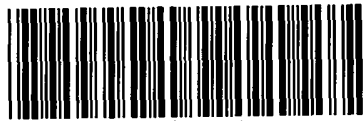


Registered number: 09068458

WHISKYINVESTDIRECT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 31 OCTOBER 2020

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WHISKYINVESTDIRECT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2020

The directors present their report and the financial statements for the year ended 31 October 2020.

The directors are responsible for preparing 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;
- 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 principal activity of the company is that of enabling its customers to buy and sell barrel whisky for maturation, via the internet, and arranging the custody of the alcohol in professional bonded storage in Scotland. The company delivers its services through the WhiskyInvestDirect.com website.

WHISKYINVESTDIRECT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

Business review

WhiskyInvestDirect made good progress in the 2019/20 financial year despite the disruption from Covid-19. While the immediate financial turbulence in March resulted in some significant selling pressure, stability to platform prices returned within a month and the majority of clients retained their investment in maturing spirit. Indeed, it was encouraging to see that the platform's liquidity was good with automatic trading carrying on unaffected, 24/7.

In the financial year we had 1006 new funded accounts from 3,432 registrations. This was up from 613 funded accounts and 2,330 registrations in the previous year. Total Scotch whisky owned by WID customers rose 10% from 8.8m LPA to 9.7m, with the value of stocks held by clients rising to £36m.

Our customers continue to experience positive returns from holding maturing stocks of Scotch whisky. A few also took advantage of the rising prices and sold out, with the value of sales (back to WID or other investors) doubling from the previous year. Malt whisky has continued to appreciate slightly ahead of the long-term average of 7-8%, whilst grain prices have remained weaker for the fourth consecutive year, giving investors a low single digit net return. The average stockholding per customer has remained steady at just above £10,000.

The full year turnover was in line with previous year, with a gross profit margin of £0.9m, an increase of 28%. Despite higher operating expenses our profit before tax increased to £324k, up from £257k in the prior year.

In 2020 we unlocked new supply and maintained business with existing supply customers. We purchased spirit from Chivas Brothers for the first time. With Diageo already our main supplier we now source spirit from the top two distillers who account for approximately 50% of all Scotch production. We also agreed to purchase new spirit from Adelphi who own the Ardnamurchan distillery on the west coast of Scotland. Our deal helps them finance their longer term stock build.

WID customers continued to benefit from the way we launch stock onto the platform. Customers are given the chance to pre-order stock ahead of the launch date. This has proved to be a better and more equitable way to allocate stock to customers, especially when lines are over-subscribed.

We had two more bulk trade bids in the year which returned 42,000 lpa to the industry. Customers who sold into the bid made an annual net gain of 4.7% on one line and 24.6% on the other. We hope to see more bids in 2021.

JAMES EADIE

James Eadie Ltd (JE) was a subsidiary of WID. At the outset, JE was intended to become a high volume business and a 'buyer of last resort' for the WID platform. It developed along different lines, as a niche independent bottler. JE made annual losses since start-up and at year end October 2019 it had negative equity of £363,879. WhiskyInvestDirect, and its parent company, Galmarley, had both loaned money to JE. The Board of WhiskyInvestDirect came to believe that the JE business was a distraction to the core ambition to build WID's online trading platform business and agreed to sell the JE business to me. The Board accepted my offer to purchase the business for £1.00 with a structured repayment of £400k of debt. A deal, which also defined my working commitment to both WID and JE, was concluded in May 2020.

OUTLOOK

WhiskyInvestDirect's business emerged strongly from the financial turbulence in Spring 2020. In all other respects it was business as usual with steady growth in customer numbers, stock owned by investors and supply to the platform. This puts us in good shape as we head into 2021.

2020 will prove to be a difficult year for the industry. Diageo's full year results (end June 2020) showed a net sales growth of -17% across its Scotch whisky portfolio with leading brand Johnnie Walker down 22%. Meanwhile Pernod's whisky arm, Chivas Brothers, fared slightly better with sales down 11% in the same period. Global lock-downs and the impact in the on-trade and in duty free hit most Scotch whisky companies hard.

An additional headwind in 2020 came from the tariffs imposed on Single Malt Scotch in the USA. A 25% tariff was imposed on October 18th 2019 and has yet to be repealed. Of course, bourbon and other American whiskies have suffered a similar tariff in the EU since last July – this in retaliation for US sanctions on steel and

WHISKYINVESTDIRECT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

aluminium. Recently, however, the UK announced that tariffs on US goods will be suspended from 1st January when the post-Brexit transition ends. This may encourage a de-escalation from the US. This would be good news for Scotch whisky but no moves have yet been made.

One of the keys to a healthy Scotch whisky market is finding an equilibrium between supply and demand. With consumption dropping in 2020 it will be interesting to see what impact distillery closures has had on total supply. Many production plants were shut down for a month, some longer, but no distillation figures will be available until early 2021. It should be remembered, however, that most Scotch whisky companies carry 7-8 years' worth of maturing stock, enabling them to ride out any short term market fluctuations with relative ease.

The long term outlook for Scotch remains positive. WhiskyInvestDirect is well placed to establish itself further as an efficient trading platform for the industry, one that gives retail investors access to an attractive tangible asset.

COVID-19

COVID 19 has not had a significant impact on the business as explained in the business review.

Directors

The directors who served during the year were:

C T Evans
R C Patrick
A R Procter
P G Tustain

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.

Auditors

The auditors, Armstrong Watson Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 27th January 2021 and signed on its behalf.



R C Patrick
Director

WHISKYINVESTDIRECT LIMITED
REGISTERED NUMBER: 09068458

STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	4	319,979	328,185
		<u>319,979</u>	<u>328,185</u>
Current assets			
Stocks	5	2,171,228	859,701
Debtors: amounts falling due within one year	6	629,576	182,497
Cash at bank and in hand		2,137,243	3,199,745
		<u>4,938,047</u>	<u>4,241,943</u>
Creditors: amounts falling due within one year	7	(1,035,181)	(597,400)
Net current assets		<u>3,902,866</u>	<u>3,644,543</u>
Total assets less current liabilities		<u>4,222,845</u>	<u>3,972,728</u>
Creditors: amounts falling due after more than one year	8	(1,553,972)	(1,554,972)
Provisions for liabilities			
Deferred tax		(60,679)	(62,355)
		<u>(60,679)</u>	<u>(62,355)</u>
Net assets		<u><u>2,608,194</u></u>	<u><u>2,355,401</u></u>

WHISKYINVESTDIRECT LIMITED
REGISTERED NUMBER: 09068458

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 OCTOBER 2020

	Note	2020 £	2019 £
Capital and reserves			
Called up share capital		80,000	80,000
Share premium account		2,003,333	2,003,333
Profit and loss account		524,861	272,068
		<u>2,608,194</u>	<u>2,355,401</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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

27/1/21



R C Patrick
Director

The notes on pages 6 to 13 form part of these financial statements.

WHISKYINVESTDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

1. General information

WhiskyInvestDirect Limited is a private company, limited by shares, registered in England and Wales. The company's registration number is 09068458 and registered office address is 7th Floor, 3 Shortlands, London, W6 8DA.

These financial statements have been presented in pounds sterling, rounded to the nearest pound, as this is the currency of the primary economic environment in which it operates.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have considered the on-going situation with regard to COVID-19 as part of their going concern assessment. The view of the directors is that, while they acknowledge the significant disruption that the pandemic will continue to bring over the coming weeks and months, the directors feel that the company is well placed to negotiate the unique set of conditions currently facing the UK economy and has sufficient cash in order to continue to meet its liabilities as they fall due.

The company has a strong cash position at the year end and at the time of signing. The directors have prudently assessed the level of outgoings in the business against the available cash and concluded there is sufficient headroom to enable the company to meet its liabilities as they fall due for a period of at least 12 months from the financial statements being signed.

After consideration of all factors, the directors continue to adopt the going concern basis in preparing the financial statements.

2.3 Turnover recognition

Turnover represents the sale of whisky and the related services as part of a composite supply of services to customers and includes interest earned on client accounts. It is recognised at the point of sale.

Where there is an element in the initial sale price that relates to the ownership of the casks by the company, this element is spread over the period of time the company expects to own those casks for the purposes of customers storing that whisky.

2.4 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Exchange differences are recognised in the profit and loss in the period in which they arise.

WHISKYINVESTDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

2. Accounting policies (continued)

2.5 Current and Deferred Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised on timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date. The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit. Deferred tax liabilities are presented within provisions for liabilities on the balance sheet.

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

WHISKYINVESTDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

2. Accounting policies (continued)

2.8 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	- 15 years
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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 profit or loss.

2.9 Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of income and retained earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.11 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 first in, first out basis.

At each reporting 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.

WHISKYINVESTDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

2. Accounting policies (continued)

2.12 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.

2.13 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.

2.14 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.

2.15 Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

2.16 Reserves

Called up share capital represents the nominal value of shares that have been issued.

Share premium account includes any premiums received on the issue of share capital. Transaction costs associated with the issuing of shares are deducted from the share premium.

Profit and loss account includes all current and prior period profits and losses.

2.17 Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

2.18 Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Redeemable preference shares are treated as non-current loans and borrowings, which is in accordance with FRS 102.

WHISKYINVESTDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020

2. Accounting policies (continued)

2.19 Client accounts

The company operates separately designated client accounts in each currency in which the company trades. Customers are only able to purchase whisky once the company has received cleared money and this money is paid to and held in the separately designated financial accounts. As these amounts are held within designated client accounts and beneficial entitlement is retained by the customers, these cash balances are not included in the balance sheet of the company.

2.20 Financial instruments

The Company only enters into basic financial instrument 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 ordinary shares.

3. Employees

The average monthly number of employees, including directors, during the year was 6 (2019 - 7).

4. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 November 2019	385,265
Additions	18,641
At 31 October 2020	<u>403,906</u>
Depreciation	
At 1 November 2019	57,080
Charge for the year on owned assets	26,847
At 31 October 2020	<u>83,927</u>
Net book value	
At 31 October 2020	<u><u>319,979</u></u>
At 31 October 2019	<u><u>328,185</u></u>

WHISKYINVESTDIRECT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

5. Stocks

	2020	2019
	£	£
Whisky	2,171,228	859,701
	2,171,228	859,701
	2,171,228	859,701

6. Debtors

	2020	2019
	£	£
Amounts owed by group undertakings	-	96,713
Other debtors	609,316	52,649
Prepayments and accrued income	20,260	33,135
	629,576	182,497
	629,576	182,497

7. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	10,441	5,308
Amounts owed to group undertakings	-	17,181
Corporation tax	32,250	-
Other taxation and social security	12,731	9,429
Other creditors	979,759	565,482
	1,035,181	597,400
	1,035,181	597,400

8. Creditors: Amounts falling due after more than one year

	2020	2019
	£	£
Redeemable preference shares	1,553,972	1,554,972
	1,553,972	1,554,972
	1,553,972	1,554,972

WHISKYINVESTDIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

9. Redeemable Preference Shares

The redeemable preference shares are redeemable at the option of the holder between 1 May 2025 and 31 May 2025. They are redeemable at £1 per share together with any unpaid cumulative preference dividend at the time of redemption and carry no voting rights.

The holder has the right to purchase one ordinary share of £0.01 each per preference share redeemed between 1 May 2025 and 31 May 2025 for consideration of £1 each.

If the shares are not redeemed by the holder during either of the periods then the company can enforce redemption after 31 May 2025.

10. Related party transactions

Summary of transactions with directors and key management

During the year the directors made personal purchases of whisky from the company totalling £69,825 (2019 - £54,303) and sales of whisky to the company totalling £107,174 (2019 - £73,619) which have been settled as normal clients paying in personal funds. At the balance sheet date the amount due from the directors was £nil (2019 - £nil).

During the year other related parties made purchases of whisky from the company of £36,186 which have been settled as normal clients paying in personal funds. At the balance sheet date the amounts due from other related parties in regards to these transactions was £Nil.

Dividends were paid to the directors and key management who held preference shares at the year end. The amount of dividends paid to directors and key management was £5,674 (2019 - £5,640).

Dividends were paid to other related parties who held preference shares at the year end. The amount of dividends paid to other related parties was £345.

Summary of transactions with companies under common directorship

During the year the company had recharge agreements in place with Galmarley Limited. These recharges have been reflected in the accounts against the corresponding expenditure. In relation to recharges the company paid £136,619 (2019 - £114,603) and received £1,287.87 (2019 - £2,875).

The company paid £3,279 (2019 - £nil) to Galmarley Limited in order to settle a debt with their subsidiary, Bullionvault Limited.

The company paid £nil (2019 - £245,891) to Galmarley Limited in order to settle their loan balance with Galmarley Limited.

At the balance sheet date the amount due (to)/from Galmarley Limited was £(10,193) (2019 - £(17,181)).

During the year the company had recharge agreements in place with James Eadie Limited. These recharges have been reflected in the accounts against the corresponding expenditure. In relation to recharges the company paid £547 (2019 - £4,607) and received £63,433 (2019 - £109,803).

The company received £27,354 (2019 - £24,099) from James Eadie from the sale of whisky, casks and bottling.

The company received £nil (2019 - £107,847) from James Eadie in order to settle their loan balance with the company.

The amount outstanding at the balance sheet date owed to the company by James Eadie Limited was £87,260 (2019 - £107,128).

WHISKYINVESTDIRECT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

11. Controlling party

The company's parent undertaking was Galmarley Limited until the 15th of September 2020. Their registered address is 7th Floor, 3 Shortlands, London, England, W6 8DA .

The company's results are included within the consolidated accounts of Galmarley Limited until September 2020, when ownership of the company changed, and these can be found on www.companieshouse.gov.uk

The company has no ultimate controlling party at the balance sheet date.

12. Auditors' information

The auditors' report on the financial statements for the year ended 31 October 2020 was unqualified.

The audit report was signed on 12th March 2021 by Martin Johnston CA (Senior statutory auditor) on behalf of Armstrong Watson Audit Limited.