

Company Registration No. SC489188 (Scotland)

ABA EQUITY LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019



ABA EQUITY LIMITED

Company Information

Directors	Henry John Jagielko Gail Irene Allan Smith Alexander Bulloch (resigned 5/1/2020)
Company number	SC489188
Registered office	1 Anthony Road Largs North Ayrshire KA30 8EQ
Auditors	Wylie & Bisset (Audit) Ltd 168 Bath Street Glasgow G2 4TP
Solicitors	Brodies LLP Monteith House George Square 110 Queen Street Glasgow G1 3BX
Bankers	Clydesdale Bank 30 The Square Cumnock KA18 1AR

ABA EQUITY LIMITED

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ABA EQUITY LIMITED

Strategic Report

For the Year Ended 30 September 2019

The directors present their strategic report for the year ended 30 September 2019.

Principal activities

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

Review of the business

The directors report turnover in the year of £70m (2018: £68.4m). Gross margin for the year was 14.3% resulting in a profit after tax and minority share of £70k (2018: loss of £39k).

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 and uncertainties

Following the global outbreak of the COVID-19 virus subsequent to the year end, the group is exposed to the following risks:

- A fall in revenue and decreased cash flow due to lower general economic activity throughout the UK, the closure of the hospitality trade while lockdown measures are in place and a reduced customer base through business failures in that sector.
- Interruption to operations due to absence of staff for a period due to either contracting the virus or measures taken to contain an outbreak within the warehouse;
- The continued supply of wines, spirits, beers and soft drinks.

The group is following Government guidance concerning all aspects of the pandemic to ensure best practice precautions are applied and is continuously communicating with its staff with regards to changing guidance. The group continues to monitor its stock levels and staff health and is in constant communication with suppliers, customers and staff as events transpire and Government advice develops.

Although it is not possible to reliably estimate the length or severity of this outbreak, at the date of signing, the group has taken steps to deal with the risks presented and is actively managing its cost base to operate within current and forecast income levels. The group has evolved its business model to supply to a wider customer base, including direct to consumers. The directors have prepared detailed financial projections for a period extending to at least 12 months from the date of approval of these financial statements. These have been sensitised to reflect trading at levels achieved during societal lockdown. This indicates that the group can continue to operate solvently with existing funding and working capital resources. The directors acknowledge the situation could change suddenly depending on how the situation evolves and will assess and respond to any change in risk as appropriate.

ABA EQUITY LIMITED

Strategic Report For the Year Ended 30 September 2019

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 2019/2020 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
23 June 2020

ABA EQUITY LIMITED

Directors' Report

For the Year Ended 30 September 2019

The directors present their report and financial statements for the year ended 30 September 2019.

Results and dividends

The group's results for the year are set out on page 6.

Directors

The following directors have held office during the year:

Alexander Bulloch (resigned 5/1/2020)

Henry John Jagielko

Gail Irene Allan Smith

Auditors

Wylie & Bisset (Audit) Ltd 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

23 June 2020



ABA EQUITY LIMITED

Independent Auditors' Report To the Members of ABA EQUITY LIMITED

Opinion

We have audited the financial statements of ABA Equity Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2019, and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

ABA EQUITY LIMITED

Independent Auditors' Report To the Members of ABA EQUITY LIMITED

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

ABA EQUITY LIMITED

Independent Auditors' Report To the Members of ABA EQUITY LIMITED

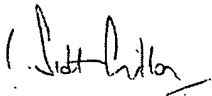
Auditor's Responsibility for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

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 auditor's 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.



**Scott Gillon, FCCA CA (Senior Statutory Auditor)
for and on behalf of Wylie & Bisset (Audit) Ltd**

23 June 2020

**Chartered Accountants
Statutory Auditor**

**168 Bath Street
Glasgow
G2 4TP**

ABA EQUITY LIMITED**Group Statement of Comprehensive Income
For the Year Ended 30 September 2019**

	Notes	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Turnover		70,014,912	68,447,834
Cost of sales		<u>59,983,993</u>	<u>58,663,163</u>
Gross profit		10,030,919	9,784,671
Net operating expenses		<u>9,759,107</u>	<u>9,603,882</u>
Operating profit	4	271,812	180,789
Interest receivable and similar income		<u>-</u>	<u>5</u>
		271,812	180,794
Interest payable and similar charges	5	<u>4,470</u>	<u>20,399</u>
Profit on ordinary activities before taxation		267,342	160,395
Tax on profit on ordinary activities	6	<u>155,939</u>	<u>145,074</u>
Profit after tax		111,403	15,321
Minority interest	20	<u>(41,293)</u>	<u>(54,756)</u>
Profit / (Loss) for the year		<u>70,110</u>	<u>(39,435)</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 2019

	Notes	30 September 2019 £	30 September 2018 £
Fixed assets			
Intangible fixed assets	9	3,092,476	2,979,176
Tangible fixed assets	10	2,694,416	3,377,491
		<u>5,786,892</u>	<u>6,356,667</u>
Current assets			
Stocks	13	8,447,554	8,214,431
Debtors	14	10,331,053	9,767,433
Cash at bank and in hand		3,054,037	3,089,679
		<u>21,832,644</u>	<u>21,071,543</u>
Creditors: amounts falling due within one year	15	<u>(24,563,227)</u>	<u>(24,493,094)</u>
Net current (liabilities)		<u>(2,730,583)</u>	<u>(3,421,551)</u>
Total assets less current liabilities		3,056,309	2,935,116
Creditors: Amounts falling due after more than one year	16	-	(5,557)
Provisions for liabilities	18	<u>(93,349)</u>	<u>(78,002)</u>
Net assets		<u>2,962,960</u>	<u>2,851,557</u>
Capital and reserves			
Called up share capital	19	100	100
Profit and loss account		<u>1,154,129</u>	<u>1,084,019</u>
Shareholders' funds		1,154,229	1,084,119
Minority interest	20	<u>1,808,731</u>	<u>1,767,438</u>
		<u>2,962,960</u>	<u>2,851,557</u>

Approved by the board and authorised for issue on 23 June 2020



Henry Jagielko
Director

Company Registration No. SC489188

ABA EQUITY LIMITED

Company Balance Sheet As at 30 September 2019

	Notes	30 September 2019 £	30 September 2018 £
Fixed assets			
Investments	11	2,613,000	2,613,000
		<u>2,613,000</u>	<u>2,613,000</u>
Current assets			
Debtors	14	14,717,170	14,853,108
Cash		278,249	181,157
		<u>14,995,419</u>	<u>15,034,265</u>
			<u>15,215,470</u>
Creditors: amounts falling due within one year	15	(16,888,558)	(16,956,221)
Net current (liabilities)		<u>(1,893,139)</u>	<u>(1,921,956)</u>
Total assets less current liabilities		<u>719,861</u>	<u>691,044</u>
Net Assets		<u>719,861</u>	<u>691,044</u>
Capital and reserves			
Called up share capital	19	100	100
Profit and loss account		<u>719,761</u>	<u>690,944</u>
Shareholders' funds		<u>719,861</u>	<u>691,044</u>

Approved by the board and authorised for issue on 23 June 2020



Henry Jagielko
Director

Company Registration No. SC489188

ABA EQUITY LIMITED**Group Statement of Changes in Equity
For the Year Ended 30 September 2019**

	Share capital £	Profit and loss reserves £	Total £
Balance at 31 October 2016	100	640,595	640,695
Year ended 30 September 2017:			
Profit and total comprehensive income for the year	-	428,103	428,103
Balance at 30 September 2017	100	1,068,698	1,068,798
Year ended 30 September 2018:			
Profit and total comprehensive income for the year	-	15,321	15,321
Balance at 30 September 2018	100	1,084,019	1,084,119
Year ended 30 September 2019:			
Profit and total comprehensive income for the year	-	70,110	70,110
Balance at 30 September 2019	100	1,154,129	1,154,229

ABA EQUITY LIMITED

Group Cash Flow Statement For the Year Ended 30 September 2019

			Year ended 30 September 2019	Year ended 30 September 2018
	Notes	£	£	£
Net cash inflow from operating activities	1		666,457	1,965,032
Returns on investments and servicing of finance				
Interest received		-	5	
Interest paid		(4,470)	(15,348)	
Net cash inflow for returns on investments and servicing of finance			(4,470)	(15,343)
Taxation			(156,030)	(132,887)
Capital expenditure and financial investments				
Purchase of fixed assets		(499,164)	(491,153)	
Sale of fixed assets		22,652	47,525	
Net cash inflow from capital expenditure and financial investments			(476,512)	(443,628)
Financing				
New loan		-	-	
Capital repayments	2	(65,087)	(168,743)	
Amounts withdrawn by directors		-	-	
Invoice financing		-	-	
Net cash (outflow) from financing			(65,087)	(168,743)
Acquisition				
Acquisition of subsidiary		-	-	
Net cash acquired with subsidiary		-	-	
Net cash outflow from acquisition			-	-
Issue of share capital			-	-
(Decrease)/Increase in cash in year	3		(35,642)	1,204,431

ABA EQUITY LIMITED

Notes to the Group Cash Flow Statement For the Year Ended 30 September 2019

1 Reconciliation of operating profit to net cash inflow from operating activities	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Group operating profit	271,812	201,848
Other income	-	-
Fair value adjustment of intangible assets	-	-
Revaluation of tangible fixed assets	-	-
Depreciation	551,560	596,200
Amortisation	394,407	394,407
Impairment	80,841	-
(Profit)/Loss on disposal of fixed assets	19,479	3,341
Reorganisation costs	-	-
(Increase)/Decrease in stock	(233,123)	(169,267)
(Increase)/Decrease in debtors	(477,682)	707,802
Increase/(Decrease) in creditors	59,163	230,701
Net cash inflow from operating activities	666,457	1,965,032

2 Analysis of net funds	30 September 2018 £	Cash flow £	Other non- cash changes £	30 September 2019 £
Net cash:				
Cash at bank and in hand	3,089,678	(35,641)	-	3,054,037
Bank overdraft	-	-	-	-
	<u>3,089,678</u>	<u>(35,641)</u>	<u>-</u>	<u>3,054,037</u>
Debt:				
Hire purchase contracts		-	-	-
Loans due in less than one year	(70,644)	65,087	-	(5,557)
	<u>(70,664)</u>	<u>65,087</u>	<u>-</u>	<u>(5,557)</u>
Net funds	<u>3,019,034</u>	<u>29,446</u>	<u>-</u>	<u>3,048,480</u>

ABA EQUITY LIMITED

Notes to the Group Cash Flow Statement For the Year Ended 30 September 2019

3 Reconciliation of net cash flow to movement in net funds

	Year ended 30 September 2019 £	Year ended 30 September 2018 £
Opening net funds	3,019,035	1,645,861
(Decrease)/Increase in cash in the year	(35,642)	1,204,431
Cash inflow from increase in debt	65,087	168,743
Movement in net funds in the year	29,445	1,373,174
Net funds on reconstruction	-	-
Closing net funds	3,048,480	3,019,035

ABA EQUITY LIMITED

Notes to the Financial Statements For the Year Ended 30 September 2019

1. Accounting policies

1.1 Company Information

ABA Equity Limited is a limited company domiciled and incorporated in Scotland. The registered office is 1 Anthony Road Largs North Ayrshire KA30 8EQ.

1.2 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.

1.3 Going Concern

The group also pays special attention to the recent COVID-19 outbreak and the associated impact on the business, which is detailed within Risks and Uncertainties in the Strategic Report. These risks include:

Following the global outbreak of the COVID-19 virus subsequent to the year end, the group is exposed to the following risks:

- A fall in revenue and decreased cash flow due to lower general economic activity throughout the UK, the closure of the hospitality trade while lockdown measures are in place and a reduced customer base through business failures in that sector.
- Interruption to operations due to absence of staff for a period due to either contracting the virus or measures taken to contain an outbreak within the warehouse;
- The continued supply of wines, spirits, beers and soft drinks.

Although it is not possible to reliably estimate the length or severity of the outbreak, at the date of signing, the Group has taken steps to deal with the risks presented and is actively managing its cost base to operate within current and forecast income levels. The directors acknowledge the situation could change suddenly depending on how the situation evolves and will assess and respond to any change in risk as appropriate.

The current and future financial position of the group, its cash flow and liquidity position have been reviewed by the directors. The group has evolved its business model to supply to a wider customer base, including direct to customers. The directors have prepared detailed financial projections for a period extending to at least 12 months from the date of approval of these financial statements. These have been sensitised to reflect trading at levels achieved during societal lockdown. This indicates that the group can continue to operate solvently with existing funding and working capital resources. The directors are confident that the existing funding facilities will provide sufficient headroom to meet forecast cash requirements having considered any additional requirements that would be contingent on an extended downturn in activity over the same period (specifically in relation to the COVID-19 pandemic).

As such, the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

ABA EQUITY LIMITED

Notes to the Financial Statements For the Year Ended 30 September 2019

1.4 Basis of consolidation

The group financial statements consolidate the financial statements of the company and each of its subsidiary undertakings for the year to 30 September 2019. Intra-group sales, profits and balances are eliminated fully on consolidation.

1.5 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.

1.6 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.

1.7 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.

1.8 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

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2019

1.9 Impairment of fixed assets

At each reporting year 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.

1.10 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.

1.11 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.

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2019

1.12 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.

1.13 Stocks

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

1.14 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.

1.15 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 year. 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.

1.16 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.

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 year in which the estimate is revised where the revision affects only that year, or in the year of the revision and future years where the revision affects both current and future years.

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2019

3. Staff Costs

Number of employees

The average monthly number of employees for the year were:

	2019 No.	2018 No.
Warehouse & distribution	118	121
Selling	30	31
Administration	44	44
	<u>192</u>	<u>196</u>

Employment costs

	£	£
Wages and salaries	4,677,269	4,695,266
Social security costs	421,887	440,044
Other pension costs	170,935	161,348
	<u>5,270,091</u>	<u>5,296,658</u>

4. Operating profit

	2019 £	2018 £
Operating profit is stated after charging:		
Depreciation – owned assets	506,854	464,775
Depreciation – assets on hire purchase contracts	44,706	131,425
Impairment of owned tangible fixed assets	80,841	-
Auditors' remuneration of parent undertaking – Wylie & Bisset (Audit) Ltd	6,153	4,894
Other non-audit services to parent undertaking	1,000	1,000
(Profit)/loss on disposal of fixed assets	19,479	3,341
Goodwill amortisation	394,407	394,407
Auditors' remuneration of subsidiary undertakings – Campbell Dallas LLP	26,500	29,750
Taxation compliance services – subsidiary undertakings – Campbell Dallas LLP	4,200	4,000
Taxation advisory services – subsidiary undertakings – Campbell Dallas LLP	350	350
Foreign exchange (gains)/losses	<u>(96,001)</u>	<u>119,627</u>

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For Year Ended 30 September 2019

5.	Interest payable and similar charges	2019	2018
		£	£
	Bank interest	300	3,597
	Hire purchase	4,170	11,751
		<u>4,470</u>	<u>15,348</u>
6.	Taxation	2019	2018
		£	£
	Domestic current year tax:		
	UK corporation tax	140,583	151,227
	Overprovision in respect of prior year	<u>9</u>	<u>-</u>
	Total current tax	<u>140,592</u>	<u>151,227</u>
	Deferred tax		
	Deferred tax charge	<u>15,347</u>	<u>(6,153)</u>
		<u>155,939</u>	<u>145,074</u>
	Factors affecting the tax charge for the year:	£	£
	Profit on ordinary activities before taxation	<u>267,342</u>	<u>181,454</u>
	Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 19% (2018 – 19%)	50,795	34,476
	Effects of:		
	Non deductible expenses	19,734	33,189
	Adjustments in respect of prior years	9	-
	Fixed asset differences	87,206	76,685
	Adjust closing deferred tax to average of 19%	<u>(1,805)</u>	<u>724</u>
	Current tax charge for the year	<u>155,939</u>	<u>145,074</u>

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2019

7. Impairment

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Note	2019 £	2018 £
In respect of:			
Property, plant and equipment	13	<u>80,841</u>	<u>-</u>
Recognised in:			
Administrative expenses		<u>80,841</u>	<u>-</u>

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

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 year was £28,817 (year to 30 September 2018: £68,080 loss).

9. Intangible fixed assets Group

	Goodwill £	Software £	Total £
Cost			
At 1 October 2018	5,239,981	-	5,239,981
Additions	-	416,350	416,350
Transfers	-	91,357	91,357
At 30 September 2019	<u>5,239,981</u>	<u>507,707</u>	<u>5,747,688</u>
Amortisation			
At 1 October 2018	2,260,805	-	2,260,805
Charge for the year	394,407	-	394,407
At 30 September 2019	<u>2,655,212</u>	<u>-</u>	<u>2,655,212</u>
Net book value			
At 30 September 2019	<u>2,584,769</u>	<u>507,707</u>	<u>3,092,476</u>
At 30 September 2018	<u>2,979,176</u>	<u>-</u>	<u>2,979,176</u>

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2019

9. Intangible fixed assets

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 of William Morton Ltd by the company.

10. Tangible fixed assets Group

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Totals £
Cost				
At 1 October 2018	1,496,691	2,155,234	1,935,440	5,587,365
Additions	-	30,421	52,393	82,814
Disposals	-	(49,387)	(165,396)	(214,783)
Transfers	-	(91,357)	-	(91,357)
At 30 September 2019	<u>1,496,691</u>	<u>2,044,911</u>	<u>1,822,437</u>	<u>5,364,039</u>
Depreciation				
At 1 October 2018	325,981	596,978	1,286,915	2,209,874
Charge for the year	49,868	231,780	269,912	551,560
Impairment Losses	80,841	-	-	80,841
Eliminated on disposal	-	(32,114)	(140,538)	(172,652)
At 30 September 2019	<u>456,690</u>	<u>796,644</u>	<u>1,416,289</u>	<u>2,669,623</u>
Net book value				
At 30 September 2019	<u>1,040,001</u>	<u>1,248,267</u>	<u>406,148</u>	<u>2,694,416</u>
At 30 September 2018	<u>1,170,710</u>	<u>1,558,256</u>	<u>648,525</u>	<u>3,377,491</u>

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2019

11. Fixed asset investments Company

Cost

At 1 October 2018 and 30 September 2019

Subsidiary undertakings

2,613,000

Net Book Value

At 30 September 2018 and 30 September 2019

2,613,000

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:	% Holding
Ordinary	50

12. Subsidiaries

Details of the company's subsidiaries at 30 September 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Inverarity Vaults Limited	1)	Dormant company	Ordinary	100
Dollar Top Limited	1)	Investment holding company	Ordinary	100
Forth Wine Limited	1)	Dormant company	Ordinary	100
Dollar Prop Limited	1)	Property holding company	Ordinary	100
JA Glass Limited	1)	Dormant company	Ordinary	100
William Morton Limited	1)	Trading company	Ordinary	100

1) 7 Evanton Drive, Thornlibank Industrial Estate, Glasgow, G46 8HL.

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2019

13. Stocks

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Goods for resale	8,447,554	8,214,431	-	-

14. Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	8,835,125	8,491,744	-	85,938
Amounts owed by related undertakings	938,424	988,424	14,688,424	988,424
Other debtors	9,651	2,857	100	100
Directors loan account	-	-	-	-
Prepayments & accrued income	547,853	284,408	28,646	28,646
Loan to subsidiary (note 25)	-	-	-	13,750,000
	10,331,053	9,767,433	14,717,170	14,853,108

15. Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Hire purchase contracts (See note 15)	5,557	65,087	-	-
Trade creditors	5,477,082	5,592,500	-	7,770
Amounts owed to group undertakings	511,944	511,944	511,944	511,944
Amounts owed to related parties	16,363,000	16,363,000	16,363,000	16,363,000
Tax	140,583	215,913	6,830	66,723
Other taxes and social security costs	1,471,862	1,235,674	-	-
VAT	-	-	-	-
Other creditors	229,182	113,209	-	-
Accruals and deferred income	364,017	395,767	6,784	6,784
	24,563,227	24,493,094	16,888,558	16,956,221

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2019

16. Creditors: amounts falling due after more than one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Hire purchase contracts	-	5,557	-	-

17. Obligations under hire purchase contracts and leases

	Group Hire purchase contracts 2019 £	Group Hire purchase contracts 2018 £
Net obligations repayable:		
Within one year	5,557	65,087
Between two and five years	-	5,557
	<u>5,557</u>	<u>70,644</u>

Hire purchase creditors are secured on the assets concerned.

18. Provisions for liabilities

	Group 2019 Deferred tax £	Group 2018 Deferred tax £
Balance at 1 October 2018	78,002	84,155
Provided during year	<u>15,347</u>	<u>(6,153)</u>
Balance at 30 September 2019	<u>93,349</u>	<u>78,002</u>

19. Called up share capital

	2019 £	2018 £
Allotted, issued and fully paid 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2019

20. Minority interest

	2019 £	2018 £
Balance at 1 October 2018	1,767,438	1,712,682
Share of retained profits	41,293	54,756
Balance at 30 September 2019	<u>1,808,731</u>	<u>1,767,438</u>

21. Financial commitments, guarantees and 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 the company's assets and undertakings and by a standard security over its freehold property.

The undertakings amongst which cross guarantees exist as follows:

William Morton Limited, Inverarity Vaults Limited, Dollar Top Limited, Dollar Pop Limited and Forth Wines Limited.

At 30 September 2019 the group had commitments under foreign exchange contracts to purchase EUR 2,513,000 (2018- EUR 2,120,000).

22. 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 year amounted to £170,935 (2018: £161,348). Contributions made by the company during the year were £nil (2018: £nil).

23. Other financial commitments

At 30 September 2019 the group had commitments under foreign exchange contracts to purchase EUR 2,513,000 (2018 – EUR 2,120,000).

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2019

24. Leasing Agreements

Minimum lease payments fall due as follows:

Group	Hire purchase contracts	
	2019	2018
	£	£
Net obligations repayable:		
Within one year	5,557	65,087
Between one and five years	-	5,557
	<u>5,557</u>	<u>70,644</u>

Hire purchase creditors are secured on the assets concerned.

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	138,164	145,076
Between one and five years	43,545	81,709
	<u>181,709</u>	<u>226,785</u>

25. Related party disclosures

2019 2018

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	£	£
Aggregate compensation	<u>223,886</u>	<u>239,023</u>

The directors consider the key management personnel to be the directors.

The following transactions took place during the year 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 2019 (2018: £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 2019 (2018: £3,272,600) and is included within shareholder loans in creditors: amounts due within less than one year.

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2019

25. Related party disclosures

Revie and Co Limited

£3,272,600 was owed to Revie and Co Limited at 30 September 2019 (2018: £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 2019 (2018: £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 2019 (2018: £3,272,600) and is included within shareholder loans in creditors: amounts due within less than one year.

William Morton Ltd

At the year end a loan of £28,646 (2018: £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 Estates Ltd

Ms G Smith, Mr A Bulloch and Mr H Jagielko are directors of ABA Equity Limited and directors of ABA Estates Limited. During the year rent of £100,000 (2018: £100,000) was paid to ABA Estates Limited.

26. Ultimate controlling party

No single entity or individual controls the company.