

Company registration number: 09068458

**WHISKYINVESTDIRECT LIMITED**  
**FILLETED ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**



## WHISKYINVESTDIRECT LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2019

---

The directors present their report and the financial statements for the year ended 31 October 2019.

#### **Directors of the company**

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

C T Evans

P G Tustain

R C Patrick

A R Procter

#### **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**

WhiskyInvestDirect made steady progress in the 2018/19 financial year. The full year turnover was up 14% to £8m. Due to a slightly lower overhead charge and a consistent gross profit margin, our profit before tax increased to £257k, up from £105k in the prior year (restated numbers).

Total Scotch whisky owned by WID customers rose 30% from 6.4m LPA to 8.8m. Further appetite to invest was frustrated by a shortage of supply.

Our customers continue to experience positive returns from holding maturing stocks of Scotch whisky. Malt whisky has continued to appreciate slightly ahead of the long-term average of 7-8%, whilst grain prices have remained weak, giving investors a return of just under 4%. The average stockholding per customer is now above £10,000 and rising.

Customers welcomed the new way we now launch stock onto the platform with the chance to pre-order stock ahead of the launch date. This resulted in a fairer and broader allocation of stock.

The most recent bulk trade bid worked well for our investors and the successful bidder. Two competing bidders took the price up to £7.16 from its pre bid level of £6.12, giving investors an annualised net appreciation of 18.9%. The stock line was launched in March 2016 at £3.81.

In this financial year we made one significant policy change to the way we account for our barrels. There is further detail on this change in Note 2 on page 11 below. As a result, our profits for the prior year have been restated and this year's numbers are slightly different to the numbers I communicated to shareholders in January 2020.

#### **James Eadie Limited**

James Eadie Ltd (JE) is currently a subsidiary of WID. At the outset, JE was intended to be a 'buyer of last resort' for the WID platform. It has developed along different lines.

The Board of WhiskyInvestDirect believes that the JE business is a distraction to the core business of building WID's online trading platform business and Heads of Terms have been signed which are expected to lead to its disposal in March 2020. This disposal will incur both direct costs and associated reorganisation costs within WID. These are not expected to exceed £100k and will in due course benefit the company through clearer focus.

**WHISKYINVESTDIRECT LIMITED**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2019**

---

**Outlook**

WhiskyInvestDirect's business model continues to gain relevance in the Scotch whisky market. With more stock needed for future sales, and a growing number of distillers, the need to trade maturing stock efficiently is becoming increasingly important. Now into its fifth year of operation the WID platform has gained significant credibility in the industry.

2018 was a record year for Scotch whisky sales and 2019 continued this strong trend with sales of £4.9bn, the equivalent of 41 bottles per second. Single Malt whisky had its best ever year, reaching £1.5bn for the first time, growing double digit for the last four years. Blended whisky also had its best year ever in volume terms, hitting 328m LPA, beating the previous high of 2011.

Export growth was especially strong in Asia and Africa, with value increases of 9.8% and 11.3% respectively. But the EU and the USA remain key markets for Scotch whisky and there are tariff challenges for Scotch in the US and the risk of a bumpy ride across UK/EU borders if agreements are not in place in good time ahead of Q4 2020. The EU market is worth £1.5bn and the USA £1.0bn.

**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 on 23/3/20 and signed on its behalf by:



R C Patrick  
Director

**WHISKYINVESTDIRECT LIMITED**  
**(REGISTRATION NUMBER: 09068458)**  
**BALANCE SHEET AS AT 31 OCTOBER 2019**

	Note	2019 £	(As restated) 2018 £
<b>Fixed assets</b>			
Tangible assets	4	328,185	270,801
Investments	5	-	10,000
		<u>328,185</u>	<u>280,801</u>
<b>Current assets</b>			
Stocks	6	859,701	1,388,958
Debtors	7	182,497	268,222
Cash at bank and in hand		<u>3,199,745</u>	<u>2,240,315</u>
		4,241,943	3,897,495
<b>Creditors: Amounts falling due within one year</b>	8	<u>(597,400)</u>	<u>(462,487)</u>
<b>Net current assets</b>		<u>3,644,543</u>	<u>3,435,008</u>
<b>Total assets less current liabilities</b>		3,972,728	3,715,809
<b>Creditors: Amounts falling due after more than one year</b>	8	(1,554,972)	(1,554,972)
<b>Provisions for liabilities</b>			
Deferred tax liabilities		<u>(62,355)</u>	<u>(51,452)</u>
<b>Net assets</b>		<u>2,355,401</u>	<u>2,109,385</u>
<b>Capital and reserves</b>			
Called up share capital		80,000	80,000
Share premium reserve		2,003,333	2,003,333
Profit and loss reserve		<u>272,068</u>	<u>26,052</u>
<b>Total equity</b>		<u>2,355,401</u>	<u>2,109,385</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 and directors' report has been taken.

Approved and authorised by the Board on 23/3/20 and signed on its behalf by:

  
 R C Patrick  
 Director

**WHISKYINVESTDIRECT LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**

	<b>Ordinary share capital £</b>	<b>Share premium £</b>	<b>Profit and loss reserve £</b>	<b>Total £</b>
At 1 November 2018	80,000	2,003,333	135,273	2,218,606
Prior period adjustment	-	-	(109,221)	(109,221)
At 1 November 2018	<u>80,000</u>	<u>2,003,333</u>	<u>26,052</u>	<u>2,109,385</u>
Movement in year:				
Profit for the year	-	-	246,016	246,016
Total comprehensive income	<u>-</u>	<u>-</u>	<u>246,016</u>	<u>246,016</u>
At 31 October 2019	<u><u>80,000</u></u>	<u><u>2,003,333</u></u>	<u><u>272,068</u></u>	<u><u>2,355,401</u></u>
	<b>Ordinary share capital £</b>	<b>Share premium £</b>	<b>(As restated) Profit and loss reserve £</b>	<b>(As restated) Total £</b>
At 1 November 2017	<u>80,000</u>	<u>2,003,333</u>	<u>(65,424)</u>	<u>2,017,909</u>
Movement in year:				
Profit for the year	-	-	91,476	91,476
Total comprehensive income	<u>-</u>	<u>-</u>	<u>91,476</u>	<u>91,476</u>
At 31 October 2018	<u><u>80,000</u></u>	<u><u>2,003,333</u></u>	<u><u>26,052</u></u>	<u><u>2,109,385</u></u>

**WHISKYINVESTDIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**

---

**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:

7th Floor  
3 Shortlands  
London  
W6 8DA  
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.

**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 (£).

**Changes in accounting policy**

All sales to customers are made on a DWR basis ("distillers wood returnable") in that the customers own only the whisky and not any of the cask in which the whisky is stored. Many of the purchases made by the company are also on this basis. However, some purchases are made where the company acquires both the whisky and the casks. Where the company acquires the casks, these are capitalised as fixed assets and depreciated over their useful life and this treatment will continue. When the company sells whisky on a DWR basis that it has purchased together with casks, then a portion of the sales price of that whisky will now be deferred. This will be released into turnover over the expected period that customers will have use of those casks to store that particular whisky. This better matches the value of the use of the cask by the customer for the indeterminate period until return. A prior year adjustment has been included in these accounts and the impact in the current year is to reduce profit before tax by £62k and to reduce the reported profit before tax of 2018 by £13k. At the year end, deferred income of £171k was included in the balance sheet.

**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.

Where there is an element of 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.

**WHISKYINVESTDIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**

---

**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.

**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:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Plant & machinery	Straight line over 15 years

**WHISKYINVESTDIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**

---

**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.

**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.

**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



**WHISKYINVESTDIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**

---

**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.

**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 FRS 102.

**3 Staff numbers**

The average number of persons employed by the company (including directors) during the year was 7 (2018 - 7).

**WHISKYINVESTDIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**

---

**4 Tangible assets**

	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
At 1 November 2018	304,081	304,081
Additions	81,634	81,634
Disposals	(450)	(450)
At 31 October 2019	<u>385,265</u>	<u>385,265</u>
<b>Depreciation</b>		
At 1 November 2018	33,280	33,280
Charge for the year	23,900	23,900
Eliminated on disposal	(100)	(100)
At 31 October 2019	<u>57,080</u>	<u>57,080</u>
<b>Carrying amount</b>		
At 31 October 2019	<u>328,185</u>	<u>328,185</u>
At 31 October 2018	<u>270,801</u>	<u>270,801</u>

**5 Investments**

	<b>2019 £</b>	<b>2018 £</b>
Investments in subsidiaries	<u>-</u>	<u>10,000</u>
<b>Subsidiaries</b>		
		<b>£</b>
<b>Cost or valuation</b>		
At 1 November 2018		10,000
Provision		<u>10,000</u>
<b>Carrying amount</b>		
At 31 October 2019		<u>-</u>
At 31 October 2018		<u>10,000</u>

**6 Stocks**

	<b>2019 £</b>	<b>2018 £</b>
Whisky	<u>859,701</u>	<u>1,388,958</u>

**WHISKYINVESTDIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**

---

**7 Debtors**

	Note	2019 £	2018 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	10	96,713	201,924
Other debtors		<u>85,784</u>	<u>66,298</u>
Total current trade and other debtors		<u><u>182,497</u></u>	<u><u>268,222</u></u>

**8 Creditors**

**Creditors: amounts falling due within one year**

(As restated)

	Note	2019 £	2018 £
<b>Due within one year</b>			
Trade creditors		5,308	-
Amounts owed to group undertakings and undertakings in which the company has a participating interest	10	17,181	832
Taxation and social security		9,429	9,201
Other creditors		343,419	293,160
Preference share dividends accrued		51,681	50,073
Deferred income		<u>170,382</u>	<u>109,221</u>
		<u><u>597,400</u></u>	<u><u>462,487</u></u>
<b>Due after one year</b>			
Loans and borrowings	9	<u><u>1,554,972</u></u>	<u><u>1,554,972</u></u>

**WHISKYINVESTDIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**

---

**9 Loans and borrowings**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Non-current loans and borrowings</b>		
Redeemable preference shares	<u>1,554,972</u>	<u>1,554,972</u>

**Redeemable convertible preference shares**

The redeemable 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 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 £54,303 (2018 - £75,889) and sales of whisky to the company totalling £73,619 (2018 - £nil) which have been settled as normal clients paying in personal funds. At the balance sheet date the amount due from the directors was £nil (2018 - £nil).

**Summary of transactions with parent**

Galmarley Limited, the parent company, has provided IT, operational and finance support to the company and has charged £114,603 (2018 - £253,511) 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 amount due (to)/from Galmarley Limited was £(17,181) (2018 - £18,341).

**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 £107,128 (2018 - £183,583).

**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:  
7th Floor, 3 Shortlands, London, W6 8DA, United Kingdom

**WHISKYINVESTDIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**

---

**12 Prior period adjustment**

A prior period adjustment has been included in these accounts in respect of the change of accounting policy as explained in note 1. The brought forward reserves have been reduced by £109,221 with an impact of £13,202 on the profit before tax in 2018.

**13 Audit Report**

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.