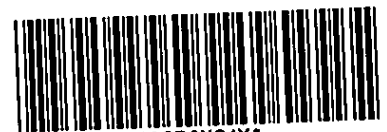


Registered No: 4818878

Tough Developments Limited  
Annual report  
For the year ended 27 June 2008

SATURDAY



\*A2B0X94X\*

A15

18/04/2009

117

COMPANIES HOUSE

# **Tough Developments Limited**

## **Annual report for the year ended 27 June 2008**

	<b>Page(s)</b>
Company information	1
Directors' report	2 - 3
Independent auditor's report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 -13

## **Company information**

### **Directors**

A H G Laithwaite  
B A Laithwaite  
F A Stratford  
A S Fraser

### **Registered office**

New Aquitaine House  
Exeter Way  
Theale  
Reading  
Berkshire  
RG7 4PL

### **Independent auditors**

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

### **Bankers**

Barclays  
3-5 Kings Street  
Reading  
RG1 2HD

### **Solicitors**

Nabarro  
Lacon House  
84 Theobald's Road  
London  
WC1X 8RW

**Directors' report for the year ended 27 June 2008**

The directors present their report and the audited financial statements of the company for the year ended 27 June 2008.

**Principal activity**

The principal activity of the company during the period was running a wine bar.

**Review of business and future developments**

The company has incurred an operating loss in the current year. The directors are confident that further cost savings, allied with improved profit margins will continue to enhance the company's trading prospects.

Direct Wines Limited, the company's parent undertaking, has indicated its intention to provide such ongoing financial support as is necessary for the company to continue in operation and to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

**Results and dividends**

The loss for the year amounted to £74,127 (2007: profit of £671,996).

The directors have not recommended payment of a dividend (2007: Nil).

**Directors**

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

A H G Laithwaite

B A Laithwaite

D T Ash

(Resigned 14 November 2007)

O C Garland

(Resigned 29 April 2008)

F A Stratford

(Appointed 5 March 2008)

A S Fraser

(Appointed 1 April 2008)

**Financial risk management**

The business is not exposed to foreign currency risk.

Liquidity risk is monitored by management and the parent company provides financial support on an ongoing basis.

**Statement as to disclosure of information to auditors**

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

This statement is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

## **Directors' report for the year ended 27 June 2008 (continued)**

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

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

The auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



F Stratford  
Director

## **Independent auditor's report to the members of Tough Developments Limited**

We have audited the financial statements of Tough Developments Limited for the year ended 27 June 2008 which comprise the Profit and loss account, the Balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 27 June 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Reading  
17 December 2008

## Profit and loss account for the year ended 27 June 2008

	Note	Year ended 27 June 2008 £	Year ended 29 June 2007 £
<b>Turnover</b>	2	112,002	135,166
Cost of sales		(51,013)	(52,504)
<b>Gross profit</b>		60,989	82,662
Net operating expenses	3	(135,116)	(141,250)
Other operating income	4	-	730,584
<b>Operating (loss)/profit</b>		(74,127)	671,996
<b>(Loss)/profit on ordinary activities before taxation</b>	5	(74,127)	671,996
Tax on (loss)/profit on ordinary activities	7	-	-
<b>(Loss)/retained profit for the year</b>	14	(74,127)	671,996

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

The company has no recognised gains and losses other than the (loss)/profit above and therefore no separate statement of total recognised gains and losses has been presented.

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

## Balance sheet as at 27 June 2008

	Note	27 June 2008 £	29 June 2007 £
<b>Fixed assets</b>			
Tangible assets	8	2,924	6,020
<b>Current assets</b>			
Stocks	9	7,665	5,411
Debtors	10	15,973	14,446
Cash at bank and in hand		65,721	53,128
		89,359	72,985
<b>Creditors - Amounts falling due within one year</b>	11	(9,248)	(5,648)
<b>Net current assets</b>		80,111	67,337
<b>Total assets less current liabilities</b>		83,035	73,357
<b>Creditors - Amounts falling due after more than one year</b>	12	(136,791)	(52,986)
<b>Net (liabilities)/assets</b>		(53,756)	20,371
<b>Capital and reserves</b>			
Called-up share capital	13	1	1
Profit and loss account (deficit)	14	(53,757)	20,370
<b>Total shareholders' (deficit)/funds</b>	15	(53,756)	20,371

The financial statements on pages 5 to 13 were approved by the board of directors on 17/12/2008 and were signed on its behalf by:

  
F Stratford  
Director



**Notes to the financial statements for the year ended  
27 June 2008****1 Accounting policies**

These financial statements are prepared under the historical cost convention in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. Principal accounting policies are set out below.

**Financial year**

The financial statements are made up to the Friday nearest to 30 June each year. Periodically this results in a financial year of 53 weeks. The current accounting period is for the 52 weeks ended 27 June 2008. The previous accounting period was for 52 weeks ended 29 June 2007.

**Basis of preparation**

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

**Tangible fixed assets**

Tangible fixed assets are stated at historic cost less accumulated depreciation. Depreciation is provided on all fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected economic life, as follows:

Computing	- over 3 years
Office equipment	- over 3 years
Fixtures and fittings	- over 3 years
Lease improvements	- over 3 years

**Stocks**

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

**Foreign currencies**

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

**Operating lease agreements**

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

**Current taxation**

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

## Notes to the financial statements for the year ended 27 June 2008 (continued)

### 1 Accounting policies (continued)

#### Deferred taxation

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

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

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

#### Turnover

Turnover, which excludes value added tax, trade discounts and returns, represents the invoiced value of goods supplied. Turnover is recognised on delivery of the product or service.

#### Cash flow statement and related party transactions

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

### 2 Turnover

The company's turnover was all derived from its principal activity. Turnover was generated from the following classes of business:

	Year ended 27 June 2008	Year ended 29 June 2007
	£	£
United Kingdom – Wine bar	112,002	135,166

### 3 Net operating expenses

	Year ended 27 June 2008	Year ended 29 June 2007
	£	£
Distribution costs	-	7,707
Administrative expenses	135,116	133,543
	135,116	141,250

## Notes to the financial statements for the year ended 27 June 2008 (continued)

### 4 Other operating income

	Year ended 27 June 2008	Year ended 29 June 2007
	£	£
Other operating income - loan waived by parent company	-	730,584

### 5 (Loss)/profit on ordinary activities before taxation

	Year ended 27 June 2008	Year ended 29 June 2007
	£	£
<b>(Loss)/profit on ordinary activities before taxation is stated after charging:</b>		
Wages and salaries	67,724	62,578
Social security costs	6,344	8,059
<b>Staff costs</b>	<b>74,068</b>	<b>70,637</b>
Depreciation charge for the period		
Owned assets	3,163	9,923
Operating lease rentals:		
Other than plant and machinery	21,569	23,063
Services provided by the company's auditors		
Fees payable for the audit	5,250	3,000

**Director's emoluments:** None of the directors received any remuneration from the company during the year (2007: £nil).

### 6 Employee information

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

	Year ended 27 June 2008	Year ended 29 June 2007
By activity	Number	Number
Selling and distribution	3	3

## Notes to the financial statements for the year ended 27 June 2008 (continued)

### 7 Tax on (loss)/profit on ordinary activities

	Year ended 27 June 2008	Year ended 29 June 2007
	£	£
<b>Current tax</b>		
<b>Taxation on the (loss)/profit for the year</b>		
United Kingdom corporation tax at 28% (2007: 30%)	-	-
<b>Tax on (loss)/profit on ordinary activities</b>	-	-

The tax assessed for the year is higher (2007: lower) than the standard rate of corporation tax in the UK (28%).

The differences are explained below:

	Year ended 27 June 2008	Year ended 29 June 2007
	£	£
(Loss)/profit on ordinary activities before tax	(74,127)	671,996
(Loss)/profit on ordinary activities multiplied by standard rate in the UK of 28% (2007: 30%)	(20,756)	201,598
Effects of:		
Difference in capital allowances and depreciation	-	387
Income exempt for tax purposes	-	(222,120)
Losses surrendered as group relief	20,756	20,135
<b>Current tax charge for the year</b>	-	-

The company has no recognised or unrecognised deferred taxation.

## Notes to the financial statements for the year ended 27 June 2008 (continued)

### 8 Tangible fixed assets

	Computing £	Office equipment £	Fixtures & fittings £	Lease improve- ments £	Total £
<b>Cost</b>					
At 30 June 2007	4,615	1,270	25,928	13,201	45,014
Additions	-	-	931	-	931
Disposals	(2,261)	-	-	-	(2,261)
<b>At 27 June 2008</b>	<b>2,354</b>	<b>1,270</b>	<b>26,859</b>	<b>13,201</b>	<b>43,684</b>
<b>Accumulated depreciation</b>					
At 30 June 2007	3,692	1,270	20,832	13,200	38,994
Disposals	(1,397)	-	-	-	(1,397)
Charge for the year	59	-	3,103	1	3,163
<b>At 27 June 2008</b>	<b>2,354</b>	<b>1,270</b>	<b>23,935</b>	<b>13,201</b>	<b>40,760</b>
<b>Net book value</b>					
<b>At 27 June 2008</b>	<b>-</b>	<b>-</b>	<b>2,924</b>	<b>-</b>	<b>2,924</b>
At 29 June 2007	923	-	5,096	1	6,020

### 9 Stocks

	27 June 2008 £	29 June 2007 £
Goods for resale	7,665	5,411

### 10 Debtors

	27 June 2008 £	29 June 2007 £
<b>Amounts falling due within one year</b>		
Trade debtors	2,093	1,541
Prepayments and accrued income	13,880	12,905
	<b>15,973</b>	<b>14,446</b>

## Notes to the financial statements for the year ended 27 June 2008 (continued)

### 11 Creditors – Amounts falling due within one year

	27 June 2008	29 June 2007
	£	£
Accruals and deferred income	9,248	5,648

### 12 Creditors – Amounts falling due after more than one year

	27 June 2008	29 June 2007
	£	£
Amounts owed to group undertakings	136,791	52,986

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

### 13 Called-up share capital

	27 June 2008	29 June 2007
	£	£
<b>Authorised</b>		
1,000,000 (2007: 1,000,000) ordinary shares of £1 each	1,000,000	1,000,000
<b>Allotted, called up and fully paid</b>		
1 (2007: 1) ordinary shares of £1 each	1	1

### 14 Profit and loss reserves (deficit)

	27 June 2008
	£
At 30 June 2007	20,370
(Loss) for the year	(74,127)
<b>At 27 June 2008</b>	<b>(53,757)</b>

## Notes to the financial statements for the year ended 27 June 2008 (continued)

### 15 Reconciliation of movements in shareholders' (deficit)/funds

	27 June 2008	29 June 2007
	£	£
(Loss)/profit for the year	(74,127)	671,996
Net (reduction)/increase to shareholders' funds/(deficit)	(74,127)	671,996
Opening shareholders' funds/(deficit)	20,371	(651,625)
Closing shareholders' (deficit)/funds	(53,756)	20,371

### 16 Commitments under operating leases

At 27 June 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	27 June 2008	29 June 2007
	£	£
Expiring in more than 3 years, but not more than 5 years	21,810	25,000

### 17 Contingent liabilities

The company is included in the group registration for VAT purposes and is therefore jointly and severally liable for other group companies' unpaid debt in this connection.

### 18 Ultimate parent company

The directors regard Direct Wines Limited, a company registered in England and Wales, as the immediate and ultimate parent company and controlling party. According to the register kept by the company, Direct Wines Limited had a 100% interest in the equity capital of Tough Developments Limited at 27 June 2008 and is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 27 June 2008. Copies of the parent's consolidated financial statements may be obtained from The Secretary, Direct Wines Limited, New Aquitaine House, Exeter Way, Theale, Reading, Berkshire, RG7 4PL.