

Registered number: 09508939

UK VINTNERS (OF LONDON) PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



UK VINTNERS (OF LONDON) PLC

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | C B Agutter P A Solle |
| Registered number | 09508939 |
| Registered office | AMP House Dingwall Road Croydon Surrey CR0 2LX |
| Independent auditors | Price Bailey LLP Chartered Accountants & Statutory Auditors Dashwood House 69 Old Broad Street London EC2M 1QS |

UK VINTNERS (OF LONDON) PLC

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UK VINTNERS (OF LONDON) PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The Directors' present their strategic report for the period ended 31 December 2016.

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties the business may face.

Business review

Financial Performance

We are pleased to relay we have witnessed a substantial increase in sales with total private sales revenue up on 2015 by over 130%. This increase includes a high degree of repeat business and client exchange purchases, increasing repeat sales significantly. This is reflected in our overall turnover, the number of cases sold and a notable uplift of 33% on our average order values which further confirms greater client brand confidence and loyalty.

A further reduction to gross profit is due to a commitment made to ensure a smooth transition of clients acquired from the takeover of the two existing wine companies being acquired. Although these client acquisitions reduced our gross profit for 2016, we are confident the increase in our total client base will produce higher sales turnover and profits for 2017-2018.

Our previous attention to trade sales is being diverted to consolidate focus on private client sales which we believe will increase profit margins and further enhance our market share and UKV brand awareness. This decision is based on a straight cost of sales comparison between trade and retail sales orders.

Future Development

UKV plan to further develop the highly successful central London client wine tasting luncheons as this has proven to give clients greater personal involvement, a better understanding of UKV as a company through contact with their wine consultants and more awareness of market trends.

We plan to develop our European arm of the business under UKV International to secure a position within the EU post Brexit. The international arm will ensure we maintain a good working relationship with direct supply producers that might otherwise be lost.

UK VINTNERS (OF LONDON) PLC

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Principal risks and uncertainties

The main risks associated with fine wine as a business remain centred upon selection of the right stock and market awareness of what wine stock is being bought and sold within the market at any given time or season. Our business model minimises this exposure by limiting physical stock levels, this policy maintains cash flow and allows the Company to move with market trends that may affect buying and selling cycles.

Other risks associated with the fine wine market are primarily connected to logistics in the supply chain and timely fulfilment of orders placed by client, we therefore continue to only supply wine that is bottled. We also continue with the policy of using only well-established trade suppliers, to ensure supply to UKV safeguards supply chain.

The introduction of the independent escrow service has greatly reduced exposure to any loss of business as clients feel secure in the knowledge that client funds cannot be released to UKV unless stock is held or an order has been placed with one of our established trade suppliers at the time of their order being placed. This escrow facility offers clients peace of mind under an irrevocable undertaking to fulfil each order within 28 working days which help to retain business, especially when the client is new to UKV.

A longstanding but highly unlikely risk to the fine wine market would be any change in HMRC tax treatment or asset status of fine wine. A change of this nature would possibly make any profit realised by collectors taxable. However, any change of this type would have a positive upside to the industry as a change in asset status would likely remove the "wasting Asset" status of fine wine and therefore make it eligible within government incentivised SIPP and SASS schemes.

Financial key performance indicators

Analysis of monthly private sales shows an overall increase of average order values of 33% from £10,320 to £13,681 and a significant uplift in repeat business from £451,240 in the last quarter 2015 to £2,202,212 for the 12-month period of 2016.

This figure is further enhanced by the introduction of exchange private client sales of £1,907,700 bringing the total of repeat private sales to £4,109,912. In addition, annual private sales have increased over 200% from 110 transactions in 2015 to 337 in 2016.

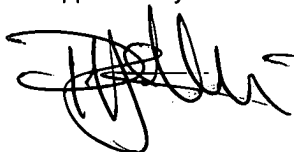
Overall the client base has increased over the period by 37% with the addition of 49 new clients bring the client base up to 182 active clients. We would envisage this will further increase with the addition of more specialise marketing.

Period End Position

During the initial period of trading from incorporation to 31 December 2016 the company has recognised a loss after tax of £78,222.

This report was approved by the board and signed on its behalf.

**P A Solle
Director**



Date:

25/01/18

UK VINTNERS (OF LONDON) PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activity

The Company's principal activity is that of the acquisition and sale of fine wine and champagne.

Change of accounting period

The accounting period end was changed in the prior period to 31 December 2015 from 31 March 2015, resulting in a period of 9 months. The current year results represent 12 months, therefore comparatives are not entirely comparable.

Results and dividends

The loss for the year, after taxation, amounted to £78,222 (2015 - loss £224,400).

There were no dividends paid or proposed during the period.

Directors

The directors who served during the year were:

C B Agutter
P A Solle

UK VINTNERS (OF LONDON) PLC

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Financial instruments

Objectives and policies

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as 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. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet.

Price risk, credit risk, liquidity risk and cash flow risk

The business' principal financial instruments comprise bank balances, trade debtors and creditors. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the timing of collecting debts and payment of liabilities. All of the business' cash balances are held in such a way that achieves a competitive rate of interest.

Trade debtors are managed in respect of cash flow risk by the regular monitoring of amounts outstanding.

Creditors' liquidity is managed by ensuring sufficient funds are available to meet amounts due.

Matters covered in the strategic report

Disclosures of strategic importance that would usually be contained in the Directors' report are presented in the Strategic report.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

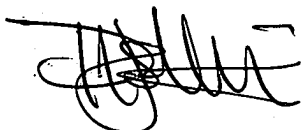
There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Price Bailey LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

P A Solle
Director



Date:

25/01/18

UK VINTNERS (OF LONDON) PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UK VINTNERS (OF LONDON) PLC

We have audited the financial statements of UK Vintners (of London) PLC for the year ended 31 December 2016, set out on pages 7 to 22. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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 on page 3, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the Company's ability to continue as a going concern. The Company incurred a loss of £78,222 during the period ended 31 December 2016 and, at that date, the Company's total liabilities exceeded its total assets by £252,622. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.

UK VINTNERS (OF LONDON) PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UK VINTNERS (OF LONDON) PLC
(CONTINUED)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.



Richard Vass (Senior Statutory Auditor)

for and on behalf of
Price Bailey LLP

Chartered Accountants
Statutory Auditors

Dashwood House
69 Old Broad Street
London
EC2M 1QS

Date: *26 January 2018*

UK VINTNERS (OF LONDON) PLC

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

| | | Year ended 31 December 2016 £ | Period ended 31 December 2015 £ |
|--|------|---|---|
| | Note | | |
| Turnover | 4 | 4,610,506 | 1,135,769 |
| Cost of sales | | (3,816,243) | (1,008,297) |
| Gross profit | | <u>794,263</u> | <u>127,472</u> |
| Administrative expenses | | (816,967) | (407,390) |
| Operating loss | 5 | <u>(22,704)</u> | <u>(279,918)</u> |
| Tax on loss | 9 | (55,518) | 55,518 |
| Loss for the year | | <u><u>(78,222)</u></u> | <u><u>(224,400)</u></u> |
| | | | |
| Total comprehensive income for the year | | <u><u>(78,222)</u></u> | <u><u>(224,400)</u></u> |

The notes on pages 11 to 22 form part of these financial statements.

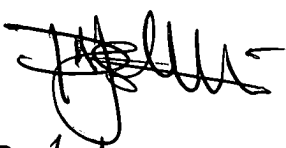
UK VINTNERS (OF LONDON) PLC
REGISTERED NUMBER: 09508939

BALANCE SHEET
AS AT 31 DECEMBER 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 10 | 212,529 | - |
| Tangible assets | 11 | 606 | - |
| | | <u>213,135</u> | <u>-</u> |
| Current assets | | | |
| Stocks | 12 | 308,833 | 23,530 |
| Debtors: amounts falling due within one year | 13 | 223,687 | 111,913 |
| Cash at bank and in hand | 14 | - | 99,711 |
| | | <u>532,520</u> | <u>235,154</u> |
| Creditors: amounts falling due within one year | 15 | (998,277) | (409,554) |
| Net current liabilities | | <u>(465,757)</u> | <u>(174,400)</u> |
| Total assets less current liabilities | | <u>(252,622)</u> | <u>(174,400)</u> |
| Net liabilities | | <u><u>(252,622)</u></u> | <u><u>(174,400)</u></u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 50,000 | 50,000 |
| Profit and loss account | 19 | (302,622) | (224,400) |
| | | <u>(252,622)</u> | <u>(174,400)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

P A Solle
 Director



Date:

25/01/18

The notes on pages 11 to 22 form part of these financial statements.

UK VINTNERS (OF LONDON) PLC

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|---------------------------------|-------------------|
| At 1 January 2016 | 50,000 | (224,400) | (174,400) |
| Comprehensive income for the year | | | |
| Loss for the year | - | (78,222) | (78,222) |
| Total comprehensive income for the year | - | (78,222) | (78,222) |
| Total transactions with owners | - | - | - |
| At 31 December 2016 | <u>50,000</u> | <u>(302,622)</u> | <u>(252,622)</u> |

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2015**

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|---------------------------------|-------------------|
| Comprehensive income for the period | | | |
| Loss for the period | - | (224,400) | (224,400) |
| Total comprehensive income for the period | - | (224,400) | (224,400) |
| Shares issued during the period | 50,000 | - | 50,000 |
| Total transactions with owners | 50,000 | - | 50,000 |
| At 31 December 2015 | <u>50,000</u> | <u>(224,400)</u> | <u>(174,400)</u> |

The notes on pages 11 to 22 form part of these financial statements.

UK VINTNERS (OF LONDON) PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

| | Year ended 31 December 2016 £ | Period ended 31 December 2015 £ |
|---|---|---|
| Cash flows from operating activities | | |
| Loss for the financial year | (78,222) | (224,400) |
| Adjustments for: | | |
| Amortisation of intangible assets | 18,864 | - |
| Depreciation of tangible assets | 303 | - |
| Taxation charge | 55,518 | (55,518) |
| (Increase) in stocks | (285,303) | (23,530) |
| (Increase) in debtors | (52,109) | (18,895) |
| (Increase)/decrease in amounts owed by groups | (115,183) | - |
| Increase in creditors | 588,723 | 409,554 |
| Net cash generated from operating activities | <u>132,591</u> | <u>87,211</u> |
| Cash flows from investing activities | | |
| Purchase of intangible fixed assets | (231,393) | - |
| Purchase of tangible fixed assets | (909) | - |
| Net cash from investing activities | <u>(232,302)</u> | <u>-</u> |
| Cash flows from financing activities | | |
| Issue of ordinary shares | - | 12,500 |
| Net cash used in financing activities | <u>-</u> | <u>12,500</u> |
| Net (decrease)/increase in cash and cash equivalents | (99,711) | 99,711 |
| Cash and cash equivalents at beginning of year | 99,711 | - |
| Cash and cash equivalents at the end of year | <u>-</u> | <u>99,711</u> |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | - | 99,711 |
| | <u>-</u> | <u>99,711</u> |

The notes on pages 11 to 22 form part of these financial statements.

UK VINTNERS (OF LONDON) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

UK Vintners (of London) Plc (registered number 09508939) is a public company limited by shares and is incorporated in the United Kingdom and registered in England and Wales.

The company's registered address is AMP House, Dingwall Road, Croydon, Surrey, CR0 2LX.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis, despite there being an excess of liabilities over assets.

The level of cash at bank within the group post year end together with expected cash flows arising from current business levels are considered sufficient in order to enable the Company to meet its liabilities as and when they fall due, for a period of at least 12 months from the date of the approval of the accounts. The directors also anticipate that the financial performance of the Company in the twelve months following the approval of these financial statements will be strong enough to support the Company's cash flows.

Based on this, the directors believe that it is appropriate to prepare the financial statements on a going concern basis and these financial statements do not include any adjustments which would result from a failure to provide support or achieve anticipate results.

2.3 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

UK VINTNERS (OF LONDON) PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

| | | | |
|--------------|---|---|-------|
| Client lists | - | 3 | years |
|--------------|---|---|-------|

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | | | |
|---------------------|---|--------|-------|
| Plant and machinery | - | over 3 | years |
|---------------------|---|--------|-------|

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

UK VINTNERS (OF LONDON) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

UK VINTNERS (OF LONDON) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors make estimates and assumptions concerning the future based on their knowledge of the business and the markets it operates in. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

UK VINTNERS (OF LONDON) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. Turnover

An analysis of turnover by class of business is as follows:

| | Year ended 31 December 2016 £ | Period ended 31 December 2015 £ |
|---------------|---|---|
| Sale of goods | 2,702,806 | 1,134,200 |
| Exchanges | 1,907,700 | - |
| Commissions | - | 1,569 |
| | <u>4,610,506</u> | <u>1,135,769</u> |

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

| | Year ended 31 December 2016 £ | Period ended 31 December 2015 £ |
|---|---|---|
| Depreciation of tangible fixed assets | 303 | - |
| Amortisation of intangible assets, including goodwill | 18,864 | - |
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | 15,000 | 11,700 |
| Other operating lease rentals | 315 | - |
| | <u>315</u> | <u>-</u> |

6. Auditors' remuneration

| | Year ended 31 December 2016 £ | Period ended 31 December 2015 £ |
|---|---|---|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | 15,000 | 11,700 |
| Fees payable to the Company's auditor and its associates in respect of: | | |
| All other services | <u>6,981</u> | <u>2,300</u> |
| | <u>6,981</u> | <u>2,300</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

7. Employees

Staff costs were as follows:

| | Year ended 31 December 2016 £ | Period ended 31 December 2015 £ |
|--------------------|---|---|
| Wages and salaries | 3,835 | - |
| | <u>3,835</u> | <u>-</u> |

The average monthly number of employees, including the directors, during the year was as follows:

| | Year ended 31 December 2016 No. | Period ended 31 December 2015 No. |
|-----------|---|---|
| Directors | 2 | 2 |
| | <u>2</u> | <u>2</u> |

8. Directors' remuneration

Total remuneration paid to directors in the year was £Nil (2015 - £Nil).

9. Taxation

| | Year ended 31 December 2016 £ | Period ended 31 December 2015 £ |
|---|---|---|
| Total current tax | - | - |
| Deferred tax | | |
| Origination and reversal of timing differences | 55,518 | (55,518) |
| Total deferred tax | <u>55,518</u> | <u>(55,518)</u> |
| Taxation on profit/(loss) on ordinary activities | <u>55,518</u> | <u>(55,518)</u> |

UK VINTNERS (OF LONDON) PLC

**NOTES TO THE FINANCIAL STATEMENTS
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9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

| | Year ended 31 December 2016 £ | Period ended 31 December 2015 £ |
|--|---|---|
| Loss on ordinary activities before tax | (22,704) | (279,918) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%) | (4,541) | (55,984) |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 401 | 466 |
| Utilisation of tax losses | 59,616 | - |
| Other timing differences leading to an increase (decrease) in taxation | 42 | - |
| Total tax charge for the year | 55,518 | (55,518) |

Factors that may affect future tax charges

The Company has trading losses carried forward of £298,077 (2015 - £276,773) that can be offset against future trading profits.

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NOTES TO THE FINANCIAL STATEMENTS
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10. Intangible assets

| | Client lists £ |
|-----------------------|-------------------|
| Cost | |
| Additions | 231,393 |
| At 31 December 2016 | <u>231,393</u> |
| Amortisation | |
| Charge for the year | 18,864 |
| At 31 December 2016 | <u>18,864</u> |
| Net book value | |
| At 31 December 2016 | <u>212,529</u> |
| At 31 December 2015 | <u>-</u> |

11. Tangible fixed assets

| | Plant and machinery £ |
|-------------------------------------|-----------------------------|
| Cost or valuation | |
| Additions | 909 |
| At 31 December 2016 | <u>909</u> |
| Depreciation | |
| Charge for the year on owned assets | 303 |
| At 31 December 2016 | <u>303</u> |
| Net book value | |
| At 31 December 2016 | <u>606</u> |
| At 31 December 2015 | <u>-</u> |

UK VINTNERS (OF LONDON) PLC

**NOTES TO THE FINANCIAL STATEMENTS
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12. Stocks

| | 2016 £ | 2015 £ |
|--------|-----------|-----------|
| Stocks | 308,833 | 23,530 |

Stock recognised in cost of sales during the year as an expense was £3,243,282 (2015 - £843,883).

13. Debtors

| | 2016 £ | 2015 £ |
|------------------------------------|----------------|----------------|
| Trade debtors | 61,768 | 3,000 |
| Amounts owed by group undertakings | 115,183 | - |
| Other debtors | 8,614 | 2,710 |
| Called up share capital not paid | 37,500 | 37,500 |
| Prepayments and accrued income | 622 | 13,185 |
| Deferred taxation | - | 55,518 |
| | <u>223,687</u> | <u>111,913</u> |

14. Cash and cash equivalents

| | 2016 £ | 2015 £ |
|--------------------------|-----------|---------------|
| Cash at bank and in hand | - | 99,711 |
| | <u>-</u> | <u>99,711</u> |

15. Creditors: Amounts falling due within one year

| | 2016 £ | 2015 £ |
|------------------------------|----------------|----------------|
| Trade creditors | 339,913 | 192,903 |
| Accruals and deferred income | 658,364 | 216,651 |
| | <u>998,277</u> | <u>409,554</u> |

UK VINTNERS (OF LONDON) PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

16. Financial instruments

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Financial assets | | |
| Financial assets that are debt instruments measured at amortised cost | 223,065 | 43,210 |
| | <u>223,065</u> | <u>43,210</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | (366,869) | (209,028) |
| | <u>(366,869)</u> | <u>(209,028)</u> |

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group companies and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors and accruals.

17. Deferred taxation

| | 2016 £ | 2015 £ |
|---------------------------|-----------|---------------|
| At beginning of year | 55,518 | - |
| Charged to profit or loss | (55,518) | 55,518 |
| At end of year | <u>-</u> | <u>55,518</u> |

A deferred tax asset was recognised in the prior year to reflect unused tax losses however due to the uncertainty surrounding whether they will be recoverable against future taxable profits, this has been reversed in the current year.

The deferred tax asset is made up as follows:

| | 2016 £ | 2015 £ |
|----------------------------|-----------|---------------|
| Tax losses carried forward | - | 55,518 |
| | <u>-</u> | <u>55,518</u> |

UK VINTNERS (OF LONDON) PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

18. Share capital

| | 2016 | 2015 |
|--|---------------|---------------|
| | £ | £ |
| Shares classified as equity | | |
| Allotted, called up and partly paid | | |
| 50,000 Ordinary share shares of £1 each | 50,000 | 50,000 |
| | <u>50,000</u> | <u>50,000</u> |

50,000 £1 ordinary shares were issued on incorporation at par value. Of the amount called up £12,500 was paid on issue, with the balance of £37,500 included in other debtors.

Ordinary shares have full rights in the company with respect to voting, dividends and distributions.

19. Reserves

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

20. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2016 | 2015 |
|--|--------------|----------|
| | £ | £ |
| Not later than 1 year | 315 | - |
| Later than 1 year and not later than 5 years | 877 | - |
| | <u>1,192</u> | <u>-</u> |

21. Transactions with directors

During the year the company advanced monies to a director of the company. The amount due at the year end was £1,250 (2015 - £Nil).

The maximum amount outstanding during the year was £24,020 (2015 - £Nil), no interest was charged by the company.

UK VINTNERS (OF LONDON) PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

22. Related party transactions

During the year the company made sales to a Company under the control of a Director amounting to £228,491 (2015 - £128,796), purchases of £Nil (2015 - £18,142) and were charged sales commissions of £Nil (2015 - £15,990). The amount outstanding as a result of these transactions was £194,359 (2015 - - £34,132), which was reclassified to intangible fixed assets during the year. As at 31 December 2015 £128,796 remained outstanding and was provided for in full.

During the year the company also made sales to a Company under the control of a close family member of a Director amounting to £123,919 (2015 - £113,480) and purchases of £81,680 (2015 - £5,205). The amount outstanding as a result of these transactions was £37,034 (2015 - -£5,205), which was reclassified to intangible fixed assets during the year. As at 31 December 2015 £113,480 remained outstanding and was provided for in full.

During the year the company made purchases from another Company under the control of a close family member of a Director amounting to £320,682 (2015 - £139,322). The amount outstanding as a result of these transactions was £32,000 (2015 - £90,001).

During the year the company made sales to a close family member of a director amounting to £Nil (2015 - £900). The amount outstanding at the year end was £Nil (2015 - £900).

During the year, the Company was provided use of a bank account by its parent Company. The amount outstanding at the year end was £115,183 (2015 - £Nil).

Sales and purchases between related parties are made at arms length and balances due to and from related parties at the year end are interest free and repayable on demand.

Total employee benefits paid to Key Management Personnel during the year amounted to £Nil (2015 - £Nil).

23. Controlling party

The Company's parent company and controlling party is UKV International AG, whose registered office address is Bahnhofstrasse 21, 6300 Zug.

The ultimate controlling party is P Solle.