Financial Statements Franciacorta Limited

For the year ended 31 December 2015

Registered number: 02797699

Company Information

Directors	A Pirozzi S D Bridgeman J D N Pires C J Dos Santos G Segatta M V Santos-Pires
Secretary	S D Bridgeman
Registered number	02797699
Registered office	New Penderel House 2nd Floor 283 - 288 High Holborn London WC1V 7HP
Business address	Units 2 and 3 199 Eade Road London N4 1DN
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Grant Thornton House Melton Street Euston Square London NW1 2EP
Bankers	Barclays Bank PLC London Corporate Banking P O Box 544 54 Lombard Street London EC3V 9EX

Contents

Directors' Report
For the year ended 31 December 2015

The directors present their report, the strategic report and the financial statements for the year ended 31 December 2015.

Directors

The directors who served during the year were:

A Pirozzi
S D Bridgeman
J D N Pires
C J Dos Santos
G Segatta
M V Santos-Pires

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, 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 satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that 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 and the Group's auditor is aware of that information.

Directors' Report

For the year ended 31 December 2015

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

S D Bridgeman

S D Bridgeman
Director
27/6/16

Group Strategic Report

For the year ended 31 December 2015

Principal activities

The principal activity of the group during the period was the sale of wines and provisions. The principal activity of the company is to act as an investment holding company and to provide management services to companies in which it has an interest. The financial position of the group and company at the period end is set out in the statement of financial position on pages 8 and 9 respectively.

Business review and future developments

In the year to 31 December 2015, the group made a consolidated profit after tax of £934,532 which compares to £532,614 for the comparative period. The principal reason for this increase was an improved gross margin aided by favourable movements in the Sterling/Euro rate of exchange.

The company, along with its two principal trading subsidiaries, Alivini Company Limited and Alivini (North) Limited, entered into a Company Voluntary Arrangement (CVA) on 23 February 2010. Notice of completion of the CVA was lodged with Companies House on 20 February 2015, hence as at 31 December 2015 there are no further obligations under the CVA.

Looking forward, the group is expecting to make a further profit in the year to 31 December 2016, although the level of profitability will depend on how the group performs in the months leading up to Christmas and on the volatility of currency exchange rates. Management continues to monitor cash flow carefully, and with the residual CVA liability fully paid off in February 2015 the latest forecasts indicate there will be sufficient funds both to meet working capital requirements and further reduce net borrowings.

Going concern

When preparing these financial statements, management has applied the going concern assumption. The group made a consolidated profit after tax of £934,532 during the year under review and as noted above is forecast to make a further profit in the year to 31 December 2016. Management has prepared forecasts to 31 December 2017 which indicate that the group will be able to meet its working capital requirements during that period.

The group has an invoice discount facility in place, the terms of which have been taken into account when preparing the aforementioned forecasts. Although the facility has no fixed renewal date, the minimum term is to August 2018. Whilst either party can cancel the terms of the facility following a contractually agreed notice period, the directors do not envisage that this will take place during the going concern review period to 31 December 2017. Should this not be the case, which would be contrary to expectations, it is unlikely that the group would be able to continue to meet its liabilities as they fall due, unless alternative facilities were secured.

Summary of key performance indicators

To achieve the overall group strategy, the directors monitor the business by measuring actual performance in comparison to detailed monthly and annual budgets, and by reference to certain specific financial and non-financial key performance indicators. Sales growth, gross profit margin and staff cost levels are very important indicators in this respect.

Principal risks and uncertainties

The management of the business and the nature of the group's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business. Where commercially possible, the directors have put in place processes to monitor and mitigate such risks.

- **High proportion of fixed overheads and variable revenues**

A large proportion of the group's overheads are fixed. There is the risk that any significant changes in revenue may lead to the inability to cover such costs. Management closely monitors fixed overheads against budget on a monthly basis and cost saving exercises are implemented when there is an anticipated decline in revenues.

Strategic report (continued)

- **Competition**

The market in which the group operates is highly competitive. As a result there is constant downwards pressure on margins and the additional risk of being unable to meet customers' expectations. Policies of constant price monitoring and on-going market research are in place to mitigate such risks.

- **Fluctuations in currency exchange rates**

Approximately 90% of the group's purchases, which represent 65% of cost of sales, relates to purchases made from Italy and other countries in the European Union. As a group, therefore there is exposure to foreign currency fluctuations.

The group manages its foreign exchange exposure on a net basis, and where possible uses forward foreign exchange contracts and other derivatives/financial instruments to reduce the exposure. If the hedging activity does not mitigate the exposure, then the results and the financial condition of the group may be adversely impacted by foreign currency fluctuations. The directors aim to ensure that price increases caused by adverse currency movements are passed onto customers as soon as practicable.

Financial risk management objectives and policies

The group uses various financial instruments which include cash, loans and other items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations. The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below.

The main risks arising from the group's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Short-term flexibility is achieved through invoice discounting facilities.

Cash flow interest rate risk

The group finances its operations through a mixture of retained profits, invoice discount facilities and unsecured loans. All of the company's borrowings are at variable rates of interest. The group manages its exposure to interest rate fluctuations by seeking to minimise short term borrowings through the use of its invoice discounting facilities.

Credit risk

The group's principal financial assets are cash deposits and trade debtors. The principal credit risk arises from its trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

This report was approved by the board and signed on its behalf.

S D Bridgeman

S D Bridgeman
Director

22/6/16

Grant Thornton

Independent Auditor's Report to the Shareholders of Franciacorta Limited

We have audited the financial statements of Franciacorta Limited for the year ended 31 December 2015, which comprise the consolidated Statement of comprehensive income, the consolidated and company Statement of financial position, the Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard applicable in the UK and Republic of Ireland;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Grant Thornton

Independent Auditor's Report to the Shareholders of Franciacorta Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group strategic report and 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.

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

Grant Thornton UK LLP

Harold C Wilson (Senior statutory auditor)

for and on behalf of
Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor

Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP
Date: 28 June 2016

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	2015 £	2014 £
Turnover	4	**18,857,431**	19,584,202
Cost of sales		**(12,631,291)**	(14,021,818)
Gross profit		**6,226,140**	5,562,384
Administrative expenses		**(5,256,105)**	(4,951,182)
Exceptional other operating credit	3	**144,425**	-
Operating profit	5	**1,114,460**	611,202
Interest receivable and similar income	6	**340**	563
Interest payable and expenses	7	**(59,558)**	(78,777)
Profit before taxation		**1,055,242**	532,988
Tax on profit	9	**(120,710)**	(374)
Profit for the year		**934,532**	532,614
Owners of the parent Company		**934,532**	532,614
		934,532	532,614

There was no recognised gains and losses for 2015 or 2014 other than those included in the consolidated income statement.

There was no other comprehensive income for 2015 (2014:£NIL).

The notes on pages 13 to 29 form part of these financial statements.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own statement of comprehensive income.

Franciacorta Limited
Registered number:02797699

Consolidated Statement of Financial Position

As at 31 December 2015

	Note		2015 £		2014 £
Fixed assets					
Intangible assets	12		**1,725**		7,762
Tangible assets	13		**176,625**		145,888
			178,350		153,650
Current assets					
Stocks	15	**2,409,236**		2,497,851	
Debtors	16	**3,621,647**		3,937,101	
Cash and cash equivalents	17	**384,316**		413,107	
		6,415,199		6,848,059	
Creditors: amounts falling due within one year	18	**(2,842,567)**		(3,942,539)	
Net current assets			**3,572,632**		2,905,520
Total assets less current liabilities			**3,750,982**		3,059,170
Creditors: amounts falling due after more than one year	19		**(550,001)**		(750,001)
Provisions for liabilities					
Onerous lease provision	21	**(46,454)**		(89,174)	
			(46,454)		(89,174)
Net assets			**3,154,527**		2,219,995
Capital and reserves					
Called up share capital	23		**65,000**		65,000
Share premium account			**39,000**		39,000
Capital redemption reserve			**7,500**		6,171
Profit and loss account			**3,043,027**		2,109,824
Shareholders' funds			**3,154,527**		2,219,995

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

S D Bridgeman
Director

27/6/2016

The notes on pages 13 to 29 form part of these financial statements.

Company Statement of Financial Position

As at 31 December 2015

	Note		2015 £		2014 £
Fixed assets					
Investments	14		**1,234,475**		1,234,475
			1,234,475		1,234,475
Current assets					
Debtors	16	**10,200**		10,200	
Cash and cash equivalents	17	**1,716**		1,717	
		11,916		11,917	
Creditors: amounts falling due within one year	18	**(370,673)**		(227,818)	
Net current liabilities			**(358,757)**		(215,901)
Total assets less current liabilities			875,718		1,018,574
Creditors: amounts falling due after more than one year	19		**(550,001)**		(750,001)
Net assets			325,717		268,573
Capital and reserves					
Called up share capital	23		**65,000**		65,000
Share premium account			**39,000**		39,000
Capital redemption reserve			**7,500**		6,171
Profit and loss account			**214,217**		158,402
Shareholders' funds			325,717		268,573

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

S D Bridgeman
S D Bridgeman
Director
27/6/16.

Consolidated Statement of Changes in Equity

As at 31 December 2015

	Share capital £	Share premium £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 January 2015	65,000	39,000	6,171	2,109,824	2,219,995
Comprehensive income for the year					
Profit for the year	-	-	-	934,532	934,532
Equity movement due to buy back of shares	-	-	1,329	(1,329)	-
At 31 December 2015	65,000	39,000	7,500	3,043,027	3,154,527

Consolidated Statement of Changes in Equity

As at 31 December 2014

	Share capital £	Share premium £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 January 2014	65,000	39,000	6,171	1,577,210	1,687,381
Comprehensive income for the year					
Profit for the year	-	-	-	532,614	532,614
At 31 December 2014	65,000	39,000	6,171	2,109,824	2,219,995

The notes on pages 13 to 29 form part of these financial statements.

Company Statement of Changes in Equity
As at 31 December 2015

	Share capital £	Share premium £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 January 2015	65,000	39,000	6,171	158,402	268,573
Comprehensive income for the year					
Profit for the year	-	-	-	57,144	57,144
Equity movement due to buy back of shares	-	-	1,329	(1,329)	-
At 31 December 2015	65,000	39,000	7,500	214,217	325,717

Company Statement of Changes in Equity
As at 31 December 2014

	Share capital £	Share premium £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 January 2014	65,000	39,000	6,171	(230,206)	(120,035)
Comprehensive income for the year					
Profit for the year	-	-	-	388,608	388,608
At 31 December 2014	65,000	39,000	6,171	158,402	268,573

The notes on pages 13 to 29 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015	2014
	£	£
Cash flows from operating activities		
Profit for the financial year	**934,532**	532,614
Adjustments for:		
Amortisation of intangible assets	**6,037**	9,722
Depreciation of tangible assets	**82,659**	65,896
Profit on disposal of tangible assets	**(4,404)**	(1,310)
Decrease in stocks	**88,615**	243,788
Interest paid	**59,554**	78,781
Taxation paid	**(377)**	(3)
Decrease/(increase) in debtors	**315,456**	(99,326)
(Decrease) in creditors	**(1,338,979)**	(564,721)
(Decrease) in provisions	**(42,720)**	(24,000)
Write off of share buy back provision	**11,171**	-
Tax charge	**120,710**	374
Net cash generated from operating activities	**232,254**	241,815
Cash flows from investing activities		
Purchase of tangible fixed assets	**(113,395)**	(72,977)
Sale of tangible fixed assets	**4,404**	6,740
Interest paid	**(59,554)**	(78,781)
Net cash from investing activities	**(168,545)**	(145,018)
Cash flows from financing activities		
Share buy back	**(12,500)**	(9,433)
Repayment of Directors loan	**(80,000)**	-
Net cash used in financing activities	**(92,500)**	(9,433)
Net (decrease) / increase in cash and cash equivalents	**(28,791)**	87,364
Cash and cash equivalents at beginning of year	**413,107**	325,743
Cash and cash equivalents at the end of year	**384,316**	413,107
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**384,316**	413,107
	384,316	413,107

The notes on pages 13 to 29 form part of these financial statements.

Notes to the Financial Statements
For the year ended 31 December 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact first-time adoption of FRS 102 is given in note 31.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Going concern

When preparing these financial statements, management has applied the going concern assumption. The group made a consolidated profit after tax of £934,532 during the year under review and is forecast to make a further profit in the year to 31 December 2016, subject to the Company performing in line with budgets during the crucial Christmas trading period and the volatility of currency exchange rates. Management has prepared forecasts to 31 December 2017 which indicate that the group will be able to meet its working capital requirements during that period.

The group has an invoice discount facility in place, the terms of which have been taken into account when preparing the aforementioned forecasts. Although the facility has no fixed renewal date, the minimum term is to August 2018 Whilst either party can cancel the terms of the facility following a contractually agreed notice period, the directors do not envisage that this will take place during the going concern review period to 31 December 2017. Should this not be the case, which would be contrary to expectations, it is unlikely that the group would be able to continue to meet its liabilities as they fall due, unless alternative facilities were secured.

1.3 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

Notes to the Financial Statements
For the year ended 31 December 2015

1. Accounting policies (continued)

1.4 Turnover

Turnover represents the net invoiced value of goods, excluding value added tax. Turnover arose from the company's principal activity, which is that of the sale of wines and provisions. Turnover is recognised at the point of sale, which is when the goods are supplied to the customer.

1.5 Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Amounts relating to deferred taxation are undiscounted as the impact would be insignificant to these financial statements.

1.6 Tangible fixed assets

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives.

The estimated useful lives range as follows:

Short leasehold improvements	-	Straight line over the life of the lease
Plant and machinery	-	20% straight line
Computer equipment and furniture	-	20% - 25% straight line
Motor vehicles	-	25% straight line

Assets acquired under hire purchase contracts are depreciated over their estimated useful lives.

1.7 Leasing and hire purchase commitments

Assets acquired under hire purchase contracts are capitalised at their fair value on acquisition and finance charges are allocated over the period of the contract in proportion to the capital element outstanding. Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Notes to the Financial Statements
For the year ended 31 December 2015

1. Accounting policies (continued)

1.8 Pensions

The company operates a contributory money purchase pension scheme for all of its employees through the National Employment Savings Trust. The company's contributions are charged against profits in the year in which the contributions are made.

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value.

1.10 Investments

Fixed asset investments are stated at cost less provision for any impairment in value.

1.11 Acquisitions, disposal and goodwill

On the acquisition of a business, fair values are attributed to the group's share of net tangible assets. Where the cost of acquisition exceeds the values attributable to such net assets the difference is treated as purchased goodwill and is written off to the statement of comprehensive income in equal annual instalments over the directors' estimate of its useful life, which is usually 20 years.

The profit or loss on the disposal of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business.

The results and cash flows relating to a business are included in the consolidated statement of comprehensive income and the consolidated cash flow statement from the date of acquisition up to the date of disposal.

1.12 Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the statement of financial position date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the statement of comprehensive income.

Notes to the Financial Statements
For the year ended 31 December 2015

1. Accounting policies (continued)

1.13 Provisions

A provision is recognised when the company has a present legal or constructive obligation as the result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
Provisions for onerous lease contracts are recognised when the group believes the unavoidable costs of meeting the lease obligations exceed the economic benefits expected to be received under the lease.

1.14 Invoice discount facility

The group has an invoice discount facility in place based on the value of trade debtors. Under this arrangement, the group has retained both the credit and late payment risk associated with the trade debtors. As the group has retained substantially all the risks and rewards of ownership of the trade debtors, it continues to recognise the trade debtors in the statement of financial position with advances from the facility provider treated as a separate liability.

1.15 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.

1.16 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.17 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference

Notes to the Financial Statements

For the year ended 31 December 2015

1. Accounting policies (continued)

between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

1.18 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.

1.19 Forward exchange contracts

Gains and losses on forward foreign exchange contracts, used to manage foreign exchange exposure, are taken to the statement of comprehensive income on maturity to match the underlying transactions.

1.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

1.21 Taxation

Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in the statement of changes in equity or directly in equity respectively.

The current income 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 Group operates and generates income.

Notes to the Financial Statements

For the year ended 31 December 2015

2. Judgments in applying accounting policies and key sources of estimation uncertainty

There are no material judgments or estimates in preparation of these financial statements.

3. Company voluntary arrangement

The company entered into a Company Voluntary ("CVA") on 23 February 2010.

Notice of completion of the CVA was lodged with Companies House on 20 February 2015, hence as at 31 December 2015 there are no further obligations under the CVA.

4. Turnover

The total turnover and profit before taxation of the group for the period has been derived from its principal activity wholly undertaken in the United Kingdom. Turnover represents the invoiced value of goods supplied during the period excluding Value Added Tax.

5. Operating profit

The operating profit is stated after charging/(crediting):

	2015	2014
	£	£
Auditor's remuneration	**45,525**	38,500
Depreciation of tangible fixed assets	**82,659**	65,896
Amortisation of intangible assets, including goodwill	**6,037**	9,722
(Profit) on disposal of tangible assets	**(4,400)**	(1,310)
Other operating lease rentals - plant and machinery	**26,764**	23,260
Other operating lease rentals - land and buildings	**393,000**	369,000

6. Interest receivable and similar income

	2015	2014
	£	£
Bank interest received	**340**	563
	340	563

Notes to the Financial Statements
For the year ended 31 December 2015

7. Interest payable and similar charges

	2015	2014
	£	£
On other loans	**10,886**	11,083
On invoice discount facilities	**48,672**	67,694
	59,558	78,777

8. Directors and employees

Staff costs, including directors' remuneration, were as follows:

	2015	2014
	£	£
Wages and salaries	**3,011,548**	2,723,476
Social security costs	**323,059**	282,500
Cost of defined contribution scheme	**21,568**	12,028
	3,356,175	3,018,004

The average monthly number of employees, including the directors, during the year was as follows:

	2015	2014
	No.	No.
Office and management	**23**	24
Warehouse, selling and distribution	**75**	69
	98	93

Remuneration in respect of directors was as follows:

	2015	2014
	£	£
Directors' emoluments	**456,688**	428,581
	456,688	428,581

During the year retirement benefits were accruing to 4 directors (2014 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £122,869 (2014 : £121,934).

Notes to the Financial Statements
For the year ended 31 December 2015

9. Taxation

	2015 £	2014 £
Corporation tax		
Current tax on profits for the year	120,710	374
Total current tax	120,710	374

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	1,055,242	532,988
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	213,687	114,592
Effects of:		
Expenses not deductible for tax purposes	6,494	6,299
Unrecognised deferred tax asset	(17,265)	7,719
Exceptional credit not taxable	(29,246)	-
Utilisation of tax losses	(52,663)	(128,208)
Marginal relief	(297)	(28)
Total tax charge for the year	120,710	374

Losses for taxation purposes of £nil (2014: £257,526) are available to carry forward to reduce future years' corporation tax liabilities.

10. Exceptional items

	2015 £	2014 £
Release of Company Voluntary Agreement overprovision	(88,514)	-
Share buy back release	(55,911)	-
	(144,425)	-

11. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £57,144 (2014 - £388,608).

Notes to the Financial Statements
For the year ended 31 December 2015

12. Intangible assets

Group

	Goodwill on consolidation £
Cost	
At 1 January 2015	652,568
At 31 December 2015	652,568
Amortisation	
At 1 January 2015	644,806
Charge for the year	6,037
At 31 December 2015	650,843
Net book value	
At 31 December 2015	1,725
At 31 December 2014	7,762

Notes to the Financial Statements

For the year ended 31 December 2015

13. Tangible fixed assets

Group

	Short leasehold improvements	Plant and machinery	Computer equipment and furniture	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2015	112,898	252,058	145,439	804,392	1,314,787
Additions	-	-	-	113,395	113,395
Disposals	-	-	-	(87,188)	(87,188)
At 31 December 2015	112,898	252,058	145,439	830,599	1,340,994
Depreciation					
At 1 January 2015	108,726	252,058	108,200	699,914	1,168,898
Charge owned for the period	1,858	-	20,787	60,014	82,659
Disposals	-	-	-	(87,188)	(87,188)
At 31 December 2015	110,584	252,058	128,987	672,740	1,164,369
At 31 December 2015	2,314	-	16,452	157,859	176,625
At 31 December 2014	4,172	-	37,238	104,478	145,888

Notes to the Financial Statements

For the year ended 31 December 2015

14. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Alivini Company Limited	England and Wales	Ordinary	100 %	Sale of wines and provisions
Alivini (North) Limited	England and Wales	Ordinary	100 %	Sale of wines and provisions
Camisa Shops Limited	England and Wales	Ordinary	100 %	Italian delicatessen

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2015	**1,234,475**
At 31 December 2015	**1,234,475**
Net book value	
At 31 December 2015	**1,234,475**
At 31 December 2014	1,234,475

Notes to the Financial Statements

For the year ended 31 December 2015

15. Stocks

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Goods for resale	**2,409,236**	2,497,851	-	-
	2,409,236	2,497,851	-	-

16. Debtors

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Due within one year				
Trade debtors	**3,271,859**	3,774,932	-	-
Amounts owed by group undertakings	-	-	**10,200**	10,200
Other debtors	**231,363**	57,006	-	-
Prepayments and accrued income	**110,033**	105,163	-	-
VAT receivable	**8,392**	-	-	-
	3,621,647	3,937,101	**10,200**	10,200

Trade debtors include an amount of £3,271,859 (2014: £3,754,353) which provide security in respect of invoice discounting borrowings.

17. Cash and cash equivalents

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Cash at bank and in hand	**384,316**	413,107	**1,716**	1,717
	384,316	413,107	**1,716**	1,717

Notes to the Financial Statements

For the year ended 31 December 2015

18. Creditors: Amounts falling due within one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Other loans (note 19)	**120,000**	-	**120,000**	-
Invoice discount facilities	**1,046,026**	1,876,946	-	-
Trade creditors	**882,131**	999,552	-	-
Amounts owed to subsidiary undertakings	-	-	**126,214**	49,630
Corporation tax	**121,091**	755	**2,395**	-
Taxation and social security	**364,537**	388,985	**18,176**	16,802
Other creditors	**14,241**	16,093	-	-
Director current account	**8,814**	-	-	-
Company Voluntary Arrangement liability (note 3)	-	329,362	-	-
Accruals and deferred income	**285,727**	329,517	**103,888**	160,057
Share capital treated as debt	-	1,329	-	1,329
	2,842,567	3,942,539	**370,673**	227,818

The loan and invoice discount facilities are secured by a fixed and floating charge over all the assets of the two principal United Kingdom trading subsidiary companies, Alivini Company Limited and Alivini (North) Limited and by a cross guarantee between those companies and Franciacorta Limited.

The invoice discounting borrowings and loan are also secured by the personal guarantees of some of the directors of the company. A Pirozzi has provided a guarantee limited to £50,000 and S Bridgeman, G Segatta, C Dos Santos and J Pires have provided guarantees limited to £25,000 each.

A deferred duty creditor of £90,634 (2014: £96,226) included in trade creditors above, is guaranteed by a third party. In order for this guarantee to be given the group is required to hold £150,000 on deposit.

Included within Other creditors is an amount of £nil (2014: £1,542) due to A Pirozzi Esq, a director of the company.

Notes to the Financial Statements

For the year ended 31 December 2015

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

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
2010 loan stock	**366,666**	366,666	**366,666**	366,666
Other loans	**183,335**	383,335	**183,335**	383,335
	550,001	750,001	**550,001**	750,001

£366,666 2010 loan stock was issued at par to A Pirozzi Esq., a director of the company on 29 July 1997 as part of the agreement for the purchase of his minority holding in Alivini Company Limited. This loan stock bears interests at 2% above bank base rate and was initially due for repayment during the year ended 31 December 2010. As part of the Company Voluntary Arrangement ("CVA") entered into on 23 February 2010, it was agreed that this loan would not be settled until conclusion of the CVA. The maximum amount outstanding during the year was £366,666 (2014 : £366,666). Interest of £9,167 (2014: £9,167) has been charged in these financial statements in respect of this loan. The total accrued interest is £97,858 (2014: £86,975).

The other loan of £183,335 (2014: £383,335) of which £120,000 is payable within the next 12 months and is unsecured and relates to an amount due to A Pirozzi Esq, a director of the company. As part of the Company Voluntary Arrangement ("CVA") entered on 23 February 2010, it was agreed that this loan would not be settled until conclusion of the CVA. The maximum amount outstanding during the year was £183,335 (2014: £383,335). Interest of £1,716 (2014 : £1,916) has been accrued in these financial statements in respect of this loan.

20. Financial instruments

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	**3,493,220**	3,831,938	**10,200**	10,200
	3,493,220	3,831,938	10,200	10,200
Financial liabilities				
Financial liabilities measured at amortised cost	**(961,017)**	(2,409,761)	**(900,103)**	(961,016)
	(961,017)	(2,409,761)	(900,103)	(961,016)

Notes to the Financial Statements

For the year ended 31 December 2015

21. Onerous lease provision

Group

	Onerous lease provision £
Balance brought forward	89,174
Movement in the year	(42,720)
Balance carried forward	**46,454**

The group is a lessee for a commercial unit which is surplus to the group's requirements and which has not been successfully sublet on a permanent basis. The onerous lease provision represents the estimated total net future lease payments to be made to the lessor during the remainder of the lease term as well as other ongoing unavoidable costs associated with leasing the unit.

22. Deferred taxation

Potential amounts of deferred taxation assets unprovided at 20.25% (2014: 21.5%) are:

	2015 £	2014 £
Other timing differences	22,821	29,227
Depreciation in excess of capital allowances	(7,622)	3,237
Unrelieved trading losses	-	54,080
Total unrecognised deferred tax asset	15,199	86,544

23. Share capital

	2015 £	2014 £
Shares classified as equity		
Allotted, called up and fully paid		
65,000 ordinary shares of £1 each	65,000	65,000

	2015 £	2014 £
Shares classified as debt		
Allotted, called up and fully paid		
1,329 B shares shares of £1 each	-	1,329

Notes to the Financial Statements

For the year ended 31 December 2015

24. Reserves

Share premium

Includes only premiums received on issue of share capital. Any transaction costs associated with issuing of shares are deducted from share premium.

Capital redemption reserve

This represents reserve created on buy-back of class B shares.

Profit and loss account

Includes all current and prior period retained profit and losses.

25. Capital commitments

The company had no capital commitments at 31 December 2015 or 31 December 2014.

26. Contingent liabilities

Gross Guarantee for Invoice Discount and Other Facility
The company has given cross guarantees in respect of invoice discounting facilities granted by an invoice discounting company as well as a loan. Borrowings as at 31 December 2015 were £1,046,026 (2014: £1,876,946) in respect of the invoice discount facility and £Nil (2014: £Nil) in respect of the loan.

27. Pension costs

The group operates a contributory money purchase pension scheme for all of its employees administered through the National Employment Savings Trust. The assets of the scheme are held in trustee administered funds separate from those of the group. All contributions had been paid at the balance sheet date.

28. Commitments under operating leases

At 31 December 2015 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2015 £	Group 2014 £
In one year or less	**393,000**	153,000
Between one and five years	**874,750**	297,750
Total	**1,267,750**	450,750

Notes to the Financial Statements

For the year ended 31 December 2015

29. Transactions with related parties

No related party transactions have been disclosed between the company and 100% owned other group companies as permitted by FRS 102 Section 33.

Loan interest of £10,883 (2014 : £11,083) as accruing to A Pirozzi Esq., a director of the company, has been included in these accounts. Details in respect of the loans due to A Pirozzi are disclosed in note 19 to the accounts.

A Pirozzi Esq, a director of the company, has a one third equity interest in Alivini Estonia OU, a company incorporated in Estonia. Other debtors include an amount of £35,947 (2014: £35,947) owed by that company. A Pirozzi has guaranteed to the group that the balance outstanding at 31 December 2015 of £35,947 (2014: £35,947) will be repaid in full.

Eurofin Limited is considered to be a related party by virtue of a director of the Company being a director of Alivini Company Limited. During the year ended 31 December 2015, Eurofin Limited charged the group for consultancy services amounting to £18,000 (2014: £18,000). The total amount due to Eurofin Limited at 31 December 2015 was £Nil (2014: £5,400).

As disclosed in note 18 to these financial statements, the invoice discount facility is also secured by personal guarantees from some of the directors. A Pirozzi has provided a guarantee limited to £50,000 and S Bridgeman, G Segatta, C Dos Santos and J Pires have provided guarantees limited to £25,000 each.

30. Controlling related party

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

31. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.