, plant and equipment and intangible assets		**(7,369)**	(7,946)
Net cash used in investing activities		**(7,050)**	(7,901)
Cash flow from financing activities			
Interest paid		**(111)**	(103)
Equity dividends paid to shareholders		**(2,052)**	(308)
Net cash used in financing activities		**(2,163)**	(411)
Net increase in cash and cash equivalents		**2,554**	5,276
Cash and cash equivalents at the beginning of the year		**30,411**	24,704
Exchange (losses)/gains on cash and cash equivalents		**(370)**	431
Cash and cash equivalents at the end of the year		**32,595**	30,411
Cash and cash equivalents consists of			
Cash at bank and in hand		**39,304**	35,887
Bank overdrafts		**(6,709)**	(5,476)
Cash and cash equivalents		**32,595**	30,411

Notes to the financial statements for the year ended 29 June 2018

1 General information

Direct Wines Holdings Limited is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is One Waterside Drive, Arlington Business Park, Theale, Berkshire, RG7 4SW.

The principal activity of the Group is the sale and distribution of wines. The principal activity of the Company is that of a holding company.

2 Statement of compliance

The Group and individual financial statements of Direct Wines Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"); and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These consolidated and separate financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3(v).

Direct Wines Holdings Limited, as parent company of the Group, has taken exemption from disclosure of its individual income statement and statement of comprehensive income under section 408 of the Companies Act 2006.

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 53 weeks. The current accounting period is for the 52 week period ended 29 June 2018. The previous accounting period was for the 52 weeks ended 30 June 2017.

(b) Going concern

The Group has positive cash flows after capital expenditure and interest costs and expects to have sufficient liquidity to meet all its obligations in full including capital expenditure and distributions for the foreseeable future. As at 29 June 2018 the Group's debt facilities amounting to £21.2m were undrawn and it held £32.6m of cash and cash equivalents.

Notes to the financial statements for the year ended 29 June 2018 (continued)

3 Summary of significant accounting policies (continued)

(c) Exemption for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions have been complied with, including notification of and no objection to the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Direct Wines Holdings Limited parent entity can take exemptions in its standalone financial statements.

As a qualifying entity, the Company has taken advantage of the following exemptions:

i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

(d) Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of its joint ventures made up to 29 June 2018.

(i) Investments in subsidiaries

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Investments in subsidiary undertakings are stated at cost, including those costs associated with the acquisitions, less provision for any impairment in value. Where events or changes in circumstances indicate that the carrying amount of an investment may not be recoverable, an impairment review is performed. An impairment write down is recognised to the extent that the carrying amount of the asset exceeds the higher of the fair value less cost to sell and value in use.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

Notes to the financial statements for the year ended 29 June 2018 (continued)

3 Summary of significant accounting policies (continued)

(d) Basis of consolidation (continued)

(i) Investments in subsidiaries (continued)

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the Group control is accounted for as a business combination. Thereafter where the Group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

(ii) Investments in joint venture

Investments in joint arrangements can take the form of jointly controlled operations, jointly controlled assets, or jointly controlled entities. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Direct Wines Holdings Limited has a joint venture classified as a jointly controlled entity.

Interests in jointly controlled entities are accounted for using the equity method (mentioned below) after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investments are initially recognised at cost (including transaction costs) and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the profit or loss. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy "Impairment of non-financial assets" mentioned later in this note.

The Group and the Company has taken advantage of the transition exemption under paragraph 35.10(f) FRS 102 in respect of measurement of investments in subsidiaries and joint venture on the date of transition to FRS 102 (28 June 2014) and measure investment at their existing carrying value (which can be determined to be deemed cost).

Notes to the financial statements for the year ended 29 June 2018 (continued)

3 Summary of significant accounting policies (continued)

(e) Exemption from audit by parent guarantee

Under Section 479A of the Companies Act 2006, exemptions from an audit of the financial statements for the financial year ending 29 June 2018 have been taken by companies stated below.

Company Name	Registered number
Direct Wines Limited	01095091
Averys of Bristol Limited	00376920
Direct Wines International Limited	02987166
Direct Wines Europe Limited	08532287
Direct Wines Finance Limited	06932033

As required, the Company guarantees all outstanding liabilities to which the subsidiary companies listed above are subject at the end of the financial year, until they are satisfied in full and the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary companies listed above is liable in respect of those liabilities.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer which is generally upon delivery; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Group's sales channels have been met, as described below.

Revenue for subscriptions and tastings is recognised when the service is provided.

Franchise fees included within revenue are recognised as they accrue under the terms of the franchise agreements.

(g) Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension scheme

The Group operates defined a contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the consolidated balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Notes to the financial statements for the year ended 29 June 2018 (continued)

3 Summary of significant accounting policies (continued)

(h) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Computer software 3 to 7 years

Amortisation is charged to Administrative expenses in the consolidated income statement and commences at the earlier of when the asset is brought into use or the asset is available to use.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Goodwill arising on acquisition represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life of 15 – 25 years as, in the opinion of the directors, this represents the period over which the goodwill is effective. Goodwill is assessed for impairment on an annual basis and any impairment is charged to the consolidated income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Notes to the financial statements for the year ended 29 June 2018 (continued)

3 Summary of significant accounting policies (continued)

(i) Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

In accordance with Section 35.10(a) of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations affected prior to the date of transition 28 June 2014.

(j) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. 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, dismantling and restoration costs.

Depreciation is provided on all property, plant and equipment, other than freehold land, using the straight-line method, to allocate the depreciable amount to its estimated residual value over its expected useful life, as follows:

Land and Buildings	
- Freehold land	not depreciated
- Freehold properties	over 50 years
- Improvements to freehold properties	over 5 to 10 years
- Short leasehold property improvements and shop premiums	the shorter of the lease life and 10 years
Computer hardware and furniture and fittings	over 3 to 10 years
Assets in the course of construction	not depreciated
Warehouse fixtures and fittings	over 7 years
Motor vehicles	over 1 to 4 years

Repairs, maintenance and minor inspection cost are expensed as incurred.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the consolidated income statement.

(k) Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Notes to the financial statements for the year ended 29 June 2018 (continued)

3 Summary of significant accounting policies (continued)

(k) Leased assets (continued)

(i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged in the consolidated income statement on a straight line basis over the lease term.

(ii) Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the consolidated income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (28 June 2014) and continues to credit such lease incentives to the consolidated income statement over the period to the first review date on which the rent is adjusted to market rates.

(l) Inventories

Inventories, work in progress and raw materials are stated at the lower of cost or estimated selling price less cost to sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined using the weighted average method. Cost includes the purchase price, including taxes, duties, transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the consolidated income statement. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the consolidated income statement.

Notes to the financial statements for the year ended 29 June 2018 (continued)

3 Summary of significant accounting policies (continued)

(m) Foreign currency

(i) Functional and presentation currency

The Group and Company financial statements are presented in Pound Sterling and rounded to thousands.

The Group and Company's functional currency is Pound Sterling.

(ii) Transaction and balances

Foreign currency transactions are translated into the functional currency of the respective trading entity using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement except when deferred in 'Other Comprehensive Income'.

(iii) Translation

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income'.

(n) Production cost

Wine production costs borne directly by the Group are allocated to specific products and are added to the direct costs of the wine when it is purchased. Costs relating to products not delivered by the period end are carried forward in the consolidated balance sheet as work in progress.

(o) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash in hand and short-term deposits with an original maturity date of three months or less, held for the purpose of meeting short-term cash commitments and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Notes to the financial statements for the year ended 29 June 2018 (continued)

3 Summary of significant accounting policies (continued)

(q) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

(r) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the consolidated income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the consolidated income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the consolidated income statement.

Notes to the financial statements for the year ended 29 June 2018 (continued)

3 Summary of significant accounting policies (continued)

(s) Provisions and contingencies

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

(ii) Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

(t) Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the consolidated income statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the consolidated income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Notes to the financial statements for the year ended 29 June 2018 (continued)

3 Summary of significant accounting policies (continued)

(t) Financial instruments (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iv) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Subject to the paragraph below 'Hedging arrangements', changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. All derivatives are included in assets when their value is positive and liabilities when their fair value is negative after taking account of any master netting agreements in place.

(v) Hedging arrangements

The Group applies hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

Notes to the financial statements for the year ended 29 June 2018 (continued)

3 Summary of significant accounting policies (continued)

(u) Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

(v) Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical judgements in applying the company's accounting policies

a) Derivative financial instruments

Judgement is exercised when determining the key assumptions used in valuing the forward foreign currency purchase and sale contracts. Management have decided to value derivative financial instruments at the forward market values of purchase and sale contracts. The key assumptions used in valuing the forward purchase and sale contracts are the closing exchange rates on the London foreign exchange markets and independent third party pricing services.

b) Provisions

Provision is made for dilapidations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

(ii) Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Inventory provisioning

The Group distributes wine and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods. See note 15 for the net carrying amount of the inventory and associated provision.

b) Impairment of intangible assets and goodwill

The Group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the recoverable value requires estimation of the future cash flows and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Notes to the financial statements for the year ended 29 June 2018 (continued)

(v) Critical accounting judgements and estimation uncertainty (continued)

c) Impairment of receivables

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16 for the net carrying amount of the debtors and associated impairment provision.

d) Useful economic lives of tangible assets and intangible assets

The annual depreciation and amortisation charge for tangible and intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the intangible assets, note 13 for the carrying amount of the property plant and equipment, and notes 3(h) and 3(j) for the useful economic lives for each class of assets.

Notes to the financial statements for the year ended 29 June 2018 (continued)

4. Revenue

The Group's revenue was all derived from its principal activity. In the directors' opinion, it would be seriously prejudicial to the interests of the Group to disclose an analysis of turnover by geographical market.

5. Operating profit

	52 week period ended 29 June 2018 £'000	52 week period ended 30 June 2017 £'000
Operating profit is stated after charging/(crediting):		
Depreciation charge for the period	**1,804**	1,836
Amortisation of goodwill	**1,202**	1,268
Amortisation of other intangible assets	**5,933**	6,030
Profit on disposal of property, plant and equipment	**(128)**	(4)
Impairment of intangible assets (included in 'administrative expenses')	**448**	-
Inventory recognised as an expense (included in 'cost of sales')	**129,978**	114,879
Impairment of inventory (included in 'cost of sales')	**73**	(58)
Operating lease rentals	**3,288**	2,909
Services provided by the company's auditors		
- fees payable for audit of group undertakings	**164**	177
- fees payable for the audit of the Company	**18**	5
- tax advisory services	**107**	151
- other services	**55**	90

6. Finance income

	52 week period ended 29 June 2018 £'000	52 week period ended 30 June 2017 £'000
On bank deposits	**83**	51

Notes to the financial statements for the year ended 29 June 2018 (continued)

7. Finance cost

	52 week period ended 29 June 2018 £'000	52 week period ended 30 June 2017 £'000
On bank loans and overdrafts	**111**	115

8. Employee information

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

By activity	**52 week period ended 29 June 2018 Number**	52 week period ended 30 June 2017 Number
Office and management	**412**	**393**
Selling and distribution	**490**	**470**
	902	**863**

Staff costs for the above persons comprised:

	52 week period ended 29 June 2018 £'000	52 week period ended 30 June 2017 £'000
Wages and salaries	**35,184**	33,775
Social security costs	**3,162**	3,088
Other pension costs (note 26)	**1,330**	1,235
	39,676	38,098

Included in the above, are staff costs of £2,590,064 (2017: £2,753,969) which have been capitalised into intangible assets as part of the cost of development of software assets. These costs are included in "Software under construction" and "Computer software".

Notes to the financial statements for the year ended 29 June 2018 (continued)

9. Directors' emoluments

	52 week period ended 29 June 2018 £'000	52 week period ended 30 June 2017 £'000
Aggregate emoluments	**2,434**	2,264

In the current period retirement benefits are accruing to 1 director (2017: 1) under the Group's defined contribution scheme. The contribution paid was £10,000 (2017: £10,000).

Highest paid director

The highest paid director's emoluments were as follows:

	52 week period ended 29 June 2018 £'000	52 week period ended 30 June 2017 £'000
Aggregate emoluments	**1,226**	1,199

Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	52 week period ended 29 June 2018 £'000	52 week period ended 30 June 2017 £'000
Salaries and other short-term benefits	**4,526**	3,924
Post-employment benefits	**14**	15
	4,540	3,939

Notes to the financial statements for the year ended 29 June 2018 (continued)

10. Income tax expense

(a) Tax expense included in profit or loss

	52 week period ended 29 June 2018 £'000	52 week period ended 30 June 2017 £'000
Current tax		
- UK Corporation tax on profits for the year	**869**	1,767
- Foreign corporation tax on profits for the year	**1,330**	2,164
- Adjustments in respect of prior periods	**(551)**	151
Total current tax	**1,648**	4,082
Deferred tax		
Origination and reversal of timing differences:		
- UK	**(480)**	(251)
- Foreign tax	**241**	(1,306)
Adjustments in respect of prior periods	**550**	61
Impact of change in tax rate	**(692)**	63
Total deferred tax (Note 19)	**(381)**	(1,433)
Income tax expense	**1,267**	2,649

(b) Tax income included in other comprehensive income

	52 week period ended 29 June 2018 £'000	52 week period ended 30 June 2017 £'000
Deferred tax		
- Origination and reversal of timing differences	**294**	463
Total tax income included in other comprehensive income	**294**	463

Notes to the financial statements for the year ended 29 June 2018 (continued)

10. Income tax expense (continued)

(c) Reconciliation of tax charge

The tax assessed for the period is higher (2017: higher) than the standard rate of corporation tax in the UK for the period ended 29 June 2018 of 19% (2017: 19.75%).

The differences are explained below:

	52 week period ended 29 June 2018 £'000	52 week period ended 30 June 2017 £'000
Profit before income tax	**5,813**	11,750
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.75%)	**1,104**	2,321
Effects of:		
Expenditure not allowable for tax purposes	**4**	155
Income not taxable	**(6)**	(60)
Fixed assets ineligible for capital allowance	**61**	68
Higher overseas tax rate	**866**	876
Overseas tax losses utilised	**(69)**	(199)
Recognition of deferred tax assets for overseas losses	**-**	(743)
Other differences	**-**	(15)
Adjustments in respect of prior periods	**(1)**	215
Deferred tax, change in tax rates	**(692)**	31
Income tax expense	**1,267**	2,649

Notes to the financial statements for the year ended 29 June 2018 (continued)

10. Income tax expense (continued)

(d) Tax rate changes

The standard rate of corporation tax in the UK for this accounting period is 19%

Further changes to the UK Corporation tax rates were enacted as part of Finance Bill 2015 (on 26 October 2015 and Finance Bill 2016 (on 7 September 2016). These include reductions to the UK main rate to reduce the rate to 17% from 1 April 2020. In addition, the enactment of the Tax Cuts and Jobs Act in December 2017 reduced the US Federal tax rate from 35% to 21% from 1 January 2018. These reductions will reduce the Group's future current tax charge accordingly.

Deferred taxes have been measured using the tax rates at which they are expected to be recovered based on the substantively enacted tax rates in the UK or other local jurisdictions at the balance sheet date and reflected in these financial statements.

11. Dividends

	52 week period ended 29 June 2018 £'000	52 week period ended 30 June 2017 £'000
2016 Interim dividend paid £6.07 per share	-	308
2017 Interim dividend paid £40.56 per share	**2,052**	-
Total dividend paid	**2,052**	308

Subsequent to the year end, the directors declared an interim dividend of £1,599,972 (£31.62 per share) in respect of the period ended 29 June 2018 (2017: £2,052,000, £40.56 per share). Dividends paid in the year amounted to £2,052,000 in respect of 2017 (2017: £308,000).

Notes to the financial statements for the year ended 29 June 2018 (continued)

12. Intangible assets

Group	Goodwill on acquisition £'000	Other Intangible Assets £'000	Software under construction £'000	Computer Software £'000	Total £'000
Cost					
At 1 July 2017	33,684	144	8,029	44,027	85,884
Additions	-	10	4,793	-	4,803
Disposals	-	-	-	(12,504)	(12,504)
Assets brought into use	-	-	(12,684)	12,684	-
Translation differences	(423)	(4)	-	-	(427)
At 29 June 2018	**33,261**	**150**	**138**	**44,207**	**77,756**
Accumulated amortisation and impairment					
At 1 July 2017	17,257	110	-	28,856	46,223
Amortisation charge for the period	1,202	19	-	5,914	7,135
Disposals	-	-	-	(12,495)	(12,495)
Impairment	-	-	-	448	448
Translation differences	(187)	(2)	-	-	(189)
At 29 June 2018	**18,272**	**127**	**-**	**22,723**	**41,122**
Net book value					
At 29 June 2018	**14,989**	**23**	**138**	**21,484**	**36,634**
At 30 June 2017	16,427	34	8,029	15,171	39,661

The Company has no intangible assets.

Notes to the financial statements for the year ended 29 June 2018 (continued)

13. Property, plant and equipment

	Land and buildings						
	Freehold properties	Short leasehold property improvements and shop premiums	Computer hardware and furniture and fittings	Assets in course of construction	Warehouse fixtures and fittings	Motor vehicles	Total
Group	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost							
At 1 July 2017	4,043	7,990	6,720	243	7,008	91	26,095
Additions	1,164	231	527	179	443	8	2,552
Disposals	(419)	-	(1,111)	-	(32)	(2)	(1,564)
Assets brought into use	-	-	185	(256)	62	9	-
Translation differences	27	(18)	(28)	1	(15)	(2)	(35)
At 29 June 2018	**4,815**	**8,203**	**6,293**	**167**	**7,466**	**104**	**27,048**
Accumulated depreciation							
At 1 July 2017	1,001	6,372	5,129	-	5,175	53	17,730
Charge for the period	159	398	644	-	581	22	1,804
Disposals	(340)	-	(1,093)	-	(32)	(2)	(1,467)
Translation differences	6	(4)	(18)	-	(8)	(1)	(25)
At 29 June 2018	**826**	**6,766**	**4,662**	**-**	**5,716**	**72**	**18,042**
Net book value **At 29 June 2018**	**3,989**	**1,437**	**1,631**	**167**	**1,750**	**32**	**9,006**
At 30 June 2017	3,042	1,618	1,591	243	1,833	38	8,365

The cost of land included within freehold properties is not depreciated.

The Company has no property, plant and equipment.

Notes to the financial statements for the year ended 29 June 2018 (continued)

14. Investments

Company	Shares in subsidiaries £'000
Cost and net book value at 30 June 2017 and 29 June 2018	2,703

Details of all subsidiary undertakings are as follows:

Subsidiary	Registered office	Class of holding	Proportion held	Nature of business
Direct Wines Limited	One Waterside Drive, Arlington Business Park, Theale, Berkshire, RG7 4SW	Ordinary	100%	Sale of wine
Averys of Bristol Limited	England & Wales	Ordinary	100%	Sale of wine
Direct Wines Finance Limited	One Waterside Drive, Arlington Business Park, Theale, Berkshire, RG7 4SW	Ordinary	100%	Financing company
Direct Wines International Limited	One Waterside Drive, Arlington Business Park, Theale, Berkshire, RG7 4SW	Ordinary	100%	Holding company
DW USA Holdings Inc.	50 N Water Street, Norwalk, Connecticut, 06854, USA	Ordinary	100%*	Holding company
SLJ Group Inc.	28188 N. Ballard Drive, Lake Forest, IL 60045, USA	Ordinary	100%*	Sale of wine
Archway Partnerships Inc.	50 N Water Street, Norwalk, Connecticut, 06854, USA	Ordinary	100%*	Business Services
Direct Wines Australia Holdings Pty Limited	Piper Alderman, Level 16, 70 Franklin Street, Adelaide SA 5000, Australia	Ordinary	100%*	Holding company
St Andrews Vineyard Pty Limited	Piper Alderman, Level 16, 70 Franklin Street, Adelaide SA 5000, Australia	Ordinary	100%*	Production of wine
Handcrafted Wines Limited	Piper Alderman, Level 16, 70 Franklin Street, Adelaide SA 5000, Australia	Ordinary	100%*	Production of wine
Wine People Pty Limited	Piper Alderman, Level 16, 70 Franklin Street, Adelaide SA 5000, Australia	Ordinary	100%*	Sale of wine
Direct Wines Source Australia Pty Ltd	Piper Alderman, Level 16, 70 Franklin Street, Adelaide SA 5000, Australia	Ordinary	100%*	Production of wine
Direct Wines France Holdings SARL	8 Route de Sainte Colombe, 33350 Saint Magne de Castillon, France	Ordinary	100%*	Holding company
Direct Wines Le Chai au Quai SARL	7-9 Quai Camille Pelletan, 33350, Castillon la Bataille, France	Ordinary	100%*	Production of wine
Direct Wines (Castillon) SARL	8 Route de Sainte Colombe, 33350 Saint Magne de Castillon, France	Ordinary	100%*	Production of wine
SCI de Colombe	7-9 Quai Camille Pelletan, 33350, Castillon la Bataille, France	Ordinary	100%*	Production of wine

Notes to the financial statements for the year ended 29 June 2018 (continued)

14. Investments (continued)

Subsidiary	Registered office	Class of holding	Proportion held	Nature of business
SCEA du domaine de Colombe	8 Route de Sainte Colombe, 33350, Saint Magne de Castillon, France	Ordinary	100%*	Production of wine
SCEA du domaine du Bois	8 Route de Sainte Colombe, 33350, Saint Magne de Castillon, France	Ordinary	100%*	Production of wine
Direct Wines Cyprus Limited	41-49 Agiou Nicolaou, Nimeli court, 3rd floor, 1408 Nicosia, Cyprus	Ordinary	100%*	Holding Company
Redgrape Businesses Services Private Limited	Office No. 106, 1st Floor, Mayfair Tower-I, S. No. 28, TP Scheme, Bhamburda, Shivajinagar, Pune, 411005, India	Ordinary	100%*	IT Services
Direct Wines Europe Limited	One Waterside Drive, Arlington Business Park, Theale, Berkshire, RG7 4SW	Ordinary	100%*	Holding Company
Laithwaites AG	c/o Priora Facility Management AG, Balz-Zimmermann-Strasse 7, CH-8302 Kloten, Switzerland	Ordinary	100%*	Non-Trading
Laithwaites GmbH	Zweibruckenstr. 8, 80331, Munich, Germany	Ordinary	100%*	Non-Trading
Bordeaux Direct Limited	One Waterside Drive, Arlington Business Park, Theale, Berkshire, RG7 4SW	Ordinary	100%*	Dormant
Direct Wines (Windsor) Limited	One Waterside Drive, Arlington Business Park, Theale, Berkshire, RG7 4SW	Ordinary	100%*	Dormant
Laithwaites Limited	One Waterside Drive, Arlington Business Park, Theale, Berkshire, RG7 4SW	Ordinary	100%*	Dormant
Laithwaites Wine Limited	One Waterside Drive, Arlington Business Park, Theale, Berkshire, RG7 4SW	Ordinary	100%*	Dormant

* held indirectly

The Company also has an investment in the following joint venture:

Undertaking	Registered office	Class of holding	Proportion held	Nature of business
Wine Soc. of India Private Limited	Office No. 108, 1st Floor, Hiranandani Ind Estate, Onkar Indus Premises CHS Opp Kanjurmarg Rly Station (W), Mumbai - 400 078	Ordinary	33.3%*	Non-Trading

* held indirectly

Given the underlying net liability position of the joint venture, the carrying value of the Group's interest is £Nil (2017: £Nil).

Notes to the financial statements for the year ended 29 June 2018 (continued)

15. Inventories

Group	**29 June 2018 £'000**	30 June 2017 £'000
Raw materials and consumables	**906**	788
Work in progress	**5,499**	3,831
Finished goods and goods for resale	**36,725**	33,670
	43,130	38,289

The amount of inventories recognised as an expense during the year was £129,978,000 (2017: £114,879,000).

Inventories are stated after provisions for impairment of £997,000 (2017: £850,000)

The difference between the carrying amount of inventory and the replacement cost was £168,000 (2017: £147,000).

The Company holds no inventory (2017: £Nil).

16. Trade and other receivables

	Group		**Company**	
Amounts falling due within one year	**29 June 2018 £'000**	30 June 2017 £'000	**29 June 2018 £'000**	30 June 2017 £'000
Trade receivables	**10,076**	11,267	-	-
Other receivables	**302**	507	-	-
Derivative financial instruments (note 20)	**190**	1,344	-	-
Prepayments and accrued income	**2,588**	2,651	-	-
	13,156	15,769	-	-

Trade and other receivables are stated after provisions for impairment of £277,476 (2017: £271,859).

	Group		***Company***	
Amounts falling due after more than one year	**29 June 2018 £'000**	30 June 2017 £'000	**29 June 2018 £'000**	30 June 2017 £'000
Amounts owed by group undertakings	-	-	**4,125**	6,177

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand but have been confirmed as long term in nature with the associated group undertakings.

Notes to the financial statements for the year ended 29 June 2018 (continued)

17. Trade and other payables

	Group		Company	
	29 June 2018 £'000	30 June 2017 £'000	**29 June 2018 £'000**	30 June 2017 £'000
Bank loans and overdrafts	**6,709**	5,476	-	-
Trade payables	**28,206**	26,436	-	-
Corporation tax	**668**	2,479	-	-
Other taxation and social security	**5,233**	4,894	-	-
Other payables	**1,094**	1,128	-	-
Derivative financial instruments (note 20)	**1,351**	300	-	-
Accruals and deferred income	**23,838**	22,431	-	-
	67,099	63,144	-	-

Of the overdraft balance, £6.7m related to amounts held under cash pooling arrangements where the overdrawn balances are offset by credit positions on other accounts. The overdraft balances are repayable on demand.

Notes to the financial statements for the year ended 29 June 2018 (continued)

18. Provisions for liabilities

	Deferred Group tax provision £'000
At 30 June 2017	2,101
Credited to the income statement	(381)
Credited to the other comprehensive income	(294)
Translation differences	27
At 29 June 2018	**1,453**

The Company had no deferred tax provision at 29 June 2018 (2017: £Nil).

19. Deferred taxation

Deferred taxation recognised in the financial statements and the amount not recognised of the total potential assets are as follows:

Group	Recognised		Not recognised	
	29 June 2018 £'000	30 June 2017 £'000	**29 June 2018 £'000**	30 June 2017 £'000
The effect of timing differences because of:				
Accelerated capital allowances	**(3,552)**	(4,203)	-	-
Other timing differences	**1,322**	1,465	-	-
Tax losses carried forward	**701**	751	**2,189**	2,305
Deferred tax on derivative financial liabilities	**76**	(114)	-	-
Deferred tax provision	**(1,453)**	(2,101)	**2,189**	2,305

The unrecognised deferred tax asset would be recognised in the event that its recovery was considered to be more likely than not.

The net deferred tax liability expected to reverse in 2018 is £317,000. This primarily relates to the reversal of timing differences on acquired intangible and tangible assets and capital allowances through depreciation and amortisation and on derivatives, offset by expected tax deductions.

The Company had no deferred tax provision at 29 June 2018 (2017: £Nil).

Notes to the financial statements for the year ended 29 June 2018 (continued)

20. Financial instruments

The Group has the following financial instruments:

	Note	29 June 2018 £'000	30 June 2017 £'000
Financial assets measured at fair value through other comprehensive income:			
Derivative financial instruments		**190**	1,344
		190	1,344
Financial assets that are debt instruments measured at amortised cost:			
Trade receivables	16	**10,076**	11,267
Other receivables	16	**302**	507
		10,378	11,774
Financial liabilities measured at fair value through other comprehensive income:			
Derivative financial instruments		**1,351**	300
		1,351	300
Financial liabilities measured at amortised cost			
Bank loans and overdraft	17	**6,709**	5,476
Trade payables	17	**28,206**	26,436
Accruals and deferred income	17	**23,838**	22,431
Other payables	17	**1,094**	1,128
		59,847	55,471

Derivative financial instruments – Forward contracts

The Group enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency payables. In accordance with Board-approved treasury policies, foreign exchange contracts in the current period include foreign exchange forwards, vanilla foreign exchange options and foreign exchange swaps and are arranged with approved market counterparties. At 29 June 2018, the outstanding contracts all mature within 24 months (2017: 12 months) of the year end.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP:USD and GBP:EUR. The fair value of the forward-foreign currency contracts is a net liability £1,161,000 (2017: asset £1,044,000). During the year, a net hedging loss of £2,205,000 (2017: loss of £2,529,000) was recognised in other comprehensive income for changes in the fair value of cash flow hedges.

The notional principal amounts of the outstanding forward foreign exchange contracts at 29 June 2018 were £74,346,762 (2017: £59,387,000).

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 24 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as of 29 June 2018 are recognised in the income statement in the period or periods during which the hedged forecast transaction affects the income statement. This is within 24 months of the end of the reporting period.

Notes to the financial statements for the year ended 29 June 2018 (continued)

21. Financial risk management

Risk Management

The Board approves prudent treasury policies and delegates certain responsibilities including changes to treasury policies and the implementation of risk strategy to the Audit Committee. Senior management directly control day-to-day treasury operations on a centralised basis. The treasury function is not permitted to speculate in financial instruments. Its purpose is to identify, mitigate and hedge treasury-related financial risks inherent in the Group's business operations. To do this, the Group can enter into a range of financial instruments including foreign exchange contracts and interest rate swaps to protect against currency and interest rate risk.

The primary treasury-related financial risks faced by the Group are:

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Australian dollar and Euros. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

(ii) Interest rate risk

Currently the Group has no borrowings and therefore the interest rate risk is limited.

(b) Credit risk

The Direct Wines Group is exposed to credit related losses in the event of non-performance by counterparties to financial instruments. Board-approved investment policies and relevant debt facility agreements provide counterparty investment limits to mitigate against counterparty credit risk. The Group maintains a prudent split of cash and cash equivalents across market counterparties, operating within counterparty investment limits. The Group monitors counterparty credit ratings on a daily basis.

Notes to the financial statements for the year ended 29 June 2018 (continued)

22. Called up share capital

Group and company	29 June 2018 £'000	30 June 2017 £'000
Authorised		
1,000,000 (2017:1,000,000) ordinary shares of £1 each	**1,000**	1,000
Allotted, issued and fully paid		
50,600 (2017: 50,600) ordinary shares of £1 each	**51**	51

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

23. Net cash inflow from operating activities

	Year ended 29 June 2018 £'000	Year ended 30 June 2017 £'000
Operating profit for the year	**5,841**	11,814
Adjustments for:		
Depreciation of property, plant and equipment	**1,804**	1,836
Amortisation of goodwill	**1,202**	1,268
Amortisation of other intangible assets	**5,933**	6,030
Impairment of intangible assets	**448**	-
Profit on sale of property, plant and equipment	**(128)**	(4)
Working capital movements:		
- Increase in inventories	**(5,286)**	(3,752)
- Increase in trade and other receivables	**(3,789)**	(3,080)
- Increase in trade and other payables	**9,189**	1,897
Net cash inflow from operating activities	**15,214**	16,009

24. Contingent liabilities

The Group has given indemnities to its bankers in respect of duty deferment guarantees made by the bank on behalf of the Group. At 29 June 2018 these amounted to £0.6m (2017: £0.6m).

The Group has given indemnities to its bankers in respect of other guarantees made by the bank on behalf of the Group. At 29 June 2018 these amounted to £294,000 (2017: £458,000).

The bank overdrafts and loan of the UK group undertakings are secured by cross guarantees between the UK group companies. At 29 June 2018 the potential liability of the Company was £7,115,000 (2017: £5,477,000). Included in this amount is HSBC's Global Liquidity Solution, a cross-border, cross-currency cash pooling facility of £2,080,000 (2017: £1,481,000).

In addition as disclosed in note 3(e) the Company has given guarantees in respect of the liabilities of certain subsidiary companies.

Notes to the financial statements for the year ended 29 June 2018 (continued)

25. Financial commitments

At 29 June 2018 the Group had future minimum lease payments under non-cancellable operating leases for each of the following period:

	29 June 2018	30 June 2017
	£'000	£'000
Not later than one year	**3,166**	3,084
Later than one year but not later than five years	**7,511**	9,478
Later than five years	**1,412**	2,145
	12,089	14,707

The Company had no capital or other commitments at 29 June 2018 (2017: £Nil).

26. Pension commitments

The Group companies operate defined contribution pension schemes whose assets are held separately from those of the companies in independently administered funds. The pension cost charge represents contributions payable by the Group and amounted to £1,330,000 (2017: £1,235,000). There were unpaid contributions at the period end of £166,000 (2017: £193,000).

27. Related party transactions

During the year the Group purchased £51,000 (2017: £41,000) of goods from Harrow & Hope Limited, a company owned by H.J.H. Laithwaite, a director of the Company. The amount outstanding at the year end was £Nil (2017: £10,000).

During the year the Group purchased £58,000 (2017: £31,500) of goods from Wyfold Vineyard Limited, a company partly owned by B.A. Laithwaite and H.J.H. Laithwaite, directors of the Company. The amount outstanding at the year end was £Nil (2017: £Nil).

During the year the Group purchased £71,000 (2017: £68,000) of goods from The Loose Cannon Brewing Company Limited, a company owned by W.W. Laithwaite, a director of the Company. The amount outstanding at the year end was £Nil (2017: £Nil).

See note 9 for disclosure of the directors' emoluments and key management compensation.

28. Ultimate controlling party

The directors regard the Laithwaite family as the ultimate controlling party of the Company by virtue of their interest in the share capital of the Company.