

Registered number
07306044

Hedonism Drinks Ltd
Report and Consolidated Accounts
31 July 2016

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Hedonism Drinks Ltd
Report and accounts
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Hedonism Drinks Ltd
Company Information

Directors

T Artemev (appointed 9 February 2017)
E Chichvarkin
T Fokina

Auditors

Cornel Partners Ltd
152-154 Coles Green Road
London
NW2 7HD

Registered office

Connaught House
1-3 Mount Street
London
W1K 3NB

Registered number

07306044

Hedonism Drinks Ltd**Registered number:**

07306044

Directors' Report

The directors present their report and financial statements for the year ended 31 July 2016.

Principal activities

The company's principal activity during the year continued to be the sale of alcoholic beverages.

Directors

The following persons served as directors during the year:

E Chichvarkin

T Fokina

Directors' responsibilities

The directors are responsible for preparing the report and 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 (Financial Reporting Standard 102 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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Hedonism Drinks Ltd

Registered number:

07306044

Directors' Report

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 6 June 2017 and signed on its behalf.



T Fokina
Director

Hedonism Drinks Ltd Strategic Report

The directors present their strategic report on the group for the year ended July 2016

Review of the business

Hedonism Drinks Ltd's principal activity remains the retail of alcoholic beverages in the UK and across the globe; through its retail unit located in the United Kingdom and its website. Our subsidiary company 85 Piccadilly Ltd remains within the hospitality industry; however; the subsidiary is still within its start up phase and trading is yet to commence.

Results and performance

The business had a very successful financial year with a significant increase in turnover from £11.5m to £15.1m (23% increase) from 2015 to 2016.

The gross profit margin also improved significantly from 32% in the previous financial year to 35% in this financial year. Our stock management and control systems are now very robust so there have been very minimal stock write offs in the financial year.

The group has also reported a pre-tax profit of £0.4m as opposed to a loss of (£0.8m) in its last year's accounts.

The directors of the business continue to implement new strategies to improve the turnover and overall performance of the business.

Business environment

The drinks industry remains a highly competitive environment, as there are many other retail outlets and online businesses who offer similar products as we do and it is therefore essential that we keep ahead of all our competitors by maintaining a broad and unique product range, and customer service which is second to none.

Strategy

The nature of our buying and retail space remains unique in the industry.

Our product range (collection) is extremely broad to meet the needs of a wide variety of customers. The business lays emphasis on customer service and consistently provides an outstanding customer service.

Our unrivalled customer service includes but is not limited to the fact that our products offered for sale are readily available to be delivered to customers at short notice and to add to this we also offer a guarantee on every product on our stock list.

The business equally employs some of the most knowledgeable industry experts in the buying and sales team and qualified professionals to run the administrative functions of the business.

Key Performance Indicators

The board of directors reviews the business's performance on a monthly basis and on an annual basis compares our group results to similar businesses within the same industry.

Turnover growth was 23.47% (2015: 16%) and Gross margin 35.23% (2015: 32.32%).

The directors hold the view that the business is performing well within its industry.

Risks

As per the Companies Act 2006; we are required to disclose principal risks which the business is exposed to and steps taken to mitigate these risks. Our board of directors is responsible for developing the group's strategy on managing risks and enforcing controls. The board regularly reviews the risks and in the subsequent paragraphs, the key risks of the group are discussed along with with steps taken to mitigate the risk:

Foreign Exchange

The business sources its products from across the world which exposes it to foreign currency risks. To mitigate this risk the company uses financial instruments such as forwards. We are also constantly on the lookout to use foreign exchange dealers who can offer the markets most favourable rates so as to improve our product margins.

All sale prices both in our retail outlet and online are denominated in Sterling.

This strategy completely eliminates any risk of losses from foreign exchange movements from customers purchasing from outside the United Kingdom.

Product Range

Our product range and supply sources are extremely broad which could be a potential risk as it requires robust supply chain management.

In order to mitigate this risk the business hires some of the industry's most knowledgeable persons to be part of its buying and logistics team.

The depth and uniqueness of our product range also means that we rely heavily on attracting the right customers and remaining competitive in the market; hence our buying team are constantly monitoring our prices and product collection to mitigate this risk.

Subsidiary

Our subsidiary is still in its start-up phase and there is a risk that there could be potential delays in the date when actual trading begins.

The parent company will have to continue to support the subsidiary and this could potentially lead to cash flow problems for the entire group.

To mitigate this risk the business has employed one of London's most respected project management firms to oversee the project and ensure that it is delivered within the existing deadlines.

Finances

Hedonism Drinks Group is funded solely by its shareholder; therefore the continuity of the business is heavily dependent on the shareholder's continued support.

The company is now profitable in its own right; so there is no need for continuous cash injection by its shareholder.

The shareholder however remains committed to the business and has a strong willingness to continue to support the business until such a time should it require any cash injections in future.

Future Developments

The business continues to look out for opportunities to increase its sales; maintain its unrivalled customer service and improve its product range.

This report was approved by the board on 6 June 2017 and signed on its behalf.



T Fokina
Director

Hedonism Drinks Ltd
Independent auditors' report
to the member of Hedonism Drinks Ltd

We have audited the financial statements of Hedonism Drinks Ltd for the year ended 31 July 2016 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 auditors' 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 auditors

As explained more fully in the Statement of Directors' Responsibilities, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate

Opinion on the accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 July 2016 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.

Emphasis of matter - Going concern

In forming our opinion on the financial statements we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's ability to continue as a going concern. At 31 July 2016 the group had net liabilities of £2,983,665. At 31 July 2016, Mr Chichvarkin, the group's owner, was owed £30,737,752 (2015: £31,097,175). He has pledged continued support to the group which enables the business to continue as a going concern into the foreseeable future. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Hedonism Drinks Ltd
Independent auditors' report
to the member of Hedonism Drinks Ltd

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 accounts 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.



Richard Jones
(Senior Statutory Auditor)
for and on behalf of
Cornel Partners Ltd
Accountants and Statutory Auditors
6 June 2017

152-154 Coles Green Road
London
NW2 7HD

Hedonism Drinks Ltd
Income Statement
for the year ended 31 July 2016

	Notes	2016 £	2015 £
Turnover	2	15,100,865	11,556,259
Cost of sales		(9,780,773)	(7,821,471)
Gross profit		<u>5,320,092</u>	<u>3,734,788</u>
Administrative expenses		(4,814,279)	(4,545,728)
Operating profit/(loss)	3	<u>505,813</u>	<u>(810,940)</u>
Loss on impairment and write-off of fixed assets		(94,152)	-
Profit/(loss) on ordinary activities before taxation		<u>411,661</u>	<u>(810,940)</u>
Tax on profit/(loss) on ordinary activities	6	(58,732)	-
Profit/(loss) for the financial year		<u>352,929</u>	<u>(810,940)</u>

Hedonism Drinks Ltd
Statement of comprehensive income
for the year ended 31 July 2016

	Notes	2016 £	2015 £
Profit/(loss) for the financial year		352,929	(810,940)
Other comprehensive income			
Total comprehensive income for the year		<u>352,929</u>	<u>(810,940)</u>

Hedonism Drinks Ltd
Statement of Financial Position - Group
as at 31 July 2016

	Notes	2016 £	2015 £
Fixed assets			
Intangible assets	7	-	41,941
Tangible assets	8	<u>10,687,014</u>	<u>9,625,283</u>
		10,687,014	9,667,224
Current assets			
Stocks	10	16,419,705	16,792,382
Debtors	11	2,150,476	2,185,497
Cash at bank and in hand		<u>582,112</u>	<u>655,767</u>
		19,152,293	19,633,646
Creditors: amounts falling due within one year	12	(32,794,125)	(32,637,464)
Net current liabilities		<u>(13,641,832)</u>	<u>(13,003,818)</u>
Total assets less current liabilities		<u>(2,954,818)</u>	<u>(3,336,594)</u>
Provisions for liabilities			
Deferred taxation	13	(28,847)	-
Net liabilities		<u>(2,983,665)</u>	<u>(3,336,594)</u>
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account	15	(2,983,666)	(3,336,595)
Total equity		<u>(2,983,665)</u>	<u>(3,336,594)</u>


T Fokina
Director

Approved by the board on 6 June 2017

Hedonism Drinks Ltd
Statement of Financial Position - Company
as at 31 July 2016

	Notes	2016 £	2015 £
Fixed assets			
Purchased trademark	7	-	41,941
Tangible assets	8	10,663,549	9,576,711
Investments	9	1	1
		<u>10,663,550</u>	<u>9,618,653</u>
Current assets			
Stocks	10	16,419,705	16,792,382
Debtors	11	4,293,161	3,539,034
Cash at bank and in hand		582,112	649,641
		<u>21,294,978</u>	<u>20,981,057</u>
Creditors: amounts falling due within one year	12	(32,768,069)	(32,624,782)
Net current liabilities		<u>(11,473,091)</u>	<u>(11,643,725)</u>
Total assets less current liabilities		<u>(809,541)</u>	<u>(2,025,072)</u>
Provisions for liabilities			
Deferred taxation	13	(28,847)	-
Net liabilities		<u>(838,388)</u>	<u>(2,025,072)</u>
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account	15	(838,389)	(2,025,073)
Total equity		<u>(838,388)</u>	<u>(2,025,072)</u>

Hedonism Drinks Ltd
Statement of Changes in Equity
for the year ended 31 July 2016

	Share capital	Share premium	Other reserves	Profit and loss account	Total
	£	£	£	£	£
At 1 August 2014	1	-	-	(2,525,655)	(2,525,654)
Loss for the financial year				(810,940)	(810,940)
At 31 July 2015	<u>1</u>	<u>-</u>	<u>-</u>	<u>(3,336,595)</u>	<u>(3,336,594)</u>
At 1 August 2015	1	-	-	(3,336,595)	(3,336,594)
Profit for the financial year				352,929	352,929
At 31 July 2016	<u>1</u>	<u>-</u>	<u>-</u>	<u>(2,983,666)</u>	<u>(2,983,665)</u>

Hedonism Drinks Ltd
Statement of Cash Flows
for the year ended 31 July 2016

	Notes	2016 £	2015 £
Operating activities			
Profit/(loss) for the financial year		352,929	(810,940)
Adjustments for:			
Loss on write off of fixed assets		94,152	-
Tax on profit/(loss) on ordinary activities		58,732	-
Depreciation		452,447	564,412
Decrease/(increase) in stocks		372,677	(2,390,249)
Decrease/(increase) in debtors		70,516	(24,543)
Increase in creditors		486,199	1,208,880
		<u>1,887,652</u>	<u>(1,452,440)</u>
 Cash generated by/(used in) operating activities		<u>1,887,652</u>	<u>(1,452,440)</u>
Investing activities			
Payments to acquire intangible fixed assets		-	(9,941)
Payments to acquire tangible fixed assets		(1,609,236)	(3,593,015)
Proceeds from sale of tangible fixed assets		7,352	-
		<u>(1,601,884)</u>	<u>(3,602,956)</u>
Cash used in investing activities		<u>(1,601,884)</u>	<u>(3,602,956)</u>
Financing activities			
Proceeds from new loans		-	4,273,136
Repayment of loans		(359,423)	-
		<u>(359,423)</u>	<u>4,273,136</u>
Cash (used in)/generated by financing activities		<u>(359,423)</u>	<u>4,273,136</u>
Net cash used			
Cash generated by/(used in) operating activities		1,887,652	(1,452,440)
Cash used in investing activities		(1,601,884)	(3,602,956)
Cash (used in)/generated by financing activities		(359,423)	4,273,136
		<u>(73,655)</u>	<u>(782,260)</u>
Net cash used		<u>(73,655)</u>	<u>(782,260)</u>
 Cash and cash equivalents at 1 August		<u>655,767</u>	<u>1,438,027</u>
Cash and cash equivalents at 31 July		<u>582,112</u>	<u>655,767</u>
 Cash and cash equivalents comprise:			
Cash at bank		<u>582,112</u>	<u>655,767</u>

Hedonism Drinks Ltd
Notes to the Accounts
for the year ended 31 July 2016

1 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Going concern

The group has reported profits of £352,929 in this year's accounts and net liabilities of £2,983,665. There is a debtor balance of £2,142,685 which is an intercompany loan due from its subsidiary company that could potentially translate into a loss should the subsidiary cease to trade for unexpected reasons. The accounts have been prepared on a going concern basis as the group's owner has confirmed his continued financial support for at least 12 months from the date of signing the balance sheet and into the foreseeable future.

Key sources of estimation uncertainty

As explained in note 11 Debtors, the recovery of the loan to the company's subsidiary, 85 Piccadilly Limited, is uncertain as the business has yet to begin trading.

No amortisation / depreciation has been provided on the lease premium at 85 Piccadilly or the improvements to the site pending the opening of the restaurant.

Due to the nature of the stock there are small but potentially material uncertainties relating to the quality and provenance of stocks which could result in some items being unsellable or sales being refunded. The actual condition of all stock cannot be tested as it is often not apparent until the wine is sold and opened. An adjustment has been included to the closing value of stocks based on past experience (see Stocks note 10).

Transition to FRS 102

The transition to FRS 102 has resulted in restatement of director's loan to the company and intra-group loan to the subsidiary being shown within amounts payable / receivable within one year respectively. Introducing fair value calculations for measuring loans has moved the focus from likely repayment date to their strict legal repayment terms for classifying the loans.

There is no effect on the profits or equity previously reported as a result of this change.

The date of transition to FRS 102 is 1 August 2014.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

Intangible fixed assets

Purchased trade mark is measured at cost less accumulative amortisation and any accumulative impairment losses.

Hedonism Drinks Ltd
Notes to the Accounts
for the year ended 31 July 2016

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	5% straight line
Plant and machinery	33% straight line
Fixtures, fittings, tools and equipment	33% straight line

Investments

As the subsidiary has not commenced trading the investment continues to be included at £1, the initial cost of the unquoted equity. Future changes in the fair value will be recognised in profit and loss.

Stocks

Stocks are valued at the lower of cost and net realisable value. The cost of stock includes any delivery charges incurred.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

Provisions

Provisions (ie liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

Hedonism Drinks Ltd
Notes to the Accounts
for the year ended 31 July 2016

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Pensions

Contributions to defined contribution plans are expensed in the period to which they relate.

2 Analysis of turnover	2016	2015
	£	£
Sale of goods	<u>15,100,865</u>	<u>11,556,259</u>
By geographical market:		
UK	10,813,955	8,638,850
Europe	259,481	119,977
Rest of world	<u>4,027,429</u>	<u>2,797,432</u>
	<u>15,100,865</u>	<u>11,556,259</u>
3 Operating profit	2016	2015
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	452,447	564,412
Operating lease rentals - land and buildings	1,259,478	977,790
Auditors' remuneration for audit services	6,000	5,400
Carrying amount of stock sold	<u>9,489,875</u>	<u>7,716,185</u>

Hedonism Drinks Ltd
Notes to the Accounts
for the year ended 31 July 2016

4 Directors' emoluments	2016	2015
	£	£
Emoluments	<u>100,000</u>	<u>164,622</u>
5 Staff costs	2016	2015
	£	£
Wages and salaries	1,546,763	1,638,832
Social security costs	180,816	183,308
Other pension costs	<u>11,608</u>	<u>11,608</u>
	<u>1,739,187</u>	<u>1,833,748</u>
Average number of employees during the year	Number	Number
Administration	19	13
Sales	<u>12</u>	<u>18</u>
	<u>31</u>	<u>31</u>

Hedonism Drinks Ltd
Notes to the Accounts
for the year ended 31 July 2016

6 Taxation	2016	2015
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	29,885	-
Deferred tax:		
Origination and reversal of timing differences	28,847	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	58,732	-

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2016	2015
	£	£
Profit/(loss) on ordinary activities before tax	411,661	(810,940)
Standard rate of corporation tax in the UK	20%	20%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	82,332	(162,188)
Effects of:		
Expenses not deductible for tax purposes	110,432	115,658
Capital allowances for period in excess of depreciation	(162,879)	-
Utilisation of tax losses	-	(92,558)
Losses c/fwd to future periods		139,088
	<hr/>	<hr/>
Current tax charge for period	29,885	-

Factors that may affect future tax charges

The company's subsidiary has carried forward losses of £1,253,788.

Hedonism Drinks Ltd
Notes to the Accounts
for the year ended 31 July 2016

7 Intangible fixed assets	£
Purchased Trade Mark:	
Cost	
At 1 August 2015	41,941
Write-off	<u>(41,941)</u>
At 31 July 2016	<u>-</u>
Amortisation	
At 31 July 2016	<u>-</u>
Carrying amount	
At 31 July 2016	<u>-</u>
At 31 July 2015	<u>41,941</u>

8 Tangible fixed assets
Group

	Land and buildings At cost £	Plant and machinery At cost £	Motor vehicles At cost £	Total £
Cost or valuation				
At 1 August 2015	10,748,349	745,831	12,733	11,506,913
Additions	1,574,475	34,761	-	1,609,236
Incorrectly capitalised	(35,495)	-	-	(35,495)
Write offs	(46,897)	-	-	(46,897)
Disposals	<u>-</u>	<u>(14,717)</u>	<u>-</u>	<u>(14,717)</u>
At 31 July 2016	<u>12,240,432</u>	<u>765,875</u>	<u>12,733</u>	<u>13,019,040</u>
Depreciation				
At 1 August 2015	1,284,475	591,794	5,361	1,881,630
Charge for the year	360,696	87,730	4,021	452,447
On disposals	<u>-</u>	<u>(2,051)</u>	<u>-</u>	<u>(2,051)</u>
At 31 July 2016	<u>1,645,171</u>	<u>677,473</u>	<u>9,382</u>	<u>2,332,026</u>
Carrying amount				
At 31 July 2016	<u>10,595,261</u>	<u>88,402</u>	<u>3,351</u>	<u>10,687,014</u>
At 31 July 2015	<u>9,463,874</u>	<u>154,037</u>	<u>7,372</u>	<u>9,625,283</u>

Incorrectly capitalised costs of £35,495 shown above have been transferred to the income statement of the subsidiary company

Costs relating to the renovation of the building to be occupied by the subsidiary company previously capitalised (£46,897), but which will no longer form part of the completed project, have been written off.

Hedonism Drinks Ltd
Notes to the Accounts
for the year ended 31 July 2016

Company	Land and buildings At cost £	Plant and machinery At cost £	Motor vehicles At cost £	Total £
Cost or valuation				
At 1 August 2015	10,748,349	690,952	12,733	11,452,034
Additions	1,574,475	34,761	-	1,609,236
Incorrectly capitalised costs	(35,495)	-	-	(35,495)
Write offs	(46,897)	-	-	(46,897)
At 31 July 2016	<u>12,240,432</u>	<u>725,713</u>	<u>12,733</u>	<u>12,978,878</u>
Depreciation				
At 1 August 2015	1,284,475	585,487	5,361	1,875,323
Charge for the year	360,696	75,289	4,021	440,006
At 31 July 2016	<u>1,645,171</u>	<u>660,776</u>	<u>9,382</u>	<u>2,315,329</u>
Carrying amount				
At 31 July 2016	<u>10,595,261</u>	<u>64,937</u>	<u>3,351</u>	<u>10,663,549</u>
At 31 July 2015	<u>9,463,874</u>	<u>105,465</u>	<u>7,372</u>	<u>9,576,711</u>

Incorrectly capitalised costs of £35,495 shown above have been transferred to the income statement of the subsidiary company

Costs relating to the renovation of the building to be occupied by the subsidiary company previously capitalised (£46,897), but which will no longer form part of the completed project, have been written off.

9 Investments

The company holds 20% or more of the share capital of the following companies:

Company	Shares held Class	%	Capital and reserves £	Profit (loss) for the year £
85 Piccadilly Ltd	Ordinary	100	<u>(2,145,277)</u>	<u>(833,757)</u>

10 Stocks

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Goods for resale	<u>16,419,705</u>	<u>16,792,382</u>	<u>16,419,705</u>	<u>16,792,382</u>

The carrying value of stocks has been reduced by £351,179 (2015 Nil), representing a 2.08% provision, based on past experience, for potential quality and provenance issues with stock items.

Hedonism Drinks Ltd
Notes to the Accounts
for the year ended 31 July 2016

11 Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	238,680	195,000	238,680	195,000
Amounts owed by subsidiaries	-	-	2,142,685	1,357,466
Other taxes & ss costs	-	94,921	-	94,895
Other debtors	1,395,437	1,378,837	1,395,437	1,375,837
Prepayments & accrued income	516,359	516,739	516,359	515,836
	<u>2,150,476</u>	<u>2,185,497</u>	<u>4,293,161</u>	<u>3,539,034</u>

Amounts due after more than one year included in:

Other debtors	<u>1,350,000</u>	<u>1,350,000</u>
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In the company balance sheet the amount due from group undertakings (2016 £2,142,685; 2015 £1,357,466) is a loan to the company's subsidiary, 85 Piccadilly Limited. No interest has been charged on the loan and there is no fixed repayment date. As the loan is legally repayable on demand the fair value of the loan has not been discounted. Recovery of the loss is uncertain as 85 Piccadilly Limited has not yet begun trading.

12 Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	1,307,832	1,326,493	1,307,832	1,323,339
Corporation tax	29,885	-	29,885	-
Other taxes and social security costs	106,752	53,657	106,752	44,129
Loans from Director / Owner	30,737,752	31,097,175	30,737,752	31,097,175
Accruals and deferred income	611,904	160,139	585,848	160,139
	<u>32,794,125</u>	<u>32,637,464</u>	<u>32,768,069</u>	<u>32,624,782</u>

The amount due to the Director / Owner above is an interest free loan to the group. There is no fixed repayment date attached to the loan. As the loan is legally repayable on demand the fair value of the loan has not been discounted.

13 Deferred taxation

	2016	2015
	£	£
Accelerated capital allowances	<u>28,847</u>	<u>-</u>
	2016	2015
	£	£
Charged to the profit and loss account	28,847	-
At 31 July	<u>28,847</u>	<u>-</u>

Hedonism Drinks Ltd
Notes to the Accounts
for the year ended 31 July 2016

14 Share capital	Nominal value	2016 Number	2016 £	2015 £
Allotted, called up and fully paid:				
Ordinary shares	£1 each	1	<u>1</u>	<u>- 1</u>

15 Profit and loss account	Group		Company	
	2016 £	2015 £	2016 £	2015 £
At 1 August	(3,336,595)	(2,525,655)	(2,025,073)	(1,967,308)
Profit/(loss) for the financial year	352,929	(810,940)	1,186,684	(57,765)
At 31 July	<u>(2,983,666)</u>	<u>(3,336,595)</u>	<u>(838,389)</u>	<u>(2,025,073)</u>

16 Capital commitments	2016 £	2015 £
Amounts contracted for but not provided in the accounts	<u>132,440</u>	<u>657,305</u>

17 Other financial commitments

Total future minimum lease payments under non-cancellable operating leases:

	Land and buildings 2016 £	Land and buildings 2015 £	Other 2016 £	Other 2015 £
Falling due:				
in over five years	<u>24,903,356</u>	<u>25,991,038</u>	<u>-</u>	<u>-</u>

18 Controlling party

The ultimate controlling party is E Chichvarkin

	2016 £	2015 £
Amount due to related party	<u>(30,737,752)</u>	<u>(31,097,175)</u>

19 Presentation currency

The financial statements are presented in Sterling.

20 Legal form of entity and country of incorporation

Hedonism Drinks Ltd is a private company limited by shares and incorporated in England.

Hedonism Drinks Ltd
Notes to the Accounts
for the year ended 31 July 2016

21 Principal place of business

The address of the company's principal place of business and registered office is:

Connaught House
1-3 Mount Street
London
W1K 3NB

22 Reconciliations on adoption of FRS 102

Profit and loss for the year ended 31 July 2015	£
Loss under former UK GAAP	(810,940)
Loss under FRS 102	<u>(810,940)</u>
Balance sheet at 31 July 2015	£
Equity under former UK GAAP	(3,336,594)
Equity under FRS 102	<u>(3,336,594)</u>
Balance sheet at 1 August 2014	£
Equity under former UK GAAP	(2,525,654)
Equity under FRS 102	<u>(2,525,654)</u>

Hedonism Drinks Ltd
Detailed profit and loss account
for the year ended 31 July 2016

	2016 £	2015 £
Sales	15,100,865	11,556,259
Cost of sales	(9,780,773)	(7,821,471)
Gross profit	<u>5,320,092</u>	<u>3,734,788</u>
Administrative expenses	(4,814,279)	(4,545,728)
Operating profit/(loss)	<u>505,813</u>	<u>(810,940)</u>
Loss on sale of fixed assets	(94,152)	-
Profit/(loss) before tax	<u>411,661</u>	<u>(810,940)</u>

Hedonism Drinks Ltd
Detailed profit and loss account
for the year ended 31 July 2016

	2016 £	2015 £
Sales		
Sale of goods	<u>15,100,865</u>	<u>11,556,259</u>
Cost of sales		
Purchases	9,166,164	10,106,434
Decrease/(increase) in stocks	323,711	(2,390,249)
Other direct costs	<u>290,898</u>	<u>105,286</u>
	<u>9,780,773</u>	<u>7,821,471</u>
Administrative expenses		
Employee costs:		
Wages and salaries	1,546,763	1,638,832
Pensions	11,608	11,608
Employer's NI	180,816	183,308
Temporary staff and recruitment	15,005	20,305
Staff training and welfare	-	1,991
Travel and subsistence	25,680	36,337
Motor expenses	-	1,753
Entertaining	5,558	13,877
	<u>1,785,430</u>	<u>1,908,011</u>
Premises costs:		
Rent	1,259,478	977,790
Rates	390,787	361,450
Light and heat	30,374	15,316
Cleaning	36,825	33,053
Premises	112,483	85,692
	<u>1,829,947</u>	<u>1,473,301</u>
General administrative expenses:		
Telephone and fax	16,671	22,695
Postage	1,326	1,342
Stationery and printing	14,188	10,874
Subscriptions	29,352	20,448
Bank charges	234,307	196,538
Insurance	187,569	147,090
Donations	4,516	33
Software	47,368	39,568
Depreciation	452,447	564,412
Sundry expenses	26,010	14,425
	<u>1,013,754</u>	<u>1,017,425</u>
Legal and professional costs:		
Audit fees	6,250	5,400
Accountancy fees	6,975	1,800
Solicitors fees	39,824	24,561
Consultancy fees	36,508	30,175
Advertising and PR	25,309	2,198
Other legal and professional	70,282	82,857
	<u>185,148</u>	<u>146,991</u>
	<u>4,814,279</u>	<u>4,545,728</u>