WINEWORLD LONDON PLC

2663676

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST JULY 2006

Wineworld London plc
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Wineworld London plc
Company Information

Directors

Alexander Anderson (Chairman)
Michael Loubser
Roger Wood
Malcolm Ball

Secretary

Jason Melrose

Registered Office

1 Bank End
London
SE1 9BU

Company Number

2663676

Bankers

Bank of Scotland
38 Threadneedle Street
London
EC2P 2EH

Auditor

Tenon Audit Limited
Charnwood House
Gregory Boulevard
Nottingham, NG7 6NX

Wineworld London plc
Report of the Directors for the year ended 31 July 2006

The directors present their report and financial statements for the year ended 31 July 2006.

Principal activities

Wineworld London plc trades as "Vinopolis". It's 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, The Whisky Exchange and our own Vinopolis Gift shop.

Vinopolis also has a 40% share in Vinum Restaurant Company Limited. This company is responsible for the operation of Cantina Vinopolis, the fine dining restaurant, Wine Wharf, the wine bar, and Bar Blue, the cocktail bar.

During the year "Brew Wharf", the microbrewery with its accompanying restaurant, was also opened. This is operated by The Brew Wharf Company Limited, a company in which Wineworld London plc has a 40% stake.

The planned 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, though some considerable capital expenditure will be required before any benefits are enjoyed.

Results and dividends

As shown in the company's profit and loss account on page 6, and for the first time in its seven year trading history, the company has achieved an operating profit. The consolidated operating profit is £586,987 (2006: loss £70,340) for the year. The profit before taxation is £431,628 (2006: loss £248,772)

The directors do not recommend the payment of a dividend (2005 - 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 £385,756 and the bank borrowings have been reduced by £664,665.

Key performance indicators ("KPI")

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 32% from the previous year and the corporate events income has increased by over 13% from the previous year. This in turn means that the KPI of operating margin after direct costs, the operating profit, is 8% in 2006 compared to (1)% in 2005.

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 £40,000 as at 30th September 2006 compared to approximately £23,000 as at 31 July 2005, an increase of some 74% over the past 14 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 also been improved from 55% in 2005 to 57% this year.

Wineworld London plc
Report of the Directors for the year ended 31 July 2006
(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 together with their interests (including family interests) in the shares of the Company, at the beginning and end of year, were as follows:

	Ordinary shares of £0.25 each		Ordinary "A"shares of £0.01 each	
	31st July 2006	1st August 2005	31st July 2006	1st August 2005
Alexander Anderson*	29,378,583	28,321,916	364,072,538	351,361,618
Michael Loubser*	6,636,184	6,463,605	71,944,062	69,355,326
Roger Wood*	264,348	234,822	14,053,285	13,580,221

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

*Non -executive directors

Going concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the forseeable 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 fro the year ended 31 July 2006

Supplier payment policy

The Company's policy for the year ending 31 July 2006 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 63 (2005: 104).

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

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: 7 December 2006

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

We have audited the financial statements of Wineworld London plc for the year ended 31 July 2006 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 under the historical cost convention and 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 Group'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 the relevent 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 and of whether the information given in the Directors' Report is consistent with the financial statements. We also 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 the information specified by law regarding directors' remuneration and transactions with the Group is not disclosed.

We read other information contained in the Directors' Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the 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 Group's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group and Company's affairs as at 31 July 2006 and of the Group's result 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

Tenon Audit Limited
Chartered Accountants and Registered Auditor
Nottingham.

11 December 2006

Wineworld London plc

Consolidated Profit and Loss Account for the year ended 31st July 2006

	Notes		2006		2005
			£		£
Turnover	2		7,341,089		6,146,574
Cost of sales			(3,146,899)		(2,779,096)
Gross profit			4,194,190		3,367,478
Administrative expenses			(3,599,911)		(3,539,712)
			594,279		(172,234)
Share of operating profit in associates			11,168		101,894
Operating profit/(loss)	3		605,447		(70,340)
Interest receivable	4				
Group		4,266		9,374	
Associates		1,241		2,422	
			5,507		11,796
Interest payable and similar charges	5				
Group		(147,299)		(189,779)	
Associates		(13,567)		(449)	
			(160,866)		(190,228)
Profit/(loss) on ordinary activities before taxation			450,088		(248,772)
Taxation	7		(5,462)		(22,316)
Profit/(loss) on ordinary activities after taxation	16		444,626		(271,088)

There are no recognised gains or losses in the year other than the result for the year.

All amounts relate to continuing activities.

The notes on pages 10 to 20 form part of these financial statements.

Wineworld London plc
Consolidated Balance Sheet as at 31st July 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Tangible assets	8		9,436,728		10,128,137
Investments	9		202,537		209,117
			9,639,265		10,337,254
Current assets					
Stock	10	74,966		30,260	
Debtors	11	1,407,939		1,130,193	
Cash at bank and in hand		641,752		255,996	
		2,124,657		1,416,449	
Creditors: Amounts falling due within one year	12	(2,621,966)		(2,543,986)	
Net current liabilities			(497,309)		(1,127,537)
Total assets less current liabilities			9,141,956		9,209,717
Creditors: Amounts falling due after more than one year	13		(3,387,420)		(3,899,807)
Net assets			5,754,536		5,309,910
Capital and reserves					
Called up share capital - equity interests	14		17,136,832		17,136,832
Share premium account	15		13,616,081		13,616,081
Profit and loss account	16		(24,998,377)		(25,443,003)
Shareholders' funds	17		5,754,536		5,309,910

Approved by the board on 7 December 2006 and signed on its behalf by:

M Ball
Director

A. Anderson

A Anderson
Director

The notes on pages 10 to 20 form part of these financial statements.

Wineworld London plc
Company balance sheet as at 31 July 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Tangible assets	8		9,436,728		10,128,137
Investments	9		125,042		125,002
			9,561,770		10,253,139
Current assets					
Stock	10	74,966		30,260	
Debtors	11	1,407,939		1,130,193	
Cash at bank and in hand		641,750		255,994	
		2,124,655		1,416,447	
Creditors: Amounts falling due within one year	12	(2,621,966)		(2,543,986)	
Net current liabilities			(497,311)		(1,127,539)
Total assets less current liabilities			9,064,459		9,125,600
Creditors: Amounts falling due after more than one year	13		(3,387,420)		(3,899,807)
Net assets			5,677,039		5,225,793
Capital and reserves					
Called up share capital - equity interests	14		17,136,832		17,136,832
Share premium account	15		13,616,081		13,616,081
Profit and loss account	16		(25,075,874)		(25,527,120)
Shareholders' funds	17		5,677,039		5,225,793

Approved by the board on 7 December 2006 and signed on its behalf by:

....

M Ball
Director

A Anderson

A Anderson
Director

The notes on pages 10 to 20 form part of these financial statements.

Wineworld London plc

Consolidated cash flow statement for the year ended 31st July 2006

	Note	2006 £	2006 £	2005 £	2005 £
Net cash inflow from operating activities	20		1,239,713		590,474
Returns on investments and servicing of finance					
Interest received		4,266		9,374	
Interest paid		(121,708)		(163,168)	
Facility fees and other bank charges		(25,591)		(26,544)	
Dividend received from associates		-		24,000	
Interest element on finance lease rental payments		-		(67)	
Net cash outflow from returns and on investments and servicing of finance			(143,033)		(156,405)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		-		(34,238)	
Purchase of associated undertakings		(40)		-	
Net cash outflow from capital expenditure and financial investments			(40)		(34,238)
Net cash inflow before financing			1,096,640		399,831
Financing					
Issue of ordinary share capital	14	-		121,475	
Repayment of bank loans	22	(350,000)		(300,000)	
Capital element of finance lease rental payments	22	(46,219)		(47,381)	
Net cash outflow from financing			(396,219)		(225,906)
Increase in cash	21		700,421		173,925

The notes on pages 10 to 20 form part of these financial statements.

1 Accounting policies

Accounting basis and standards
The financial statements have been prepared under the historical cost convention and 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 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 leasehold buildings	2% straight line
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 revelent period. The capital element of the future payments is treated as a liability.

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.

	2006	2005
	£	£
Tour & other related income	2,652,600	2,000,662
Corporate hospitality	4,688,489	4,145,912
	7,341,089	6,146,574

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/(loss)**

	2006	2005
	£	£
The operating profit/(loss) is stated after charging:		
Auditors' remuneration	12,500	12,000
Depreciation - owned tangible fixed assets	588,493	733,197
Depreciation - assets held under finance leases	102,916	51,386

4 **Interest receivable**

Bank interest receivable	4,266	9,374
Share of associates interest receivable	1,241	2,422
	5,507	11,796

5 ***Interest payable and similar charges***

Bank loan and short term loan interest	121,708	163,168
Facility fees and other bank charges	25,591	26,544
Finance leases and hire purchase contracts	-	67
	147,299	189,779
Share of associates interest payable and similar charges	13,567	449
	160,866	190,228

6 Directors and employees

	2006	2005
	£	£
Staff costs (including directors) during the year were as follows:		
Wages and salaries	1,345,175	1,179,628
Social security costs	118,330	117,108
Other pension costs	15,538	10,244
	1,479,043	1,306,980

The average monthly number of persons employed by the group, including directors, during the year was 106 (2005: 101). At the end of the year the number of persons employed by the group was 119 (2005: 108).

Directors emoluments:

	2006	2005
	£	£
Directors' emoluments consist of :		
Fees and emoluments for management services	126,799	105,000
Group contributions to money purchase pension schemes	4,900	4,900
	131,699	109,900

7 Taxation

(a) Analysis of charge in year

	2006	2005
	£	£
Current tax:		
UK corporation tax at 30% (2005 - 30%)	-	-
Share of associates' current tax	9,146	23,220
Total current tax	9,146	23,220
Deferred tax:		
Deferred taxation	-	-
Share of associates' deferred tax	(3,684)	(904)
Total deferred tax	(3,684)	(904)
Total taxation	5,462	22,316

Wineworld London plc

Notes to the Financial Statements for the year ended 31st July 2006 (Continued)

7 **Taxation (continued)**

(b) Factors affecting current tax charge

Profit/(loss) on ordinary activities before tax	450,088	(248,772)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005: 30%)	135,026	(74,632)
Effects of:		
Expenses not deductible for tax purposes	2,897	3,077
Depreciation for the year in excess of capital allowances	189,644	214,807
Relieved against losses brought forward	(327,915)	(112,092)
Unrelieved losses carried forward in associates	15,602	-
Overprovision in prior years on associates profits	(3,600)	-
Difference between expected corporation tax rate and actual corporation tax rate on associates profits. (see note 7(c))	(2,508)	(7,940)
Current charge for the year	9,146	23,220

(c) Factors that may affect future tax charges

The associate company has taxable profits which fall within the small companies tax rate band. As a consequence the associate company is actually paying tax at 19% of taxable profits.

At 31 July 2006 the company had unrelieved tax losses of £12,640,265 to carry forward and utilise against future corporation tax liabilities. These losses give rise to an unprovided deferred tax asset of £3,792,080.

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**
	£	£	£	£	£
Cost					
At 1st August 2005	12,236,483	8,732,798	574,075	787,927	22,331,283
Additions	-	-	-	-	-
At 31st July 2006	12,236,483	8,732,798	574,075	787,927	22,331,283
Depreciation					
At 1st August 2005	5,230,692	5,705,446	510,738	756,270	12,203,146
Charge for the year	129,707	510,017	31,669	20,016	691,409
At 31st July 2006	5,360,399	6,215,463	542,407	776,286	12,894,555
Net Book Value					
At 31st July 2006	6,876,084	2,517,335	31,668	11,641	9,436,728
At 31st July 2005	7,005,791	3,027,352	63,337	31,657	10,128,137

The net book value of tangible assets includes an amount of £199,765 (2005: £302,681) in respect of assets held under finance leases and hire purchase contracts.

9 Fixed asset investments

The investments of the Group and Company were as follows:

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Subsidiary undertaking	-	-	2	2
Associates	202,537	209,117	125,040	125,000
At 31st July 2006	202,537	209,117	125,042	125,002

During the year the Company acquired a 40% shareholding in The Brew Wharf Company Limited for a consideration of £40.

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
Subsidiary undertaking				
Vinopolis Limited	England	Ordinary	100%	Dormant
Associates				
Vinum Restaurant Company Limited	England	Ordinary "B"	40%	Restaurant & Wine Bars
The Brew Wharf Company Limited	England	Ordinary	40%	Restaurant & Bar

Subsidiary undertaking

	2006 £	2005 £
Cost		
As at 1 August 2005 and 31 July 2006	2	2

Associate

	Group £	Company £
Cost		
As at 1 August 2005	234,117	125,000
Additions	40	40
Share of sustained loss for the year	(6,620)	-
At 31 July 2006	227,537	125,040
Amounts written off		
As at 1 August 2005 and 31 July 2006	25,000	-
Net Book Value		
At 31 July 2006	202,537	125,040
At 31st July 2005	209,117	125,000

10 Stocks

	Group and Company 2006	2005
	£	£
Finished goods and goods for resale	74,966	30,260

11 Debtors

	2006	2005
	£	£
Trade debtors	1,111,358	853,089
Other debtors	50,000	-
Prepayments and accrued income	246,581	277,104
	1,407,939	1,130,193

12 Creditors: Amounts falling due within one year

	2006	2005
	£	£
Trade creditors	794,715	1,196,595
Social security and other taxes	163,084	120,486
Other creditors	40	2,609
Bank overdraft	-	314,665
Bank of Scotland term loan	500,000	350,000
Obligations under finance leases and hire purchase contracts	12,394	46,226
Accruals and deferred income	1,151,733	513,405
	2,621,966	2,543,986

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

	2006	2005
	£	£
Obligations under finance leases and hire purchase contracts	-	12,387
Deferred income grant	2,287,420	2,287,420
Bank of Scotland term loan	1,100,000	1,600,000
	3,387,420	3,899,807

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.

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	
	2006	2005
	£	£
Bank loans		
Between one and two years	550,000	500,000
Between two and five years	550,000	1,100,000
	1,100,000	1,600,000
On demand or within one year	500,000	350,000
	1,600,000	1,950,000
Obligations under finance leases and hire purchase contracts		
Between one and two years	-	12,387
On demand or within one year	12,394	46,226
	12,394	58,613

14 Share capital

	Group and Company	
	2006	2005
	£	£
Authorised		
50,624,408 (2005 - 50,624,408) ordinary shares of 25p each	12,656,102	12,656,102
734,389,800 (2005 - 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 (2005 - 48,975,603) ordinary shares of 25p each	12,243,901	12,243,901
489,293,085 (2005 - 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.

15 Share premium account

	Group and Company 2006 £	2005 £
At 1st August 2005	13,616,081	13,618,581
Premium on issue of shares	-	25,000
Share issue expenses	-	(27,500)
At 31st July 2006	13,616,081	13,616,081

16 Profit and loss account

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
At 1st August 2005	(25,443,003)	(25,171,915)	(25,527,120)	(25,198,481)
Result for the year	444,626	(271,088)	451,246	(328,639)
At 31st July 2006	(24,998,377)	(25,443,003)	(25,075,874)	(25,527,120)

17 Reconciliation of movements in shareholders' funds

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
Result for the year	444,626	(271,088)	451,246	(328,639)
Share issue	-	121,475	-	121,475
Net reduction from shareholders' funds	444,626	(149,613)	451,246	(207,164)
Opening shareholders' funds	5,309,910	5,459,523	5,225,793	5,432,957
Closing shareholders' funds	5,754,536	5,309,910	5,677,039	5,225,793

18 Transactions with directors and related party transactions

(a) Thistledown Investmetns 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.

During the year the following transactions took place with Thistledown Investments Limited:

	2006 £	2005 £
Plant and machinery leasing	46,219	40,894
Leasing interest	3,772	9,098
Consultancy	38,800	33,000
Loan interest and fees	-	2,767
Total transactions	88,791	85,759

18 Transactions with directors and related party transactions (continued)

(a) Thistledown Investmetns Limited (continued)

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

Creditors: Amounts falling due within one year		
Trade creditors	4,406	-
Accruals and deferred income	18,250	5,250
Obligations under finance leases and hire purchase contracts	12,394	46,226
	35,050	51,476
Creditors: Amounts falling after one year		
Obligations under finance leases and hire purchase contracts	-	12,387

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.

	2006 £	2005 £
During the year the following transactions took place with Leybourne Securities Limited:		
Consultancy	10,000	10,000
Total transactions	10,000	10,000

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	1,738	5,833
	5,243	5,833

All these transactions were undertaken at arms length.

(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.

	2006 £	2005 £
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	11,547	-
Consultancy	10,000	10,000
Total transactions	21,547	10,000

18 Transactions with directors and related party transactions (continued)

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

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

	2006 £	2005 £
Creditors: Amounts falling due within one year		
Accruals and deferred income	5,833	833
	5,833	833

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):

	2006 £	2005 £	2006 £	2005 £
	The Brew Wharf Company Limited		Vinum Restaurant Company Limited	
Rent received	69,473	-	216,910	226,198
Utility recharges	28,098	-	73,362	62,288
Sales	-	-	375	1,735
Plant and Machinery Leasing	-	-	-	(6,488)
Leasing Interest	-	-	-	(67)
Purchases	(8,374)	-	(123,131)	(106,360)
Total transactions	89,197	-	167,516	177,306

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

	The Brew Wharf Company Limited		Vinum Restaurant Company Limited	
Debtors				
Trade debtors	52,118	-	40,471	54,389
Other debtors	-	-	50,000	-
	52,118	-	90,471	54,389
Creditors: Amounts falling due within one year				
Accruals and deferred income	-	-	-	(10,853)

All these transactions were undertaken at arms length.

Wineworld London plc

Notes to the financial statements for the year ended 31 July 2006 (Continued)

19 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 £15,538 (2005: £10,244). There were no outstanding contributions at the year end.

20 Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2006 £	2005 £
Operating profit/(loss)	605,447	(70,340)
Share of associate operating profit	(11,168)	(101,894)
Depreciation -		
Owned tangible assets	588,493	733,197
Assets held under finance leases	102,916	51,386
(Increase)/decrease in stock	(44,706)	325
Increase in debtors	(277,746)	(355,303)
Increase in creditors	276,477	333,103
Net cash inflow from operating activities	1,239,713	590,474

21 Reconciliation of net cash flow to the movement in net debt

	2006 £	2005 £
Increase in cash in the year	700,421	173,925
Cash outflow from decrease in debt and lease financing	396,219	347,381
Change in net debt resulting from cash flows	1,096,640	521,306
New finance leases	-	-
Net debt at 1st August 2005	(2,067,282)	(2,588,588)
Net debt at 31st July 2006	(970,642)	(2,067,282)

22 Analysis of changes in net debt

	At 1st August 2005 £	Cash flow £	Other non-cash changes £	At 31st July 2006 £
Net overdraft and cash in hand	(58,669)	700,421	-	641,752
Finance leases	(58,613)	46,219	-	(12,394)
Debt due within one year	(350,000)	350,000	(500,000)	(500,000)
Debt due after one year	(1,600,000)	-	500,000	(1,100,000)
	(2,067,282)	1,096,640	-	(970,642)