

WINEWORLD LONDON PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST JULY 2011

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 2011

The directors present their report and financial statements for the year ended 31 July 2011.

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

Two major businesses of Vinopolis are 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, and corporate hospitality and events. In addition Vinopolis houses various retail facilities, including a Laithwaites wine shop and The Whisky Exchange.

During the year Vinopolis sold a 10% shareholding in Vinum Restaurant Company Limited reducing the shareholding to 60%. 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 strategy of extending Vinopolis facilities from a largely wine orientated operation to a broader drinks and food venue for entertainment continues and is proving to be a commercial success. The most imminent extension to be completed is the Vinopolis Yard which consists of an Italian restaurant and bakery, and a retail area. Further opportunities are in the pipeline.

Results and dividends

As shown in the group's profit and loss account on page 6, and for the sixth successive year, the group has achieved an operating profit. The consolidated operating profit is £1,784,738 (2010: £1,535,680) for the year. The consolidated profit before taxation is £1,781,634 (2010: £1,514,898)

Operating cash flow continued to be strong. Prior to deposits paid in 2010 and then repaid in 2011 of £1,950,000 from Thistle-down Investments Limited, which have been included in Other debtors, the net cash inflow was £2,142,353 compared to £2,443,182 in 2010.

The directors do not recommend the payment of a dividend (2010: Nil).

In January 2011 the company redeemed the 270,884,344 of 1 pence preference shares at par for a cash consideration of £2,708,843.

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 marginally decreased by 0.7% from the previous year although the corporate events income has marginally increased by 0.3% from the previous year. With further cost reductions this in turn means that the KPI of operating margin, after direct costs and before the operating profit from associates, is 19% in 2011 compared to 17% in 2010.

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 decreased to just over £40,000 as at 30th September 2011 compared to being just over £50,000 as at 30 September 2010, a decrease of 20% over the past 12 months. This is due largely to declining discretionary spend in our industry. 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 marginally to 63% from 62%.

Wineworld London plc

Report of the Directors for the year ended 31 July 2011

(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

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

Alexander Anderson*
Michael Loubser*
Roger Wood*

*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 2011 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 59 (2010: 82).

Wineworld London plc

Report of the Directors for the year ended 31 July 2011

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

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: 27 October 2011

Wineworld London plc

Report of the Auditor

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 2011 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 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 2011 and of the group 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

Date:

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

Wineworld London plc
Consolidated Profit and Loss Account for the year ended 31 July 2011

		2011	2010
	Notes	£	Total £
Turnover	2	8,149,329	8,160,864
Cost of sales		(2,999,578)	(3,069,270)
Gross profit		<u>5,149,751</u>	<u>5,091,594</u>
Administrative expenses		(3,600,491)	(3,737,136)
		<u>1,549,260</u>	<u>1,354,458</u>
Share of operating profit in associates		235,478	181,222
Operating profit	3	<u>1,784,738</u>	<u>1,535,680</u>
Interest receivable	4		
Group		9,811	12,021
Associates		2,780	350
		<u>1,797,329</u>	<u>1,548,051</u>
Interest payable and similar charges	5		
Group		(15,695)	(33,153)
Associates		-	-
		<u>1,781,634</u>	<u>1,514,898</u>
Profit on ordinary activities before taxation		<u>1,781,634</u>	<u>1,514,898</u>
Taxation	7	(65,185)	(1,614)
Profit on ordinary activities after taxation	18	<u><u>1,716,449</u></u>	<u><u>1,513,284</u></u>

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 2011

	2011	2010
	£	£
Profit for the year	1,716,449	1,513,284
Unrealised surplus on revaluation of long lease land and buildings	179,411	4,866,250
	<hr/>	<hr/>
Total recognised gains relating to the year	<u>1,895,860</u>	<u>6,379,534</u>

Note of historical costs, profits and losses for the year ended 31 July 2011

	2011	2010
	£	£
Profit on ordinary activities before taxation	1,781,634	1,514,898
Difference between depreciation on revalued amount and on historical cost basis	179,411	81,779
	<hr/>	<hr/>
Historical cost profit before taxation	<u>1,961,045</u>	<u>1,596,677</u>
	<hr/>	<hr/>
Historical cost profit after taxation	<u>1,895,860</u>	<u>1,595,063</u>

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

Wineworld London plc
Consolidated Balance Sheet as at 31 July 2011

		2011		2010	
	Note	£	£	£	£
Fixed assets					
Intangible assets	8		290,429		420,917
Tangible assets	9		16,099,998		15,963,179
Investments	10		480,402		715,214
			<u>16,870,829</u>		<u>17,099,310</u>
Current assets					
Stock	11	39,681		90,383	
Debtors	12	762,285		3,322,621	
Cash at bank and in hand		559,132		214,172	
			<u>1,361,098</u>		<u>3,627,176</u>
Creditors: amounts falling due within one year	13	(2,188,739)		(3,290,904)	
			<u>(827,641)</u>		<u>336,272</u>
Net current liabilities			<u>(827,641)</u>		<u>336,272</u>
Total assets less current liabilities			16,043,188		17,435,582
Creditors: amounts falling due after more than one year	14		-		(400,000)
			<u>16,043,188</u>		<u>17,035,582</u>
Net assets			<u><u>16,043,188</u></u>		<u><u>17,035,582</u></u>
Capital and reserves					
Called up share capital - equity interests	15		2,269,406		4,978,249
Revaluation reserve	16		8,613,343		8,792,754
Capital Redemption Reserve	17		2,708,843		-
Profit and loss account	18		2,451,596		3,264,579
			<u>16,043,188</u>		<u>17,035,582</u>
Shareholders' funds	19		<u><u>16,043,188</u></u>		<u><u>17,035,582</u></u>

Approved by the board on 27 October 2011 and signed on its behalf by:

.....
Roger Wood
Director

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

Wineworld London plc
Company balance sheet as at 31 July 2011
Company Number: 2663676

		2011		2010	
	Note	£	£	£	£
Fixed assets					
Tangible assets	9		16,099,998		15,963,179
Investments	10		606,304		828,542
			16,706,302		16,791,721
Current assets					
Stock	11	39,681		90,383	
Debtors	12	762,285		3,322,621	
Cash at bank and in hand		559,130		214,170	
			1,361,096		3,627,174
Creditors: amounts falling due within one year	13	(2,188,739)		(3,290,904)	
Net current liabilities			(827,643)		336,270
Total assets less current liabilities			15,878,659		17,127,991
Creditors: amounts falling due after more than one year	14		-		(400,000)
Net assets			15,878,659		16,727,991
 Capital and reserves					
Called up share capital	15		2,269,406		4,978,249
Revaluation reserve	16		8,613,343		8,792,754
Capital Redemption Reserve	17		2,708,843		-
Profit and loss account	18		2,287,067		2,956,988
Shareholders' funds	19		15,878,659		16,727,991

Approved by the board on 27 October 2011 and signed on its behalf by:

.....

Roger Wood
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 2011

	Note	2011		2010	
		£	£	£	£
Net cash inflow from operating activities	22		4,092,353		493,182
Returns on investments and servicing of finance					
Interest received		9,811		12,021	
Interest paid		(15,695)		(33,153)	
Dividend received from associates		300,000		160,000	
		<hr/>		<hr/>	
Net cash inflow from returns and on investments and servicing of finance			294,116		138,868
Net cash outflow from capital expenditure and financial investments			(754,904)		-
			<hr/>		<hr/>
Net cash inflow before financing			3,631,565		632,050
Acquisitions and disposals					
Investment in associated undertaking			222,238		(703,500)
Financing					
Repayment of bank loans	24	(800,000)		(800,000)	
Redemption of Preference Shares	18	(2,708,843)		-	
		<hr/>		<hr/>	
Net cash outflow from financing			(3,508,843)		(800,000)
			<hr/>		<hr/>
Increase/(decrease) in cash	23		344,960		(871,450)
			<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 2011

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 £1,859,511 (2010:£1,515,480)

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 2011
(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.

	2011	2010
	£	£
Tour & other related income	3,342,592	3,366,687
Corporate hospitality	4,806,737	4,794,177
	<u>8,149,329</u>	<u>8,160,864</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

	2011	2010
	£	£
The operating profit is stated after charging:		
Auditors' remuneration	15,060	14,480
Depreciation - owned tangible fixed assets	601,048	697,233
Depreciation - assets held under finance leases	17,037	17,037
Amortisation of goodwill	16,135	22,154
	<u>649,280</u>	<u>750,904</u>

4 Interest receivable

	2011	2010
	£	£
Bank interest receivable	9,811	12,021
Share of associates interest receivable	2,780	350
	<u>12,591</u>	<u>12,371</u>

5 Interest payable and similar charges

	2011	2010
	£	£
Bank loan and short term loan interest	15,695	33,153
Share of associates interest payable and similar charges	-	-
	<u>15,695</u>	<u>33,153</u>

Wineworld London plc
Notes to the Financial Statements for the year ended 31 July 2011
(Continued)

6 Directors and employees

	2011 £	2010 £
Staff costs (including directors) during the year were as follows:		
Wages and salaries	1,328,219	1,263,521
Social security costs	106,354	106,312
Other pension costs	1,860	1,785
	1,436,433	1,371,618
	1,436,433	1,371,618

The average monthly number of persons employed by the group, including directors, during the year was 94 (2010: 99). At the end of the year the number of persons employed by the group was 98 (2010: 101).

Directors emoluments:

	2011 £	2010 £
Directors' emoluments consist of:		
Fees and emoluments for management services	149,050	166,047
Group contributions to money purchase pension schemes	-	-
	149,050	166,047
	149,050	166,047

7 Taxation

(a) Analysis of charge in year

	2011 £	2010 £
Current tax:		
UK corporation tax at 26% (2010: 28%)	-	-
Share of associates' current tax	69,524	(40,686)
	69,524	(40,686)
Total current tax	69,524	(40,686)
Deferred tax:		
Deferred taxation	-	-
Share of associates' deferred tax	(4,339)	42,300
	(4,339)	42,300
Total deferred tax	(4,339)	42,300
Total taxation	65,185	1,614

(b) Factors affecting current tax charge

	£	£
Profit on ordinary activities before tax	1,781,634	1,514,898
	1,781,634	1,514,898
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2010: 28%)	463,225	430,374
Effects of:		
Expenses not deductible for tax purposes	4,436	4,496
Depreciation for the year in excess of capital allowances	172,114	201,155
Relieved against losses brought forward	(569,249)	(580,446)
Capital in revenue	-	2,572
Change in tax rates	3,730	-
Over provision in prior years on associates profits	(4,732)	(98,837)
	69,524	(40,686)
Current charge for the year	69,524	(40,686)

Wineworld London plc
Notes to the Financial Statements for the year ended 31 July 2011 (Continued)

7 Taxation (continued)

(c) Factors that may affect future tax charges

At 31 July 2011 the company had unrelieved tax losses of £3,136,650 to carry forward and utilise against future corporation tax liabilities. These losses give rise to an unprovided deferred tax asset of £815,529.

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

8 Intangible assets

	Group Goodwill £
Cost or valuation	
At 1 August 2010	443,071
Disposals (note 10)	(114,353)
	328,718
At 31 July 2011	328,718
Depreciation	
At 1 August 2010	22,154
Charge for the year	16,135
	38,289
At 31 July 2011	38,289
Net Book Value	
At 31 July 2011	290,429
At 1 August 2010	420,917

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 2010	15,150,000	8,732,798	856,972	787,927	25,527,697
Additions	754,904	-	-	-	754,904
	15,904,904	8,732,798	856,972	787,927	26,282,601
At 31 July 2011	15,904,904	8,732,798	856,972	787,927	26,282,601
Depreciation					
At 1 August 2010	-	7,919,619	856,972	787,927	9,564,518
Charge for the year	310,553	307,532	-	-	618,085
	310,553	8,227,151	856,972	787,927	10,182,603
At 31 July 2011	310,553	8,227,151	856,972	787,927	10,182,603
Net Book Value					
At 31 July 2011	15,594,351	505,647	-	-	16,099,998
At 1 August 2010	15,150,000	813,179	-	-	15,963,179

The long leasehold land and buildings brought forward 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.

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

	£
Historical cost	12,991,387
Accumulated depreciation based on historical cost	(6,010,357)
	6,981,030
	6,981,030

Wineworld London plc

Notes to the Financial Statements for the year ended 31 July 2011 (Continued)

10 Fixed asset investments

The investments of the Group and Company were as follows:

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Subsidiary undertaking	-	-	2	2
Associates	480,402	715,214	606,302	828,540
At 31 July 2011	480,402	715,214	606,304	828,542

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"	60%	Restaurant & Wine Bars
Brew Wharf Limited	England	Ordinary	60%	Dormant

During the year, the company sold 10% of shareholding in Vinum Restaurant Company Limited, bringing the total shareholding to 60% at year end. However, the controlling interest held by our partner remained at 50%. As a result Vinum Restaurant Company Limited continues to be accounted for as an associate as at 31 July 2011. The goodwill amortisation continued at same level as summarised in note 8.

Subsidiary undertaking

	2011 £	2010 £
Cost		
As at 1 August 2010 and 31 July 2011	2	2

Associate

	Group £	Company £
Cost		
As at 1 August 2010	740,214	828,540
Disposals	(107,885)	(222,238)
Share of retained profit for the year	(126,927)	-
At 31 July 2011	505,402	606,302
Amounts written off		
As at 1 August 2010 and 31 July 2011	25,000	-
Net Book Value		
At 31 July 2011	480,402	606,302
At 31 July 2010	715,214	828,540

Wineworld London plc
Notes to the Financial Statements for the year ended 31 July 2011 (Continued)

11 Stocks

	Group and Company	
	2011	2010
	£	£
Finished goods and goods for resale	39,681	90,383
	39,681	90,383

12 Debtors

	Group and Company	
	2011	2010
	£	£
Trade debtors	434,171	1,087,438
Other debtors	-	1,950,000
Prepayments and accrued income	328,114	285,183
	762,285	3,322,621

13 Creditors: amounts falling due within one year

	Group and Company	
	2011	2010
	£	£
Trade creditors	730,589	1,059,602
Social security and other taxes	130,528	199,390
Other creditors	100	-
Bank of Scotland term loan	400,000	800,000
Accruals and deferred income	927,522	1,231,912
	2,188,739	3,290,904

The overdraft with the Bank of Scotland is subject to the same terms on security and interest as those which apply to the loan described in note 14.

14 Creditors: amounts falling due after more than one year

	Group and Company	
	2011	2010
	£	£
Bank of Scotland term loan	-	400,000
	-	400,000

The Bank of Scotland term loan and overdraft are secured by means of a fixed and floating charge over the long leasehold land and buildings of the Company. The realisation value of the long leasehold land and buildings charged in favour of Bank of Scotland shall not be less than 150% of the amount of the facility outstanding at any time. The facility is repayable by 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	
	2011	2010
	£	£
Bank loans		
Between one and two years		400,000
Between two and five years	-	
	-	400,000
On demand or within one year	400,000	800,000
	400,000	1,200,000

Wineworld London plc
Notes to the Financial Statements for the year ended 31 July 2011
(Continued)

15 Share capital

	Group and Company	
	2011	2010
	£	£
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
	2,269,406	4,978,249

In January 2011 the company redeemed the 270,884,344 1 pence preference shares at par for consideration of £2,708,843.

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

a) Right to dividend

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

During the year company redeemed all preference shares at the nominal value of 0.01p per share.

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 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 as fully paid

16 Revaluation reserve

	Group and Company	
	2011	2010
	£	£
At 1 August 2010	8,792,754	4,090,062
Revaluation of fixed assets	-	4,784,471
Transfer to profit and loss account	(179,411)	(81,779)
	8,613,343	8,792,754

Wineworld London plc

Notes to the Financial Statements for the year ended 31 July 2011 (Continued)

17 Capital redemption reserve

	Group and Company	
	2011	2010
	£	£
At 1 August 2010	-	-
Redemption of preference shares	2,708,843	-
	<hr/>	<hr/>
At 31 July 2011	<u>2,708,843</u>	<u>-</u>

18 Profit and loss account

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
At 1 August 2010	3,264,579	1,669,516	2,956,988	1,359,729
Result for the year	1,716,449	1,513,284	1,859,511	1,515,480
Redemption of preference shares	(2,708,843)	-	(2,708,843)	-
Transfer from revaluation reserve	179,411	81,779	179,411	81,779
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2011	<u>2,451,596</u>	<u>3,264,579</u>	<u>2,287,067</u>	<u>2,956,988</u>

19 Reconciliation of movements in shareholders' funds

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Opening shareholders' funds	17,035,582	10,737,827	16,727,991	10,428,040
Result for the year	1,716,449	1,513,284	1,859,511	1,515,480
Revaluation of fixed assets	-	4,784,471	-	4,784,471
Redemption of preference shares	(2,708,843)	-	(2,708,843)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	<u>16,043,188</u>	<u>17,035,582</u>	<u>15,878,659</u>	<u>16,727,991</u>

Wineworld London plc
Notes to the financial statements for the year ended 31 July 2011 (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 companies.

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.

	2011 £	2010 £
During the year the following transactions took place with Thistledown Investments Limited:		
Consultancy	80,938	54,287
Loan interest and fees	(9,748)	(10,925)
Repayment of loan	(2,750,000)	(700,000)
Issue of new loans	800,000	2,650,000
	Total transactions	1,993,362
	(1,878,810)	1,993,362
At the year end there were amounts outstanding to Thistledown Investments Limited of:		
Debtors	301	10,925
Other debtors	-	1,950,000
Prepayments and accrued income	-	-
	301	1,960,925
	301	1,960,925
Creditors: amounts falling due within one year		
Accruals and deferred income	25,938	15,787
	25,938	15,787
	25,938	15,787

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.

	2011 £	2010 £
During the year the following transactions took place with Leybourne Securities Limited:		
Consultancy	59,917	21,000
	59,917	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	2,775	1,750
	2,775	1,750
	2,775	1,750

All these transactions were undertaken at arms length.

Wineworld London plc
Notes to the financial statements for the year ended 31 July 2011(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.

	2011	2010
	£	£
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	22,071	23,529
	<u>22,071</u>	<u>25,137</u>
Total transactions	22,071	25,137

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

	2011	2010
	£	£
Creditors: amounts falling due within one year		
Accruals and deferred income	1,750	12,650
	<u>1,750</u>	<u>12,650</u>

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):

	2011	2010
	£	£
		Vinum Restaurant Company Limited
Rent received	374,505	383,863
Utility recharges	130,498	151,330
Purchases	(340,977)	(237,044)
	<u>164,026</u>	<u>298,149</u>
Total transactions	164,026	298,149

The year end balances include the following amounts due from:

	Vinum Restaurant Company Limited	
Debtors		
Trade debtors	29,191	27,734
	<u>29,191</u>	<u>27,734</u>
Creditors		
Trade creditors	10,129	215
	<u>10,129</u>	<u>215</u>

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 £1,860 (2010: £1,785). At the year end no pension contributions were outstanding.

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Notes to the financial statements for the year ended 31 July 2011 (Continued)

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

	2011	2010
	£	£
Operating profit	1,784,738	1,535,680
Share of associate operating profit	(235,478)	(181,222)
Depreciation -		
Owned tangible assets	601,048	697,233
Assets held under finance leases	17,037	17,037
Amortisation of goodwill	16,135	22,154
Decrease/(increase) in stock	50,702	(45,496)
Decrease/(increase) in debtors	2,560,336	(2,471,812)
(Decrease)/increase in creditors	(702,165)	919,608
	<hr/>	<hr/>
Net cash inflow from operating activities	4,092,353	493,182
	<hr/> <hr/>	<hr/> <hr/>

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

	2011	2010
	£	£
(Decrease)/increase in cash in the year	344,960	(871,450)
Cash outflow from decrease in debt and lease financing	800,000	800,000
	<hr/>	<hr/>
Change in net debt resulting from cash flows	1,144,960	(71,450)
Net debt at 1 August 2010	(985,828)	(914,378)
	<hr/>	<hr/>
Net debt at 31 July 2011	159,132	(985,828)
	<hr/> <hr/>	<hr/> <hr/>

24 Analysis of changes in net debt

	At 1 August 2010	Cash flow	Non cash movements	At 31 July 2011
	£	£	£	£
Net overdraft and cash in hand	214,172	344,960	-	559,132
Debt due within one year	(800,000)	800,000	(400,000)	(400,000)
Debt due after one year	(400,000)	-	400,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(985,828)	1,144,960	-	159,132
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

25 Ultimate parent company and controlling party

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