WHISKYINVESTDIRECT LIMITED

TRADING AS WHISKYINVESTDIRECT.COM

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
COMPANY REGISTRATION NUMBER: 09068458

FOR THE YEAR ENDED 31 OCTOBER 2019

Company registration number: 09068458

WHISKYINVESTDIRECT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

WHISKYINVESTDIRECT LIMITED

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WHISKYINVESTDIRECT LIMITED

COMPANY INFORMATION

Directors	C T Evans P G Tustain R C Patrick A R Procter
Company secretary	J Prytula
Registered office	7th Floor 3 Shortlands London W6 8DA
Auditors	Albert Goodman LLP Goodwood House Blackbrook Park Avenue Taunton Somerset TA1 2PX

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.

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:

..................RCPatrick

R C Patrick
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors acknowledge their responsibilities for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and apply them consistently;
- make judgements 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 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.

Opinion

We have audited the financial statements of WhiskyInvestDirect Limited (the 'company') for the year ended 31 October 2019, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Alison Kerr

....

Alison Kerr FCA (Senior Statutory Auditor)
For and on behalf of Albert Goodman LLP, Statutory Auditor

Goodwood House
Blackbrook Park Avenue
Taunton
Somerset
TA1 2PX

Date: 24/3/2020

WHISKYINVESTDIRECT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2019

	Note	2019 £	(As restated) 2018 £
Turnover		8,007,737	6,989,483
Cost of sales		(7,253,710)	(6,348,756)
Gross profit		754,027	640,727
Administrative expenses		(450,505)	(488,310)
Operating profit		303,522	152,417
Interest payable and similar charges		(46,603)	(46,687)
Profit before tax		256,919	105,730
Taxation		(10,903)	(14,254)
Profit for the financial year		246,016	91,476

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

WHISKYINVESTDIRECT LIMITED

(REGISTRATION NUMBER: 09068458)

BALANCE SHEET AS AT 31 OCTOBER 2019

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

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.

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

.................RCPatrick

R C Patrick
Director

WHISKYINVESTDIRECT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2019

	Ordinary share capital £	Share premium £	Profit and loss reserve £	Total £
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	80,000	2,003,333	26,052	2,109,385
Movement in year:				
Profit for the year	-	-	246,016	246,016
Total comprehensive income	-	-	246,016	246,016
At 31 October 2019	80,000	2,003,333	272,068	2,355,401

	Ordinary share capital £	Share premium £	(As restated) Profit and loss reserve £	(As restated) Total £
At 1 November 2017	80,000	2,003,333	(65,424)	2,017,909
Movement in year:				
Profit for the year	-	-	91,476	91,476
Total comprehensive income	-	-	91,476	91,476
At 31 October 2018	80,000	2,003,333	26,052	2,109,385

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 is 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.

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:

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

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

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).

4 Tangible assets

	Plant and machinery £	Total £
Cost or valuation		
At 1 November 2018	304,081	304,081
Additions	81,634	81,634
Disposals	(450)	(450)
At 31 October 2019	385,265	385,265
Depreciation		
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	57,080	57,080
Carrying amount		
At 31 October 2019	328,185	328,185
At 31 October 2018	270,801	270,801

5 Investments

	2019 £	2018 £
Investments in subsidiaries	-	10,000

Subsidiaries	£
Cost or valuation	
At 1 November 2018	10,000
Provision	10,000
Carrying amount	
At 31 October 2019	-
At 31 October 2018	10,000

6 Stocks

	2019 £	2018 £
Whisky	859,701	1,388,958

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		85,784	66,298
Total current trade and other debtors		182,497	268,222

8 Creditors

Creditors: amounts falling due within one year

	Note	2019 £	(As restated) 2018 £
Due within one year			
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		170,382	109,221
		597,400	462,487
Due after one year			
Loans and borrowings	9	1,554,972	1,554,972

9 Loans and borrowings

	2019 £	2018 £
Non-current loans and borrowings		
Redeemable preference shares	1,554,972	1,554,972

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 form 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

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.