

**Company Registration No. SC489188 (Scotland)**

**ABA EQUITY LIMITED**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE 11 MONTHS ENDED 30 SEPTEMBER 2016**

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# ABA EQUITY LIMITED

## Company Information

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<b>Directors</b>	Alexander Bulloch Henry John Jagielko Gail Irene Allan Smith
<b>Company number</b>	SC489188
<b>Registered office</b>	1 Anthony Road Largs North Ayrshire KA30 8EQ
<b>Auditors</b>	Wylie & Bisset LLP 168 Bath Street Glasgow G2 4TP
<b>Solicitors</b>	Brodies LLP Monteith House George Square 110 Queen Street Glasgow G1 3BX
<b>Bankers</b>	Clydesdale Bank 30 The Square Cumnock KA18 1AR

# ABA EQUITY LIMITED

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# **ABA EQUITY LIMITED**

## **Strategic Report For the 11 Months Ended 30 September 2016**

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The directors present their strategic report for the 11 months ended 30 September 2016.

### **Principal activities**

The principal activity of the group during the period was that of the wholesaling of wines, spirits, beers and soft drinks.

### **Review of the business**

The directors report turnover in the period of £68.2m (2015: £58.3m). Gross margin for the period was 14.8% resulting in profit before taxation of £672k (2015: £638k).

The directors continue to monitor turnover, margins and stockholdings.

The group is committed to product improvement in both quality and presentation.

The above represent the key financial performance indicators that management utilize to monitor the group. However, given the straight forward nature of the business, the directors are of the opinion that using non-financial KPIs is not necessary for the understanding of the development, performance and position of the business.

### **Principal Risks**

As for many businesses in this market the environment in which the group operates continues to be challenging. The Scottish market is highly competitive and margins continue to be tight, with pressure from supermarkets, other wholesale and national chains being major factors. Financial and market challenges for 2016/2017 are still present, however the group is well placed to meet the challenges and remains committed to developing its product range and market penetration.

### **ON BEHALF OF THE BOARD:**



Henry Jagielko  
**Director**  
3 October 2017

## **ABA EQUITY LIMITED**

### **Directors' Report For the 11 Months Ended 30 September 2016**

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The directors present their report and financial statements for the 11 months ended 30 September 2016.

#### **Results and dividends**

The group's results for the period are set out on page 5.

#### **Directors**

The following directors have held office during the period:

Alexander Bulloch

Henry John Jagielko

Gail Irene Allan Smith

#### **Auditors**

Wylie & Bisset LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report and 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 the group and of the profit or loss of the group 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and of the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board

Henry Jagielko

**Director**

3 October 2017



## **ABA EQUITY LIMITED**

### **Independent Auditors' Report To the Members of ABA EQUITY LIMITED**

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We have audited the financial statements of ABA Equity Limited for the period ended 30 September 2016, which comprise the *Consolidated Statement of Comprehensive Income*, the *Consolidated and Company Balance Sheets*, the *Consolidated Cash Flow Statement* and 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Director's Responsibilities Statement set out on page 2, 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 and express an opinion on 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.

#### **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 group'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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's and the group's affairs as at 30 September 2016 and of the profit of the group for the period 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 Strategic Report and Directors' Report for the period for which the financial statements are prepared is consistent with the financial statements.

## **ABA EQUITY LIMITED**

### **Independent Auditors' Report (Continued) To the Members of ABA EQUITY LIMITED**

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#### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report and Strategic Report.

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 or 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.



**Barry Law CA (Senior Statutory Auditor)  
for and on behalf of Wylie & Bisset LLP**

**3 October 2017**

**Chartered Accountants  
Statutory Auditor**

168 Bath Street  
Glasgow  
G2 4TP

# ABA EQUITY LIMITED

## Group Statement of Comprehensive Income For the 11 Months Ended 30 September 2016

	Notes	11 months ended 30 September 2016 £	13 months ended 31 October 2015 £
<b>Turnover</b>		68,251,838	58,337,543
Cost of sales		<u>58,108,029</u>	<u>50,124,595</u>
<b>Gross profit</b>		10,143,809	8,212,948
Net operating expenses		<u>9,203,449</u>	<u>7,182,207</u>
<b>Operating profit</b>	<b>4</b>	940,360	1,030,741
Other operating income		869	-
Cost of fundamental reorganisation	<b>5</b>	<u>212,018</u>	<u>263,766</u>
		729,211	766,975
Interest receivable and similar income		<u>100</u>	<u>1,583</u>
		729,311	768,558
Interest payable and similar charges	<b>6</b>	<u>57,613</u>	<u>131,043</u>
<b>Profit on ordinary activities before taxation</b>		671,698	637,515
Tax on profit on ordinary activities	<b>7</b>	<u>111,880</u>	<u>236,447</u>
<b>Profit after tax</b>		559,818	401,068
Minority interest	<b>20</b>	<u>(158,546)</u>	<u>(80,872)</u>
<b>Profit for the period</b>		<u>401,272</u>	<u>320,196</u>

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

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



# ABA EQUITY LIMITED

## Group Balance Sheet As at 30 September 2016

		30 September 2016 £	31 October 2015 £
	Notes		
<b>Fixed assets</b>			
Intangible fixed assets	9	3,767,990	4,248,321
Tangible fixed assets	10	3,824,730	3,040,977
		<u>7,592,720</u>	<u>7,289,298</u>
<b>Current assets</b>			
Stocks	12	9,165,437	9,911,743
Debtors	13	10,816,232	10,312,616
Cash at bank and in hand		1,083,725	980,277
		<u>21,065,394</u>	<u>21,204,636</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(26,203,509)</u>	<u>(26,533,900)</u>
<b>Net current (liabilities)</b>		<u>(5,138,115)</u>	<u>(5,329,264)</u>
<b>Total assets less current liabilities</b>		2,454,605	1,960,034
<b>Creditors: Amounts falling due after more than one year</b>	15	(168,330)	(166,027)
<b>Provisions for liabilities</b>	18	<u>(89,076)</u>	<u>(75,753)</u>
<b>Net assets</b>		<u>2,197,199</u>	<u>1,718,254</u>
<b>Capital and reserves</b>			
Called up share capital	19	100	100
Profit and loss account		<u>640,595</u>	<u>320,196</u>
<b>Shareholders' funds</b>		640,695	320,296
Minority interest	20	<u>1,556,504</u>	<u>1,397,958</u>
		<u>2,197,199</u>	<u>1,718,254</u>

Approved by the board and authorised for issue on 3<sup>rd</sup> October 2017



Henry Jagielko  
Director

Company Registration No. SC489188

**ABA EQUITY LIMITED****Company Balance Sheet  
As at 30 September 2016**

		<b>30 September 2016 £</b>	<b>31 October 2015 £</b>
	<b>Notes</b>		
<b>Fixed assets</b>			
Investments	<b>11</b>	2,613,000	2,613,000
		<u>2,613,000</u>	<u>2,613,000</u>
<b>Current assets</b>			
Debtors	<b>13</b>	13,778,746	14,065,204
Cash		601,530	-
<b>Creditors: amounts falling due within one year</b>	<b>14</b>	<u>(16,506,075)</u>	<u>(16,438,781)</u>
<b>Net current (liabilities)</b>		<u>(2,125,800)</u>	<u>(2,373,577)</u>
<b>Total assets less current liabilities</b>		<u>487,200</u>	<u>239,423</u>
<b>Net Assets</b>		<u>487,200</u>	<u>239,423</u>
<b>Capital and reserves</b>			
Called up share capital	<b>19</b>	100	100
Profit and loss account		<u>487,100</u>	<u>239,323</u>
<b>Shareholders' funds</b>		<u>487,200</u>	<u>239,423</u>

Approved by the board and authorised for issue on 3<sup>rd</sup> October 2017



Henry Jagielko  
Director

Company Registration No. SC489188

**ABA EQUITY LIMITED****Group Statement of Changes in Equity  
For the 11 Months Ended 30 September 2016**

	<b>Share capital £</b>	<b>Profit and loss reserves £</b>	<b>Total £</b>
<b>Balance at 1 October 2014</b>	-	-	-
<b>Period ended 31 October 2015:</b>			
Shares issued	100	-	100
Profit and total comprehensive income for the period	-	320,196	320,196
<b>Balance at 31 October 2015</b>	100	320,196	320,296
<b>Period ended 30 September 2016:</b>			
2015 share of retained earnings	-	(80,872)	(80,872)
Profit and total comprehensive income for the year	-	401,272	401,272
<b>Balance at 30 September 2016</b>	100	640,595	640,695

# ABA EQUITY LIMITED

## Group Cash Flow Statement For the 11 Months Ended 30 September 2016

		11 months ended 30 September 2016	13 months ended 31 October 2015
	Notes	£	£
<b>Net cash inflow from operating activities</b>	<b>1</b>	<b>1,586,089</b>	<b>2,905,569</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		100	1,583
Interest paid		(57,613)	(131,043)
<b>Net cash inflow for returns on investments and servicing of finance</b>		<b>(57,513)</b>	<b>(129,460)</b>
<b>Taxation</b>		<b>139,714</b>	<b>(101,239)</b>
<b>Capital expenditure and financial investments</b>			
Purchase of fixed assets		(1,413,831)	(978,610)
Sale of fixed assets		116,680	63,588
<b>Net cash inflow from capital expenditure and financial investments</b>		<b>(1,297,151)</b>	<b>(915,022)</b>
<b>Financing</b>			
New loan		-	16,363,000
Capital repayments	<b>2</b>	3,650	(59,956)
Amounts withdrawn by directors		(13,200)	-
Invoice financing		(1,291,963)	1,291,963
<b>Net cash (outflow)/inflow from financing</b>		<b>(1,301,513)</b>	<b>17,595,007</b>
<b>Acquisition</b>			
Acquisition of subsidiary undertaking		-	(16,363,000)
Net cash acquired with subsidiary		-	9,145
<b>Net cash outflow from acquisition</b>		<b>-</b>	<b>(16,353,855)</b>
<b>Issue of share capital</b>		<b>-</b>	<b>100</b>
<b>Increase in cash in period</b>	<b>3</b>	<b>(930,374)</b>	<b>3,001,100</b>

# ABA EQUITY LIMITED

## Notes to the Group Cash Flow Statement For the 11 Months Ended 30 September 2016

<b>1 Reconciliation of operating profit to net cash inflow from operating activities</b>	<b>11 months ended 30 September 2016 £</b>	<b>13 months ended 31 October 2015 £</b>
Group operating profit	940,360	1,030,741
Other income	869	-
Fair value adjustment of intangible assets	-	(246,800)
Revaluation of tangible fixed assets	-	(150,000)
Depreciation	906,061	619,710
Profit on disposal of fixed assets	1,744	(26,873)
Reorganisation costs	(212,018)	(263,766)
Decrease in stock	746,306	2,784,956
(Increase)/Decrease in debtors	(276,535)	1,084,944
Increase in creditors	(520,698)	(1,927,343)
<b>Net cash inflow from operating activities</b>	<b>1,586,089</b>	<b>2,905,569</b>

  

<b>2 Analysis of net funds</b>	<b>31 October 2015 £</b>	<b>Cash flow £</b>	<b>Other non- cash changes £</b>	<b>30 September 2016 £</b>
<b>Net cash:</b>				
Cash at bank and in hand	980,277	103,448	-	1,083,725
Bank overdraft	-	(1,033,821)	-	(1,033,821)
	<u>980,277</u>	<u>(930,374)</u>	<u>-</u>	<u>49,903</u>
<b>Debt:</b>				
Hire purchase contracts	(352,692)	(3,650)	-	(356,342)
Loans due in less than one year	(1,291,963)	1,291,963	-	-
	<u>(1,644,655)</u>	<u>1,288,313</u>	<u>-</u>	<u>(356,342)</u>
<b>Net funds</b>	<u>(664,378)</u>	<u>357,939</u>	<u>-</u>	<u>(306,439)</u>

  

<b>3 Reconciliation of net cash flow to movement in net funds</b>	<b>11 months ended 30 September 2016 £</b>	<b>13 months ended 31 October 2015 £</b>
<b>Opening net funds</b>	(664,378)	-
(Decrease)/Increase in cash in the period	(930,374)	3,001,100
Cash inflow from increase in debt	1,288,313	(1,232,007)
<b>Movement in net funds in the period</b>	<u>357,939</u>	<u>1,769,093</u>
Net funds on reconstruction	-	(2,433,471)
<b>Closing net funds</b>	<u>(306,439)</u>	<u>(664,378)</u>

# ABA EQUITY LIMITED

## Notes to the Financial Statements For the 11 Months Ended 30 September 2016

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### 1. Accounting policies

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006 as applicable.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Basis of consolidation

The group financial statements consolidate the financial statements of the company and each of its subsidiary undertakings for the 11 months to 30 September 2016. Intra-group sales, profits and balances are eliminated fully on consolidation.

#### 1.3 Transition to FRS102

These financial statements for the period ended 30 September 2016 are the first financial statements of ABA Equity Limited prepared in accordance with FRS102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS102 was 17 October 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS102.

#### 1.4 Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 8: Related Party Disclosures, not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

#### 1.5 Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.6 Goodwill

Goodwill, being the amount paid in connection with the acquisition of businesses in 2012 and 2014, is being amortised evenly over its estimated useful life of 10 years.

**Notes to the Financial Statements (Continued)**  
**For the 11 Months Ended 30 September 2016**

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**1.7 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life, or if held under a finance lease - over the lease term; whichever is shorter.

Freehold property	– 5% on cost and 4% on cost
Plant and machinery	– 20% on reducing balance and 10% on cost
Fixture and fittings	– 10% on cost
Motor vehicles	– 25% on cost and 20% on cost
Computer equipment	– 20% on reducing balance and 10% - 25% on cost

**1.8 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.9 Cash and cash equivalents**

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**Notes to the Financial Statements (Continued)**  
**For the 11 Months Ended 30 September 2016**

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**1.10 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

**Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction. Financial assets classified as receivable within one year are not amortised.

**Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, and are recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised at transaction price.

**1.11 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**1.12 Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**1.13 Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax balances are not discounted.

**1.14 Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**1.15 Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme for the benefit of its employees. Contributions payable to the group's pension scheme are charged to the profit and loss account on a straight line basis over the period to which they relate.



# ABA EQUITY LIMITED

## Notes to the Financial Statements (Continued) For the 11 Months Ended 30 September 2016

### 2. Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3. Staff Costs

#### Number of employees

The average monthly number of employees for the period were:

	2016 No.	2015 No.
Warehouse & distribution	117	84
Selling	29	32
Administration	54	71
	<u>200</u>	<u>187</u>

#### Employment costs

	£	£
Wages and salaries	4,589,059	4,033,317
Social security costs	390,490	389,578
Other pension costs	169,173	196,948
	<u>5,148,722</u>	<u>4,619,843</u>

### 4. Operating profit

	2016 £	2015 £
Operating profit is stated after charging:		
Depreciation – owned assets	330,189	105,513
Depreciation – assets on hire purchase contracts	181,465	227,214
Operating lease rentals:		
Plant and machinery	34,080	9,885
Auditors' remuneration of parent undertaking – Wylie & Bisset LLP	4,350	14,950
Other non-audit services to parent undertaking	1,000	1,000
Auditors' remuneration of subsidiary undertakings – Campbell Dallas LLP	28,000	31,250
Taxation compliance services – subsidiary undertakings – Campbell Dallas LLP	4,763	2,450
Taxation advisory services – subsidiary undertakings – Campbell Dallas LLP	10,200	1,700
Other non-audit services – subsidiary undertakings – Campbell Dallas LLP	2,640	2,626
Foreign exchange gains	<u>(857,576)</u>	<u>(91,820)</u>

# ABA EQUITY LIMITED

## Notes to the Financial Statements (Continued) For 11 Months Ended 30 September 2016

### 5. Exceptional Items

Exceptional items represent costs that have been incurred as a result of the reorganisation required within the William Morton Limited group following the acquisition of Forth Wines Limited and its subsidiaries including the relocation of trading activities to new premises.

### 6. Interest payable and similar charges

	2016 £	2015 £
Bank interest	41,947	53,036
Loan interest	-	60,486
Interest on tax	-	263
Hire purchase	15,666	17,258
	<u>57,613</u>	<u>131,043</u>

### 7. Taxation

	2016 £	2015 £
<b>Domestic current period tax:</b>		
UK corporation tax	214,213	205,715
Overprovision in respect of prior year	<u>(115,656)</u>	<u>(45,021)</u>
<b>Total current tax</b>	<u>98,557</u>	<u>160,694</u>
<b>Deferred tax</b>		
Deferred tax charge	<u>13,323</u>	<u>75,753</u>
	<u>111,880</u>	<u>236,447</u>

#### Factors affecting the tax charge for the year:

	£	£
Profit on ordinary activities before taxation	<u>671,698</u>	<u>746,222</u>

Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax

134,340	151,480
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#### Effects of:

Non deductible expenses	42,463	43,726
Depreciation and amortisation	-	(14,010)
Fixed asset differences	70,722	-
Adjustments in respect of prior periods	<u>(148,967)</u>	<u>(20,502)</u>

#### Current tax charge for the period

<u>98,557</u>	<u>160,694</u>
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## ABA EQUITY LIMITED

### Notes to the Financial Statements (Continued) For the 11 Months Ended 30 September 2016

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#### 8. Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements. The company's profit for the period was £309,721 (13 month period to 31 October 2015: £239,323).

#### 9. Intangible fixed assets Group

	<b>Goodwill</b>
<b>Cost</b>	<b>£</b>
At 1 November 2015	5,239,981
Disposals	<u>-</u>
At 30 September 2016	<u>5,239,981</u>
<b>Amortisation</b>	
At 1 November 2015	991,660
Charge for the period	<u>480,331</u>
At 30 September 2016	<u>1,471,991</u>
<b>Net book value</b>	
At 30 September 2016	<u>3,767,990</u>
At 31 October 2015	<u>4,248,321</u>

The goodwill brought forward within the William Morton Limited Group arose from the transfer of trade assets and liabilities of Inverarity Vaults Limited in 2012 and Dollar Top Limited in 2014.

Goodwill of £1,295,915 arose on the acquisition in the prior period of William Morton Ltd by the company.

# ABA EQUITY LIMITED

## Notes to the Financial Statements (Continued) For the 11 Months Ended 30 September 2016

### 10. Tangible fixed assets

#### Group

	Freehold property	Plant and machinery	Fixtures and fittings	Motor vehicles	Computer equipment	Totals
Cost	£	£	£	£	£	£
At 1 November 2015	1,732,318	46,643	830,669	1,633,693	68,245	4,311,568
Additions	-	-	756,927	656,904	-	1,413,831
Disposals	-	-	(123,229)	(336,805)	-	(460,034)
At 30 September 2016	<u>1,732,318</u>	<u>46,643</u>	<u>1,464,367</u>	<u>1,953,792</u>	<u>68,245</u>	<u>5,265,365</u>
<b>Depreciation</b>						
At 1 November 2015	268,450	18,151	100,935	857,122	25,933	1,270,591
Charge for the period	21,293	-	156,961	333,400	-	511,654
Eliminated on disposal	-	-	(123,229)	(218,381)	-	(341,610)
At 30 September 2016	<u>289,743</u>	<u>18,151</u>	<u>134,667</u>	<u>972,141</u>	<u>25,933</u>	<u>1,440,635</u>
<b>Net book value</b>						
At 30 September 2016	<u>1,442,575</u>	<u>28,492</u>	<u>1,329,700</u>	<u>981,651</u>	<u>42,312</u>	<u>3,824,730</u>
At 31 October 2015	<u>1,463,868</u>	<u>28,492</u>	<u>729,734</u>	<u>776,571</u>	<u>42,312</u>	<u>3,040,977</u>

### 11. Fixed asset investments

#### Company

	Subsidiary undertakings
<b>Cost</b>	
At 1 November 2015 and 30 September 2016	<u>2,613,000</u>
<b>Net Book Value</b>	
At 31 October 2015 and 30 September 2016	<u>2,613,000</u>

## ABA EQUITY LIMITED

### Notes to the Financial Statements (Continued) For the 11 Months Ended 30 September 2016

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The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries:

#### **William Morton Limited**

Nature of business: Wholesaling of wines, spirits, beers and soft drinks

Class of shares:	%
Ordinary	Holding 50.00

#### **12. Stocks**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Goods for resale	9,165,437	9,911,743	-	-

#### **13. Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	10,178,558	9,514,137	-	-
Amounts owed by group undertakings	-	-	-	315,104
Other debtors	6,763	13,134	100	100
Directors loan account	13,200	-	-	-
Tax	-	72,577	-	-
Prepayments & accrued income	617,711	712,768	28,646	-
Loan to subsidiary	-	-	13,750,000	13,750,000
	<b>10,816,232</b>	<b>10,312,616</b>	<b>13,778,746</b>	<b>14,065,204</b>

# ABA EQUITY LIMITED

## Notes to the Financial Statements (Continued) For the 11 Months Ended 30 September 2016

### 14. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts (See note 16)	1,033,821	1,291,263	-	-
Hire purchase contracts (See note 17)	188,012	186,665	-	-
Trade creditors	6,671,717	5,319,932	-	-
Amounts owed to group undertakings	-	47,400	-	-
Amounts owed to related parties	16,363,000	16,363,000	16,363,000	16,363,000
Other taxes and social security costs	331,536	146,457	121,775	59,831
VAT	1,135,058	1,454,519	-	-
Other creditors	147,162	279,267	-	-
Accruals and deferred income	333,203	1,445,397	21,300	15,950
	<u>26,203,509</u>	<u>26,533,900</u>	<u>16,506,075</u>	<u>16,438,781</u>

### 15. Creditors: amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Hire purchase contracts	<u>168,330</u>	<u>166,027</u>	<u>-</u>	<u>-</u>

### 16. Loans

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts (see note 22)	1,033,821	-	-	-
Invoice finance creditor	-	1,291,263	-	-
	<u>1,033,821</u>	<u>1,291,263</u>	<u>-</u>	<u>-</u>

Invoice finance creditors are secured in the balances due.

# ABA EQUITY LIMITED

## Notes to the Financial Statements (Continued) For the 11 Months Ended 30 September 2016

### 17. Obligations under hire purchase contracts and leases

	Group Hire purchase contracts 2016 £	Group Hire purchase contracts 2015 £
Net obligations repayable:		
Within one year	188,012	186,665
Between two and five years	<u>168,330</u>	<u>166,027</u>
	<u>356,342</u>	<u>352,692</u>

Hire purchase creditors are secured on the assets concerned.

### 18. Provisions for liabilities

	Group 2016 Deferred tax £	Group 2015 Deferred tax £
Balance at 1 November 2015	75,753	-
Provided during year	<u>13,323</u>	<u>75,753</u>
Balance at 30 September 2016	<u>89,076</u>	<u>75,753</u>

### 19. Called up share capital

	2016 £	2015 £
<b>Allotted, issued and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

100 ordinary shares of £1 each were issued on incorporation.

### 20. Minority interest

	2016 £	2015 £
Balance at 1 November 2015	1,397,958	-
Balance on reconstruction	-	1,317,086
Share of retained profits	<u>158,546</u>	<u>80,872</u>
Balance at 30 September 2016	<u>1,556,504</u>	<u>1,397,958</u>

## ABA EQUITY LIMITED

### Notes to the Financial Statements (Continued) For the 11 Months Ended 30 September 2016

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#### 21. Pension commitments

The group operates a defined contribution pension scheme, the assets of which are held separately from those of the group in an independently administered fund.

Contributions made by the group during the period amounted to £169,173 (2015: £175,022). Contributions made by the company during the period were £nil (2015: £nil).

#### 22. Contingent liabilities

A cross guarantee exists between William Morton Limited and other related undertakings in respect of bank borrowings. The bank facilities are secured by a floating charge over William Morton Limited's assets and undertakings and by a standard security over its freehold property.

The undertakings amongst which cross guarantees exist are as follows:

William Morton Limited, Inverarity Vaults Limited, Dollar Prop Limited, Dollar Top Limited, JA Glass Limited and Forth Wines Limited.

#### 23. Other financial commitments

At 30 September 2016 the group had commitments under foreign exchange contracts to purchase EUR 1,500,000 (2015 – EUR 6,475,000).

The following operation lease payments are committed to be paid within one year:

Group	Land and buildings 2016 £	Land and buildings 2015 £
Expiring:		
Within one year	<u>-</u>	<u>110,000</u>



## **ABA EQUITY LIMITED**

### **Notes to the Financial Statements (Continued)** **For the 11 Months Ended 30 September 2016**

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#### **24. Related party disclosures**

The following transactions took place during the period between the company and Chelsea Group Limited, LL Limited, Revie and Co Limited, GIAS Limited and Apex Holdings Limited, all entities which have a 20% interest in the group and company.

##### **Chelsea Group Limited**

£3,272,600 was owed to Chelsea Group Limited at 30 September 2016 (2015: £3,272,600) and is included within shareholder loans in creditors: amounts due within less than one year.

##### **LL Limited**

£3,272,600 was owed to LL Limited at 30 September 2016 (2015: £3,272,600) and is included within shareholder loans in creditors: amounts due within less than one year.

##### **Revie and Co Limited**

£3,272,600 was owed to Revie and Co Limited at 30 September 2016 (2015: £3,272,600) and is included within shareholder loans in creditors: amounts due within less than one year.

##### **GIAS Limited**

£3,272,600 was owed to GIAS Limited at 30 September 2016 (2015: £3,272,600) and is included within shareholder loans in creditors: amounts due within less than one year.

##### **Apex Holdings Limited**

£3,272,600 was owed to Apex Holdings Limited at 30 September 2016 (2015: £3,272,600) and is included within shareholder loans in creditors: amounts due within less than one year.

The following transactions took place during the period between Great Southern Vineyards Limited and the William Morton Group. Mr E Cameron, a director of Forth Wines Limited (a member of the William Morton Group) is the controlling shareholder of Great Southern Vineyards Limited.

##### **Great Southern Vineyards Limited**

During the period goods and services totalling £nil (2015: £1,075) were invoiced to Great Southern Vineyards Limited. At 30 September 2016 the balance due from Great Southern Vineyards Limited was £nil (2015: £149).

##### **William Morton Ltd**

At the period end a loan of £13,750,000 (2015: £13,750,000) was outstanding between William Morton Ltd and ABA Equity Ltd (see note 13). The loan is unsecured and bears interest at 2.5% per annum.

## **ABA EQUITY LIMITED**

### **Notes to the Financial Statements (Continued)** **For the 11 Months Ended 30 September 2016**

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#### **25. Accounting Reference Date**

During the period the directors decided to change the company's accounting reference date to 30 September 2016. These accounts therefore cover the period from 1 November 2015 to 30 September 2016. The comparative figures are for the 13 month period ended 31 October 2015.

#### **26. Ultimate controlling party**

No single entity or individual controls the company.