

Company Registration No. 00190761 (England and Wales)

**DUTTON
MOORE**

Chartered Accountants
& Business Advisers

J. TOWNEND & SONS (HULL) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

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COMPANIES HOUSE

J. TOWNEND & SONS (HULL) LIMITED

COMPANY INFORMATION

Directors	J.C. Townend A.J. Whitehead D. Hill
Company number	00190761
Registered office	Wyke Way Melton North Ferriby East Yorkshire HU14 3BQ
Auditor	Dutton Moore Aldgate House 1-4 Market Place Hull HU1 1RS

J. TOWNEND & SONS (HULL) LIMITED

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J. TOWNEND & SONS (HULL) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2023

The directors present the strategic report and financial statements for the year ended 30 April 2023.

Principal activities

The principal activities of the company and its subsidiary undertakings are those of property letting, wholesale and retail wine and spirit merchants and hoteliers and restaurateurs. The activities of hoteliers and restaurateurs ceased during the year ended 30 April 2020.

Business model

The group is based at its purpose-built premises at Melton in East Yorkshire. Group operations comprise:

- i. The parent company, J. Townend & Sons (Hull) Limited providing property letting;
- i. House of Townend Limited, a well established and leading specialist wine and spirit merchant, providing services to the Midlands and North of England. The family business was established in 1906 and over four generations relationships have been built with some of the finest wine producers in the world, enabling the company to source individual, hand-crafted wines of quality and great taste; and
- i. Willerby Manor Hotels Limited operated Willerby Manor Hotel situated four miles outside the City of Hull. The company ceased to trade during the year ended 30 April 2020.

Results overview and dividends

During the year the group achieved an operating profit of £204,054 (2022: £845,531. The full results for the year are set out on page 7. The directors have not paid an interim dividend (2022: nil) and they do not recommend payment of a final dividend (2022: nil).

Business review

During the year the group focussed its main efforts on the core operation of wholesale and achieved a turnover of £15,553,200 (2022: £15,986,430). This turnover achievement for the year was significant with the comparative figure being boosted by the reopening of restaurants, hotels and catering after Covid-19. The group is very proactive in identifying problems in difficult market conditions and identifying ways in which it can remain competitive. Costs are closely monitored and any areas which are affecting profitability are dealt with without affecting quality and service. At the year end date the group had sufficient working capital in place.

The Board would like to thank all staff for their contribution during the year.

Key performance indicators

	2023 £	2022 £	2021 £	2020 £
Sales	15,553,200	15,986,430	7,647,234	14,586,724
Operating profit/(loss)	204,054	845,531	(123,527)	(94,432)
Shareholders' funds	6,464,856	6,308,971	5,635,464	5,746,475

Principal risks and uncertainties

The political and economic landscape is uncertain and the directors expect to face a challenging trading environment over the next few years. The hospitality sector is facing unprecedented cost increases, a severe shortage of staff and reduced disposable income. There are also considerable uncertainties around the cost of wine, due to poor harvests as well as packaging and transport costs, not to mention the uncertainty around excise duties. However the group balance sheet is strong, with well managed overheads, its own on-site bonded warehouse and supplies the trade through several different avenues. The growth in private trade and agency sales during the Covid period has given a better balance to the business and the group is in a solid position to navigate its way through the expected economic downturn.

J. TOWNEND & SONS (HULL) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

Financial instruments

The group's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors and loans. The main purpose of these instruments is to raise funds for the group's operations and to finance the group's operations.

Due to the nature of the financial instruments used by the group there is minimal exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest.

In respect of loans these comprise bank loans. The interest rate on the bank loans is variable with monthly payments. The group manages the liquidity risk by ensuring there are sufficient funds to meet the payments.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts as they fall due.

Future development

House of Townend Limited continues to seek new star performers in the wine world to obtain supplies for its customers. This is achieved through regular buying trips to all major wine producing countries and the establishment of direct supply links.

The board believes that the group's strategy together with its experienced management will be a solid foundation for future successful business performance.

On behalf of the board



J.C. Townend

Director

21 September 2023

J. TOWNEND & SONS (HULL) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2023

The directors present their annual report and financial statements for the year ended 30 April 2023.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J.A. Townend	(Deceased 20 May 2022)
J.C. Townend	
A.L. Townend	(Resigned 7 June 2022)
A.J. Whitehead	
D. Hill	

Statement of directors' responsibilities

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually 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 auditor of the company and group is aware of that information.

On behalf of the board



J.C. Townend

Director

21 September 2023

J. TOWNEND & SONS (HULL) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF J. TOWNEND & SONS (HULL) LIMITED

Opinion

We have audited the financial statements of J. Townend & Sons (Hull) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2023 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows 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 FRS 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 April 2023 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit:

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

J. TOWNEND & SONS (HULL) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF J. TOWNEND & SONS (HULL) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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, 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 and 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 responsibilities 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- We obtained an understanding of the legal and regulatory frameworks applicable to the group and the sectors in which it operates. The group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the most significant laws and regulations were FRS 102, the Companies Act 2006 and taxation legislation. In addition, we considered other laws and regulations which may be fundamental to the group's ability to operate, namely health and safety and employment law. We assessed the extent of compliance with these laws and regulations as part of our audit procedures which included discussions with management.
- The susceptibility of the group's financial statements to misstatement, including fraud, was assessed. The audit team discussed how and where fraud might occur in the financial statements. We identified and assessed the design effectiveness of controls that had been put in place to prevent and detect fraud. Other audit procedures carried out included the assessment of the appropriateness of journal entries, whether any accounting estimates indicated any potential bias and the extent of compliance with relevant laws and regulations.

Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit has been properly planned and performed in accordance with auditing standards (ISAs (UK)).

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

J. TOWNEND & SONS (HULL) LIMITED
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF J. TOWNEND & SONS (HULL) LIMITED

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.

Jonathan Waters BA FCA (Senior Statutory Auditor)
For and on behalf of Dutton Moore

22 September 2023

Chartered Accountants
Statutory Auditor

Aldgate House
1-4 Market Place
Hull
HU1 1RS

J. TOWNEND & SONS (HULL) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2023

	Notes	Continuing operations £	Discontinued operations £	30 April 2023 £	Continuing operations £	Discontinued operations £	30 April 2022 £
Turnover	3	15,553,200	-	15,553,200	15,986,430	-	15,986,430
Cost of sales		(11,878,879)	-	(11,878,879)	(12,041,426)	-	(12,041,426)
Gross profit		<u>3,674,321</u>	<u>-</u>	<u>3,674,321</u>	<u>3,945,004</u>	<u>-</u>	<u>3,945,004</u>
Administrative expenses		(3,538,132)	13,855	(3,524,277)	(3,059,807)	(137,715)	(3,197,522)
Other operating income		54,010	-	54,010	98,049	-	98,049
Operating profit	4	<u>190,199</u>	<u>13,855</u>	<u>204,054</u>	<u>983,246</u>	<u>(137,715)</u>	<u>845,531</u>
Interest receivable and similar income	8	10,908	-	10,908	287	-	287
Interest payable and similar expenses	9	(13,253)	-	(13,253)	(18,163)	-	(18,163)
Profit before taxation		<u>187,854</u>	<u>13,855</u>	<u>201,709</u>	<u>965,370</u>	<u>(137,715)</u>	<u>827,655</u>
Tax on profit	12	(45,824)	-	(45,824)	(154,148)	-	(154,148)
Profit for the financial year		<u>142,030</u>	<u>13,855</u>	<u>155,885</u>	<u>811,222</u>	<u>(137,715)</u>	<u>673,507</u>
Other comprehensive income				-			-
Total comprehensive income for the year				<u>155,885</u>			<u>673,507</u>

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

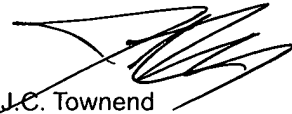
J. TOWNEND & SONS (HULL) LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 30 APRIL 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	14	1,714,318		4,296,955	
Investment properties	15	95,000		95,000	
Investments	16	50		50	
		<u>1,809,368</u>		<u>4,392,005</u>	
Current assets					
Stocks	18	3,625,840		3,619,418	
Debtors	19	1,507,169		2,130,038	
Cash at bank and in hand		2,289,756		4,023	
		<u>7,422,765</u>		<u>5,753,479</u>	
Creditors: amounts falling due within one year	20	<u>(2,619,645)</u>		<u>(3,589,709)</u>	
Net current assets		<u>4,803,120</u>		<u>2,163,770</u>	
Total assets less current liabilities		<u>6,612,488</u>		<u>6,555,775</u>	
Creditors: amounts falling due after more than one year	21	(48,351)		(193,347)	
Provisions for liabilities					
Deferred tax liability	23	<u>99,281</u>		<u>53,457</u>	
		<u>(99,281)</u>		<u>(53,457)</u>	
Net assets		<u>6,464,856</u>		<u>6,308,971</u>	
Capital and reserves					
Called up share capital	24	5,342		5,342	
Profit and loss reserves	25	6,459,514		6,303,629	
Total equity		<u>6,464,856</u>		<u>6,308,971</u>	

The financial statements were approved by the board of directors and authorised for issue on 21 September 2023 and are signed on its behalf by:


 J.C. Townend
 Director

J. TOWNEND & SONS (HULL) LIMITED

COMPANY BALANCE SHEET

AS AT 30 APRIL 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	14	1,439,379		1,467,352	
Investment properties	15	95,000		95,000	
Investments	16	1,006,584		1,006,584	
		<u>2,540,963</u>		<u>2,568,936</u>	
Current assets					
Debtors	19	159,646		2,122,053	
Cash at bank and in hand		<u>2,289,219</u>		<u>-</u>	
		2,448,865		2,122,053	
Creditors: amounts falling due within one year	20	<u>(790,017)</u>		<u>(328,712)</u>	
Net current assets		<u>1,658,848</u>		<u>1,793,341</u>	
Total assets less current liabilities		<u>4,199,811</u>		<u>4,362,277</u>	
Creditors: amounts falling due after more than one year	21	(48,351)		(193,347)	
Provisions for liabilities					
Deferred tax liability	23	<u>53,530</u>		<u>53,457</u>	
		(53,530)		(53,457)	
Net assets		<u>4,097,930</u>		<u>4,115,473</u>	
Capital and reserves					
Called up share capital	24	5,342		5,342	
Revaluation reserve	25	893,916		893,916	
Profit and loss reserves	25	<u>3,198,672</u>		<u>3,216,215</u>	
Total equity		<u>4,097,930</u>		<u>4,115,473</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £17,543 (2022: £27,320 loss).

The financial statements were approved by the board of directors and authorised for issue on 21 September 2023 and are signed on its behalf by:



J.C. Townend
Director

Company Registration No. 00190761

J. TOWNEND & SONS (HULL) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2023

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 May 2021	5,342	5,630,122	5,635,464
Year ended 30 April 2022:			
Profit and total comprehensive income for the year	-	673,507	673,507
Balance at 30 April 2022	5,342	6,303,629	6,308,971
Year ended 30 April 2023:			
Profit and total comprehensive income for the year	-	155,885	155,885
Balance at 30 April 2023	5,342	6,459,514	6,464,856

J. TOWNEND & SONS (HULL) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2023

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 May 2021	5,342	893,916	3,243,535	4,142,793
	<hr/>	<hr/>	<hr/>	<hr/>
Year ended 30 April 2022:				
Loss and total comprehensive income for the year	-	-	(27,320)	(27,320)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 April 2022	5,342	893,916	3,216,215	4,115,473
	<hr/>	<hr/>	<hr/>	<hr/>
Year ended 30 April 2023:				
Profit and total comprehensive income	-	-	(17,543)	(17,543)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 April 2023	5,342	893,916	3,198,672	4,097,930
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

J. TOWNEND & SONS (HULL) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2023

	Note	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from operations	29	114,847		519,495	
Interest paid		(13,253)		(18,163)	
Income taxes paid		(141,178)		-	
Net cash (outflow)/inflow from operating activities			(39,584)		501,332
Investing activities					
Purchase of tangible fixed assets		(282,478)		(34,294)	
Proceeds on disposal of tangible fixed assets		2,788,966		-	
Interest received		10,908		287	
Net cash generated from/(used in) investing activities			2,517,396		(34,007)
Financing activities					
Repayment of bank loan		(144,996)		(378,330)	
Net cash used in financing activities			(144,996)		(378,330)
Net increase in cash and cash equivalents			2,332,816		88,995
Cash and cash equivalents at beginning of year			(43,060)		(132,055)
Cash and cash equivalents at end of year			2,289,756		(43,060)
Relating to:					
Cash at bank and in hand			2,289,756		4,023
Bank overdrafts included in creditors payable within one year			-		(47,083)

J. TOWNEND & SONS (HULL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

Company information

J. Townend & Sons (Hull) Limited ("the company") is a private company limited by shares incorporated in England and Wales. The registered office is Wyke Way, Melton, North Ferriby, East Yorkshire, HU14 3BQ.

The group consists of J. Townend & Sons (Hull) Limited and its subsidiaries House of Townend Limited and Willerby Manor Hotels Limited.

1.1 Accounting convention

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

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets. The principal accounting policies adopted are set out below.

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 £.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of J. Townend & Sons (Hull) Limited and both of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All financial statements are made up to 30 April 2023.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover from the sale of goods is recognised when the goods are supplied to the customer.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

J. TOWNEND & SONS (HULL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	Straight line over fifty years
Fixtures, fittings & equipment	Between 6% p.a. and 25% p.a. on cost
Motor vehicles	25% p.a. on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

Property used by group companies either for the supply of goods or services, or for administrative purposes has been accounted for as property, plant and equipment using the cost model in section 17 of FRS 102.

Depreciation is not provided on the group's hotel.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through the profit and loss account, 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, fixed asset investments are initially measured at cost and subsequently measured at cost less any accumulated impairment losses except for investments in subsidiary undertakings which are stated at valuation in 1998.

1.9 Impairment of fixed assets

At each reporting period end date, the group 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). Recoverable amount is the higher of fair value less costs to sell and value in use.

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

1.10 Stocks

Stocks are stated at the lower of cost and estimated net realisable value.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the profit and loss account. Reversals of impairment losses are also recognised in the profit and loss account.

J. TOWNEND & SONS (HULL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

1.11 Cash and cash equivalents

Cash and cash equivalents 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

Financial assets and liabilities are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

Basic financial assets are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Financial assets, other than those held at fair value through the profit and loss account, are assessed for indicators of impairment at each reporting end date. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Financial liabilities that are not classed as financial instruments are recorded at transaction cost. All changes to transaction cost are recognised in the profit and loss account.

1.13 Equity instruments

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

1.14 Taxation

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

J. TOWNEND & SONS (HULL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

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 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.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

The group makes payments to money purchase pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

1.17 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

J. TOWNEND & SONS (HULL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2023 £	2022 £
Turnover analysed by class of business		
Wine and spirits	15,553,200	15,986,430

	2023 £	2022 £
Turnover analysed by geographical market		
United Kingdom	15,553,200	15,986,430

	2023 £	2022 £
Other revenue		
Interest income	10,908	287
Grants received	-	42,814
Rent receivable	54,010	55,235

4 Operating profit

	2023 £	2022 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(42,814)
Depreciation of owned tangible fixed assets	83,209	65,238
Profit on disposal of tangible fixed assets	(7,060)	-

5 Auditor's remuneration

	2023 £	2022 £
Audit of the financial statements of the group and company	3,000	2,500

J. TOWNEND & SONS (HULL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

6 Employees

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

	2023 Number	2022 Number
Administration	7	7
Retail, sales and warehouse	46	46
	<u>53</u>	<u>53</u>

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	1,968,444	1,863,845
Social security costs	199,623	186,298
Pension costs	228,437	59,749
	<u>2,396,504</u>	<u>2,109,892</u>

7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	282,912	309,303
Group pension contributions to defined contribution schemes	51,580	6,286
	<u>334,492</u>	<u>315,589</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2022 - 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2023 £	2022 £
Remuneration for qualifying services	<u>142,738</u>	<u>165,170</u>

J. TOWNEND & SONS (HULL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

8 Interest receivable and similar income

	2023 £	2022 £
Bank interest	10,442	-
Other interest	466	287
Total income	<u>10,908</u>	<u>287</u>

9 Interest payable and similar expenses

	2023 £	2022 £
Bank interest	<u>13,253</u>	<u>18,163</u>

10 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to the profit and loss account	<u>228,437</u>	<u>59,749</u>

Defined contribution pension schemes are operated for qualifying employees. The assets of the schemes are held separately from those of the group in independently administered funds.

11 Discontinued operations

During the year ended 30 April 2020 Willerby Manor Hotels Limited, whose principal activities were hoteliers and restaurateurs, ceased to trade.

12 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	<u>-</u>	<u>141,178</u>
Deferred tax		
Origination and reversal of timing differences	<u>45,824</u>	<u>12,970</u>
Total tax charge	<u>45,824</u>	<u>154,148</u>

J. TOWNEND & SONS (HULL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

12 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	201,709	827,655
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	38,325	157,254
Tax effect of expenses that are not deductible in determining taxable profit	3,284	1,831
Tax losses carried forward	6,527	-
Depreciation in excess of capital allowances	(48,136)	365
Deferred tax adjustments in respect of prior years	45,824	12,970
Tax losses brought forward	-	(18,272)
Tax charge	45,824	154,148

13 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 May 2022 and 30 April 2023	487,262
Amortisation and impairment	
At 1 May 2022 and 30 April 2023	487,262
Carrying amount	
At 30 April 2023	-
At 30 April 2022	-

The company had no intangible fixed assets at 30 April 2023 or 30 April 2022.

J. TOWNEND & SONS (HULL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

14 Tangible fixed assets

Group	Land and buildings £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 May 2022	4,766,581	1,278,004	423,901	6,468,486
Additions	-	161,261	121,217	282,478
Disposals	(2,986,319)	-	(90,724)	(3,077,043)
At 30 April 2023	1,780,262	1,439,265	454,394	3,673,921
Depreciation and impairment				
At 1 May 2022	517,323	1,230,307	423,901	2,171,531
Depreciation charged in the year	27,973	35,270	19,966	83,209
Eliminated in respect of disposals	(204,413)	-	(90,724)	(295,137)
At 30 April 2023	340,883	1,265,577	353,143	1,959,603
Carrying amount				
At 30 April 2023	1,439,379	173,688	101,251	1,714,318
At 30 April 2022	4,249,258	47,697	-	4,296,955

Company	Land and buildings £
Cost	
At 1 May 2022 and 30 April 2023	1,780,262
Depreciation and impairment	
At 1 May 2022	312,910
Depreciation charged in the year	27,973
At 30 April 2023	340,883
Carrying amount	
At 30 April 2023	1,439,379
At 30 April 2022	1,467,352

15 Investment property

	Group 2023 £	Company 2023 £
Fair value		
At 1 May 2022 and 30 April 2023	95,000	95,000

J. TOWNEND & SONS (HULL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

15 Investment property

(Continued)

The fair value of investment property has been arrived at on the basis of a valuation carried out at 5 November 2018 by PPH Commercial, chartered surveyors. The directors consider that the carrying value of the investment property is its fair value at 30 April 2023.

16 Fixed asset investments

	Note	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	17	-	-	1,006,534	1,006,534
Unlisted investments		50	50	50	50
		<u>50</u>	<u>50</u>	<u>1,006,584</u>	<u>1,006,584</u>

Movements in fixed asset investments Group

	Unlisted investments £	Listed investments £	Total £
Cost or valuation			
At 1 May 2022 & 30 April 2023	50	6,127	6,177
Impairment			
At 1 May 2022 & 30 April 2023	-	6,127	6,127
Carrying amount			
At 30 April 2023	50	-	50
At 30 April 2022	50	-	50

Movements in fixed asset investments Company

	Unlisted investments £	Shares in group undertakings £	Listed investments £	Total £
Cost or valuation				
At 1 May 2022 & 30 April 2023	50	1,006,534	6,127	1,012,711
Impairment				
At 1 May 2022 & 30 April 2023	-	-	6,127	6,127
Carrying amount				
At 30 April 2023	50	1,006,534	-	1,006,584
At 30 April 2022	50	1,006,534	-	1,006,584

Investments in subsidiary undertakings were revalued in April 1998 to reflect the underlying net assets of the companies.

J. TOWNEND & SONS (HULL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

17 Subsidiaries

Details of the company's subsidiaries at 30 April 2023 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	Direct % held
House of Townend Limited England	Wine merchant	Ordinary	100.00
Willerby Manor Hotels Limited England	Non-trading	Ordinary	100.00
		Deferred	100.00

18 Stocks

	Group 2023 £	2022 £	Company 2023 £	2022 £
Goods for resale	3,625,840	3,619,418	-	-

19 Debtors

	Group 2023 £	2022 £	Company 2023 £	2022 £
Amounts falling due within one year:				
Trade debtors	1,360,987	1,924,803	-	-
Amounts owed by group undertakings	-	-	154,146	2,116,553
Other debtors	5,500	5,967	5,500	5,500
Prepayments and accrued income	140,682	199,268	-	-
	1,507,169	2,130,038	159,646	2,122,053

20 Creditors: amounts falling due within one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans and overdrafts	22	144,996	192,079	144,996	144,996
Trade creditors		1,386,621	2,050,056	-	-
Amounts owed to group undertakings		-	-	645,021	183,716
Corporation tax payable		-	141,178	-	-
Other taxation and social security		466,986	516,937	-	-
Accruals and deferred income		621,042	689,459	-	-
		2,619,645	3,589,709	790,017	328,712

Included in creditors amounts falling due within one year are secured creditors of £144,996 (2022: £192,079) in respect of the group and £144,996 (2022: £144,996) in respect of the parent company.

J. TOWNEND & SONS (HULL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

21 Creditors: amounts falling due after more than one year

		Group 2023 £	2022 £	Company 2023 £	2022 £
	Notes				
Bank loans	22	48,351	193,347	48,351	193,347

Included in creditors amounts falling due after more than one year are secured creditors of £48,351 (2022: £193,347) in respect of the group and parent company.

22 Loans and overdraft

		Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans		193,347	338,343	193,347	338,343
Bank overdraft		-	47,083	-	-
		<u>193,347</u>	<u>385,426</u>	<u>193,347</u>	<u>338,343</u>
Payable within one year		144,996	192,079	144,996	144,996
Payable after one year		<u>48,351</u>	<u>193,347</u>	<u>48,351</u>	<u>193,347</u>

During the year ended 30 April 2020 the company took out a bank loan of £725,000 to repay existing borrowing. The bank loan is repayable over 5 years by monthly instalments with interest payable at 1.95% per annum over bank base rate.

During the year ended 30 April 2021 the group took out a Coronavirus Business Interruption Loan of £250,000. Repayments were due over 5 years after an initial repayment free period of 12 months. Interest was payable at 3.99% over bank base rate with no interest being payable for the first 12 months. This loan was repaid in the previous year.

The bank holds a legal charge over the group's property at Melton and a debenture with charges over other assets.

23 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2023 £	Liabilities 2022 £
Group		
Accelerated capital allowances	76,099	30,275
Investment property	23,182	23,182
	<u>99,281</u>	<u>53,457</u>

J. TOWNEND & SONS (HULL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

23 Deferred taxation		(Continued)	
		Liabilities	Liabilities
		2023	2022
Company		£	£
Accelerated capital allowances		30,348	30,275
Investment property		23,182	23,182
		<u>53,530</u>	<u>53,457</u>
		Group	Company
		2023	2023
		£	£
Movements in the year:			
Liability at 1 May 2022		53,457	53,457
Charge to profit or loss		45,824	73
		<u>99,281</u>	<u>53,530</u>
Liability at 30 April 2023			
24 Share capital			
	2023	2022	2023
	Number	Number	£
Ordinary share capital			£
Issued and fully paid			
Ordinary shares of £1 each	5,342	5,342	5,342
	<u>5,342</u>	<u>5,342</u>	<u>5,342</u>
25 Reserves			
Revaluation reserve			
This reserve represents investments in subsidiary undertakings revalued in April 1998 to reflect the underlying net assets of the companies.			
Profit and loss reserves			
This reserve represents cumulative retained profits and losses. The group reserves of £6,459,514 (2022: £6,303,629) comprise distributable reserves of £6,389,969 (2022: £6,234,084) and non-distributable reserves of £69,545 (2022: £69,545). The company reserves of £3,198,672 (2022: £3,216,215) comprise distributable reserves of £3,129,127 (2022: £3,146,670) and non-distributable reserves of £69,545 (2022: £69,545).			
26 Financial commitments, guarantees and contingent liabilities			
The bank holds an unlimited multilateral guarantee in respect of the company and its two subsidiary undertakings in relation to bank borrowings. At the balance sheet date group bank borrowings amounted to £193,348 (2022: £385,426). In the opinion of the directors the likelihood of the guarantee being called upon is remote. The bank has also given guarantees of £50,000 on behalf of the group.			
27 Controlling party			
No single party controls the company.			

J. TOWNEND & SONS (HULL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

28 Analysis of changes in net funds/(debt)

	1 May 2022 £	Cash flows £	30 April 2023 £
Cash at bank and in hand	4,023	2,285,733	2,289,756
Bank overdrafts	(47,083)	47,083	-
	(43,060)	2,332,816	2,289,756
Borrowings excluding overdrafts	(338,343)	144,996	(193,347)
	(381,403)	2,477,812	2,096,409

29 Cash generated from group operations

	2023 £	2022 £
Profit for the year after tax	155,885	673,507
Adjustments for:		
Taxation charged	45,824	154,148
Finance costs	13,253	18,163
Investment income	(10,908)	(287)
Gain on disposal of tangible fixed assets	(7,060)	-
Depreciation and impairment of tangible fixed assets	83,209	65,238
Movements in working capital:		
Increase in stocks	(6,422)	(167,423)
Decrease/(increase) in debtors	622,869	(1,440,048)
(Decrease)/increase in creditors	(781,803)	1,216,197
Cash generated from operations	114,847	519,495