Registered number: 03898259

The Warehouse Wine Co Limited
Annual report
For the year ended 26 June 2009

The Warehouse Wine Co Limited

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for the year ended 26 June 2009

The Warehouse Wine Co Limited

Company information

Directors

J S Wright
G Weir
S McMurtrie
F Stratford

Company Secretary

G Weir

Registered office

Unit 39
Roman Way Industrial Estate
Longridge Road
Ribbleton
Preston
Lancashire
PR2 5BD

Independent auditor

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

Bankers

Barclays Bank plc
3/5 King Street
Reading
Berkshire
RG1 2HD

The Warehouse Wine Co Limited

Directors' report for the year ended 26 June 2009

The directors present their report and the audited financial statements of the company for the year ended 26 June 2009.

Principal activities

The principal activity of the company during the year was that of the sale of wines, beers and spirits by mail order. The company also provides a fully managed warehouse service to other companies within the Direct Wines Holdings Limited group.

Review of business and future developments

Profitability has grown strongly despite the general economic conditions. Product costs have gone up due to increases in taxation and adverse currency movements. New business activity has been reduced to reflect the current market conditions. The business is well placed to handle the economic challenges of the next 12 months.

Direct Wines Holdings Limited, the company's parent undertaking, has indicated its intention to provide such ongoing financial support as is necessary for the company to continue in operation and to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements. Further information on the business review and risks of the Direct Wines Holdings Limited group are disclosed within the Direct Wines Holdings Limited annual report.

The business monitors several key performance indicators which include key measures on productivity, cost, sales and margin.

Results and dividends

The profit for the financial year was £424,952 (2008: £285,873).

The directors have not recommended payment of a dividend (2008: £Nil).

Directors

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

J S Wright	
G Weir	
S McMurtrie	
F Stratford	
A J Bentham	(resigned 22/12/08)
A S Fraser	(resigned 26/01/09)
D Hamilton	(resigned 26/01/09)

Financial risk management objectives and policies

The major business risks identified are the protection of the company database (customer list) and the avoidance of any interruption to trading. The database is managed using secured servers with data back ups held on site, off site and at head office. Stocks are drawn from across the world and can be replaced at reasonably short notice from European or UK sources.

Liquidity/cash flow – The company has been historically reliant on group funding and that remains the situation today. The business has a positive cash flow but would not be in a position to make a full settlement of intercompany balances without seeking funding.

Credit - The company has standard policies which set out specific guidance on how credit risk is managed. These policies require appropriate credit checking of potential customers before sales on credit are made.

The Warehouse Wine Co Limited

Directors' report for the year ended 26 June 2009 (continued)

Financial risk management objectives and policies (continued)

Currency – Current pricing is continually updated to reflect currency changes. These are reflected in latest cost calculations at the earliest opportunity. Hedging against fluctuations can be done using group forward contracts. No hedge accounting is applied.

Statement as to disclosure of information to auditors

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

This statement is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper 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.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

By order of the Board

G Weir
Company Secretary

The Warehouse Wine Co Limited

Independent auditors' report of the members of The Warehouse Wine Co Limited

We have audited the financial statements of The Warehouse Wine Co Limited for the year ended 26 June 2009 which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 26 June 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Matthew Hall

Mathew Hall (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading, 5 October 2009

The Warehouse Wine Co Limited

Profit and loss account for the year ended 26 June 2009

	Note	Year ended 26 June 2009 £	Year ended 27 June 2008 £
Turnover	2	**14,098,435**	16,563,628
Cost of sales		**(10,691,058)**	(12,721,016)
Gross profit		**3,407,377**	3,842,612
Administrative expenses		**(2,982,425)**	(3,556,739)
Operating profit	3	**424,952**	285,873
Profit on ordinary activities before taxation		**424,952**	285,873
Tax on profit on ordinary activities	6	**-**	-
Retained profit for the financial year	15, 16	**424,952**	285,873

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

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

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

The Warehouse Wine Co Limited

Balance sheet as at 26 June 2009

	Note	26 June 2009 £	27 June 2008 £
Fixed assets			
Tangible assets	7	**187,889**	252,473
Current assets			
Stocks	8	**1,540,456**	2,082,581
Debtors	9	**1,368,831**	884,815
Cash at bank and in hand		**160,735**	134,702
		3,070,022	3,102,098
Creditors: amounts falling due within one year	10	**(2,399,393)**	(2,921,005)
Net current assets		**670,629**	181,093
Total assets less current liabilities		**858,518**	433,566
Creditors: amounts falling due after more than one year	11	**4,604,203**	4,604,203
Capital and reserves			
Called-up share capital	14	**178,714**	178,714
Share premium account	15	**235,286**	235,286
Profit and loss account (deficit)	15	**(4,159,685)**	(4,584,637)
Total shareholders (deficit)	16	**(3,745,685)**	(4,170,637)
		858,518	433,566

The financial statements on pages 5 to 14 were approved by the board of directors on 5 October 2009 and were signed on its behalf by:

F Stafford
Director

The Warehouse Wine Co Limited

Notes to the financial statements for the year ended 26 June 2009

1 Accounting policies

These financial statements are prepared under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. Principal accounting policies, which have been applied consistently throughout the year, are set out below.

Financial year

The financial statements are made up to the Friday nearest to 30 June each year. Periodically this results in a financial year of 53 weeks. The current accounting period is for the 52 weeks ended 26 June 2009. The previous accounting period was for 52 weeks ended 27 June 2008.

Basis of accounting

The company is dependent on the ongoing support of its parent company, Direct Wines Holdings Limited to continue to trade. Direct Wines Holdings Limited has confirmed that they do not intend to demand repayment of the amount due to them in the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

Turnover

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

Tangible fixed assets

Tangible fixed assets are stated at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful economic life, as follows:

Leasehold property	over the life of the lease
Plant and machinery	20%
Equipment	33%

Stock

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

Leased assets and obligations

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

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

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

The Warehouse Wine Co Limited

Notes to the financial statements for the year ended 26 June 2009 (continued)

1 Accounting policies (continued)

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company in independently administered funds. The annual contributions payable are charged to the profit and loss account.

Foreign currencies

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

Current taxation

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

Deferred taxation

Deferred tax is recognised in respect of all timing difference that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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

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

Cash flow statement and related party transactions

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

2 Turnover

Analysis of turnover by class of business:

	Year ended 26 June 2009	Year ended 27 June 2008
	£	£
Sales of wines, beers and spirits by mail order	**13,086,407**	15,674,644
Provision of warehouse services	**1,012,028**	888,984
	14,098,435	16,563,628

All turnover is generated wholly in the United Kingdom.

The Warehouse Wine Co Limited

Notes to the financial statements for the year ended 26 June 2009 (continued)

3 Operating profit

	Year ended 26 June 2009 £	Year ended 27 June 2008 £
Operating profit is stated after charging:		
Wages and salaries	**1,197,343**	1,218,880
Social security costs	**138,272**	128,433
Pension costs (note 17)	**65,380**	44,698
Staff costs	**1,400,995**	1,392,011
Depreciation charged for the year on owned assets	**84,837**	86,290
Services provided by the company's auditors		
- Fees payable for the audit	**12,600**	12,600
Operating lease charges		
- Other assets	**222,483**	218,095

4 Employee information

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

By activity	Year ended 26 June 2009 Number	Year ended 27 June 2008 Number
Office and management	**11**	9
Selling and distribution	**65**	67
	76	76

The Warehouse Wine Co Limited

Notes to the financial statements for the year ended 26 June 2009 (continued)

5 Directors' emoluments

	Year ended 26 June 2009	Year ended 27 June 2008
	£	£
Aggregate emoluments	**261,029**	213,052
Company contributions to money purchase pension scheme	**29,200**	15,836

Two of the directors (2008: two) are remunerated by Direct Wines Limited a fellow Direct Wines Holdings Group company. No recharge is made to the company for these costs and none of their remuneration is in respect of their services to the company.

Retirement benefits are accruing to 2 directors (2008: 2 directors) under the company's money purchase pension scheme.

The aggregate emoluments of the highest paid director were £131,029 (2008: £107,002). Pension contributions to the defined contribution scheme of the highest paid director were £15,600 (2008: £9,470).

6 Tax on profit on ordinary activities

	Year ended 26 June 2009	Year ended 27 June 2008
Current tax	**£**	£
Taxation on the profit for the year		
United Kingdom corporation tax at 28% (2008: 28%)	-	-
Tax on profit on ordinary activities	-	-

The tax assessed for the year is lower (2008: lower) than the standard rate of corporation tax in the UK (28%). The differences are explained below:

	Year ended 26 June 2009	Year ended 27 June 2008
	£	£
Profit on ordinary activities before tax	**424,952**	285,873
Profit on ordinary activities multiplied by standard rate in the UK of 28% (2008: 28%)	**118,986**	80,044
Effects of:		
Expenses not deductible for tax purposes	**175**	5,900
Difference in capital allowances and depreciation	**9,539**	323
Changes in UK Corporation tax rate	-	4,288
Utilisation of losses	**(128,700)**	(90,555)
Current tax charge for the year	-	-

The company has trading losses available to carry forward amounting to £502,812 (2008: £962,456).

The Warehouse Wine Co Limited

Notes to the financial statements for the year ended 26 June 2009 (continued)

7 Tangible fixed assets

	Leasehold property	Plant & machinery	Equipment	Total
	£	£	£	£
Cost				
At 28 June 2008	128,798	289,548	217,937	636,283
Additions	945	6,526	12,782	20,253
Disposals	-	(18,000)	-	(18,000)
At 26 June 2009	**129,743**	**278,074**	**230,719**	**638,536**
Accumulated depreciation				
At 28 June 2008	58,990	161,824	162,996	383,810
Charge for the year	13,114	38,857	32,866	84,837
Disposals	-	(18,000)	-	(18,000)
At 26 June 2009	**72,104**	**182,681**	**195,862**	**450,647**
Net book value				
At 26 June 2009	**57,639**	**95,393**	**34,857**	**187,889**
At 27 June 2008	69,808	127,724	54,941	252,473

8 Stocks

	26 June 2009	27 June 2008
	£	£
Finished goods	**1,540,456**	2,082,581

9 Debtors

	26 June 2009	27 June 2008
	£	£
Trade debtors	**272,659**	316,169
Amounts owed by group undertakings	**887,417**	343,506
Prepayments and accrued income	**208,755**	225,140
	1,368,831	884,815

The Warehouse Wine Co Limited

Notes to the financial statements for the year ended 26 June 2009 (continued)

10 Creditors: amounts falling due within one year

	26 June 2009	27 June 2008
	£	£
Trade creditors	**759,748**	853,462
Amounts owed to group undertakings	**203,215**	746,896
Taxation and social security	**288,243**	372,034
Other creditors	**1,596**	2,424
Accruals and deferred income	**1,146,591**	946,189
	2,399,393	2,921,005

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

11 Creditors: amounts falling due after more than one year

	26 June 2009	27 June 2008
	£	£
Amounts owed to group undertakings	**4,604,203**	4,604,203

Amounts owed to group undertakings are unsecured, interest free and repayable on demand. They have been categorised as falling due after more than one year as the directors have received confirmations that these group undertakings will not require payment of these amounts due for at least 12 months for the balance sheet date.

12 Commitments under operating leases

At 26 June 2009 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	26 June 2009	27 June 2008
	£	£
Expiring between two to five years	**84,937**	84,937
Expiring after five years	**134,987**	134,987
	219,924	219,924

The Warehouse Wine Co Limited

Notes to the financial statements for the year ended 26 June 2009 (continued)

13 Deferred taxation

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

	Amount recognised		Amount not recognised	
	26 June 2009	27 June 2008	**26 June 2009**	27 June 2008
	£	£	**£**	£
Tax effect of timing differences because of:				
Accelerated capital allowances	-	-	**4,253**	49,000
Losses	-	-	**141,000**	266,000
Other timing differences	-	-	-	-
	-	-	**145,253**	315,000

14 Called-up share capital

	26 June 2009	27 June 2008
	£	£
Authorised		
400,000 (2008: 400,000) ordinary shares of £1 each	**400,000**	400,000
Allotted, called-up and fully paid		
178,714 (2008: 178,714) ordinary shares of £1 each	**178,714**	178,714

15 Reserves

	Share premium account	**Profit & loss account**
	£	**£**
At 28 June 2008 (deficit)	235,286	(4,584,637)
Retained profit for the financial year	-	424,952
At 26 June 2009 (deficit)	**235,286**	**(4,159,685)**

The Warehouse Wine Co Limited

Notes to the financial statements for the year ended 26 June 2009 (continued)

16 Reconciliation of movement in shareholders' deficit

	26 June 2009	27 June 2008
	£	£
Retained profit for the financial year	**424,952**	285,873
Net addition to shareholders' deficit	**424,952**	285,873
Opening shareholders' deficit	**(4,170,637)**	(4,456,510)
Closing shareholders' deficit	**(3,745,685)**	(4,170,637)

17 Pension commitments

The company operates a defined contribution pension scheme whose assets are held separately from those of the company in independently administered funds. The pension contributions paid, and charged to the profit and loss account as incurred, during the year amounted to £65,380 (2008: £44,698).

18 Ultimate parent 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 The Warehouse Wine Co Limited at 26 June 2009 and is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 26 June 2009. Copies of the parent's consolidated financial statements may be obtained from The Secretary, Direct Wines Holdings Limited, New Aquitaine House, Exeter Way, Theale, Reading, Berkshire, RG7 4PL.

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.