

**WINEWORLD LONDON PLC**

**Company No. 2663676**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE 16 MONTHS ENDED  
31ST MARCH 1998**



# **Wineworld London plc**

## **Company Information**

### **Directors**

Sir Thomas Macpherson (Chairman)  
Michael Broadbent  
Anthony Hodges  
Duncan Vaughan-Arbuckle  
Roger Wood

### **Secretary**

Roger Wood

### **Registered Office**

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

### **Auditors**

Kingston Smith  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

### **Principal Bankers**

Bank of Scotland  
38 Threadneedle Street  
London  
EC2P 2EH

# **Wineworld London plc**

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**Wineworld London plc**  
**Report of the Directors**  
**For the 16 months ended 31st March 1998**

The Directors present their report and the audited financial statements for the 16 months ended 31 March 1998.

**Principal Activities**

The company commenced trading during the period with Corporate Hospitality events. The company continued throughout the period with preparatory work for the Vinopolis - City of Wine project. This project is a multi layered leisure complex in Central London including an exhibition of the world's wines, wine tasting, retail operations, restaurants and corporate hospitality.

The results for the 16 months are set out on page 4.

**Share Capital**

Details of shares issued in the period are given in note 12 to the financial statements.

**Directors and their Interests**

The directors and their interests in the company at the balance sheet date and at the beginning of the period (or on appointment if later), were as follows :

	Number of Shares	
	1998	1996
Sir Thomas Macpherson	50,000	20,000
D K T Vaughan-Arbuckle	404,872	400,400
P J Paice (resigned 31 March 1998)	109,943	16,000
A Hodges	432,933	188,000
R N A Wood (appointed 22 January 1997)	146,943	40,000
M Broadbent (appointed 1 April 1998)	5,000	5,000

Sir Thomas Macpherson controlled a further 10,000 shares at 31 March 1998 and 30 November 1996 respectively in addition to the above shares which are owned beneficially.

A Hodges owned 426,923 and 180,000 shares at 31 March 1998 and 30 November 1996 respectively as a non-beneficial interest which are included above.

P J Paice owned 64,777 shares at 31 March 1998 which were acquired during the period as a non-beneficial interest which are included above.

D K T Vaughan-Arbuckle and M Broadbent retire and offer themselves for election.

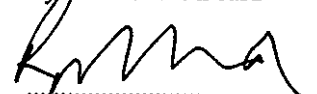
**Creditor Payment Policy**

It is the company's policy to maintain good relationships with its suppliers.

**Auditors**

The Auditors, Kingston Smith, Chartered Accountants, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

By order of the Board



Secretary

Devonshire House  
60 Goswell Road  
London EC1M 7AD

Date: 8 May 1998

**Wineworld London plc**  
**Directors' Responsibilities and Report of the Auditors**  
**Statement of Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; and prepare the financial statements on a going concern basis unless it is inappropriate to assume that the company 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 company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking steps for the prevention and detection of fraud and other irregularities.

**Auditors' Report to the members of Wineworld London plc**

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

**Respective Responsibilities of Directors and Auditors**

As described above the directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.


**Basis of Opinion**

We conducted our audit in accordance with Auditing Standards 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 of the state of the company's affairs at 31 March 1998 and of its loss for the 16 months then ended and have been properly prepared in accordance with the Companies Act 1985.

  
KINGSTON SMITH  
Chartered Accountants  
and Registered Auditors

Devonshire House  
60 Goswell Road  
London EC1M 7AD

Date: 8 May 1998

**Wineworld London plc**  
**Profit and Loss Account**  
**For the 16 months ended 31 March 1998**


	<u>Notes</u>	<u>1998</u> <u>£</u>	<u>1996</u> <u>£</u>
<b>Turnover</b>	2	93,668	-
Cost of Sales		82,915	-
<b>Gross Profit</b>		10,753	-
Administrative Expenses		1,387,304	265,029
<b>Operating Loss</b>	3	(1,376,551)	(265,029)
Interest Receivable		79,754	2,824
Interest Payable	4	(53,594)	-
<b>Loss on Ordinary Activities Before Taxation</b>		(1,350,391)	(262,205)
Taxation	6	-	-
<b>Loss for the Period</b>	14	(1,350,391)	(262,205)

There are no recognised gains or losses in the period other than the loss for the period.  
The 1996 comparatives are for the year ended 30th November 1996.

**Wineworld London plc**  
**Balance Sheet at 31st March 1998**

	Notes	1998 £	1998 £	1996 £	1996 £
<b>Fixed Assets</b>					
Intangible Assets	7		1,185,647		382,329
Tangible Assets	8		7,977		1,662
Investment in Subsidiary	9		2		2
			<u>1,193,626</u>		<u>383,993</u>
<b>Current Assets</b>					
Debtors	10	144,560		9,604	
Cash at Bank and in hand		<u>984,315</u>		<u>119,799</u>	
		1,128,875		129,403	
<b>Creditors: Amounts falling due within one year</b>	11	<u>507,278</u>		<u>186,751</u>	
<b>Net Current Assets / (Liabilities)</b>			<u>621,597</u>		<u>(57,348)</u>
<b>Net Assets</b>			<u><u>1,815,223</u></u>		<u><u>326,645</u></u>
<b>Capital and Reserves</b>					
Called up share capital	12		1,282,398		366,131
Share premium account	13		2,145,421		222,719
Profit and loss account	14		<u>(1,612,596)</u>		<u>(262,205)</u>
Shareholders' Funds			<u><u>1,815,223</u></u>		<u><u>326,645</u></u>

Approved by the Board on 8th May 1998.



.....Director

**Wineworld London plc**  
**Cash Flow Statement**  
**for the 16 months ended 31 March 1998**

	Note	1998 £	1998 £	1996 £	1996 £
<b>Net Cash outflow from Operating Activities</b>	1		(1,186,895)		(87,478)
<b>Returns on Investments and Servicing of Finance</b>					
Interest received		79,754		2,824	
Interest paid		<u>(53,594)</u>		<u>-</u>	
<b>Net cash inflow from returns on investments and servicing of finance</b>			26,160		2,824
<b>Capital Expenditure and Financial Investment</b>					
Payments to acquire intangible fixed assets		(803,318)		(382,329)	
Purchase of subsidiary undertakings		-		(2)	
Payments to acquire tangible fixed assets		<u>(10,400)</u>		<u>(2,066)</u>	
			<u>(813,718)</u>		<u>(384,397)</u>
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>			(1,974,453)		(469,051)
<b>Financing</b>					
Issue of ordinary share capital	3	<u>2,838,969</u>		<u>588,750</u>	
<b>Net Cash Inflow from Financing</b>			<u>2,838,969</u>		<u>588,750</u>
<b>Increase in Cash</b>			<u><u>864,516</u></u>		<u><u>119,699</u></u>

**Wineworld London plc**  
**Notes to the Cash Flow Statement**

<b>1</b>	<b>Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities</b>	<b>1998 £</b>	<b>1996 £</b>
	Operating loss before interest	(1,376,551)	(265,029)
	Depreciation charges	4,085	404
	(Increase) in debtors	(134,956)	(9,604)
	Increase in creditors	320,527	186,751
		<u>(1,186,895)</u>	<u>(87,478)</u>
<b>2</b>	<b>Analysis of Changes in Cash during the Period</b>		
	Balance at 1st December 1996	119,799	100
	Net cash inflow	<u>864,516</u>	<u>119,699</u>
	Balance at 31st March 1998	<u>984,315</u>	<u>119,799</u>
<b>3</b>	<b>Analysis of changes in Financing in the period</b>		
	<b>Share Capital (including Premium)</b>		
	At 1st December 1996	588,850	100
	Cash inflow from share issues net of expenses	<u>2,838,969</u>	<u>588,750</u>
	At 31st March 1998	<u>3,427,819</u>	<u>588,850</u>

# Wineworld London plc

## Notes to the Financial Statements

### For the 16 months ended 31st March 1998

#### 1. Accounting Policies

##### Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

##### Intangible Fixed Assets and Depreciation

The cost of intangible fixed assets represents the actual moneys expended by way of professional fees relating to the acquisition of the option to lease the premises at Clink Street and Stoney Street, Southwark, London, together with relevant survey fees and planning fees, and the cost of the goodwill of the concept for the business acquired from Theme Museum of Wine Limited.

Depreciation or amortisation has not been provided nor will it be provided on these costs until the lease has been signed and Vinopolis has been built and has been opened to the public. Once the lease has been signed the costs which relate to the acquisition of the option to lease and the lease itself will be depreciated over the life of the lease. The cost of goodwill will be amortised over its useful economic life but not exceeding 20 years.

##### Tangible Fixed Assets and Depreciation

The cost of tangible fixed assets represents the actual purchase price paid.

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual values, of the tangible assets over their estimated useful lives :

Fixtures and Fittings	-	25% - Straight line
Office Equipment	-	25% - 33% Straight line
Plant and Machinery	-	25% - Straight line

##### Group Accounts

It is the policy of the company to take advantage of the exemptions conferred by section 248 of the Companies Act 1985 from preparing group accounts.

##### Accounts

These financial statements present information about the company only and not about the group of companies as a whole.

#### 2 Turnover

Turnover is attributable to the principal activity of the company which arose wholly in the United Kingdom.

#### 3 Operating Loss

	1998	1996
	£	£
The operating loss is stated after charging:		
Auditors' remuneration	3,400	2,750
Depreciation	4,085	404

#### 4 Interest Payable

Interest on share subscription moneys and other loans	53,594	-
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**Wineworld London plc**  
**Notes to the Financial Statements**  
**For the 16 months ended 31 March 1998**

5	Directors and Employee Costs	1998	1996
		£	£
	Directors' Emoluments	66,750	-
	Wages and salaries	44,979	4,825
	Recruitment costs	23,330	-
	Social security costs	10,054	469
		<u>145,113</u>	<u>5,294</u>
		No	No

The average number of employees during the period was as follows

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During the period D K T Vaughan-Arbuckle, P J Paice, A Hodges and R N A Wood, as directors, charged the company consultancy fees on normal commercial terms of £42,916, £145,597, £176,666 and £127,499 respectively. Of these fees £166,000 has been capitalised as Ordinary Shares at the Ordinary Share value prevailing at the date the services, in respect of which the relevant invoices were rendered, were performed.

**6 Taxation**

No Corporation Tax Liability arises in the period due to the losses incurred.

**7 Intangible Fixed Assets**

	Goodwill	Legal and Survey Fees	Design Fees	Patents and Trade Marks	Market Research	Total
Cost						
At 1st December 1996	178,805	114,498	74,215	-	14,811	382,329
Additions	15,000	556,214	221,609	10,495	-	803,318
At 31st March 1998	<u>193,805</u>	<u>670,712</u>	<u>295,824</u>	<u>10,495</u>	<u>14,811</u>	<u>1,185,647</u>

**Wineworld London plc**  
**Notes to the Financial Statements**  
**For the 16 months ended 31 March 1998**

**8 Tangible Fixed Assets**

	Plant and Machinery £	Office Equipment £	Fixtures and Fittings £	Total £
Cost				
At 1st December 1996	1,295	771	-	2,066
Additions	3,955	5,709	782	10,446
Disposals	-	-	(46)	(46)
At 31st March 1998	5,250	6,480	736	12,466
Depreciation				
At 1st December 1996	324	80	-	404
Charge for the 16 months	1,365	2,551	169	4,085
At 31st March 1998	1,689	2,631	169	4,489
Net book value				
At 30th November 1996	971	691	-	1,662
At 31st March 1998	3,561	3,849	567	7,977

**9 Investments**

	1998 £	1996 £
Shares in group undertaking	2	2

The following details relate to the company's subsidiary undertaking

Name	Location	Identity of Shares Held	Percentage of shares held	Aggregate capital and reserves £	Profit for period £
Vinopolis Limited	England	Ordinary	100%	2	-

**10 Debtors**

	1998 £	1996 £
Trade Debtors	65,097	-
Other Debtors	49,196	4,850
Prepayments	30,267	4,754
	144,560	9,604

**11 Creditors : Amounts falling due within one year**

	1998 £	1996 £
Trade Creditors	275,963	159,246
Other Taxes and Social Security	16,710	553
Accruals	214,605	26,952
	507,278	186,751

**Wineworld London plc**  
**Notes to the Financial Statements**  
**For the 16 months ended 31 March 1998**

<b>12</b>	<b>Share Capital</b>	<b>1998</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
	Authorised		
	40,000,000 Ordinary Shares of 25p each	10,000,000	10,000,000
	Allotted, called up and fully paid		
	5,129,593 (1996: 1,149,400) Ordinary Shares of 25p	1,282,398	287,350
	Fully paid applications awaiting allotment		
	(1996: 315,125 Ordinary Shares of 25p each)	-	78,781
		<u>1,282,398</u>	<u>366,131</u>
<p>During the period 3,980,193 ordinary shares of 25p each were allotted for a total consideration of £3,684,781, which included 315,125 shares issued for a consideration of £251,500, for which applications had been received but had not been allotted at 30 November 1996.</p>			
<b>13</b>	<b>Share Premium Account</b>	<b>1998</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
	Balance brought forward	222,719	-
	Received in period relating to allotted shares	2,768,514	50,000
	Received in period relating to applications awaiting allotment	-	172,719
	Share issue expenses	(845,812)	-
		<u>2,145,421</u>	<u>222,719</u>
<b>14</b>	<b>Profit and Loss Account</b>	<b>1998</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
	Deficit at 30 November 1996	262,205	-
	Loss for the financial period	1,350,391	262,205
	Deficit at 31 March 1998	<u>1,612,596</u>	<u>262,205</u>
<b>15</b>	<b>Reconciliation of movements in shareholders' funds</b>	<b>1998</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
	Loss for the period	(1,350,391)	(262,205)
	Shares issued net of expenses	2,838,969	588,750
	Net increase in shareholders' funds	1,488,578	326,545
	Opening shareholders' funds	326,645	100
	Closing shareholders' funds	<u>1,815,223</u>	<u>326,645</u>