

WINEWORLD LONDON PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST JULY 2010

TUESDAY



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Wineworld London plc

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Wineworld London plc

Company Information

Directors

Alexander Anderson (Chairman)
Michael Loubser
Roger Wood

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

RSM Tenon Audit Limited
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

Wineworld London plc

Report of the Directors for the year ended 31 July 2010

The directors present their report and financial statements for the year ended 31 July 2010

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 Laithwaites shop and The Whisky Exchange.

During the year Vinopolis purchased a further 30% shareholding in Vinum Restaurant Company Limited taking the shareholding to 70%. This company is 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 continues proving to be a commercial success. Further opportunities remain in the pipeline, via the opportunity to develop the arches adjoining our current service yard, on which construction work has now started.

Results and dividends

As shown in the group's profit and loss account on page 6, and for the fifth successive year, the group has achieved an operating profit. The consolidated operating profit is £1,535,680 (2009 £1,305,006) for the year. The consolidated profit before taxation is £1,514,898 (2009 £1,219,096).

Operating cash flow continued to be strong. Prior to deposits of £1,950,000 of surplus cash with Thistledown Investments Limited, which are included in Other Debtors, the net cash inflow was £2,443,182 compared to £2,594,799 in 2009.

The directors do not recommend the payment of a dividend (2009 Nil).

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 12 of the financial statements the tour and other related income has increased by over 1.7% from the previous year and the corporate events income has increased by nearly 13% from the previous year. This in turn means that the KPI of operating margin after direct costs, the operating profit, is 16.9% in 2010 compared to 17.2% in 2009.

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 increased to over £50,000 as at 30th September 2010 compared to being just under £49,000 as at 30 September 2009, an increase of over 2% 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 increased to 62.4% from 61.2%.

Wineworld London plc

Report of the Directors for the year ended 31 July 2010

(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, which in the current climate is regarded as the main risk
- ▶ 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 Group 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 Group.

Directors and their interests

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

Alexander Anderson*
Michael Loubser*
Roger Wood*
Rupert Ellwood (resigned 31 July 2010)

*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 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.

Supplier payment policy

The Company's policy for the year ending 31 July 2010 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 82 (2009: 38).

Wineworld London plc

Report of the Directors for the year ended 31 July 2010

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 2006. 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.

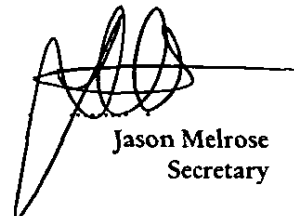
In so far as the directors are aware

- ▶ 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.

Auditor

Our auditors have changed their name to RSM Tenon Audit Limited and have signed the audit report in their new name. RSM 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 18 November 2010

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 2010 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. The financial framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- ▶ give a true and fair view of the state of affairs of the group and the company at 31 July 2010 and of the profit for the year then ended,
- ▶ have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- ▶ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- ▶ the financial statements are not in agreement with the accounting records and returns, or
- ▶ certain disclosures of directors' remuneration specified by law are not made, or
- ▶ we have not received all the information and explanations we require for our audit.

Alistair Wesson (Senior Statutory Auditor)
for and on behalf of

18 November 2010



RSM Tenon Audit Limited
Statutory Auditor
The Poynt
45 Wollaton Street
Nottingham
NG1 5FV

Wineworld London plc
Consolidated Profit and Loss Account for the year ended 31 July 2010

		2010	2009
	Notes	£	Total £
Turnover	2	8,160,864	7,556,862
Cost of sales		(3,069,270)	(2,931,450)
Gross profit		5,091,594	4,625,412
Administrative expenses		(3,737,136)	(3,489,074)
		1,354,458	1,136,338
Share of operating profit in associates		181,222	168,668
Operating profit	3	1,535,680	1,305,006
Interest receivable	4		
Group		12,021	15,493
Associates		350	3,064
		1,548,051	1,323,563
Interest payable and similar charges	5		
Group		(33,153)	(104,419)
Associates		-	(48)
Profit on ordinary activities before taxation		1,514,898	1,219,096
Taxation	7	(1,614)	(57,880)
Profit on ordinary activities after taxation	18	1,513,284	1,161,216

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 2010

	2010 £	2009 £
Profit for the year	1,513,284	1,161,216
Unrealised surplus on revaluation of long lease land and buildings	81,779	81,779
Total recognised gains relating to the year	<u>1,595,063</u>	<u>1,242,995</u>

Note of historical costs, profits and losses for the year ended 31 July 2010

	2010 £	2009 £
Profit on ordinary activities before taxation	1,514,898	1,219,096
Difference between depreciation on revalued amount and on historical cost basis	81,779	81,779
Historical cost profit before taxation	<u>1,596,677</u>	<u>1,300,875</u>
Historical cost profit after taxation	<u>1,595,063</u>	<u>1,242,995</u>

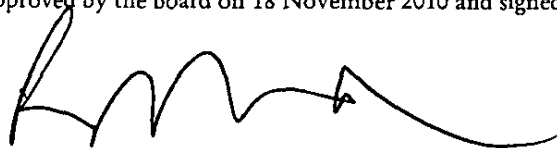
The notes on pages 11 to 21 form part of these financial statements

Wineworld London plc

Consolidated Balance Sheet as at 31 July 2010

		2010	2009
	Note	£	£
Fixed assets			
Intangible assets	8	420,917	-
Tangible assets	9	15,963,179	11,892,978
Investments	10	715,214	434,827
		<u>17,099,310</u>	<u>12,327,805</u>
Current assets			
Stock	11	90,383	44,887
Debtors	12	3,322,621	850,809
Cash at bank and in hand		214,172	1,085,622
		<u>3,627,176</u>	<u>1,981,318</u>
Creditors: amounts falling due within one year	13	<u>(3,290,904)</u>	<u>(2,371,296)</u>
Net current liabilities		336,272	(389,978)
Total assets less current liabilities		17,435,582	11,937,827
Creditors: amounts falling due after more than one year	14	(400,000)	(1,200,000)
Net assets		<u>17,035,582</u>	<u>10,737,827</u>
Capital and reserves			
Called up share capital - equity interests	16	4,978,249	4,978,249
Revaluation reserve	17	8,792,754	4,090,062
Profit and loss account	18	3,264,579	1,669,516
Shareholders' funds	19	<u>17,035,582</u>	<u>10,737,827</u>

Approved by the board on 18 November 2010 and signed on its behalf by



Roger Wood
Director



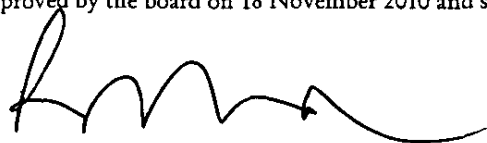
A Anderson
Director

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

Wineworld London plc
Company balance sheet as at 31 July 2010
Company Number: 2663676

		2010	2009
	Note	£	£
Fixed assets			
Tangible assets	9	15,963,179	11,892,978
Investments	10	828,542	125,042
		<u>16,791,721</u>	<u>12,018,020</u>
Current assets			
Stock	11	90,383	44,887
Debtors	12	3,322,621	850,809
Cash at bank and in hand		214,170	1,085,620
		<u>3,627,174</u>	<u>1,981,316</u>
Creditors: amounts falling due within one year	13	<u>(3,290,904)</u>	<u>(2,371,296)</u>
Net current liabilities		336,270	(389,980)
Total assets less current liabilities		<u>17,127,991</u>	<u>11,628,040</u>
Creditors: amounts falling due after more than one year	14	<u>(400,000)</u>	<u>(1,200,000)</u>
Net assets		<u><u>16,727,991</u></u>	<u><u>10,428,040</u></u>
Capital and reserves			
Called up share capital	16	4,978,249	4,978,249
Revaluation reserve	17	8,792,754	4,090,062
Profit and loss account	18	2,956,988	1,359,729
Shareholders' funds	19	<u><u>16,727,991</u></u>	<u><u>10,428,040</u></u>

Approved by the board on 18 November 2010 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 31 July 2010

		2010	2009
	Note	£	£
Net cash inflow from operating activities	22	493,182	2,594,799
Returns on investments and servicing of finance			
Interest received		12,021	15,493
Interest paid		(33,153)	(104,419)
Dividend received from associates		160,000	80,000
		<hr/>	<hr/>
Net cash inflow/(outflow) from returns and on investments and servicing of finance		138,868	(8,926)
Net cash outflow from capital expenditure and financial investments		-	-
		<hr/>	<hr/>
Net cash inflow before financing		632,050	2,585,873
Acquisitions and disposals			
Investment in associated undertaking		(703,500)	-
Financing			
Repayment of bank loans	24	(800,000)	(1,800,000)
		<hr/>	<hr/>
Net cash outflow from financing		(800,000)	(1,800,000)
		<hr/>	<hr/>
(Decrease)/increase in cash	23	(871,450)	785,873
		<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 31 July 2010

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 408 of the Companies Act 2006 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. The company profit for the year is £1,515,480 (2009: £1,127,412)

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 adopted FRS15 "Tangible Fixed Assets" in the year ended 31 July 2007. During the year ended 31 July 2010 the Company's long lease land and buildings were revalued. An amount equal to the excess of the annual depreciation charge on the revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve. 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% to 33% straight line
Fixtures, fittings and equipment	25% to 33% straight line

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 31 July 2010

(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.

	2010 £	2009 £
Tour & other related income	3,366,687	3,310,309
Corporate hospitality	4,794,177	4,246,553
	<u>8,160,864</u>	<u>7,556,862</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

	2010 £	2009 £
The operating profit is stated after charging:		
Auditors' remuneration	14,480	14,060
Depreciation - owned tangible fixed assets	697,233	694,404
Depreciation - assets held under finance leases	17,037	17,037
Amortisation of goodwill	22,154	-
	<u>750,904</u>	<u>735,501</u>

4 Interest receivable

	2010 £	2009 £
Bank interest receivable	12,021	15,493
Share of associates interest receivable	350	3,064
	<u>12,371</u>	<u>18,557</u>

5 Interest payable and similar charges

	2010 £	2009 £
Bank loan and short term loan interest	33,153	104,419
Share of associates interest payable and similar charges	-	48
	<u>33,153</u>	<u>104,467</u>

Wineworld London plc

Notes to the Financial Statements for the year ended 31 July 2010 (Continued)

6 Directors and employees

	2010 £	2009 £
Staff costs (including directors) during the year were as follows		
Wages and salaries	1,263,521	1,291,364
Social security costs	106,312	87,409
Other pension costs	1,785	2,748
	<u>1,371,618</u>	<u>1,381,521</u>

The average monthly number of persons employed by the group, including directors, during the year was 117 (2009 99) At the end of the year the number of persons employed by the group was 98 (2009 101)

Directors' emoluments.

	2010 £	2009 £
Directors' emoluments consist of		
Fees and emoluments for management services	166,047	161,250
Group contributions to money purchase pension schemes	-	-
	<u>166,047</u>	<u>161,250</u>

7 Taxation

(a) Analysis of charge in year

	2010 £	2009 £
Current tax		
UK corporation tax at 28% (2009 28%)	-	-
Share of associates' current tax	(40,686)	56,280
Total current tax	<u>(40,686)</u>	<u>56,280</u>
Deferred tax		
Deferred taxation	-	-
Share of associates' deferred tax	42,300	1,600
Total deferred tax	<u>42,300</u>	<u>1,600</u>
Total taxation	<u>1,614</u>	<u>57,880</u>

(b) Factors affecting current tax charge

	£	£
Profit on ordinary activities before tax	<u>1,514,898</u>	<u>1,219,096</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	430,374	341,347
Effects of		
Expenses not deductible for tax purposes	4,496	2,178
Depreciation for the year in excess of capital allowances	201,155	208,718
Relieved against losses brought forward	(580,446)	(491,398)
Capital in revenue	2,572	1,792
Marginal relief in associates	-	(6,585)
(Over)/under provision in prior years on associates profits	(98,837)	228
Current charge for the year	<u>(40,686)</u>	<u>56,280</u>

Wineworld London plc

Notes to the Financial Statements for the year ended 31 July 2010 (Continued)

7 Taxation (continued)

(c) Factors that may affect future tax charges

At 31 July 2010 the company had unrelieved tax losses of £5,326,070 to carry forward and utilise against future corporation tax liabilities. These losses give rise to an unprovided deferred tax asset of £1,491,300.

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

8 Intangible assets

	Group Goodwill £
Cost or valuation	
At 1 August 2009	-
Additions (note 10)	443,071
	<hr/>
At 31 July 2010	443,071
	<hr/>
Depreciation	
At 1 August 2009	-
Charge for the year	22,154
	<hr/>
At 31 July 2010	22,154
	<hr/>
Net Book Value	
At 31 July 2010	420,917
	<hr/>
At 1 August 2009	-
	<hr/>

9 Tangible assets

	Group and Company				
	Long lease land and buildings £	Fit-out £	Plant and machinery £	Fixtures fittings and equipment £	Total £
Cost or valuation					
At 1 August 2009	11,000,000	8,732,798	856,972	787,927	21,377,697
Revaluation	4,150,000	-	-	-	4,150,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2010	15,150,000	8,732,798	856,972	787,927	25,527,697
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 August 2009	422,977	7,513,028	760,787	787,927	9,484,719
Charge for the year	211,494	406,591	96,185	-	714,270
Revaluation adjustment	(634,471)	-	-	-	(634,471)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2010	-	7,919,619	856,972	787,927	9,564,518
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value					
At 31 July 2010	15,150,000	813,179	-	-	15,963,179
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 August 2009	10,577,023	1,219,770	96,185	-	11,892,978
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The long leasehold land and buildings have been included in the financial statements at a valuation of £15,150,000 based upon an external professional valuation undertaken on 31 July 2010 by Matthews & Goodman LLP.

Wineworld London plc

Notes to the Financial Statements for the year ended 31 July 2010 (Continued)

10 Fixed asset investments

The investments of the Group and Company were as follows

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Subsidiary undertaking	-	-	2	2
Associates	715,214	434,827	828,540	125,040
At 31 July 2010	715,214	434,827	828,542	125,042

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"	70%	Restaurant & Wine Bars
Brew Wharf Limited	England	Ordinary	70%	Dormant

On 2 June 2010 the company acquired a further 30% shareholding in Vinum Restaurant Company Limited, bringing the total shareholding to 70%, however controlling interest is only 50%. As a result Vinum Restaurant Company Limited continues to be accounted for as an associate at 31 July 2010. The goodwill arising on the additional share purchase is summarised in note 8.

Subsidiary undertaking

	2010 £	2009 £
Cost		
As at 1 August 2009 and 31 July 2010	2	2
Associate		
	Group £	Company £
Cost		
As at 1 August 2009	459,827	125,040
Additions	260,429	703,500
Share of retained profit for the year	19,958	-
At 31 July 2010	740,214	828,540
Amounts written off		
As at 1 August 2009 and 31 July 2010	25,000	-
Net Book Value		
At 31 July 2010	715,214	828,540
At 31 July 2009	434,827	125,040

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Notes to the Financial Statements for the year ended 31 July 2010 (Continued)

11 Stocks

	Group and Company 2010 £	2009 £
Finished goods and goods for resale	90,383	44,887

12 Debtors

	Group and Company 2010 £	2009 £
Trade debtors	1,087,438	593,519
Other debtors	1,950,000	-
Prepayments and accrued income	285,183	257,290
	<u>3,322,621</u>	<u>850,809</u>

13 Creditors: amounts falling due within one year

	Group and Company 2010 £	2009 £
Trade creditors	1,059,602	457,145
Social security and other taxes	199,390	142,688
Other creditors	-	233
Bank of Scotland term loan	800,000	800,000
Accruals and deferred income	1,231,912	971,230
	<u>3,290,904</u>	<u>2,371,296</u>

14 Creditors: amounts falling due after more than one year

	Group and Company 2010 £	2009 £
Bank of Scotland term loan	400,000	1,200,000

The Bank of Scotland term loan is 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 monthly instalments so that the loan is repaid in full on or before 24 March 2013. The Company pays interest quarterly in arrears at an annual rate which is the sum of (1) the Margin (1.50%) and (2) the Bank of Scotland base rate as that fluctuates.

Borrowings are repayable as follows

	Group and Company 2010 £	2009 £
Bank loans		
Between one and two years	400,000	800,000
Between two and five years	-	400,000
	<u>400,000</u>	<u>1,200,000</u>
On demand or within one year	800,000	800,000
	<u>1,200,000</u>	<u>2,000,000</u>

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Notes to the Financial Statements for the year ended 31 July 2010 (Continued)

15 Capital commitments

At 31 July 2010 the Company had the following capital commitments

	Group and Company	
	2010	2009
	£	£
Contracted for but not provided for	-	-

16 Share capital

	Group and Company	
	2010	2009
	£	£
Allotted, called up and fully paid		
48,975,603 ordinary shares of 4 4476p each	2,178,239	2,178,239
492,793,085 "A" ordinary shares of 0 0185p each	91,167	91,167
270,884,344 preference shares of 1p each	2,708,843	2,708,843
	4,978,249	4,978,249

The rights attaching to those shares as they apply to dividends, redemption, capital and voting are as follows

a) Right to dividend

Preference shares

Preference shares do not carry the right to participate in dividends

Ordinary shares

Any dividends are payable to holders of ordinary and "A" ordinary shares. For the purposes of dividends, ordinary and "A" ordinary shares rank as one class with each other.

b) Redemption

The company is authorised to redeem preference shares at the option of the Company, provided that the maximum number of shares to be acquired is 270,884,344. The price to be paid for such a share is the nominal value of such shares.

c) Capital

On a return of assets on liquidation or otherwise (except on a redemption of shares or purchase of a company of its own shares) the assets payable to shareholders shall be used to

- i) pay the holders of preference shares 1 pence per share
- ii) pay the balance to the holders of the ordinary shares and the "A" ordinary shares as if they were all shares of the same class and denominated in the same amount and proportion to the number of such shares held

d) Voting rights

Holders of ordinary, "A" ordinary and preference shares each have the right to receive notice of, attend and vote at any general meeting. Each holder has one vote on a show of hands, or on a poll one vote for each share held which is credited

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Notes to the Financial Statements for the year ended 31 July 2010 (Continued)

17 Revaluation reserve

	Group and Company	
	2010	2009
	£	£
At 1 August 2009	4,090,062	4,171,841
Revaluation of fixed assets	4,784,471	-
Transfer to profit and loss account	(81,779)	(81,779)
At 31 July 2010	<u>8,792,754</u>	<u>4,090,062</u>

18 Profit and loss account

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
At 1 August 2009	1,669,516	426,521	1,359,729	150,538
Result for the year	1,513,284	1,161,216	1,515,480	1,127,412
Transfer from revaluation reserve	81,779	81,779	81,779	81,779
At 31 July 2010	<u>3,264,579</u>	<u>1,669,516</u>	<u>2,956,988</u>	<u>1,359,729</u>

19 Reconciliation of movements in shareholders' funds

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Opening shareholders' funds	10,737,827	9,576,611	10,428,040	9,300,628
Result for the year	1,513,284	1,161,216	1,515,480	1,127,412
Closing shareholders' funds	<u>12,251,111</u>	<u>10,737,827</u>	<u>11,943,520</u>	<u>10,428,040</u>

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Notes to the financial statements for the year ended 31 July 2010 (Continued)

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, has provided finance by way of leases to the company in previous years on commercial terms standard to finance

During the year, the company deposited surplus cash with Thistledown Investments Limited at higher rates of interest than could be earned with Bank of Scotland. These deposits are included in Other Debtors

	2010 £	2009 £
During the year the following transactions took place with Thistledown Investments Limited		
Plant and machinery leasing		132
Consultancy	54,287	53,156
Loan interest and fees	(10,925)	(8,500)
Total transactions	43,362	44,788
At the year end there were amounts outstanding to Thistledown Investments Limited of		
Debtors	10,925	
Other debtors	1,950,000	-
Prepayments and accrued income	-	-
	1,960,925	-
Creditors amounts falling due within one year		
Accruals and deferred income	15,787	8,866

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.

	2010 £	2009 £
During the year the following transactions took place with Leybourne Securities Limited		
Consultancy	21,000	21,000
At the year end there were amounts outstanding to Leybourne Securities Limited of		
Creditors amounts falling due within one year		
Accruals and deferred income	1,750	1,750

All these transactions were undertaken at arms length

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Notes to the financial statements for the year ended 31 July 2010 (Continued)

20 Transactions with directors and related party transactions

(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

	2010 £	2009 £
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	1,608	-
Consultancy	23,529	21,000
Total transactions	25,137	21,000

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

	2010 £	2009 £
Creditors amounts falling due within one year		
Accruals and deferred income	12,650	1,750

All these transactions were undertaken at arms length

(d) Vinum Restaurant Company Limited

During the year the company traded with Vinum Restaurant Company Limited, a company in which Wineworld London plc is a shareholder

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

	2010 £	2009 £
Vinum Restaurant Company Limited		
Rent received	383,863	379,866
Utility recharges	151,330	117,000
Purchases	(237,044)	(203,172)
Total transactions	298,149	293,694

The year end balances include the following amounts due from

	2010 £	2009 £
Vinum Restaurant Company Limited		
Debtors		
Trade debtors	27,734	26,824
Creditors		
Trade creditors	215	-

All these transactions were undertaken at arms length

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 £1,785 (2009 £2,748). At the year end no pension contributions were outstanding (2009 £233).

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Notes to the financial statements for the year ended 31 July 2010 (Continued)

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

	2010 £	2009 £
Operating profit	1,535,680	1,305,006
Share of associate operating profit	(181,222)	(168,668)
Depreciation -		
Owned tangible assets	697,233	694,404
Assets held under finance leases	17,037	17,037
Amortisation of goodwill	22,154	-
(Increase)/decrease in stock	(45,496)	37,156
(Increase)/decrease in debtors	(2,471,812)	1,011,890
Increase/(decrease) in creditors	919,608	(302,026)
Net cash inflow from operating activities	493,182	2,594,799

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

	2010 £	2009 £
(Decrease)/increase in cash in the year	(871,450)	785,873
Cash outflow from decrease in debt and lease financing	800,000	1,800,000
Change in net debt resulting from cash flows	(71,450)	2,585,873
Net debt at 1 August 2009	(914,378)	(3,500,251)
Net debt at 31 July 2010	(985,828)	(914,378)

24 Analysis of changes in net debt

	At 1 August 2009 £	Cash flow £	Non cash movements £	At 31 July 2010 £
Net overdraft and cash in hand	1,085,622	(871,450)	-	214,172
Debt due within one year	(800,000)	800,000	(800,000)	(800,000)
Debt due after one year	(1,200,000)	-	800,000	(400,000)
	(914,378)	(71,450)	-	(985,828)

25 Ultimate parent company and controlling party

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