

Registered number: 00376920

Averys of Bristol Limited  
Annual report and financial statements  
For the year ended 2 July 2021

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# **Averyys of Bristol Limited**

## **Annual report and financial statements for the year ended 2 July 2021**

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# **Averys of Bristol Limited**

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## **Company information**

### **Directors**

J W H Weir  
D B Gates

### **Registered office**

9A Culver Street  
Bristol  
BS1 5LD

### **Bankers**

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

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

### **Solicitors**

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

## Strategic report for the year ended 2 July 2021

The directors present their strategic report of the Company for the year ended 2 July 2021.

### Business review and principal activities

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

The income statement for the year is set out on page 7.

Sales were up 35.4% on the prior year mainly due to increased demand as the impact of Covid-19 lockdown measures continued throughout the year. The increased demand relating to Covid-19 measures impacted just the final quarter of the previous financial year.

The profit before income tax for the year was £718,271 (2020: profit £229,799). The increase in profitability is driven predominantly by the increase in sales related to increased demand due to Covid-19 measures during the year and operational efficiencies.

In addition to the customer base, the business monitors other key performance indicators which include measures on productivity, costs, sales and margin. In a challenging economic climate the directors are pleased to report that the gross margin strengthened to 36.4% (2020: 35.6%).

### 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 Company 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, all of which is reported to the Audit Committee. The Company continues to invest significantly in IT development and deployed a new system during the previous financial year which is proving to be a firm foundation for future growth and enhanced controls and security.

#### 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. The performance of the company throughout the Covid-19 pandemic has shown the ability of the business to react rapidly and appropriately to unexpected and disruptive events.

#### 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. The Company employs a UK legal and compliance team to ensure that we are aware of and comply with all requirements and this is reported into the Audit Committee. Areas covered include governance and policies, security of personal data and marketing communications (including GDPR).

#### 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 Company's progress on a monthly basis and any deviations from the budget are discussed at Board meetings.

#### Economic risk

- The Board reviews a broad range of economic, regulatory and political risks as part of the Strategic Planning process.

## Strategic report for the year ended 2 July 2021 (continued)

### Risk management (continued)

#### Financial risk

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

#### Brexit

- The Company recognises the ongoing challenges presented by the changes to trading arrangements with the EU. A Brexit working group exists to monitor the legacy issues resulting from Brexit and the company actively participates in industry initiatives to influence positive change.

#### Covid-19

- The Company has managed through the pandemic well, activating elements of its business continuity. These actions played a key part in allowing the business to meet increased demand with the smallest possible impact on service levels. A Covid-19 Management Group meets regularly to ensure we remain informed as government advice changes and that we continue to consider all options to optimise the business.

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

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

### Considering the interests of stakeholders

The Company is committed to developing its relationships with key stakeholders, including our suppliers of wine and other goods and services.

We consider our long-term relationships with wine suppliers to be a strategic point of difference from our competitors, and we aim to connect our suppliers directly with our customers through events such as our annual Summer of Wine Festival. In order to ensure these relationships remain strong, and to demonstrate their importance to the Company, we have a policy that every Board member should aim to accompany a buying trip at least once a year, although this has been impossible during the pandemic.

We engage suppliers based on trust, openness and shared values, and our formal Supplier Take On process includes consideration of compliance with relevant policies on matters such as Modern Slavery, Anti-Bribery and Corruption and business ethics.

On behalf of the Board



J W H Weir  
Director

22 September 2021

## Directors' report for the year ended 2 July 2021

The directors present their annual report and the financial statements of the Company for the year ended 2 July 2021.

### Results and dividends

The financial result for the year amounted to a profit of £575,475 (2020: profit £175,575). The directors have not recommended the payment of a dividend (2020: £Nil).

### Future developments

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

### Directors

The directors of the Company who held office during the year and up to the date of signing the financial statements, except as stated otherwise were:

D B Gates (Appointed 1<sup>st</sup> September 2020)  
D A Thatcher (Resigned 2<sup>nd</sup> November 2020)  
J W H Weir

### Directors' and Officers' liability insurance

The Company maintains liability insurance for its directors and officers.

### Financial risk management

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

The risk management policies are set by the Board of directors and implemented by the Company's finance department. The policies provide specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these risks.

### Political and charitable contributions

The Company made no charitable donations (2020: £Nil). No political donations were made during the year (2020: £Nil)

## Directors' report for the year ended 2 July 2021 (continued)

### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the Company financial statements ("the financial statements") in accordance with applicable law and regulations.

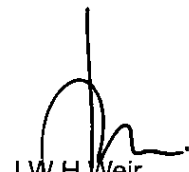
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



J W H Weir  
Director  
22 September 2021

## Income Statement for the year ended 2 July 2021

	Note	52 week period ended 2 July 2021 £	53 week period ended 3 July 2020 £
Revenue	4	17,961,197	13,265,654
Cost of sales		(11,426,661)	(8,543,567)
<b>Gross profit</b>		<b>6,534,536</b>	<b>4,722,087</b>
Administrative expenses		(5,816,265)	(4,492,288)
<b>Operating profit</b>	5	<b>718,271</b>	<b>229,799</b>
<b>Profit before income tax</b>		<b>718,271</b>	<b>229,799</b>
Income tax expense	8	(142,796)	(54,224)
<b>Profit for the financial year</b>		<b>575,475</b>	<b>175,575</b>

## Statement of comprehensive income for the year ended 2 July 2021

	52 week period ended 2 July 2021 £	53 week period ended 3 July 2020 £
<b>Profit for the financial year</b>	<b>575,475</b>	<b>175,575</b>
<b>Other comprehensive income/(expense)</b>		
- Changes in fair value of cash flow hedges	-	(49,814)
- Deferred taxation	-	8,468
<b>Other comprehensive expense for the year, net of tax</b>	<b>-</b>	<b>(41,346)</b>
<b>Total comprehensive income for the year</b>	<b>575,475</b>	<b>134,229</b>

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



# Balance sheet as at 2 July 2021

	Note	2 July 2021 £	3 July 2020 £
<b>Fixed assets</b>			
Property, plant and equipment	9	62,497	170,791
<b>Total fixed assets</b>		<b>62,497</b>	<b>170,791</b>
<b>Current assets</b>			
Trade and other receivables	10	1,405,493	4,362,932
Cash at bank and in hand		296,041	1,031,297
<b>Total current assets</b>		<b>1,701,534</b>	<b>5,394,229</b>
<b>Trade and other payables due within one year</b>	11	<b>(4,848,258)</b>	<b>(3,640,179)</b>
<b>Net current assets</b>		<b>(3,146,724)</b>	<b>1,754,050</b>
<b>Total assets less current liabilities</b>		<b>(3,084,227)</b>	<b>1,924,841</b>
Trade and other payables due after more than one year	12	-	(5,582,122)
Provision for liabilities	13	(48,000)	(50,421)
<b>Net liabilities</b>		<b>(3,132,227)</b>	<b>(3,707,702)</b>
<b>Capital and reserves</b>			
Called up share capital	17	1,500,000	1,500,000
Hedging reserve		9,193	9,193
Accumulated deficit		(4,641,420)	(5,216,895)
<b>Total Shareholders deficit</b>		<b>(3,132,227)</b>	<b>(3,707,702)</b>

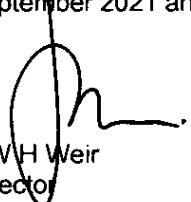
For the year ending 2 July 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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

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

The notes on pages 9 to 22 are an integral part of these financial statements.

The financial statements on pages 6 to 22 were authorised for issue by the Board of directors on 22<sup>nd</sup> September 2021 and were signed on its behalf by:

  
 JWH Weir  
 Director  
 Averys of Bristol Limited  
 Registered number: 00376920

## Statement of changes in equity for the year ended 2 July 2021

	Called up share capital	Accumulated deficit	Hedging reserve	Total Shareholders deficit
	£	£	£	£
<b>Balance as at 28 June 2019</b>	<b>1,500,000</b>	<b>(5,392,470)</b>	<b>50,539</b>	<b>(3,841,931)</b>
Profit for the year	-	175,575	-	175,575
Other comprehensive income for the year:				
- Changes in fair value of cash flow hedges	-	-	(41,346)	(41,346)
Total comprehensive income for the year	-	175,575	(41,346)	134,229
<b>Balance as at 3 July 2020</b>	<b>1,500,000</b>	<b>(5,216,895)</b>	<b>9,193</b>	<b>(3,707,702)</b>
Profit for the year	-	575,475	-	575,475
Total comprehensive income for the year	-	575,475	-	575,475
<b>Balance as at 2 July 2021</b>	<b>1,500,000</b>	<b>(4,641,420)</b>	<b>9,193</b>	<b>(3,132,227)</b>

## Notes to the financial statements for the year ended 2 July 2021

### 1 General information

Averys of Bristol Limited is a private company limited by shares and is incorporated in England. The address of its registered office is 9A Culver Street, Bristol, BS1 5LD.

The principal activity of the Company is the sale and distribution of wines.

### 2 Statement of compliance

The financial statements of Averys of Bristol 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 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 financial statements are prepared on the going concern basis, under the historical cost convention, as modified by 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 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(o).

#### 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 2 July 2021. The previous accounting period was for the 53 weeks ended 3 July 2020.

#### (b) Going Concern

The Company is dependent on the ongoing support of its parent company, Direct Wines Holdings Limited to continue to trade. Direct Wines Holdings Limited has indicated its intention to provide such ongoing financial support as is necessary for the Company to continue in operation and to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

**Notes to the financial statements for the year ended  
2 July 2021 (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. Direct Wines Holdings Limited is the group entity in which these financial statements are consolidated.

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) Exemption from audit by parent guarantee**

Under Section 479A of the Companies Act 2006, exemption from an audit of the financial statements for the financial year ending 3 July 2021 has been taken by the Company.

**(e) 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 Company and value added taxes.

The Company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer which is generally upon delivery; (b) the Company 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 Company's sales channels have been met, as described below.

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

The Company bases its estimate of goods returned on historic results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

## Notes to the financial statements for the year ended 2 July 2021 (continued)

### 3 Summary of significant accounting policies (continued)

#### (f) 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 down to its estimated residual value over its expected useful life, as follows:

Improvements to property	over 5 to 10 years
Shop premiums	the shorter of the lease life and 10 years
Computer hardware and furniture and fittings	over 3 to 10 years
Motor vehicles	over 1 to 4 years
Leased assets	the shorter of the primary term of the lease and the useful life of the assets

Repairs, maintenance and minor inspection costs 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 income statement.

#### (g) Leased assets

At inception the Company assesses the agreements to which it is a party, 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.

##### (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 to the income statement on a straight line basis over the lease term.

##### (ii) Lease incentives

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

The Company 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 income statement over the period to the first review date on which the rent is adjusted to market rates.

#### (h) Foreign currencies

##### (i) Functional and presentation currency

The Company's financial statements are presented in Pound Sterling.

**Notes to the financial statements for the year ended  
2 July 2021 (continued)****3 Summary of significant accounting policies (continued)****(i) 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.

**(j) Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the 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.

**(k) Provisions and contingencies****(i) Provisions**

Provisions are recognised when the Company 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 Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

**Notes to the financial statements for the year ended  
2 July 2021 (continued)****3 Summary of significant accounting policies (continued)****(I) Financial instruments**

The Company 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, cash and bank balances and investments in commercial paper, 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 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 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.

**(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.

**Notes to the financial statements for the year ended  
2 July 2021 (continued)****3 Summary of significant accounting policies (continued)****(m) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(n) Related party transactions**

The Company 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 financial statements. It does not disclose transactions with members of the same group that are wholly owned.

**(o) 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) Key accounting estimates and assumptions***

The Company 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) 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.

***(b) Impairment of receivables***

The Company 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 10 for the net carrying amount of the debtors and associated impairment provision.

***(c) Useful economic lives of tangible assets***

The annual depreciation charge for tangible 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 9 for the carrying amount of the property plant and equipment, and note 3(g) for the useful economic lives for each class of assets.

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.



## Notes to the financial statements for the year ended 2 July 2021 (continued)

### 4 Revenue

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

### 5 Operating profit/(loss)

	52 week period ended 2 July 2021 £	53 week period ended 3 July 2020 £
<b>Operating profit is stated after charging:</b>		
Staff costs (Note 6)	-	1,043,534
Depreciation charge for the period:		
Owned assets	4,195	7,433
Leased assets	103,924	96,070
Inventory recognised as an expense	7,304,390	5,391,384
Operating fee	5,627,354	1,729,671
Operating lease charges	48,437	39,758

### 6 Employee information

The company has no employee.

The average monthly number of persons employed by the Company during the previous period was:

<b>By activity</b>	52 week period ended 2 July 2021	53 week period ended 3 July 2020
Office and management	-	3
Selling and distribution	-	22
	-	25

Staff costs for the above persons comprised:

	52 week period ended 2 July 2021 £	53 week period ended 3 July 2020 £
Wages and salaries	-	911,572
Social security costs	-	83,137
Other pension costs (Note 19)	-	48,825
	-	1,043,534

## Notes to the financial statements for the year ended 2 July 2021 (continued)

### 7 Directors' remuneration

The directors are remunerated by fellow Direct Wines Holdings Limited group subsidiary Direct Wines Limited. No recharge is made to the Company for these costs and none of their remuneration is in respect of their services to the Company.

### 8 Income tax expense

#### (a) Tax expense included in profit or loss

	52 week period ended 2 July 2021 £	53 week period ended 3 June 2020 £
<b>Current tax:</b>		
United Kingdom corporation tax on profits for the year	157,118	60,689
<b>Other current tax</b>		
Adjustment in respect of prior periods	(1,509)	(54)
Total current tax	155,609	60,637
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(7,793)	(5,350)
Adjustments in respect of prior periods	1,227	(234)
Impact of change in tax rate	(6,247)	(829)
Total deferred tax	(12,813)	(6,413)
Income tax expense	142,796	54,224

#### (b) Tax income/(expense) included in other comprehensive income

	52 week period ended 2 July 2021 £	53 week period ended 3 July 2020 £
<b>Deferred tax</b>		
- Cash flow hedge fair value	-	9,464
- Impact of change in tax rate	-	(996)
<b>Total tax income included in other comprehensive income</b>	-	8,468

## Notes to the financial statements for the year ended 2 July 2021 (continued)

### (c) Reconciliation of tax charge

The tax assessed for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are explained below:

	52 week period ended 2 July 2021 £	53 week period ended 3 July 2020 £
Profit before income tax	718,271	229,799
Profit before income tax multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	136,474	43,662
Effects of:		
Fixed assets ineligible for capital allowances	12,559	11,643
Expenditure not allowable for tax purposes	294	35
Adjustment in respect of prior periods	(283)	(287)
Adjustment to closing deferred tax rate	(6,248)	(829)
Tax charge for the year	142,796	54,224

### (d) Tax rate changes

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

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

The deferred taxes have been calculated based on these rates, reflecting the expected timing of reversal of the related timing differences (2020: 19%).

## Notes to the financial statements for the year ended 2 July 2021 (continued)

### 9 Property, plant and equipment

	Computer hardware and furniture and fittings £	Motor vehicles and bicycles £	Leased assets £	Total £
<b>Cost</b>				
At 3 July 2020	80,599	8,458	709,881	798,938
Disposals	-	(8,458)	-	(8,458)
<b>At 2 July 2021</b>	<b>80,599</b>	<b>-</b>	<b>709,881</b>	<b>790,480</b>
<b>Accumulated depreciation</b>				
At 3 July 2020	71,108	8,054	548,985	628,147
Charge for the year	3,967	229	103,923	108,119
Disposals	-	(8,283)	-	(8,283)
<b>At 2 July 2021</b>	<b>75,075</b>	<b>-</b>	<b>652,908</b>	<b>727,983</b>
<b>Net book value</b>				
<b>At 2 July 2021</b>	<b>5,524</b>	<b>-</b>	<b>56,973</b>	<b>62,497</b>
At 3 July 2020	9,491	404	160,896	170,791

Included within the net book value is £709,881 (2020: £709,881) relating to assets held under operating lease agreements. The depreciation charged during the year in respect of such assets amounted to £103,923 (2020: £96,070).

### 10 Trade and other receivables

	2 July 2021 £	3 July 2020 £
<b>Amounts falling due within one year</b>		
Trade receivables	87,543	117,343
Deferred tax asset	26,034	13,221
Prepayments and accrued income	13,049	4,466
Amounts owed by group undertakings	1,278,867	4,227,902
	<b>1,405,493</b>	<b>4,362,932</b>

Trade receivables are stated after provision for impairment of £36,913 (2020: £22,442) and include deferred tax asset of £26,034 (2020: £13,221).

## Notes to the financial statements for the year ended 2 July 2021 (continued)

### 11 Trade and other payables due within one year

	2 July 2021 £	3 July 2020 £
Trade payables	310,944	284,127
Amount owed to group undertakings	100,720	2,936
Corporation tax	157,118	102,229
Accruals and deferred income	4,279,476	3,250,887
	<b>4,848,258</b>	<b>3,640,179</b>

The Company's bank borrowings are secured by a cross guarantee with the Direct Wines Holdings Limited group. At 2 July 2021 the potential liability of the Company was £4,313,150 (2020: £5,069,089).

### 12 Trade and other payables due after more than one year

	2 July 2021 £	3 July 2020 £
Amounts owed to group undertakings	-	5,582,122

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

### 13 Provisions for liabilities

	Dilapidations Provision £	Other Receivables Provision £	Total £
At 3 July 2020	42,000	8,421	50,421
Charged/(Credited) to the income statement	6,000	(8,421)	(2,421)
<b>At 2 July 2021</b>	<b>48,000</b>	<b>-</b>	<b>48,000</b>

The dilapidations provision relates to the Bristol shop.

## Notes to the financial statements for the year ended 2 July 2021 (continued)

### 14 Deferred taxation

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

Deferred taxation recognised in the financial statements is as follows:

	2 July 2021	3 July 2020
	£	£
Tax effect of timing differences because of:		
Accelerated capital allowances	4,806	(623)
Other timing difference	21,228	13,844
Deferred tax asset	26,034	13,221

The net deferred tax asset expected to reverse in 2021 is £9,662.

### 15 Financial instruments

The Company has the following financial instruments:

	Note	2 July 2021	3 July 2020
		£	£
<b>Financial assets that are debt instruments measured at amortised cost:</b>			
Trade receivables	10	87,543	117,343
Amount owed by group undertaking	10	1,278,867	4,227,902
		<b>1,366,410</b>	<b>4,345,245</b>
<b>Financial liabilities measured at amortised cost</b>			
Trade payable,	11	310,944	284,127
Amount owed to group undertaking due within one year	11	100,720	2,936
Amount owed to group undertaking due after more than one year	12	-	5,582,122
		<b>411,664</b>	<b>5,869,185</b>

## Notes to the financial statements for the year ended 2 July 2021 (continued)

### 16 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 Company's business operations. To do this, the Company can enter into a range of financial instruments including interest rate swaps to protect against currency and interest rate risk.

The primary treasury-related financial risk faced by the Company is:

#### (a) Credit risk

The Company 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 Company maintains a prudent split of cash and cash equivalents across market counterparties, operating within counterparty investment limits. The Company monitors counterparty credit ratings regularly.

### 17 Called up share capital

	2 July 2021 £	3 July 2020 £
<b>Authorised</b>		
1,500,000 (2020: 1,500,000) ordinary shares of £1 each	1,500,000	1,500,000
<b>Allotted, called up and fully paid</b>		
1,500,000 (2020: 1,500,000) ordinary shares of £1 each	1,500,000	1,500,000

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

### 18 Financial commitments

At 2 July 2021 the Company had future lease payments under non-cancellable operating leases for each of the following periods:

	2 July 2021 £	3 July 2020 £
Not later than one year	29,327	42,785
Later than one year but not later than five years	-	25,671
Later than five years	-	-
	<b>29,327</b>	<b>68,456</b>

**Notes to the financial statements for the year ended  
2 July 2021 (continued)**

**19 Related party transactions**

The Company has taken up an exemption from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

The Company is also exempt from disclosing other related party transactions as they are with other companies that are wholly owned within Direct Wines Holdings Limited group.

**20 Ultimate parent company and controlling party**

The immediate and ultimate parent company is Direct Wines Holdings Limited. According to the register kept by the Company, Direct Wines Holdings Limited had a 100% interest in the equity capital of Averys of Bristol Limited at 2 July 2021 and is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 2 July 2021. Copies of the parent's consolidated financial statements may be obtained from Direct Wines Holdings Limited, One Waterside Drive, Arlington Business Park, Theale, Reading, Berkshire, RG7 4SW.

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