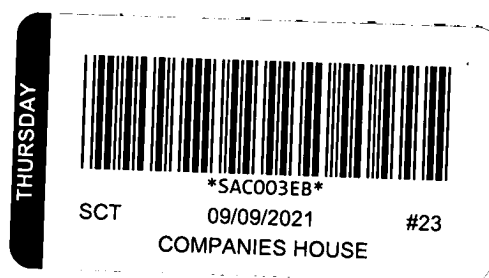


Company Registration No. SC489188 (Scotland)

ABA EQUITY LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020



ABA EQUITY LIMITED

Company Information

Directors	Henry John Jagielko Gail Irene Allan Smith Alexander Bulloch (Resigned 05/01/2020)
Company number	SC489188
Registered office	1 Anthony Road Largs North Ayrshire KA30 8EQ
Auditors	Wylie & Bisset (Audit) Ltd Chartered Accountants 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 2020

The directors present their strategic report for the year ended 30 September 2020.

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 a decrease in turnover in 2020 to £ 43.6m (2019 - £70.0 m) with margin remaining consistent at 14.1 % (2019 - 14.3 %), but with a loss before tax of £1.6m (2019 - £267k profit). Net assets of the Group decreased to £1.52m (2019 - £2.96 m). This is as a result of restricted trading conditions during Covid. Further details are provided below.

During the year the Group suffered from the decline in sterling exchange rates. Actions were taken during the year to mitigate much of this decline but has resulted in a small decrease in the margin rate.

The Group continues to be committed to product improvement in both quality and presentation.

Principal Risks and uncertainties

At the date of signing the accounts, the UK economy continues to be significantly affected by the ongoing COVID-19 outbreak. During the second half of the financial year in particular, the group were impacted from the widespread restrictions imposed in the sector, resulting in the year on year fall in revenue as noted in these accounts. The group continues to be 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 an absence of staff for a period due to either contracting the virus or measures taken to contain an outbreak in the warehouse;
- The continued supply of wines, spirits, beers and soft drinks;

The group continues to follow government guidance concerning all aspects of the pandemic to ensure that best practice precautions are applied, and is constantly 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 changes.

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 the assumption that trading may not reach pre-pandemic levels. This indicates that the group can continue to operate solvently within existing funding and working capital resources.

ABA EQUITY LIMITED

Strategic Report

For the Year Ended 30 September 2020

As for many businesses in this market, the environment in which the group operates continues to be challenging. The Scottish market is competitive, and margins continue to be tight. In common with most businesses the group continues to monitor the impact of Brexit, in particular its effect on foreign exchange rates and the ability to secure goods timeously from EU suppliers. The group has taken steps to minimise the effect of these risks by forward contracting exchange rates and maintaining its stock levels.

The group is well placed to meet the challenges and remains committed to developing its product range and markets.

Key performance indicators

The groups key financial performance indicators are turnover, margins and stockholdings.

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.

ON BEHALF OF THE BOARD:



Henry Jagielko
Director
28 July 2021

ABA EQUITY LIMITED

Directors' Report

For the Year Ended 30 September 2020

The directors present their report and financial statements for the year ended 30 September 2020.

Results and dividends

The group's results for the year are set out on page 8.

Directors

The following directors have held office during the year:

Mr A Bulloch (resigned 05/01/2020)

Mr H Jagielko

Mrs G Smith

Auditors

On 1 April 2020 Wylie & Bisset (Audit) Limited became the auditor of ABA Equity Limited due to the transfer of the audit registration license from Wylie & Bisset LLP. 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.

Energy and carbon report

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

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.

ABA EQUITY LIMITED

Directors' Report

For the Year Ended 30 September 2020

Strategic Report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

On behalf of the board

A handwritten signature in black ink, appearing to be 'H. Jagielko', written over a horizontal line.

Henry Jagielko

Director

28 July 2021

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 2020 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 2020, and of the group's loss 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.

Emphasis of matter - risks and uncertainties relating to COVID-19 pandemic

We draw attention to note 1.3 of the financial statements, which details the risks and uncertainties arising from the COVID-19 pandemic. Our opinion is not modified with respect to this matter.

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.

ABA EQUITY LIMITED

Independent Auditors' Report To the Members of ABA EQUITY LIMITED

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.

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.

ABA EQUITY LIMITED

Independent Auditors' Report To the Members of ABA EQUITY LIMITED

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.

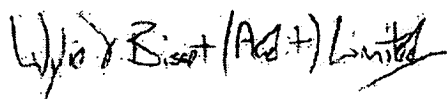
Auditor's Responsibility for the audit of the financial statements

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 (Statutory Auditor)**

Date: 28 July 2021

168 Bath Street
Glasgow
G2 4TP

ABA EQUITY LIMITED**Group Profit and Loss Account
For the Year Ended 30 September 2020**

	Notes	Year ended 30 September 2020 £	Year ended 30 September 2019 £
Turnover	3	43,572,103	70,014,912
Cost of sales		<u>37,415,605</u>	<u>59,983,993</u>
Gross profit		6,156,498	10,030,919
Net operating expenses		<u>8,895,804</u>	<u>9,759,107</u>
Other operating income		1,105,394	-
Operating (loss)/profit	6	(1,633,912)	271,812
Interest receivable and similar income		<u>1,944</u>	<u>-</u>
		(1,631,968)	271,812
Interest payable and similar charges	7	<u>523</u>	<u>4,470</u>
(Loss)/profit on ordinary activities before taxation		(1,632,491)	267,342
Tax on profit on ordinary activities	8	<u>(162,916)</u>	<u>155,939</u>
(Loss)/profit after tax before minority interest		(1,469,575)	111,403
Minority interest	21	<u>856,977</u>	<u>(41,293)</u>
(Loss)/profit for the year after minority interest		<u>(612,598)</u>	<u>70,110</u>

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

ABA EQUITY LIMITED**Group Statement of Comprehensive Income
For the Year Ended 30 September 2020**

		Year ended 30 September 2020 £	Year ended 30 September 2019 £
(Loss)/profit on ordinary activities after minority interest		(612,598)	70,110
Other comprehensive income			
Revaluation of tangible fixed assets	12	<u>29,159</u>	<u>-</u>
Total comprehensive (loss)/income for the year		<u>(583,439)</u>	<u>70,110</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

ABA EQUITY LIMITED

Group Balance Sheet As at 30 September 2020

		30 September 2020 £	30 September 2019 £
	Notes		
Fixed assets			
Intangible fixed assets	11	2,627,554	3,092,476
Tangible fixed assets	12	2,203,035	2,694,416
		<u>4,830,589</u>	<u>5,786,892</u>
Current assets			
Stocks	15	7,522,266	8,447,554
Debtors	16	6,663,709	10,331,053
Cash at bank and in hand		5,151,793	3,054,037
		<u>19,337,768</u>	<u>21,832,644</u>
Creditors: amounts falling due within one year	17	<u>(22,645,813)</u>	<u>(24,563,227)</u>
Net current (liabilities)		<u>(3,308,045)</u>	<u>(2,730,583)</u>
Total assets less current liabilities		1,522,544	3,056,309
Provisions for liabilities	19	-	(93,349)
Net assets		<u>1,522,544</u>	<u>2,962,960</u>
Capital and reserves			
Called up share capital	20	100	100
Revaluation Reserve	29	29,159	-
Profit and loss account		541,531	1,154,129
Shareholders' funds		<u>570,790</u>	<u>1,154,229</u>
Minority interest	21	951,754	1,808,731
		<u>1,522,544</u>	<u>2,962,960</u>

Approved by the board and authorised for issue on 28 July 2021.



Henry Jagielko
Director

Company Registration No. SC489188

ABA EQUITY LIMITED**Company Balance Sheet
As at 30 September 2020**

		30 September 2020 £	30 September 2019 £
Fixed assets	Notes		
Investments	13	2,613,000	2,613,000
		<u>2,613,000</u>	<u>2,613,000</u>
Current assets			
Debtors	16	14,803,108	14,717,170
Cash		523,205	278,249
		<u>15,326,313</u>	<u>14,995,419</u>
Creditors: amounts falling due within one year			
	17	<u>(16,945,914)</u>	<u>(16,888,558)</u>
Net current (liabilities)		<u>(1,619,602)</u>	<u>(1,893,139)</u>
Total assets less current liabilities		<u>993,398</u>	<u>719,861</u>
Net Assets		<u>993,398</u>	<u>719,861</u>
Capital and reserves			
Called up share capital	20	100	100
Profit and loss account		<u>993,298</u>	<u>719,761</u>
Shareholders' funds		<u>993,398</u>	<u>719,861</u>

Approved by the board and authorised for issue on 28 July 2021

Henry Jagielko
Director

Company Registration No. SC489188

ABA EQUITY LIMITED**Group Statement of Changes in Equity
For the Year Ended 30 September 2020**

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
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
Year ended 30 September 2020:				
Loss for the year	-	-	(612,598)	(612,598)
Other comprehensive income: Revaluation of tangible fixed assets	-	29,159	-	29,159
Balance at 30 September 2020	100	29,159	541,531	570,790

ABA EQUITY LIMITED

**Group Cash Flow Statement
For the Year Ended 30 September 2020**

		Year ended 30 September 2020	Year ended 30 September 2019
	Notes	£	£
Net cash inflow from operating activities	1	2,544,645	666,457
Returns on investments and servicing of finance			
Interest received		-	-
Interest paid		(344,273)	(4,470)
Net cash inflow for returns on investments and servicing of finance		(344,273)	(4,470)
Taxation		(64,186)	(156,030)
Capital expenditure and financial investments			
Purchase of fixed assets		(66,540)	(499,164)
Sale of fixed assets		33,668	22,652
Net cash inflow from capital expenditure and financial investments		(32,872)	(476,512)
Financing			
Capital repayments	2	(5,557)	(65,087)
Net cash (outflow) from financing		(5,557)	(65,087)
Increase/(Decrease) in cash in year	3	2,097,756	(36,642)

ABA EQUITY LIMITED

Notes to the Group Cash Flow Statement For the Year Ended 30 September 2020

1 Reconciliation of operating profit to net cash inflow from operating activities	Year ended	Year ended
	30 September 2020 £	30 September 2019 £
Group operating (loss)/profit	(2,739,306)	271,812
Interest receivable and similar income	345,694	-
Other income	1,105,394	-
Depreciation	567,074	551,560
Amortisation	464,922	394,407
Impairment	-	80,841
(Profit)/Loss on disposal of fixed assets	(13,872)	19,479
Decrease/(Increase) in stock	925,288	(233,123)
Decrease/(Increase) in debtors	3,581,618	(477,682)
(Decrease)/Increase in creditors	(1,692,167)	59,163
Net cash inflow from operating activities	2,544,645	666,457

2 Analysis of net funds	30 September 2019 £	Cash flow £	30 September 2020 £
Net cash:			
Cash at bank and in hand	3,054,037	2,097,756	5,151,793
Bank overdraft	-	-	-
	<u>3,054,037</u>	<u>2,097,756</u>	<u>5,151,793</u>
Debt:			
Hire purchase contracts	-	-	-
Loans due in less than one year	(5,557)	5,557	-
	<u>(5,557)</u>	<u>5,557</u>	<u>-</u>
Net funds	3,048,480	2,103,313	5,151,793

ABA EQUITY LIMITED**Notes to the Group Cash Flow Statement
For the Year Ended 30 September 2020**

3 Reconciliation of net cash flow to movement in net funds

	Year ended 30 September 2020 £	Year ended 30 September 2019 £
Opening net funds	3,048,480	3,019,035
Increase/(Decrease) in cash in the year	2,097,756	(35,642)
Cash inflow from increase in debt	5,557	65,087
Movement in net funds in the year	2,103,313	29,445
Net funds on reconstruction		-
Closing net funds	5,151,793	3,048,480

ABA EQUITY LIMITED

Notes to the Financial Statements For the Year Ended 30 September 2020

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 directors are required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business. In satisfaction of this responsibility the directors have considered the group's ability to meet its liabilities as they fall due.

The UK economy continues to be significantly affected by the ongoing COVID-19 outbreak. The group continues to be 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 has actively managed its cost base reducing employee numbers and utilising government furlough assistance. The group is continuing to actively monitor and manage the risks and its cost base to operate within current and forecast income levels.

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 2020

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 2020. 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 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual value over their useful lives on the following basis:

Software	– 17% on cost
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Software in the course of construction is not amortised until the asset is brought into use.

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2020

1.9 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

1.10 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.

1.11 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.

1.12 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.

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2020

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.

1.13 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.

1.14 Stocks

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

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 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.

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2020

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.

1.17 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.

1.18 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock and bad debt provisions

Stocks are valued at the lower of cost and selling price less costs to complete and sell. This includes, where necessary, provisions for slow moving stocks. Calculations of these provisions requires judgements to be made, including the competitive and economic environment and market trends.

Calculations made in respect of provisions for doubtful debts requires judgement. This judgement is based on customer base and the economic environment.

ABA EQUITY LIMITED**Notes to the Financial Statements (Continued)**
For the Year Ended 30 September 2020**3. Turnover and other revenue****Turnover analysed by class of business**

	2020	2019
	£	£
Wholesale	43,440,852	69,789,179
Retail	131,251	225,733
	<u>43,572,103</u>	<u>70,014,912</u>

4. Staff Costs**Number of employees**

The average monthly number of employees for the year were:

	2020	2019
	No.	No.
Warehouse & distribution	118	118
Selling	27	30
Administration	41	44
	<u>186</u>	<u>192</u>

Employment costs

	£	£
Wages and salaries	4,233,104	4,677,269
Social security costs	408,972	421,887
Other pension costs	146,990	170,935
	<u>4,789,066</u>	<u>5,270,091</u>

All employees are those of the subsidiary.

5. Directors' Remuneration

	2020	2019
	£	£
Remuneration for qualifying services	161,124	223,886
Company pension contributions to defined contribution schemes	26,892	45,130
	<u>188,016</u>	<u>269,016</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019: 2)

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued)

For the Year Ended 30 September 2020

6.	Operating profit	2020 £	2019 £
	Operating profit is stated after charging:		
	Depreciation – owned assets	412,915	506,854
	Depreciation – assets on hire purchase contracts	-	44,706
	Impairment of owned tangible fixed assets	-	80,841
	Auditors' remuneration of parent undertaking – Wylie & Bisset (Audit) Ltd	5,974	6,153
	Other non-audit services to parent undertaking	810	1,000
	(Profit)/loss on disposal of fixed assets	(13,872)	19,479
	Goodwill amortisation	464,922	394,407
	Auditors' remuneration of subsidiary undertakings – Azets Audit Services	32,420	26,500
	Taxation compliance services – subsidiary undertakings – Azets Audit Services	4,250	4,200
	Taxation advisory services – subsidiary undertakings – Azets Audit Services	350	350
	Foreign exchange (gains)/losses	<u>(139,273)</u>	<u>(96,001)</u>
7.	Interest payable and similar charges	2020 £	2019 £
	Bank interest	167	300
	Hire purchase	356	4,170
		<u>523</u>	<u>4,470</u>

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued)
For Year Ended 30 September 2020

8. Taxation	2020 £	2019 £
Domestic current year tax:		
UK corporation tax	(69,567)	140,583
Overprovision in respect of prior year	<u>-</u>	<u>9</u>
Total current tax	(69,567)	140,592
Deferred tax		
Deferred tax charge	<u>(93,349)</u>	<u>15,347</u>
	<u>(162,916)</u>	<u>155,939</u>
Factors affecting the tax charge for the year:	£	£
(Loss)/profit on ordinary activities before taxation	<u>(1,632,491)</u>	<u>267,342</u>
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 19% (2019 – 19%)	(310,173)	50,795
Effects of:		
Non deductible expenses	16,916	19,734
Adjustments in respect of prior years	-	9
Fixed asset differences	79,874	87,206
Tangible fixed asset impairment	44,650	-
Reversal of impairment	(15,360)	-
Deferred tax asset not recognised	10,195	-
Adjust closing deferred tax to average of 19%	<u>10,982</u>	<u>(1,805)</u>
Current tax charge for the year	<u>(162,916)</u>	<u>155,939</u>

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2020

9. Impairment

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

	Note	2020	2019
		£	£
In respect of:			
Property, plant and equipment	13	<u>235,000</u>	<u>80,841</u>
Recognised in:			
Administrative expenses		<u>235,000</u>	<u>80,841</u>

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

Reversals of previous impairment losses have been recognised in profit or loss as follows:

	Note	2020	2019
		£	£
In respect of:			
Property, plant and equipment	13	<u>80,841</u>	<u>-</u>
Recognised in:			
Administrative expenses		<u>80,841</u>	<u>-</u>

10. 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 £273,537 (year to 30 September 2019: £28,817).

ABA EQUITY LIMITED**Notes to the Financial Statements (Continued)**
For the Year Ended 30 September 2020

11. Intangible fixed assets
Group

	Goodwill	Software	Total
	£	£	£
Cost			
At 1 October 2019	<u>5,239,981</u>	<u>507,707</u>	<u>5,747,688</u>
At 30 September 2020	<u>5,239,981</u>	<u>507,707</u>	<u>5,747,688</u>
Amortisation			
At 1 October 2019	2,655,212	-	2,655,212
Charge for the year	<u>394,407</u>	<u>70,151</u>	<u>464,558</u>
At 30 September 2020	<u>3,049,619</u>	<u>70,151</u>	<u>3,119,770</u>
Net book value			
At 30 September 2020	<u>2,190,362</u>	<u>437,192</u>	<u>2,627,554</u>
At 30 September 2019	<u>2,584,769</u>	<u>507,707</u>	<u>3,092,476</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 of William Morton Ltd by the company.

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2020

12. Tangible fixed assets Group

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Totals £
Cost				
At 1 October 2019	1,496,691	2,044,911	1,822,437	5,364,039
Additions	-	42,287	24,253	66,540
Disposals	-	-	(114,255)	(114,255)
Revaluation	29,159	-	-	29,159
At 30 September 2020	<u>1,525,850</u>	<u>2,087,198</u>	<u>1,732,435</u>	<u>5,345,483</u>
Depreciation				
At 1 October 2019	456,690	796,644	1,416,289	2,669,623
Charge for the year	38,400	191,393	191,522	421,315
Impairment losses	235,000	-	-	235,000
Reversal of past impairment	(80,841)	-	-	(80,841)
Eliminated on disposal	-	-	(94,249)	(94,249)
At 30 September 2020	<u>640,849</u>	<u>988,037</u>	<u>1,513,562</u>	<u>3,142,448</u>
Net book value				
At 30 September 2020	<u>885,001</u>	<u>1,099,161</u>	<u>218,873</u>	<u>2,203,035</u>
At 30 September 2019	<u>1,040,001</u>	<u>1,248,267</u>	<u>406,148</u>	<u>2,694,416</u>

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2020

13. Fixed asset investments Company

	Subsidiary undertakings
Cost	
At 1 October 2019 and 30 September 2020	<u>2,613,000</u>
Net Book Value	
At 30 September 2019 and 30 September 2020	<u>2,613,000</u>

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

14. Subsidiaries

Details of the company's subsidiaries at 30 September 2020 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	50

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

15. Stocks

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Goods for resale	7,522,266	8,447,554	-	-

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2020

16. Debtors

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	5,468,885	8,835,125	85,937	-
Amounts owed by related undertakings	938,424	988,424	14,688,424	14,688,424
Other debtors	18,650	2,857	100	100
Directors loan account	-	-	-	-
Prepayments & accrued income	237,750	547,853	28,647	28,646
	<u>6,663,709</u>	<u>10,331,053</u>	<u>14,803,108</u>	<u>14,717,170</u>

17. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Hire purchase contracts (See note 18)	-	5,557	-	-
Trade creditors	3,695,047	5,477,082	-	-
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	64,186	140,583	64,186	6,830
Other taxes and social security costs	1,368,915	1,471,862	-	-
VAT	-	-	-	-
Other creditors	166,556	229,182	-	-
Accruals and deferred income	476,165	364,017	6,784	6,784
	<u>22,645,813</u>	<u>24,563,227</u>	<u>16,945,914</u>	<u>16,888,558</u>

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2020

18. Obligations under hire purchase contracts and leases

	Group Hire purchase contracts 2020 £	Group Hire purchase contracts 2019 £
Net obligations repayable:		
Within one year	-	5,557
Between two and five years	-	-
	<u>-</u>	<u>5,557</u>

Hire purchase creditors are secured on the assets concerned.

19. Provisions for liabilities

	Group 2020 Deferred tax £	Group 2019 Deferred tax £
Balance at 1 October 2019	93,349	78,002
Provided during year	(93,349)	15,347
Balance at 30 September 2020	<u>-</u>	<u>93,349</u>

20. Called up share capital

	2020 £	2019 £
Allotted, issued and fully paid 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

21. Minority interest

	2020 £	2019 £
Balance at 1 October 2019	1,808,731	1,767,438
Share of retained (losses)/profits	(856,977)	41,293
Balance at 30 September 2020	<u>951,754</u>	<u>1,808,731</u>

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2020

22. 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.

23. 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 £146,990 (2019: £170,935). Contributions made by the company during the year were £nil (2019: £nil).

24. Other financial commitments

At 30 September 2020 the group had commitments under foreign exchange contracts to purchase EUR 1,491,552 (2019 – EUR 2,513,000).

25. Leasing Agreements

Minimum lease payments fall due as follows:

Group	Hire purchase contracts	
	2020	2019
	£	£
Net obligations repayable:		
Within one year	-	5,557
Between one and five years	-	-
	<u>-</u>	<u>5,557</u>

Hire purchase creditors are secured on the assets concerned.

	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	131,252	138,164
Between one and five years	<u>12,293</u>	<u>43,545</u>
	<u>143,545</u>	<u>181,709</u>

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2020

26.	Related Parties	2020	2019
	Remuneration of key management personnel		
	Remuneration of key management personnel is as follows:		
		£	£
	Aggregate compensation	<u>161,124</u>	<u>223,886</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 2020 (2019: £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 2020 (2019: £3,272,600) and is included within shareholder loans in creditors: amounts due within less than one year.

27. Related party disclosures

Revie and Co Limited

£3,272,600 was owed to Revie and Co Limited at 30 September 2020 (2019: £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 2020 (2019: £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 2020 (2019: £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 (2019: £28,646) 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 £75,000 (2019: £100,000) was paid to ABA Estates Limited.

ABA EQUITY LIMITED

Notes to the Financial Statements (Continued) For the Year Ended 30 September 2020

- 28. Ultimate controlling party**
No single entity or individual controls the company.

29. Revaluation reserve	Group	2019	Company	2019
	2020 £	£	2020 £	£
At the beginning of the year	-	-	-	-
Revaluation surplus arising in the year	29,159	-	-	-
At the end of the year	29,159	-	-	-

- 30. Change in accounting policy**
The group has changed to a policy of revaluation within the financial statements in the year ended 30 September 2020. This has resulted in a reversal of the previous impairment provision of £80,841, an impairment of £235,000 and a revaluation reserve of £29,159. The directors consider this will give a more reliable basis and consider there is no material impact on earlier periods.