

Company registration number: 09068458

WHISKYINVESTDIRECT LIMITED
FILLETED ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

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WHISKYINVESTDIRECT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2017

The directors present their report and the financial statements for the year ended 31 October 2017.

Directors of the company

The directors who held office during the year were as follows:

C T Evans

A R Procter

R C Patrick

P G Tustain

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 service through the WhiskyInvestDirect.com website.

Business review

During the 2017 financial year, total visitors to the website were 235,000, up from 116,000 the previous year. We had 2,927 new registered users this year, up 44%. And since the launch in September 2015 1,543 accounts have been funded, this is up from 797 at the same time last year. At the close of the financial year investors owned 4.1m lpa of maturing whisky. This is enough to bottle approximately twelve million bottles of Scotch.

In financial terms this has translated into new deposits of £7.3m, up 59% on last year. This has generated commissions of £136,000, up from £80,000, and custody fees revenue has risen to £430,000, a healthy increase on the prior year's £122,000. Total WhiskyInvestDirect turnover rose from £4.5m in 2016 to £7.1m this year, an increase of 55%.

These encouraging numbers enabled us to report a good pre-tax profit of 231,794, showing an increase in our total capital and reserves to £2.114m. We are now able to pay the 3% coupon to our preference shareholders who hold convertible stock.

During the year we added one new supplier to our list, John Fergus & Co, and we made repeat purchases with the majority of our existing suppliers. Diageo are still our largest supplier and we are keen to bring Chivas Brothers (Pernod Ricard) on board in 2018. However, a key feature of the platform is that we are successfully building up consistent stock lines across consecutive years. This is what blenders look for when they are buying up malt and grain whiskies to meet higher growth forecasts.

In 2017 we further established our identity within the Scotch whisky trade as an innovative and efficient on-line trading platform which enables distillers to sell young stock and generate storage revenue from that stock during the maturation period.

Operated through the subsidiary company James Eadie Limited, the James Eadie brand also had a good year, although this part of the business is not expected to be profitable in the short term. In September 2017 we launched the revived Trade Mark 'X' - bringing James Eadie's original Scotch whisky back to life. The initial signs from our seven markets are positive, including the UK where we've just secured a listing with Waitrose. The single malts that we launched in 2016 have shown reasonable sales growth. As well as generating some good revenue they helped seed the James Eadie brand ahead of the launch of Trade Mark 'X'.

James Eadie Ltd joined the Scotch Whisky Association in March 2017.

WHISKYINVESTDIRECT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2017

Outlook

WhiskyInvestDirect has recently reported that shipments of Scotch in Q3 2017 were up 13% on the previous year, with value up 22%.

Our Head of Research, Leon Kuebler, reported that Scotch whisky is now on course to break its record for exports in a year. For Scotch to have a record export year in 2017 a total of 91.4m LPA, worth £1,195.2m, would need to be dispatched worldwide in Q4. This would be achieved even if Q4 exports declined by 4.3% in volume and 2.2% in value from their 2016 level.

The global popularity of Scotch whisky was illustrated by the growth in shipments to all major regions in Q3. Of particular note was Singapore, Scotch whisky's third largest market, as the value of Scotch exports there rose by 74% off a 44% increase in volume over this three-month period.

In recent years single malt has proven the main driver of Scotch's export growth, topping £1bn for the first time in 2016. This strong performance continued in Q3, with shipments of single malt growing by 10.4% in volume and 14.5% in value on 2016. But blended Scotch in bottle, which accounted for 68% of all shipments in 2016, performed even better, rising 15.6% in volume and 28.4% in value.

These numbers suggest that global exports of Scotch whisky, which returned to growth in 2016, are continuing to perform well in 2017.

While these numbers are encouraging it is important for the Scotch whisky industry, in general, to forecast sales growth accurately and to keep supply and demand of maturing stocks in reasonable equilibrium.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The auditors Albert Goodman LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small companies provision statement

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board on13/2/18..... and signed on its behalf by:



.....
R C Patrick
Director

WHISKYINVESTDIRECT LIMITED
(REGISTRATION NUMBER: 09068458)
BALANCE SHEET AS AT 31 OCTOBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	4	205,778	94,243
Investments	5	<u>10,000</u>	<u>10,000</u>
		<u>215,778</u>	<u>104,243</u>
Current assets			
Stocks	6	1,048,014	906,288
Debtors	7	176,929	97,002
Cash at bank and in hand		<u>2,741,059</u>	<u>3,091,272</u>
		3,966,002	4,094,562
Creditors: Amounts falling due within one year	8	<u>(475,682)</u>	<u>(724,501)</u>
Net current assets		<u>3,490,320</u>	<u>3,370,061</u>
Total assets less current liabilities		3,706,098	3,474,304
Creditors: Amounts falling due after more than one year	8	(1,554,972)	(1,554,972)
Provisions for liabilities			
Deferred tax liabilities		<u>(37,198)</u>	<u>-</u>
Net assets		<u>2,113,928</u>	<u>1,919,332</u>
Capital and reserves			
Called up share capital		80,000	80,000
Share premium reserve		2,003,333	2,003,333
Profit and loss reserve		<u>30,595</u>	<u>(164,001)</u>
Total equity		<u>2,113,928</u>	<u>1,919,332</u>

These financial statements have been prepared and delivered in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006. The option not to file the profit and loss account has been taken.

The auditor's report on the annual report and financial statements was unqualified and signed by Alison Kerr FCA as Senior Statutory Auditor, for and on behalf of the Statutory Auditors, Albert Goodman LLP.

Approved and authorised by the Board on 13/2/18 and signed on its behalf by:

R C Patrick
R C Patrick
Director

WHISKYINVESTDIRECT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

12th Floor
Landmark House
Blacks Road
London
W6 9DP
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section: 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

This is the first year in which the financial statements have been prepared under FRS 102 Section 1A. No transitional adjustments were required in order to give a true and fair view.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are presented in Sterling (£).

Turnover recognition

Turnover represents amounts receivable before 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.

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 2017

Tax

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.

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

Tangible assets

Tangible assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation of tangible assets

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant & machinery	Straight line over 15 years

Investments

Investments in equity shares which are not publicly traded are measured at cost less impairment.

Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

WHISKYINVESTDIRECT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

Debtors

Other financial assets are initially recognised at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method less any provision for impairment.

Stocks

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Creditors

Other financial liabilities are measured individually at fair value net of transaction costs and subsequently at amortised cost using the effective interest method.

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.

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.

Leases

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

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.

WHISKYINVESTDIRECT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

Financial instruments

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. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

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 client 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.

Redeemable preference shares

Redeemable preference shares are treated as non-current loans and borrowings, which is in accordance with FRS102.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year was 4 (2016 - 4).

4 Tangible assets

	Plant and machinery £	Total £
Cost or valuation		
At 1 November 2016	97,669	97,669
Additions	<u>124,300</u>	<u>124,300</u>
At 31 October 2017	<u>221,969</u>	<u>221,969</u>
Depreciation		
At 1 November 2016	3,426	3,426
Charge for the year	<u>12,765</u>	<u>12,765</u>
At 31 October 2017	<u>16,191</u>	<u>16,191</u>
Carrying amount		
At 31 October 2017	<u>205,778</u>	<u>205,778</u>
At 31 October 2016	<u>94,243</u>	<u>94,243</u>

WHISKYINVESTDIRECT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

5 Investments

	2017	2016
	£	£
Investments in subsidiaries	<u>10,000</u>	<u>10,000</u>
Subsidiaries		£
Cost or valuation		
At 1 November 2016		<u>10,000</u>
At 31 October 2017		<u>10,000</u>
Carrying amount		
At 31 October 2017		<u>10,000</u>
At 31 October 2016		<u>10,000</u>

6 Stocks

	2017	2016
	£	£
Whisky	<u>1,048,014</u>	<u>906,288</u>

7 Debtors

	Note	2017	2016
		£	£
Amounts owed by group undertakings and undertakings in which the company has a participating interest	10	80,483	81,666
Other debtors		<u>96,446</u>	<u>15,336</u>
		<u>176,929</u>	<u>97,002</u>

WHISKYINVESTDIRECT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

8 Creditors

Creditors: amounts falling due within one year

	Note	2017 £	2016 £
Due within one year			
Trade creditors		-	3,600
Amounts owed to group undertakings and undertakings in which the company has a participating interest	10	188,676	563,613
Taxation and social security		5,448	806
Other creditors		171,312	92,835
Preference share dividends accrued		110,246	63,647
		<u>475,682</u>	<u>724,501</u>
Due after one year			
Loans and borrowings	9	<u>1,554,972</u>	<u>1,554,972</u>

WHISKYINVESTDIRECT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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9 Loans and borrowings

	2017 £	2016 £
Non-current loans and borrowings		
Redeemable preference shares	<u>1,554,972</u>	<u>1,554,972</u>

Redeemable convertible preference shares

The redeemable preference shares are accounted for as debt rather than equity in accordance with accounting standards.

The redeemable convertible preference shares are redeemable at the option of the holder between 1 May 2019 and 31 May 2019 or 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 above then the company can enforce redemption after 31 May 2025.

10 Related party transactions

Summary of transactions with key management

During the year the directors made personal purchases of whisky from the company totalling £32,615 (2016 - £173,580) which have been settled as normal clients paying in personal funds. At the balance sheet date the amount due from the directors was £nil (2016 - £nil).

Summary of transactions with parent

Galmarley Limited, the parent company, has provided IT, operational and finance support to the company and has charged £235,626 for these services during the year. The company maintains an unsecured interest free loan account with Galmarley Limited, which is repayable on demand, and at the balance sheet date the company owed its parent £188,676 (2016 - £563,613).

Summary of transactions with subsidiaries

The company's subsidiary, James Eadie Limited, maintains an unsecured interest free loan account with the company, which is repayable on demand and at the balance sheet date the company was owed £80,483 (2016 - £81,666).

WHISKYINVESTDIRECT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

11 Relationship between entity and parents

The parent of the smallest group in which these financial statements are consolidated is Galmarley Limited, incorporated in England and Wales.

The address of Galmarley Limited is:

12th Floor, Landmark House, Blacks Road, London, W6 9DP, United Kingdom.