

WINEWORLD LONDON PLC

2663676

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST JULY 2007



# Wineworld London plc

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# **Wineworld London plc**

## **Company Information**

### **Directors**

Alexander Anderson (Chairman)  
Michael Loubser  
Roger Wood  
Rupert Ellwood

### **Secretary**

Jason Melrose

### **Registered Office**

1 Bank End  
London  
SE1 9BU

### **Company Number**

2663676

### **Bankers**

Bank of Scotland  
London Chief Office  
PO Box 54873  
London  
SW1Y 5WX

### **Auditor**

Tenon Audit Limited  
Charnwood House  
Gregory Boulevard  
Nottingham  
NG7 6NX

# **Wineworld London plc**

## **Report of the Directors for the year ended 31 July 2007**

The directors present their report and financial statements for the year ended 31 July 2007

### **Principal activities**

Wineworld London plc trades as "Vinopolis". Its principal activities are a wine tasting based visitor attraction and corporate event venue. There have not been any significant changes in the company's principal activities in the year under review and the directors are not aware of any likely major changes.

### **Business review and future developments**

The major feature of Vinopolis is the Wine Odyssey, a pay-to-enter audio-visual tour of the world's wine regions, cultures, history and flavours, aimed principally at adults with tasting tables throughout the vaulted halls in which the tour is set. Another significant activity is corporate hospitality and events. In addition, Vinopolis houses various retail facilities, including a Majestic shop and The Whisky Exchange.

Vinopolis also has a 40% share in both Vinum Restaurant Company Limited and The Brew Wharf Company Limited. These companies are responsible for the operation of Cantina Vinopolis, the fine dining restaurant, Wine Wharf, the wine bar, Bar Blue, the cocktail bar and Brew Wharf, the microbrewery with its bar and restaurant.

The continuing extension of Vinopolis facilities from a largely wine orientated operation to a broader drinks and food venue for entertainment is proving to be a commercial success. Further opportunities are in the pipeline, via the opportunity to develop the arches adjoining our current service yard, for which a planning application has been submitted, though some considerable capital expenditure will be required before any benefits are enjoyed.

### **Results and dividends**

As shown in the group's profit and loss account on page 6, and for the second successive year, the group has achieved an operating profit. The consolidated operating profit is £3,223,395 (2006 £605,447) for the year. The profit before taxation is £3,154,636 (2006 £450,088).

The directors do not recommend the payment of a dividend (2006 - Nil).

The consolidated balance sheet on page 7 and the company balance sheet on page 8 of the financial statements show that the company's financial position at the year end is, in net asset terms, strengthened on prior year.

The company's cash levels have increased by £339,430 and the bank borrowings have been reduced by £1,375,000.

### **Key performance indicators ("KPI's")**

With very high levels of fixed costs associated with such a site the company's main KPI remains that of sales revenue generated by the site. As can be seen on page 11 of the financial statements the tour and other related income has increased by over 21% from the previous year and the corporate events income has increased by over 10% from the previous year. This in turn means that the KPI of operating margin after direct costs, the operating profit, is 13% in 2007 compared to 8%.

The company's key measurement of effectiveness of its operations on a weekly basis is that of tour income and corporate events income. The tour weekly revenues have grown to approximately £45,000 as at 30th September 2007 compared to approximately £40,000 as at 30 September 2006, an increase of some 12% over the past 12 months. The corporate events revenues depend significantly upon the pre-Christmas bookings as well as arranging events throughout the year which maximise the capacity provided in the events and Tour rooms.

Furthermore it is imperative that such increased revenues are not achieved at the expense of eroding gross profit margins and so a further critical KPI to the business is that of gross profit margins. Again as can be seen from page 6 of the accounts the gross profit margin has been maintained at 57%.

# Wineworld London plc

## Report of the Directors for the year ended 31 July 2007

### (Continued)

#### Operating risks

The Company aims to continue along the same lines of improved trading experienced over the past twelve months and to take advantage of any further opportunities arising from development of the site. But there are inherent risks in operating such a business, all of which, whether individually or combined, could cause the trading position of the Company to become more difficult. At present the directors consider the following to be the principal risks and uncertainties facing the Company

- ▶ Economic recession
- ▶ Changes to government regulations, including legislation in respect of employee matters, environmental matters, health and safety, and accessibility
- ▶ Natural disasters, acts of terrorism and consequent impact upon travel
- ▶ Competition from new and existing visitor attractions and corporate event venues

#### Financial risk management objectives and policies

The Company makes little use of financial instruments other than an operational bank account and also exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit of the Company

#### Directors and their interests

The directors who served the Company throughout the year were as follows

Alexander Anderson\*  
 Michael Loubser\*  
 Roger Wood\*  
 Malcolm Ball - resigned 26 October 2007  
 Rupert Ellwood - appointed 25 October 2007

\*Non -executive directors

At the year end, the following director held options to subscribe for ordinary "A" shares under the Share Option Plan as follows

	Number of Ordinary Shares under option	Exercise price per Ordinary Share	First exercise date	Expiry Date
Malcolm Ball	3,500,000	1p	1 November 2007	1 November 2014
	1,575,000	2p	1 November 2009	1 November 2016

#### Going concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements

#### Employees

The board wish to thank all staff for their valuable assistance in supporting Vinopolis throughout the year

# Wineworld London plc

## Report of the Directors for the year ended 31 July 2007

### Supplier payment policy

The Company's policy for the year ending 31 July 2008 is to continue to pay its debts in accordance with the terms of its suppliers, and to take settlement discount where and when available. The number of days purchases represented by creditors at the end of the year was 66 (2006 63)

### Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 these 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 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 Group will continue in business

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

In so far as the directors are aware

- ▶ there is no relevant audit information of which the Company's auditors are unaware, and
- ▶ the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Tenon Audit Limited have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

By Order of the Board



Jason Melrose  
Secretary

1 Bank End  
London  
SE1 9BU

Date 19 November 2007

## Wineworld London plc Report of the Auditor

### Independent auditor's report to the members of Wineworld London plc

We have audited the group and parent company financial statements of Wineworld London plc for the year ended 31 July 2007 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

#### Respective responsibilities of directors and auditor

As described in the Statement of directors' responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other information contained in the Annual Report and consider whether it is consistent with the audited parent company financial statements. The other information comprises only the Directors' report, the Corporate governance report and the unaudited part of the Board's report on directors' remuneration. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any other information.

#### 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 judgements 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 affairs of the Company and Group as at 31 July 2007 and of the Group profit for the year then ended,
- ▶ 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.



Tenon Audit Limited  
Registered Auditor  
Charnwood House  
Gregory Boulevard  
Nottingham  
NG7 6NX

Date 30 November 2007

# Wineworld London plc

## Consolidated Profit and Loss Account for the year ended 31st July 2007

	Notes	2007			2006
		Results before exceptional items £	Exceptional items (note 3) £	Total £	Total £
<b>Turnover</b>	2	8,406,058	-	8,406,058	7,341,089
<b>Cost of sales</b>		(3,568,691)	-	(3,568,691)	(3,146,899)
<b>Gross profit</b>		4,837,367	-	4,837,367	4,194,190
<b>Administrative expenses</b>	3	(3,780,391)	2,045,617	(1,734,774)	(3,599,911)
<b>Share of operating profit in associates</b>		1,056,976 120,802	2,045,617 -	3,102,593 120,802	594,279 11,168
<b>Operating profit</b>	3	1,177,778	2,045,617	3,223,395	605,447
<b>Interest receivable</b>	4				
Group		29,062	-	29,062	4,266
Associates		496	-	496	1,241
		1,207,336	2,045,617	3,252,953	610,954
<b>Interest payable and similar charges</b>	5				
Group		(85,635)	-	(85,635)	(147,299)
Associates		(12,682)	-	(12,682)	(13,567)
<b>Profit on ordinary activities before taxation</b>		1,109,019	2,045,617	3,154,636	450,088
<b>Taxation</b>	7	(31,373)	-	(31,373)	(5,462)
<b>Profit on ordinary activities after taxation</b>	18	1,077,646	2,045,617	3,123,263	444,626

All amounts relate to continuing activities

The notes on pages 11 to 21 form part of these financial statements



**Wineworld London plc**  
**Consolidated Statement of Total Recognised Gains and Losses for the year ended**  
**31 July 2007**

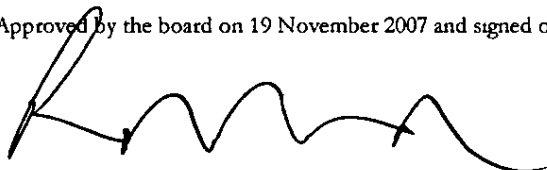
	2007 £	2006 £
Profit for the year	3,123,263	444,626
Unrealised surplus on revaluation of long lease land and buildings	4,253,620	-
Total recognised gains relating to the year	<u>7,376,883</u>	<u>444,626</u>

The notes on pages 11 to 21 form part of these financial statements

**Wineworld London plc**  
**Consolidated Balance Sheet as at 31st July 2007**

		2007		2006	
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		13,032,952		9,436,728
Investments	9		279,780		202,537
			<u>13,312,732</u>		<u>9,639,265</u>
<b>Current assets</b>					
Stock	10	59,584		74,966	
Debtors	11	2,190,420		1,407,939	
Cash at bank and in hand		231,184		641,752	
		<u>2,481,188</u>		<u>2,124,657</u>	
<b>Creditors amounts falling due within one year</b>	12	<u>(2,662,501)</u>		<u>(2,621,966)</u>	
<b>Net current liabilities</b>			<u>(181,313)</u>		<u>(497,309)</u>
<b>Total assets less current liabilities</b>			<u>13,131,419</u>		<u>9,141,956</u>
<b>Creditors amounts falling due after more than one year</b>	13		<u>-</u>		<u>(3,387,420)</u>
<b>Net assets</b>			<u><u>13,131,419</u></u>		<u><u>5,754,536</u></u>
<b>Capital and reserves</b>					
Called up share capital - equity interests	15		17,136,832		17,136,832
Share premium account	16		13,616,081		13,616,081
Revaluation reserve	17		4,253,620		-
Profit and loss account	18		<u>(21,875,114)</u>		<u>(24,998,377)</u>
<b>Shareholders' funds</b>	19		<u><u>13,131,419</u></u>		<u><u>5,754,536</u></u>

Approved by the board on 19 November 2007 and signed on its behalf by



**Roger Wood**  
Director



**A Anderson**  
Director

The notes on pages 11 to 21 form part of these financial statements

**Wineworld London plc**  
Company balance sheet as at 31 July 2007

		2007		2006	
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		13,032,952		9,436,728
Investments	9		125,042		125,042
			<u>13,157,994</u>		<u>9,561,770</u>
<b>Current assets</b>					
Stock	10	59,584		74,966	
Debtors	11	2,190,420		1,407,939	
Cash at bank and in hand		231,182		641,750	
		<u>2,481,186</u>		<u>2,124,655</u>	
<b>Creditors amounts falling due within one year</b>	12	(2,662,501)		(2,621,966)	
<b>Net current liabilities</b>			<u>(181,315)</u>		<u>(497,311)</u>
<b>Total assets less current liabilities</b>			<u>12,976,679</u>		<u>9,064,459</u>
<b>Creditors amounts falling due after more than one year</b>	13		-		(3,387,420)
<b>Net assets</b>			<u><u>12,976,679</u></u>		<u><u>5,677,039</u></u>
<b>Capital and reserves</b>					
Called up share capital - equity interests	15		17,136,832		17,136,832
Share premium account	16		13,616,081		13,616,081
Revaluation reserve	17		4,253,620		-
Profit and loss account	18		(22,029,854)		(25,075,874)
<b>Shareholders' funds</b>	19		<u><u>12,976,679</u></u>		<u><u>5,677,039</u></u>

Approved by the board on 19 November 2007 and signed on its behalf by



**Roger Wood**  
Director



**A Anderson**  
Director

The notes on pages 11 to 21 form part of these financial statements

**Wineworld London plc**  
**Consolidated cash flow statement for the year ended 31st July 2007**

		2007	2006
	Note	£	£
Net cash inflow from operating activities	22	1,033,399	1,239,713
<b>Returns on investments and servicing of finance</b>			
Interest received		29,062	4,266
Interest paid		(51,719)	(121,708)
Facility fees and other bank charges		(33,916)	(25,591)
		<hr/>	<hr/>
Net cash outflow from returns and on investments and servicing of finance		(56,573)	(143,033)
<b>Capital expenditure and financial investment</b>			
Purchase of associated undertakings		-	(40)
		<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investments		-	(40)
		<hr/>	<hr/>
Net cash inflow before financing		976,826	1,096,640
<b>Financing</b>			
Repayment of bank loans	24	(1,375,000)	(350,000)
Capital element of finance lease rental payments	24	(12,394)	(46,219)
		<hr/>	<hr/>
Net cash outflow from financing		(1,387,394)	(396,219)
		<hr/>	<hr/>
(Decrease)/increase in cash	23	(410,568)	700,421
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 11 to 21 form part of these financial statements

# Wineworld London plc

## Notes to the Financial Statements for the year ended 31st July 2007

### 1 Accounting policies

#### Accounting basis and standards

The financial statements have been prepared under the historical cost convention as modified by the revaluation of long lease land and buildings and are in accordance with applicable accounting standards

#### Group accounts

These consolidated financial statements present information about the group. The company has taken advantage of the exemption under section 230 of the Companies Act 1985 from presenting its own profit and loss account. The Company's interests in its associated undertakings are accounted for under the equity method of accounting in accordance with FRS 9. The Company's share of the results are included in the consolidated profit and loss account and its investment is included in the consolidated balance sheet, based on the Company's share of the net assets.

#### Turnover

Turnover represents the invoiced value of goods sold and services provided net of value added tax, adjusted for deferred income.

#### Tangible fixed assets and depreciation

The company has adopted FRS15 "Tangible Fixed Assets". During the year ended 31st July 2007 the Company's long lease land and buildings were revalued. All other tangible fixed assets are stated at cost.

The cost of tangible fixed assets is their purchase price, plus any incidental costs of acquisition.

Depreciation on fixed assets is provided at rates estimated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Long lease buildings	over the remaining life of the lease
Fit-out	4% to 10% straight line
Fit-out multimedia	15% straight line
Plant and machinery	25% straight line
Fixtures, fittings and equipment	25% to 33% straight line

#### Grants receivable

Grants related to expenditure on tangible assets are treated as deferred income and will be credited to the profit and loss account at the same rate as the depreciation on the assets to which the grants relate once the five year period in which there is a possibility of clawback has elapsed (see note 13).

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition. Net realisable value is based on estimated selling price, less additional costs to completion and disposal.

#### Deferred taxation

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

Deferred tax is calculated on an undiscounted basis at the 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 enacted or subsequently enacted at the balance sheet date.

#### Foreign currencies

Transactions denominated in foreign currencies are translated into Sterling at the exchange rate ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the end of the financial year. All exchange differences are dealt with in the profit and loss account.

#### Pension scheme arrangements

The company makes contributions to a defined contribution scheme, the assets of which are held separately from the assets of the company. The pension costs charge represents contributions payable to the scheme.

#### Leased assets

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

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

# Wineworld London plc

## Notes to the Financial Statements for the year ended 31st July 2007

### (Continued)

#### 1 Accounting policies (continued)

##### Investments

Investments in associate companies are capitalised in the balance sheet at the original purchase price. The share of results since acquisition are taken to the profit and loss account and to the carrying value in the balance sheet, in accordance with FRS9.

##### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### 2 Turnover

Turnover is attributable to the principal activities of the Group which arose wholly in the United Kingdom.

	2007	2006
	£	£
Tour & other related income	3,226,940	2,652,600
Corporate hospitality	5,179,118	4,688,489
	<u>8,406,058</u>	<u>7,341,089</u>

The segmental information does not include profit before tax or net assets since, in the opinion of the directors, no meaningful segmentation can be made.

#### 3 Operating profit

	2007	2006
	£	£
The operating profit is stated after charging/(crediting):		
Auditors' remuneration	13,000	12,500
Depreciation - owned tangible fixed assets	608,691	588,493
Depreciation - assets held under finance leases	48,705	102,916
Grant amortisation	<u>(2,045,617)</u>	<u>-</u>

Included within administration expenses is £2,045,617 in respect of an English Partnership grant credited to the profit and loss account in the year following the expiry of the clawback period. The assets in respect of this grant were fully depreciated in prior periods.

#### 4 Interest receivable

	2007	2006
	£	£
Bank interest receivable	29,062	4,266
Share of associates interest receivable	496	1,241
	<u>29,558</u>	<u>5,507</u>

#### 5 Interest payable and similar charges

	2007	2006
	£	£
Bank loan and short term loan interest	51,719	121,708
Facility fees and other bank charges	33,916	25,591
	<u>85,635</u>	<u>147,299</u>
Share of associates interest payable and similar charges	12,682	13,567
	<u>98,317</u>	<u>160,866</u>

# Wineworld London plc

## Notes to the Financial Statements for the year ended 31st July 2007 (Continued)

### 6 Directors and employees

	2007 £	2006 £
Staff costs (including directors) during the year were as follows		
Wages and salaries	1,441,083	1,345,175
Social security costs	121,867	118,330
Other pension costs	13,254	15,538
	<u>1,576,204</u>	<u>1,479,043</u>

The average monthly number of persons employed by the group, including directors, during the year was 120 (2006 106) At the end of the year the number of persons employed by the group was 110 (2006 119)

#### Directors emoluments:

	2007 £	2006 £
Directors' emoluments consist of		
Fees and emoluments for management services	146,498	126,799
Group contributions to money purchase pension schemes	5,250	4,900
	<u>151,748</u>	<u>131,699</u>

### 7 Taxation

#### (a) Analysis of charge in year

	2007 £	2006 £
Current tax		
UK corporation tax at 30% (2006 - 30%)	-	-
Share of associates' current tax	29,814	9,146
Total current tax	<u>29,814</u>	<u>9,146</u>
Deferred tax		
Deferred taxation	-	-
Share of associates' deferred tax	1,559	(3,684)
Total deferred tax	<u>1,559</u>	<u>(3,684)</u>
Total taxation	<u>31,373</u>	<u>5,462</u>

# Wineworld London plc

## Notes to the Financial Statements for the year ended 31st July 2007 (Continued)

### 7 Taxation (continued)

#### (b) Factors affecting current tax charge

Profit/(loss) on ordinary activities before tax	3,154,636	450,088
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	946,391	135,026
Effects of		
Expenses not deductible for tax purposes	(610,402)	2,897
Depreciation for the year in excess of capital allowances	192,454	189,644
Relieved against losses brought forward	(494,649)	(327,915)
Marginal relief in associates	(4,995)	-
Unrelieved losses carried forward in associates	-	15,602
Under/(over) provision in prior years on associates profits	1,015	(3,600)
Difference between expected corporation tax rate and actual corporation tax rate on associates profits (see note 7(c))	-	(2,508)
Current charge for the year	29,814	9,146

#### (c) Factors that may affect future tax charges

The associate company had taxable profits which fell within the small companies tax rate band in the prior year. As a consequence the associate company paid tax at 19% of taxable profits in 2006.

At 31 July 2007 the company had unrelieved tax losses of £11,026,167 to carry forward and utilise against future corporation tax liabilities. These losses give rise to an unprovided deferred tax asset of £3,307,850.

There are no other known factors which may affect future tax charges.

### 8 Tangible assets

	Group and Company				
	Long lease land and buildings £	Fit-out £	Plant and machinery £	Fixtures fittings and equipment £	Total £
<b>Cost</b>					
At 1st August 2006	12,236,483	8,732,798	574,075	787,927	22,331,283
Revaluation	(1,236,483)	-	-	-	(1,236,483)
At 31st July 2007	11,000,000	8,732,798	574,075	787,927	21,094,800
<b>Depreciation</b>					
At 1st August 2006	5,360,399	6,215,464	542,407	776,285	12,894,555
Charge for the year	129,704	484,382	31,668	11,642	657,396
Revaluation	(5,490,103)	-	-	-	(5,490,103)
At 31st July 2007	-	6,699,846	574,075	787,927	8,061,848
<b>Net Book Value</b>					
At 31st July 2007	11,000,000	2,032,952	-	-	13,032,952
At 31st July 2006	6,876,084	2,517,334	31,668	11,642	9,436,728

The net book value of tangible assets includes an amount of £151,060 (2006 £199,765) in respect of assets held under finance leases and hire purchase contracts.

The long lease land and buildings were revalued by Matthews and Goodman LLP on 31st July 2007 to £11,000,000 on a market value basis.



# Wineworld London plc

## Notes to the Financial Statements for the year ended 31st July 2007 (Continued)

### 8 Tangible assets (continued)

If the long lease land and buildings had not been revalued, it would have been included at the following amounts

	2007 £
Historical cost	12,236,483
Accumulated depreciation based on historical cost	(5,490,103)
	<u>6,746,380</u>

### 9 Fixed asset investments

The investments of the Group and Company were as follows

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Subsidiary undertaking	-	-	2	2
Associates	279,780	202,537	125,040	125,040
	<u>279,780</u>	<u>202,537</u>	<u>125,042</u>	<u>125,042</u>
At 31st July 2007	<u>279,780</u>	<u>202,537</u>	<u>125,042</u>	<u>125,042</u>

#### Principal group investments

The parent company and the group have investments in the following subsidiary undertaking and associate which principally affected the profits or net assets of the group

Name	County of Incorporation	Class of share	Proportion held	Nature of business
<b>Subsidiary undertaking</b>				
Vinopolis Limited	England	Ordinary	100%	Dormant
<b>Associates</b>				
Vinum Restaurant Company Limited	England	Ordinary "B"	40%	Restaurant & Wine Bars
The Brew Wharf Company Limited	England	Ordinary	40%	Restaurant & Bar

#### Subsidiary undertaking

	2007 £	2006 £
Cost		
As at 1 August 2006 and 31 July 2007	<u>2</u>	<u>2</u>

#### Associate

	Group £	Company £
Cost		
As at 1 August 2006	227,537	125,040
Share of retained profit for the year	77,243	-
	<u>304,780</u>	<u>125,040</u>
At 31 July 2007	<u>304,780</u>	<u>125,040</u>
<b>Amounts written off</b>		
As at 1 August 2006 and 31 July 2007	<u>25,000</u>	<u>-</u>
<b>Net Book Value</b>		
At 31 July 2007	<u>279,780</u>	<u>125,040</u>
At 31st July 2006	<u>202,537</u>	<u>125,040</u>

# Wineworld London plc

## Notes to the Financial Statements for the year ended 31st July 2007 (Continued)

### 10 Stocks

	Group and Company 2007 £	2006 £
Finished goods and goods for resale	59,584	74,966

### 11 Debtors

	£	£
Trade debtors	1,143,516	1,111,358
Other debtors	751,605	50,000
Prepayments and accrued income	295,299	246,581
	<u>2,190,420</u>	<u>1,407,939</u>

### 12 Creditors: amounts falling due within one year

	£	£
Trade creditors	890,519	794,715
Social security and other taxes	168,604	163,084
Other creditors	289,795	40
Bank of Scotland term loan	225,000	500,000
Obligations under finance leases and hire purchase contracts	-	12,394
Accruals and deferred income	1,088,583	1,151,733
	<u>2,662,501</u>	<u>2,621,966</u>

The overdraft with the Bank of Scotland is subject to the same terms on security and interest as those which apply to the loan described in note 13

### 13 Creditors: amounts falling due after more than one year

	£	£
Deferred income grant	-	2,287,420
Bank of Scotland term loan	-	1,100,000
	<u>-</u>	<u>3,387,420</u>

The grant was provided by English Partnerships as funding for the refurbishment of the Company's properties. They are entitled to clawback payments equivalent to 50% of any increase in the open market value of the property either two years or five years following completion of the refurbishment works or on disposal, after taking into account any sums already paid. They have a floating and a fixed charge over the long leasehold land and buildings of the Company, both charges ranking behind Bank of Scotland and certain providers of funds to the Company.

# Wineworld London plc

## Notes to the Financial Statements for the year ended 31st July 2007 (Continued)

### 13 Creditors' amounts falling due after more than one year (continued)

The Bank of Scotland term loan and overdraft are secured by means of a fixed and floating charge over the long leasehold land and buildings of the Company. The realisation value of the long leasehold land and buildings charged in favour of Bank of Scotland shall not be less than 150% of the amount of the facility outstanding at any time. The facility is repayable by yearly instalments so that the loan is repaid in full on or before 31 December 2008. The Company pays interest quarterly in arrears at an annual rate which is the sum of (1) the Margin (2.25%) and (2) the Bank of Scotland base rate as that fluctuates.

Borrowings are repayable as follows

	Group and Company	
	2007	2006
	£	£
<b>Bank loans</b>		
Between one and two years	-	550,000
Between two and five years	-	550,000
	-	1,100,000
On demand or within one year	225,000	500,000
	225,000	1,600,000
<b>Obligations under finance leases and hire purchase contracts</b>		
Between one and two years	-	-
On demand or within one year	-	12,394
	-	12,394

### 14 Capital commitments

At 31st July 2007 the Company had the following capital commitments

Contracted for but not provided for	265,000	-
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### 15 Share capital

Authorised

50,624,408 (2006 - 50,624,408) ordinary shares of 25p each	12,656,102	12,656,102
734,389,800 (2006 - 734,389,800) "A" ordinary shares of 1p each	7,343,898	7,343,898
	20,000,000	20,000,000

Allotted, called up and fully paid

48,975,603 (2006 - 48,975,603) ordinary shares of 25p each	12,243,901	12,243,901
489,293,085 (2006 - 489,293,085) "A" ordinary shares of 1p each	4,892,931	4,892,931
	17,136,832	17,136,832

Details of the terms and conditions attaching to all shares are detailed within the Articles of Association which are available from Companies House

# Wineworld London plc

## Notes to the Financial Statements for the year ended 31st July 2007 (Continued)

### 16 Share premium account

	Group and Company	
	2007	2006
	£	£
At 1st August 2006 & 31 July 2007	13,616,081	13,616,081

### 17 Revaluation reserve

At 1st August 2006	-	-
Surplus on revaluation of fixed assets	4,253,620	-
	<u>4,253,620</u>	<u>-</u>

### 18 Profit and loss account

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
At 1st August 2006	(24,998,377)	(25,443,003)	(25,075,874)	(25,527,120)
Result for the year	3,123,263	444,626	3,046,020	451,246
	<u>(21,875,114)</u>	<u>(24,998,377)</u>	<u>(22,029,854)</u>	<u>(25,075,874)</u>

### 19 Reconciliation of movements in shareholders' funds

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Result for the year	3,123,263	444,626	3,046,020	451,246
Surplus on revaluation of fixed assets	4,253,620	-	4,253,620	-
	<u>7,376,883</u>	<u>444,626</u>	<u>7,299,640</u>	<u>451,246</u>
Opening shareholders' funds	5,754,536	5,309,910	5,677,039	5,225,793
	<u>13,131,419</u>	<u>5,754,536</u>	<u>12,976,679</u>	<u>5,677,039</u>

### 20 Transactions with directors and related party transactions

#### (a) Thistledown Investments Limited

Thistledown Investments Limited, a leasing company owned by Alexander Anderson - the Non Executive Chairman, provided finance by way of leases to the company during the year on commercial terms standard to finance companies

	2007	2006
	£	£
During the year the following transactions took place with Thistledown Investments Limited		
Plant and machinery leasing	12,387	46,219
Leasing interest	111	3,772
Consultancy	44,000	38,800
Loan interest and fees	(16,099)	-
	<u>40,399</u>	<u>88,791</u>
<b>Total transactions</b>	<b>40,399</b>	<b>88,791</b>

# Wineworld London plc

## Notes to the financial statements for the year ended 31 July 2007 (Continued)

### 20 Transactions with directors and related party transactions (continued)

#### (a) Thistledown Investments Limited (continued)

At the year end there were amounts outstanding to Thistledown Investments Limited of

	2007 £	2006 £
Debtors		
Other debtors	750,000	-
Prepayments and accrued income	16,099	-
	<u>766,099</u>	<u>-</u>
Creditors amounts falling due within one year		
Trade creditors	-	4,406
Accruals and deferred income	2,652	18,250
Obligations under finance leases and hire purchase contracts	-	12,394
	<u>2,652</u>	<u>35,050</u>

All these transactions were undertaken at arms length

#### (b) Leybourne Securities Limited

Roger Wood, a non executive director, is a director of Leybourne Securities Limited

	2007 £	2006 £
During the year the following transactions took place with Leybourne Securities Limited		
Consultancy	15,000	10,000
<b>Total transactions</b>	<u>15,000</u>	<u>10,000</u>

At the year end there were amounts outstanding to Leybourne Securities Limited of

Creditors amounts falling due within one year		
Trade creditors	-	3,505
Accruals and deferred income	1,250	1,738
	<u>1,250</u>	<u>5,243</u>

All these transactions were undertaken at arms length

# Wineworld London plc

## Notes to the financial statements for the year ended 31 July 2007 (Continued)

### 20 Transactions with directors and related party transactions (continued)

#### (c) G R T Holdings Limited and G R T Farming & Financial Pty Limited

Michael Loubser, a non executive director, is a director of G R T Holdings Limited and G R T Farming & Financial Pty Limited

	2007 £	2006 £
During the year the following transactions took place with G R T Holdings Limited and G R T Farming & Financial Pty Limited		
Cost of sales	15,042	11,547
Consultancy	15,000	10,000
<b>Total transactions</b>	<b>30,042</b>	<b>21,547</b>

At the year end there were amounts outstanding to G R T Holdings Limited and G R T Farming & Financial Pty Limited of

	2007 £	2006 £
Creditors amounts falling due within one year		
Accruals and deferred income	1,250	5,833
	<b>1,250</b>	<b>5,833</b>

All these transactions were undertaken at arms length

#### (d) Vinum Restaurant Company Limited and The Brew Wharf Company Limited

During the year the company traded with both Vinum Restaurant Company Limited and The Brew Wharf Company Limited, companies in which Wineworld London plc is a shareholder

During the year the following transactions were made to/(from)

	2007 £	2006 £	2007 £	2006 £
	The Brew Wharf Company Limited		Vinum Restaurant Company Limited	
Rent received	115,911	69,473	245,631	216,910
Utility recharges	27,207	28,098	98,140	73,362
Sales	-	-	-	375
Purchases	(45,218)	(8,374)	(147,251)	(123,131)
<b>Total transactions</b>	<b>97,900</b>	<b>89,197</b>	<b>196,520</b>	<b>167,516</b>

The year end balances include the following amounts due from/(to)

	The Brew Wharf Company Limited	Vinum Restaurant Company Limited
Debtors		
Trade debtors	15,702	8,134
Other debtors	-	40,471
	<b>15,702</b>	<b>50,000</b>
	<b>15,702</b>	<b>52,118 0</b>
	<b>8,134</b>	<b>90,471</b>

All these transactions were undertaken at arms length

# Wineworld London plc

## Notes to the financial statements for the year ended 31 July 2007 (Continued)

### 21 Pension commitments

The company makes contributions to a defined contribution scheme, the assets of the scheme being held separately from the assets of the Company. The pension cost charge represents contributions payable to the scheme and amounted to £13,254 (2006 £15,538). There were no outstanding contributions at the year end.

### 22 Reconciliation of operating profit to net cash inflow from operating activities

	2007 £	2006 £
Operating profit	3,223,395	605,447
Share of associate operating profit	(120,802)	(11,168)
Depreciation -		
Owned tangible assets	608,691	588,493
Assets held under finance leases	48,705	102,916
Decrease/(Increase) in stock	15,382	(44,706)
Decrease/(Increase) in debtors	(782,481)	(277,746)
Decrease/(Increase) in creditors	(1,959,491)	276,477
Net cash inflow from operating activities	1,033,399	1,239,713

### 23 Reconciliation of net cash flow to the movement in net debt

	2007 £	2006 £
Increase in cash in the year	(410,568)	700,421
Cash outflow from decrease in debt and lease financing	1,387,394	396,219
Change in net debt resulting from cash flows	976,826	1,096,640
New finance leases	-	-
Net debt at 1st August 2006	(970,642)	(2,067,282)
Net debt at 31st July 2007	6,184	(970,642)

### 24 Analysis of changes in net debt

	At 1st August 2006 £	Cash flow £	Other non-cash changes £	At 31st July 2007 £
Net overdraft and cash in hand	641,752	(410,568)	-	231,184
Finance leases	(12,394)	12,394	-	-
Debt due within one year	(500,000)	275,000	-	(225,000)
Debt due after one year	(1,100,000)	1,100,000	-	-
	(970,642)	976,826	-	6,184

### 25 Ultimate parent company and controlling party

In the opinion of the directors, there is no individual controlling party.