

Gusbourne PLC

Gusbourne PLC  
Report and financial statements  
for the year ended 31 December 2015

Company number 08225727



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# Strategic Report

## Chairman's statement

I am pleased to report that we have achieved another successful year of further growth and development for the Group, in line with our long-term plans. The Gusbourne business was established over ten years ago in 2004 and has been selling its award winning English sparkling wines since 2010. Sales have continued to grow steadily in line with product availability and in 2015 increased by 9 per cent compared with 2014. Gusbourne remains one of England's premier sparkling wine businesses and is focused at the luxury end of the market.

We have continued to expand production in line with our long-term plans. In 2015 we planted an additional 75 acres of vines across our two sites in Kent and West Sussex and our total acreage under vine is now 231 acres, most of which is in Kent. We are firmly committed to producing the highest quality sparkling wines made exclusively from grapes grown in our own vineyards and ageing these wines for an extended period in order to fully realise their potential. We use best practice in establishing our vineyards and in their day-to-day management. Our winemaking process remains traditional in every way but one that is open to innovation where appropriate.

The total assets of the business have increased further in 2015 as a result of capital expenditure on fixed assets and the ongoing investment in wine stocks. Total assets grew from £12,026,000 to £13,481,000 during 2015. We invested in the business through capital expenditure on vineyard establishment of £786,000 (2014: £588,000), vineyard and winery equipment of £461,000 (2014: £137,000) and freehold land and buildings of £664,000 (2014: £14,000). Our principal working capital investment has been in wine stocks following the successful 2015 harvest which has added a further £276,000 (2014: £125,000) to the carrying value of our stocks. It is important to note that our stocks are currently reflected in the balance sheet at the lower of cost and net realisable value. To the extent that net realisable values are expected to remain significantly higher than cost, this potential uplift is of course not reflected in the balance sheet and the calculation of net tangible assets per share. The anticipated underlying surplus of net realisable value over cost of these wine inventories will become an increasingly significant feature of the Group's asset base as stocks continue to grow until the business reaches sales maturity.

At 31 December 2015 our net assets per share amounted to 39.6 pence (2014: 43.8 pence). Net tangible assets per share were 35.3 pence (2014: 38.2 pence). As noted above these figures are based on book values and do not reflect any potential underlying uplift in the value of our assets, including freehold land, mature vineyards, wine stocks and the Gusbourne brand itself.

Our operating loss for the year amounted to £1,123,000 (2014: £966,000) which included development expenditure on sales and marketing and brand development.

### Highlights of 2015 include:

- The planting of an additional 50 acres of vineyards, in May 2015 on our 352 acre freehold estate in Kent. This is a proven location for growing our sparkling wine grapes and with our existing 102 acres brings our total acreage under vine in Kent to 152 acres.
- The planting of an additional 25 acres of vineyards on our long leasehold land in West Sussex which together with our existing acres brings our total acreage under vine in West Sussex to 79 acres.
- A successful harvest in October 2015 in terms of both yield and quality which has added to our wine stocks for future resale. The harvest included the first fruit from the vines planted on our West Sussex sites in 2013.
- The launch, in October 2015, of an update to our visual identity, marking a new chapter in the Gusbourne story and reflecting the rapid evolution of the Gusbourne brand. This includes refreshing all brand elements by bringing our commitment to making exceptional wines to the fore.
- Another year of success in international awards. In November 2015 Gusbourne won the trophy for "English

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Wine Producer of the Year" from the International Wine and Spirit Competition ("IWSC"), which is the second time in three years that the Company has won this award. The IWSC also awarded Gusbourne's sparkling and still wines with a record two 'gold outstanding', one gold and three silver medals. The IWSC awards completed a record year at international competitions for the Company, with Gusbourne having received 7 gold medals in total.

Finally, I should like to express my sincere thanks for the dedicated efforts of our employees, our loyal customers and last but not least the support of our shareholders in helping the Company achieve another successful year of growth and development in the business.

Andrew Weeber

Chairman

# Chief Executive's review

## Introduction

I am pleased to report that 2015 has been a year of continued and very pleasing progress for the Group in line with our long term strategic development plans. We have planted new vineyards and extended our winemaking facilities. Year on year sales have increased and we have widened our distribution channels. We have continued to invest in the Gusbourne brand and in October 2015 launched an update to our visual identity marking a new chapter in the Gusbourne story and reflecting the rapid progress of the business.

The Gusbourne sparkling wine products remain at the luxury end of the English sparkling wines market and we remain committed to maintaining this premium position. In November 2015 we were particularly pleased to win the trophy for "English Wine Producer of the Year" from the International Wine and Spirit Competition.

## Activities and recent developments

Gusbourne PLC ("the Company") is engaged, through its wholly owned subsidiary Gusbourne Estate Limited (together the "Group"), in the production and distribution of a range of high quality and award winning English sparkling wines from grapes grown in its own vineyards in Kent and West Sussex. The majority of the Group's mature vineyards are located at its freehold estate at Appledore in Kent where the winery is also based. Additional vineyards were planted in Kent and West Sussex in May 2015 and the Group now has a total of 231 acres of vineyards.

## Gusbourne Wines

Gusbourne is dedicated to the production of premium sparkling wines from grapes grown exclusively in its own vineyards. Our processes, both in establishing and maintaining the vineyards and in making wine, continue to follow the rigorous principles of careful site selection and attention to detail in all aspects of viticulture and wine production. An integral part of the Group's approach is to age its traditional method sparkling wines for as long as is necessary for the wines to meet optimum maturity. The average production cycle for the wines is four years from harvest to sale.

## Recent awards

Gusbourne has a history of success at international awards and 2015 was one of the most successful years to date. In November 2015 Gusbourne won the trophy for "English Wine Producer of the Year" from the International Wine and Spirit Competition ("IWSC"), which is the second time in three years that the Company has won this award. The IWSC also awarded Gusbourne's sparkling and still wines with a record two 'gold outstanding', one gold and three silver medals. The IWSC awards completed a record year at international competitions for the Company, with Gusbourne having received 7 gold medals in total.

## Development strategy

Meeting growing customer demand for the Gusbourne wines requires careful long term planning and key elements of the Group's development strategy include:

- Continuing to produce wines of exceptional quality from grapes grown in our own vineyards;
- The ongoing development and evolution of the award winning Gusbourne brand;
- The further development of the Company's distribution channels, including the promotion of exports as a significant contributor to sales;
- The investment in additional plant and machinery to keep pace with production growth.

## 2015 Harvest

The 2015 harvest was successfully completed in October. The quality of the grapes was excellent, with optimum levels of natural sugar and acidity, both of which met our own exacting quality standards. The high

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quality of grapes harvested in the year bodes well for 2015 becoming another great vintage for Gusbourne. Yield volumes were good and in line with expectations and the resulting wine production has added further to our inventory levels for sale in future years.

### Results for the year

Sales for the year, amounted to £473,000 (2014: £434,000). Whilst these sales continue to reflect limited stock availability at this time, they do represent a consecutive three year like for like growth in the sale of Gusbourne wines. Administrative expenses of £1,176,000 (2014: £968,000) reflect continuing investment in the development and growth of the business and the Gusbourne brand in particular.

The operating loss for the year was £1,123,000 (2014: £966,000). The exceptional item of £115,000 within finance expenses reflects a charge to the income statement in respect of the conversion of bonds into shares on 17 June 2015 due to the amendment to the terms of the Convertible Bonds on 27 May 2015. This charge is a non-cash adjustment and does not affect the net assets of the Group as the corresponding entry is a credit to retained earnings. The loss before tax was £1,426,000 (2014: £1,151,000) after net finance costs of £303,000 (2014: £185,000).

These planned losses continue to be in line with expectations and the long-term development strategy of the Group.

### Balance Sheet

The changes in the Group's balance sheet during the year reflect expenditure on the ongoing investment in, and development of, the Group's business, net of income from wine sales. This expenditure includes the investment in additional vineyards planted in Kent and West Sussex in May 2015 and includes the ongoing investment in the vineyards established in West Sussex and Kent during 2013 and 2014. This investment in vineyards is reflected in capital expenditure of £786,000 (2014: £588,000).

In addition, the Group invested in additional plant and equipment for the vineyards and the winery amounting to £461,000 (2014: £137,000) and in buildings of £664,000 (2014: £14,000). Total assets at 31 December 2015 of £13,481,000 (2014: £12,026,000) include freehold land and buildings of £5,198,000 (2014: £4,578,000), vineyards of £2,972,000 (2014: £2,236,000), inventories of wine stocks amounting to £1,711,000 (2014: £1,435,000), and £1,328,000 of cash (2014: £1,842,000). Intangible assets of £1,007,000 (2014: £1,007,000) arose on the acquisition of the Gusbourne Estate business on 27 September 2013.

It is worth noting that the Group's inventories are reported at the lower of cost and net realisable value and that these inventories are expected to grow significantly until the Group reaches full production maturity, bearing in mind the long production cycle in relation to sparkling wine and related vineyard establishment. The anticipated underlying surplus of net realisable value over cost of these wine inventories will become an increasingly significant factor of the Group's asset base.

The Group's net tangible assets at 31 December 2015 amount to £8,353,000 (2014: £6,817,000) and represent 89% of total equity (2014: 87%). Net tangible assets per share at 31 December 2015 were 35.3 pence per share (2014: 38.2 pence)

### Financing

The Group's activities are financed by shareholders equity, loans, other borrowings and convertible bonds. Loans, other borrowings and convertible bonds at 31 December 2015 amount in total to £3,952,000 (2014: £3,866,000) and represent 42% of total equity (2014: 49%).

On 17 June 2015, the Company completed an open offer to existing shareholders. The total consideration was £2,525,000 of which gross cash received by the Company was £2,136,000. The Company also benefited from a reduction of £389,000 in the debt due under the Convertible Bond as a result of its conversion into equity.

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On 30 July 2015, the Company completed a placing of ordinary shares for cash proceeds of £368,000.

The cash proceeds of the Open Offer and Placing will be used for the ongoing investment in new vineyards planted in 2015, an expansion of the winery capacity and for working capital, represented primarily by the Group's sparkling wine stocks.

The achievement of the Group's long term development strategy will depend on the raising of further equity and/or debt funds to achieve those goals. The production of premium quality wine from new vineyards is, by its very nature, a long term project. It takes four years to bring a vineyard into full production and a further four years to transform these grapes into Gusbourne's premium sparkling wine. Additional funding will be sought by the Company over the coming few years to invest in vineyards, winery capacity, and stocks of wine as well as brand development, in line with its development strategy.

### Principal risks and uncertainties

Details of these are shown on page 9.

Ben Walgate

Chief Executive

Gusbourne PLC

Key Performance Indicators

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Sales	473	434

Investment in tangible assets		
Investment in vineyard establishment	786	588
Investment in freehold land and buildings	664	14
Investment in plant, machinery, vehicle and other equipment	473	145
Investment in property, plant and equipment	1,923	747
Increase in inventories	276	125
Total investment in tangible assets	2,199	872

	At 31 December 2015 £'000	As restated at 31 December 2014 £'000
Net assets		
Freehold land and buildings	5,198	4,578
Vineyards	2,972	2,236
Plant, machinery, vehicle and other equipment	1,001	715
Total non-current assets	9,171	7,529
Inventories	1,711	1,435
Net working capital (current receivables less current payables)	95	(123)
Cash	1,328	1,842
Net tangible assets before debt	12,305	10,683
Bonds, loans and other borrowings	(3,952)	(3,866)
Net tangible assets	8,353	6,817
Goodwill	1,007	1,007
Net assets and equity	9,360	7,824

Key balance sheet indicators		
Net tangible assets as a percentage of total equity	89%	87%
Gearing (Debt as percentage of equity)	42%	49%
Number of shares in issue	23,639,762	17,853,276
Net tangible assets per share (pence)	35.3	38.2

## Principal risks and uncertainties

### Financing

The Group plans to raise further equity and/or debt funds in the future to fund the Group's development strategy over the coming years, through the issue of Gusbourne PLC shares and/or the raising of debt finance. Such funding may not be achieved and additional shares may have a dilutive effect on existing shareholders.

**Mitigation:** The Group's senior management team has carefully developed its long term business planning processes in support of any such new investment and the Group benefits from a loyal and supportive shareholder base.

### Climate change

The Directors believe that climatic conditions in the South of England in recent years have generally been favourable to the growing of grapes used in sparkling wine production. However grape yields can be affected by certain adverse weather patterns such as late frosts and lack of sunshine during the flowering period. These climatic impacts can be quite localised. Please also refer to the paragraph ("Crop disease") below.

**Mitigation:** The Group's strategy to mitigate this risk is to monitor the micro climate in its existing vineyards through the use of temperature loggers and weather stations, with particular regard to late frosts, so that appropriate action can be promptly taken with the use of specialist frost prevention equipment. The Group's has also mitigated this risk by planting vines in both West Sussex and Kent which are each subject to separate climatic conditions.

### Crop disease

Commercial viticulture is a farming system prone to disease pressures. The relatively cool climate of the UK can exacerbate these pressures. While there is no significant pressure from fatal diseases threatening vine growing in the UK at present, there are certain diseases which may reduce yield under adverse climatic circumstances.

**Mitigation:** These risks can be mitigated through good husbandry and management practices. Please also refer to the paragraph "Climate change" above.

### Competition

With the anticipated continuing growth in vineyard plantings in the South of England, the supply of English sparkling wine is likely to continue to increase and provide increased competition from other suppliers. This may adversely affect retail prices of English sparkling wine and the assumed levels of pricing in the Group's development strategy may not be achieved. The English sparkling wine industry may also face stronger competition from similar overseas products, which could also adversely affect the retail prices of the Gusbourne wines.

**Mitigation:** The Group's strategy remains to produce the highest quality products and develop the Gusbourne brand with related support to attract and retain customer loyalty. The Group's strategy to develop exports as a significant contribution to sales will also mitigate this competitive risk in the UK market.

The strategic report on pages 3 to 9 has been approved by the Board and signed on its behalf by:



Andrew Weeber

Non-Executive Chairman

## Board of Directors

Andrew Weeber BSc, MB ChB, FCS, Non-Executive Chairman

*Member of the Audit, Remuneration and Nomination Committees*

After graduating from the University of Stellenbosch in 1968 with a BSc in Biochemistry & Physiology, Andrew continued to a Bachelor of Medicine and Surgery. He specialised at the University of Cape Town, and was awarded his FCS in Trauma and Orthopaedic Surgery in 1984.

Andrew went on to pursue a career spanning more than 20 years practising as a consultant orthopaedic surgeon in South Africa and the United Kingdom, whilst simultaneously pursuing his entrepreneurial interests. In 1986 he co-founded, and successfully exited, the 247-bed private Vergelegen Mediclinic Hospital, near Cape Town. In 1988 Andrew's interest in wine and biochemistry led him to acquire a 50% stake in a Robertson wine estate. He sold the estate in 1991 and moved to the United Kingdom in 1992.

In the United Kingdom, he developed an orthopaedic unit within the Friarage Hospital in North Yorkshire. He oversaw its growth to a regional specialisation centre, employing 21 surgeons. During this time, Andrew was appointed to the Medical Committee of the Football Association of England. Andrew retired from medicine in 2004 and focused on his personal business interests, primarily the development of the Gusbourne Estate; a project which he had established a year earlier on his 500 acre Estate in Kent. The first vintage was released in 2010 to critical acclaim and received numerous awards. This firmly established Gusbourne Estate's position at the forefront of premium English wine. Andrew is a key opinion leader in the English wine industry, and is closely involved with the English Wine Producers Association.

Andrew has held several board memberships, including 6 years at the 15,000 acre Alpheus Williams & Son Timber Corporation, until its successful acquisition by the SAPP 1 Group.

Ben Walgate BSc, Director and Chief Executive

Since university, Ben's career has been focussed on the wine industry. After a summer spent working in the vineyards and cellars of Western Europe, Ben returned to England to study Viticulture (grape growing) and Oenology (winemaking) for two years at Plumpton College.

After Plumpton College, Ben ran his own business, involving the importation and sale of rare and unusual wines into the UK. This provided him with direct experience of the wine wholesale and retail market in the UK. Following the disposal of this business Ben took over the management of one of the UK's oldest vineyards, replanting and rejuvenating the 40 plus year old vineyards. The refurbishment of the winery and winemaking procedures increased both quantity and quality of wine produced.

Ben was instrumental in developing the Group's initial business strategy (under the Shellproof PLC banner) which included the establishment of the Company's vineyards in Sussex and the acquisition of the Gusbourne Estate business in 2013.

Paul Bentham, Non-Executive Director

*Member of the Audit, Remuneration and Nomination Committees*

Paul is the founder and currently the Non-Executive Chairman of Retail Merchant Group Ltd. With a background in card payment services and retail banking projects he was the founder and previously the Executive Chairman of Cardsave UK Ltd. He is also engaged in various commercial and residential property projects, including investment-grade office and warehouse sites.

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Ian Robinson BA FCA,  
Non-Executive Director

*Chairman of the Audit Committee and member of the Remuneration and Nomination Committees*

Ian is currently non-executive Chairman of Jaywing Plc, an AIM listed digital marketing and consulting business, and a non-executive director of TLA Worldwide Plc, an AIM listed athlete representation and sports marketing business. He is non-executive Chairman of LT Pub Management Plc, a privately owned pub and leisure asset management business. He is also a director of a number of other privately owned businesses.

Previously he was chief financial officer of Carlisle Group's UK staffing and facilities services operations. He has held other senior financial appointments both in the UK and overseas. He is a Fellow of the Institute of Chartered Accountants in England & Wales, having trained with Peat, Marwick, Mitchell & Co (now KPMG) in London.

Lord Arbuthnot PC,  
Non-Executive Director

*Chairman of the Remuneration and Nomination Committees and member of the Audit Committee*

James practiced as a barrister for over ten years, and then became a Conservative Member of Parliament from 1987 to 2015, when he stood down in order to pursue other challenges. During his time in Parliament he served as Pensions Minister and Minister for Defence Procurement. From 1997 to 2001 he was Opposition Chief Whip, and from 2005 to 2014 he chaired the Defence Select Committee.

Matthew Clapp  
Non-Executive Director

*Member of the Audit, Remuneration and Nomination Committees*

Matthew is a non-executive director of Shutdown Maintenance Services Ltd, a director of MDC Consulting Limited and a committee member for The Square Mile Salute, an annual fundraising event, designed to promote philanthropy in the city of London and raise money for a selection of charities.

Matthew has worked in the markets for high end real estate developments, private members clubs and financial services for over a decade.

# Report of the Directors for the year ended 31 December 2015

The Directors present their report together with the audited financial statements for the year ended 31 December 2015.

## Results and dividends

The consolidated statement of comprehensive income is set out on page 18 and shows the result for the year. No dividend was declared (December 2014: £Nil).

## Principal activities

The principal activities of Gusbourne PLC ("the Company") and its subsidiaries ("the Group") comprise the production, sale and distribution of English sparkling wine.

## Review of the business and future developments

A review of the business together with an indication of future developments is given in the Chairman's statement on pages 3 and 4 and in the Chief Executive's review on pages 5 to 8. Principal risks and uncertainties are shown on page 9.

## Post balance sheet events

There have been no significant events to report since the date of the balance sheet.

## Directors

The Directors of the Company during the year were as follows:

Andrew Weeber  
(Non-Executive Chairman)

Ben Walgate  
(Chief Executive)

Lord Arbuthnot PC (appointed 6 July 2015)  
(Non-Executive Director)

Paul Bentham  
(Non-Executive Director)

Matthew Clapp (appointed  
6 July 2015)  
(Non-Executive Director)

Ian Robinson  
(Non-Executive Director)

The beneficial interest of Directors who held office at 31 December 2015 in the share capital of the Company are shown below:

Ordinary shares

	Dec 2015	Dec 2014
Andrew Weeber	11.5%	10.9%
Ben Walgate	0.4%	0.3%
Lord Arbuthnot PC	0.1%	-
Paul Bentham	3.6%	3.4%
Matthew Clapp	0.1%	-
Ian Robinson	0.5%	0.5%

Corporate governance

The Remuneration Committee comprises Lord Arbuthnot PC (Chairman since 10 March 2016), Andrew Weeber, Paul Bentham (Chairman to 10 March 2016), Matthew Clapp (member since 10 March 2016) and Ian Robinson and meets at least twice a year and at such other times as the Chairman of the Committee requires. The Committee considers all material elements of the remuneration policy to ensure that remuneration is sufficient to attract, retain and motivate Executive Directors and senior management of the quality required to manage the Group successfully. This is performed with reference to independent remuneration research and professional advice. The Committee recommends to the Board the framework for the remuneration packages of the individual Executive Directors. The Board is then responsible for implementing the recommendations although no Director is involved in deciding his own remuneration. The Directors are not permitted to vote on their own terms and conditions of remuneration.

The Audit Committee comprises Ian Robinson (Chairman), Andrew Weeber, Lord Arbuthnot PC (member since 10 March 2016), Paul Bentham and Matthew Clapp (member since 10 March 2016) and meets at least twice a year and at such other times as the Chairman of the Committee requires. The external auditors attend for part or all of each meeting. The Committee is responsible for reviewing a wide range of matters, including half-year and annual results before their submission to the Board, and for monitoring the controls that are in force to ensure the integrity of information reported to shareholders. The Committee advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature, scope and results of the audit with the external auditors. The Committee keeps under review the cost effectiveness and the independence and objectivity of the external auditors. The Audit Committee is further responsible for ensuring that the ethical and compliance commitments of management and employees are understood throughout the Group.

The Committee has considered that in light of the present size of the Group that a separate internal audit function is not currently required. The Committee's position on the internal audit function is reviewed regularly, at least once a year.

The Nomination committee comprises Lord Arbuthnot PC (Chairman since 10 March 2016), Andrew Weeber, Paul Bentham (Chairman to 10 March 2016), Matthew Clapp (member since 10 March) and Ian Robinson and meets at least twice a year. The Committee is responsible for reviewing the composition and structure of the Board and for making recommendations to the Board for its consideration and approval.

Substantial shareholdings

Current shareholdings in excess of 3%:

Shareholder	Shareholding
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Lord Ashcroft KCMG PC	64.4%
Andrew Weeber	11.5%
Paul Bentham	3.6%

At 31 December 2015 the ultimate controlling party of the Company is Lord Ashcroft KCMG PC.

### Charitable and political donations

During the year, the Group made charitable and political donations of £Nil (December 2014: £Nil).

### Directors' third party indemnity provisions

The Group maintains appropriate insurance to cover Directors' and Officers' liability. The Group provides an indemnity in respect of all the Group's Directors. Neither the insurance nor the indemnity provides cover where the Director has acted fraudulently or dishonestly.

### Financial risk management

The Group's objectives and policies relating to financial risk management are fully explained in Note 3 on pages 27 and 28.

### Directors' responsibilities

The Directors are responsible for preparing the strategic report, director's 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 Group financial statements and the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Group and Company and of the profit or loss of the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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;
- state whether the Group and the Company financial statements have been prepared in accordance with IFRSs as adopted by the European Union, 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 requirements of 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.

### Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available

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on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

### Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

A resolution to reappoint BDO LLP as auditors will be proposed at the next annual general meeting.

By order of the Board

  
Ian Robinson

Secretary and Non-Executive Director

Date: 19 May 2016

# Report of the independent auditors for the year ended 31 December 2015

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUSBOURNE PLC

We have audited the financial statements of Gusbourne PLC for the year ended 31 December 2015 which comprise the group and parent company statement of financial position, the group statement of comprehensive income, the group and parent company statements of cash flows, the group and parent company statements of changes in equity and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with sections 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 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 Financial Reporting Council's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### 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 loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**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.

BDO LLP

*Geraint Jones*  
*(senior statutory auditor)*

*For and on behalf of BDO LLP, statutory auditor*  
*London*

Date: 19 May 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Consolidated statement of comprehensive income

## for the year ended 31 December 2015

	Note	Year ended 31 December 2015 £'000	As restated Year ended 31 December 2014 £'000
Revenue		473	434
Cost of sales		(325)	(361)
Gross profit		148	73
Fair value movement in biological produce	13	(95)	(71)
Administrative expenses		(1,176)	(968)
Loss from operations	5	(1,123)	(966)
Finance income	8	22	38
Finance expenses		(210)	(223)
Exceptional items		(115)	-
Total finance expenses	8	(325)	(223)
Loss before tax		(1,426)	(1,151)
Tax expense	9	-	60
Loss for the year attributable to owners of the parent		(1,426)	(1,091)
Total comprehensive loss attributable to owners of the parent		(1,426)	(1,091)
Loss per share attributable to the ordinary equity holders of the parent:	10		
Basic and diluted (pence)		(6.83)	(7.00)

The notes on pages 23 to 46 form part of these financial statements.

# Consolidated statement of financial position


## at 31 December 2015

	Note	December 2015 £'000	As restated December 2014 £'000	As restated 1 January 2014 £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Intangibles	11	1,007	1,007	1,007
Property, plant and equipment	12	9,171	7,529	6,964
		10,178	8,536	7,971
<b>Current assets</b>				
Biological produce	13	-	-	-
Inventories	14	1,711	1,435	1,310
Trade and other receivables	15	264	213	251
Cash and cash equivalents		1,328	1,842	1,703
		3,303	3,490	3,264
<b>Total assets</b>		<b>13,481</b>	<b>12,026</b>	<b>11,235</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	16	(169)	(336)	(324)
Finance leases	18	(41)	-	-
Loans and borrowings	17	(34)	-	-
		(244)	(336)	(324)
<b>Non-current liabilities</b>				
Loans and borrowings	17	(2,161)	(2,025)	(2,025)
Finance leases	18	(133)	-	-
Convertible deep discount bonds	19	(1,583)	(1,841)	(1,695)
Deferred tax liabilities		-	-	(60)
		(3,877)	(3,866)	(3,780)
<b>Total liabilities</b>		<b>(4,121)</b>	<b>(4,202)</b>	<b>(4,104)</b>
<b>Net assets</b>		<b>9,360</b>	<b>7,824</b>	<b>7,131</b>

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	Note	December 2015 £'000	As restated December 2014 £'000	As restated 1 January 2014 £'000
<b>Issued capital and reserves attributable to owners of the parent</b>				
Share capital	21	11,820	8,927	7,612
Share premium	22	815	815	346
Merger reserve	22	(13)	(13)	(13)
Convertible bond reserve	22	95	95	95
Retained earnings	22	(3,357)	(2,000)	(909)
<b>Total equity</b>		<b>9,360</b>	<b>7,824</b>	<b>7,131</b>

The financial statements on pages 18 to 46 were approved and authorised for issue by the Board of Directors on 19 May 2016 and were signed on its behalf by:



Andrew Weeber

Non-Executive Chairman

The notes on pages 23 to 46 form part of these financial statements.

# Consolidated statement of cash flows

## for the year ended 31 December 2015

	Note	31 December 2015 £'000	31 December 2014 £'000
<b>Cash flows from operating activities</b>			
Loss for the year before tax		(1,426)	(1,151)
Adjustments for:			
Depreciation of property, plant and equipment	12	267	180
Profit on disposal of property, plant and equipment		-	(4)
Finance expense	8	325	223
Finance income	8	(22)	(38)
Fair value movement in biological produce	13	95	71
(Increase)/decrease in trade and other receivables		(56)	38
Increase in inventories		(371)	(195)
(Decrease)/increase in trade and other payables		(137)	12
<b>Cash outflow from operations</b>		<b>(1,325)</b>	<b>(864)</b>
<b>Investing activities</b>			
Purchases of property, plant and equipment, excluding vineyard establishment	12	(1,137)	(159)
Investment in vineyard establishment	12	(786)	(588)
Sale of property, plant and equipment		14	5
Interest received		9	33
<b>Net cash from investing activities</b>		<b>(1,900)</b>	<b>(709)</b>
<b>Financing activities</b>			
Drawdown of bank loan		170	-
Finance lease agreements		181	-
Repayment of finance leases		(24)	-
Interest paid		(74)	(72)
Issue of ordinary shares	21	2,504	1,788
Share issue expenses		(46)	(4)
<b>Net cash from financing activities</b>		<b>2,711</b>	<b>1,712</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(514)</b>	<b>139</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,842</b>	<b>1,703</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>1,328</b>	<b>1,842</b>

The notes on pages 23 to 46 form part of these financial statements.

# Consolidated statement of changes in equity

## for the year ended 31 December 2015

	Share capital £'000	Share premium £'000	Merger reserve £'000	Convertible bond reserve	Retained earnings £'000	Total attributable to equity holders of parent £'000
1 January 2014	7,612	346	(13)	95	(909)	7,131
Shares issued	1,315	469	-	-	-	1,784
As restated comprehensive loss for the year	-	-	-	-	(1,091)	(1,091)
Total comprehensive loss for the year	-	-	-	-	(1,091)	(1,091)
As restated 31 December 2014	8,927	815	(13)	95	(2,000)	7,824
1 January 2015	8,927	815	(13)	95	(2,000)	7,824
Shares issued	2,893	-	-	-	-	2,893
Shares issued on conversion of bond	-	-	-	-	115	115
Share issue expenses	-	-	-	-	(46)	(46)
Comprehensive loss for the year	-	-	-	-	(1,426)	(1,426)
Total comprehensive loss for the year	-	-	-	-	(1,357)	(1,357)
31 December 2015	11,820	815	(13)	95	(3,357)	9,360

# Notes forming part of the financial statements for the year ended 31 December 2015

## 1 Accounting policies

Gusbourne PLC (the "Company") is a company incorporated and domiciled in the United Kingdom and quoted on the London Stock Exchange's AIM market. The consolidated financial statements of the Group for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group").

### *Basis of preparation*

The Group's consolidated financial statements and the Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted for use in the EU ("IFRS"). The Company's financial statements are presented on pages 47 to 55.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

The financial statements are presented in pounds sterling. They have been prepared on the historical cost basis except that biological produce is stated at fair value.

### *Going concern*

The Directors believe the Group to be a going concern on the basis that it has sufficient cash to continue operations for at least 12 months from the date these financial statements were approved.

The Directors have reviewed the Group's cash flow forecasts and note that the achievement of the Group's long term development strategy will depend on the raising of further equity and/or debt funds to achieve those goals. The production of premium quality wine from new vineyards is, by its very nature a long term project. It takes four years to bring a vineyard into full production and, an average of four years to transform these grapes into the Group's premium sparkling wine. Additional funding will be sought by the Group over the coming few years to invest in additional vineyards, winery capacity, and stocks of wine as well as brand development, in line with its development strategy. The Directors believe that future fundraisings will be successful and have therefore prepared the financial statements on a going concern basis.

### *New accounting standards and changes to existing accounting standards*

#### i. New standards and interpretations adopted in the current year:

- Agriculture: Bearer Plants: Amendments to IAS 16 and IAS 41\*

\* This has been early adopted

#### ii. Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

- Annual improvements to IFRSs 2010-2012 Cycle
- Annual improvements to IFRSs 2011-2013 Cycle
- IFRS 16 Leases
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Clarification of Acceptable methods of Depreciation and Amortisation: Amendments to IAS 16 and IAS 38
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)
- Annual improvements to IFRSs 2012-2014 Cycle
- Disclosure initiative: Amendments to IAS 1
- Recognition of deferred tax assets for unrealised losses - Amendments to IAS 12
- Disclosure initiative: Amendments to IAS 7

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The Group is currently assessing the impact of these standards on the financial statements.

### *Basis of consolidation*

The Group's financial statements consolidate the financial statements of the Company and its subsidiary undertakings. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities and the ability to use its power over the investee to affect the amounts of the Group's returns and which generally accompanies interest of more than one half of the voting rights. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The results of any subsidiaries sold or acquired are included in the Group income statement up to, or from, the date control passes. Intra-Group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's separable, identifiable assets and liabilities existing at the date of acquisition are recorded at their fair values reflecting their condition at that date. On disposal of a subsidiary, the consideration received is compared with the carrying cost at the date of disposal and the gain or loss is recognised in the income statement. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets is recorded as goodwill. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Subsidiaries' results are amended where necessary to ensure consistency with the policies adopted by the Group.

### *Revenue*

Revenue from the sales of goods is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Group will receive the previously agreed upon payment.

These criteria are considered to be met when the goods are delivered to the buyer. Where the buyer has a right of return, revenue is recognised in the year where the goods are delivered less an appropriate provision for returns based on past experience.

### *Financial assets*

#### *Loans and receivables*

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

#### *Cash and cash equivalents*

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

### *Financial liabilities*

#### *Borrowings*

Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the loan. They are subsequently measured at amortised cost with interest charged to the statement of comprehensive income based on the effective interest rate of the borrowings.

#### *Convertible deep discount bonds*

Convertible deep discount bonds are redeemable at their nominal price at maturity. The bonds may be converted into the Company's shares at the holders' option and are therefore classified as compound financial instruments in accordance with the requirements of IAS 32. The debt element is calculated as the present value of future cash flows assuming the bonds are redeemed on the redemption date, discounted at the market rate for an equivalent debt instrument with no option to convert to equity. The difference between the cash payable on maturity and the present value of the debt element is

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recognised within equity. The discount is charged over the life of the bond to the statement of comprehensive income and included within finance expenses.

### *Trade and other payables*

Comprises trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

### *Share capital*

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability.

The Group's ordinary shares are classified as equity instruments.

### *Deferred taxation*

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

### *Intangible Assets*

#### *Goodwill*

Goodwill arises where a business is acquired and a higher amount is paid for that business than the fair value of the assets and liabilities acquired. Transaction costs attributable to acquisitions are expensed to the income statement.

Goodwill is recognised as an asset in the statement of financial position and is not amortised but is subject to an annual impairment review. Impairment occurs when the carrying value of goodwill is greater than the recoverable amount which is the higher of the value in use and fair value less disposal costs. The present value of the estimated future cash flows from the separately identifiable assets, termed a 'cash generating unit' is used to determine the fair value less cost of disposal to calculate the recoverable amount. The Group prepares and approves formal long term business plans for its operations which are used in these calculations.

#### *Brand*

Brand names acquired as part of acquisitions of businesses are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

Brand names have been assessed as having an indefinite life and are not amortised but are subject to an annual impairment review. Impairment occurs when the carrying value of the brand name is greater than the present value of the estimated future cash flows.

#### *Property, plant and equipment*

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Freehold land is not depreciated.

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Vineyard establishment represents the expenditure incurred to plant and maintain new vineyards until the vines reach productivity. Once the vineyards are productive the accumulated cost is transferred to mature vineyards and depreciated over the expected useful economic life of the vineyard. Vineyard establishment is not depreciated.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold buildings	4% per annum straight line
Plant, machinery and motor vehicles	5-20% per annum straight line
Computer equipment	33% per annum straight line
Mature vineyards	4% per annum straight line

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

### *Biological assets and produce*

Following the early adoption of Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) the financial statements have been restated to reflect that bearer plants such as grape vines are no longer included within the classification of biological assets under IAS 41 Agriculture. In accordance with the amendments biological assets held by the Group are now accounted for under IAS 16 PPE and held at cost. The biological assets have been transferred to plant, property and equipment as at 1 January 2014 at deemed cost, being their fair value less costs to sell at that date. This is in line with the transitional guidance which permits the transfer to be at the deemed cost of the historic fair value under the old IAS 41.

The impact of this early adoption is shown in note 24.

Harvesting of the grape crop is ordinarily carried out in October. Prior to harvest the costs of growing the grapes are carried forward in inventory. Upon harvest the grapes become agricultural produce and are therefore measured at fair value less costs to sell in accordance with IAS 41 with any fair value gain or loss shown in the consolidated statement of comprehensive income. The fair value of grapes is determined by reference to estimated market prices at the time of harvest. This measurement of fair value less costs to sell is the deemed cost of the grapes that is transferred into inventory upon harvest.

Under IAS 41, the agricultural produce is also valued at the end of each reporting period.

### *Inventories*

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Grapes grown in the Group's vineyards are included in inventory at fair value less costs to sell at the point of harvest which is the deemed cost for the grapes.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

### *Leased assets*

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

## **2 Critical accounting**

### **estimates and judgements**

The Group makes certain estimates and judgements regarding the future. Estimates and judgements are continually

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evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate are set out below.

### *Fair value of biological produce*

The Group's biological produce is measured at fair value less costs to sell at the point of harvest. The fair value of grapes is determined by reference to estimated market prices at the time of harvest. Generally there is no readily obtainable market price for the Group's grapes because they are not sold on the open market, therefore management set the values based on their experience and knowledge of the sector including past purchase transactions.

### *Impairment reviews*

The Group is required to test annually whether goodwill and brand names have suffered any impairment. The recoverable amount is determined based on fair value less costs of disposal calculations, which requires the estimation of the value and timing of future cash flows and the determination of a discount rate to calculate the present value of the cash flows. Further information is set out in note 11.

### *Useful lives of plant, property and equipment*

The charge in respect of depreciation is calculated based on management's estimate of an asset's useful economic life and its residual value at the end of that life. An increase in the useful life or residual value would result in a decreased depreciation charge in the statement of consolidated income.

## **3 Financial instruments - risk management**

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

### *Principal financial instruments*

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Bank loans
- Convertible debt
- Trade receivables
- Cash and cash equivalents
- Finance leases
- Trade and other payables

In addition, at the Company level: Intercompany loans.

The carrying amounts are a reasonable estimate of fair values because of the short maturity of such instruments or their interest bearing nature.

### *Liquidity risk*

The Group closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities run for different scenarios.

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The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

At 31 December 2014	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	269	40	14	-	-	323
Loans and borrowings	18	53	71	2,149	-	2,291
Convertible deep discount bonds	-	-	-	2,338	-	2,338
<b>Total</b>	<b>287</b>	<b>93</b>	<b>85</b>	<b>4,487</b>	<b>-</b>	<b>4,952</b>

At 31 December 2015	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	88	57	-	-	-	145
Finance leases	11	35	47	105	-	198
Loans and borrowings	27	84	111	2,199	-	2,421
Convertible deep discount bonds	-	-	1,880	-	-	1,880
<b>Total</b>	<b>126</b>	<b>176</b>	<b>2,038</b>	<b>2,304</b>	<b>-</b>	<b>4,644</b>

### *Capital risk management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and increase or decrease debt.

### *Credit risk*

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions and the risk of default by these institutions. The Group reviews the creditworthiness of such financial institutions on a regular basis to satisfy itself that such risks are mitigated. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the cash and cash equivalents as shown in the consolidated statement of financial position.

Credit risk also arises from credit exposure to trade customers included in trade and other receivables. Trade receivable balances are monitored on an ongoing basis to ensure that the Group's bad debts are kept to a minimum.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 15.

### *Interest rate risk*

The Group's main debt is exposed to interest rate fluctuations. The Group considers that the risk is not significant in the context of its business plans. Should there be a 0.5% increase in the bank's lending rate, the finance charge in the statement of comprehensive income would increase by £10,000.

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## 4 Segmental information

The Directors consider the Group to have only one operating segment. Details of the sole operating segment are shown in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows on pages 18 to 21.

All operations are conducted in the United Kingdom.

The Directors do not consider the Group place's reliance on any major customers.

## 5 Loss from operations

Loss from operations has been arrived at after charging:

	Year ended December 2015 £'000	As restated Year ended 31 December 2014 £'000
Depreciation of property, plant and equipment	267	180
Profit on disposal of property, plant and equipment	-	(4)
Staff costs expensed to consolidated statement of income	232	255

## 6 Auditor's remuneration

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Auditor's remuneration		
- Audit: consolidation and parent	30	26
- Audit: subsidiaries	10	9
	40	35

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### 7 Staff costs

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Staff costs (including Directors) comprise:		
Wages and salaries	480	471
Social security contributions and similar taxes	46	45
	526	516

The average number of employees of the Group, including Directors, during the year was 18 (December 2014: 17). Directors' remuneration was as follows:

	Salaries £'000	Fees £'000	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Andrew Weeber	50	-	50	50
Ben Walgate	80	-	80	80
Lord Arbutnot PC	-	-	-	-
Paul Bentham	10	-	10	15
Matthew Clapp	-	-	-	-
Ian Robinson	-	10	10	15
Andrew Wilson	-	-	-	7
	140	10	150	167

Ben Walgate is the highest paid director. Fees in respect of Ian Robinson and Andrew Wilson (deceased) are payable to Anne Street Partners Limited under the terms of agreements dated 8 October 2012.

The Directors are considered to be key management.

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Key management personnel costs were as follows:		
Short term employment benefits	150	167
Social security contributions	16	17
	166	184

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### 8 Finance income and expense

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
<b>Finance income</b>		
Amortisation of bank loan incentive	13	14
Interest received on bank deposits	9	24
<b>Total finance income</b>	<b>22</b>	<b>38</b>
<b>Finance expense</b>		
Interest payable on borrowings	74	72
Amortisation of bank transaction costs	5	5
Discount expense on convertible bond	131	146
Exceptional item (note 19)	115	-
<b>Total finance expense</b>	<b>325</b>	<b>223</b>

### 9 Taxation

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
<b>Current tax expense</b>		
Current tax on profits for the year	-	-
<b>Total current tax</b>	<b>-</b>	<b>-</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	-	(60)
<b>Total deferred tax</b>	<b>-</b>	<b>(60)</b>
<b>Total tax (Income)/expense</b>	<b>-</b>	<b>(60)</b>

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**9 Taxation (continued)**

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Loss on ordinary activities before tax	(1,426)	(1,151)
Loss on ordinary activities at the standard rate of corporation tax in the UK for the year of 20.25% (December 2014: 21.49%)	(289)	(247)
Effects of:		
Expenses not deductible for tax purposes	77	29
Unprovided deferred tax movements on short term temporary differences	(127)	(111)
Unrecognised losses carried forward	318	362
Effect of changes in tax rate in prior years	21	27
Tax charge/(credit) for the year	-	(60)

No deferred tax asset has been recognised on unutilised taxable losses due to the lack of certainty over the taxable profits being available against which deductible temporary differences can be utilised. The unutilised tax losses carried forward are £4,049,000 (December 2014: £2,340,000).

**10 Loss per share**

Basic earnings per ordinary share are based on a loss of £1,426,000 (December 2014: £1,091,000) and 20,889,716 ordinary shares (December 2014: 15,592,073) of 50 pence each, being the weighted average number of shares in issue during the year. There is no adjustment to be made for diluted earnings per ordinary share.

	Loss £'000	Weighted average number of shares	Loss per ordinary share pence
Year ended 31 December 2015	(1,426)	20,889,716	(6.83)
As restated at year ended 31 December 2014	(1,091)	15,592,073	(7.00)

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### 11 Intangibles

	Goodwill £'000	Brand £'000	Total £'000
<b>Cost</b>			
At 1 January 2015 and 31 December 2015	777	230	1,007
<b>Impairment losses</b>			
At 1 January 2015 and 31 December 2015	-	-	-
<b>Net book value</b>			
At 31 December 2014 and 31 December 2015	777	230	1,007

The carrying value of goodwill and the brand is allocated to the following cash-generating units:

	December 2015 £'000	December 2014 £'000
Gusbourne Estate	1,007	1,007

The brand value is the fair value of the brand name acquired as part of the acquisition of Gusbourne Estate in September 2013, and separately identified as an intangible.

Goodwill is the premium paid to acquire the Gusbourne Estate business over the fair value of its net assets.

Given the long term nature of vineyard establishment and wine production the Group's management prepare long term cash flow forecasts for up to 9 years, and then apply a discount rate to determine the present value of the future cash flows of the cash-generating unit to arrive at the fair value less costs of disposal. Where this amount is lower than the carrying value of the brand and goodwill allocated to the cash-generating unit an impairment charge is made. The discount rate used is 17% based on the Group's estimated weighted cost of capital. A growth rate of 2% has been applied over the term of the long term cash flow forecasts. The growth rate used is based on the long term average growth rate of the UK economy.

Gusbourne PLC

12 Property, plant and equipment

	Freehold Land and Buildings 000'£	Plant, machinery and motor vehicles 000'£	Vineyard establishment £'000	Mature Vineyards 000'£	Computer equipment 000'£	Total 000'£
<b>Cost</b>						
As restated at 1 January						
2014	4,610	686	458	1,240	19	7,013
Additions	14	137	588	-	8	747
Disposals	-	(1)	-	-	-	(1)
As restated at						
31 December 2014	4,624	822	1,046	1,240	27	7,759
At 1 January 2015						
At 1 January 2015	4,624	822	1,046	1,240	27	7,759
Additions	664	461	786	-	12	1,923
Disposals	-	(15)	-	-	-	(15)
At 31 December 2015						
At 31 December 2015	5,288	1,268	1,832	1,240	39	9,667

**12 Property, plant and equipment (continued)**

	Freehold land and buildings £'000	Plant, Machinery and motor Vehicles £'000	Vineyard establishment £'000	Mature vineyards £'000	Computer equipment £'000	Total £'000
<b>Accumulated depreciation</b>						
At 1 January 2014	9	39	-	-	2	50
As restated depreciation charge for the year	37	85	-	50	8	180
<b>Depreciation on disposals</b>						
As restated at 31 December 2014	46	124	-	50	10	230
At 1 January 2015	46	124	-	50	10	230
Depreciation charge for the year	44	163	-	50	10	267
Depreciation on disposals	-	(1)	-	-	-	(1)
At 31 December 2015	90	286	-	100	20	496
<b>Net book value</b>						
At 31 December 2014	4,578	698	1,046	1,190	17	7,529
At 31 December 2015	5,198	982	1,832	1,140	19	9,171

Following the early adoption of "Agriculture: Bearer Plants: Amendments to IAS 16 and IAS 41" the Group's grape vines are no longer classified as biological assets. Accordingly the vines have been transferred to plant, property and equipment as at 1 January 2014 at a deemed cost of £1,240,000. The comparative figures for the year ended 31 December 2014 have been restated to reflect this change in policy resulting in a net charge to the consolidated statement of comprehensive income of £50,000 representing depreciation for 2014.

Within property, plant and equipment are assets with a carrying value of £185,000 (2014: £nil) held under finance leases.

## Gusbourne PLC

### 13 Biological produce

The fair value of biological produce was:

	2015 £'000	2014 £'000
At 1 January	-	-
Crop growing costs	384	281
Fair value of grapes harvested and transferred to inventory	(289)	(210)
Fair value movement in biological produce	(95)	(71)
At 31 December	-	-

The fair value of grapes harvested is determined by reference to estimated market prices less cost to sell at the time of harvest. The estimated market price for grapes used in respect of the 2015 harvest is £2,000 per tonne (2014: £2,000 per tonne).

A 10% increase in the estimated market price of grapes to £2,200 per tonne would result in an increase of £29,000 in the fair value of the grapes harvested in the year. A 10% decrease in the estimated market price of grapes to £1,800 per tonne would result in a decrease of £29,000 in the fair value of the grapes harvested in the year.

### 14 Inventories

	December 2015 000'£	December 2014 £'000
Finished goods	130	126
Work in progress	1,581	1,309
Total inventories	1,711	1,435

During the year £299,000 (December 2014: £334,000) was transferred to cost of sales.

Prior to harvest, the costs of growing the grapes are included in inventory. Upon harvest, the Group is required to value agricultural produce at fair value less costs to sell in line with IAS 41: Agriculture. A fair value loss of £95,000 (2014: £71,000 loss) was recorded during the year and included within the consolidated statement of comprehensive income. This measurement of fair value less costs to sell is the deemed cost of the grapes that is transferred into inventory upon harvest.

## Gusbourne PLC

### 15 Trade and other receivables

	December 2015 000'£	December 2014 £'000
Trade receivables	111	107
Prepayments	79	28
Other receivables	74	78
<b>Total trade and other receivables</b>	<b>264</b>	<b>213</b>

Trade and other receivables are due within 1 year apart from £50,000 (December 2014: £50,000) included within other receivables which is due in more than 1 year.

As at 31 December 2015 trade receivables of £22,000 (2014: £17,000) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	December 2015 000'£	December 2014 £'000
< 3 months	13	13
3 to 6 months	7	4
> 6 months	2	-
	22	17

### 16 Trade and other payables

	December 2015 000'£	December 2014 £'000
Trade payables	25	192
Accruals	92	72
Other payables	27	59
<b>Total financial liabilities, excluding loans and borrowings classified as financial liabilities measured at amortised cost</b>	<b>144</b>	<b>323</b>
Other payables - tax and social security payments	25	13
<b>Total trade and other payables</b>	<b>169</b>	<b>336</b>

Book values are approximate to fair value at 31 December 2015 and 31 December 2014.

## Gusbourne PLC

### 17 Loans and borrowings

	December 2015 000'£	December 2014 £'000
<b>Current liabilities:</b>		
Bank loans	34	-
	34	-
<b>Non current liabilities</b>		
Bank loans	2,161	2,025
<b>Total loans and borrowings</b>	<b>2,195</b>	<b>2,025</b>

The bank loan of £2,025,000 is at an interest rate of 3% over Barclays Bank plc base rate and is due for repayment in full in September 2018. It is secured by way of a fixed charge over the Group's land and buildings at Appledore, Kent, shown at a cost of £4,976,000 (2014: £4,356,000) within property, plant and equipment and a floating charge over all other property and undertakings.

Other bank loans of £170,000 are at a fixed interest rate of 6% secured against certain items of plant and equipment. This loan is repayable via monthly instalments over 5 years.

### 18 Finance leases

	December 2015 000'£	December 2014 £'000
<b>The minimum lease payments under finance leases fall due as follows:</b>		
Within 1 year	46	-
2-5 years	152	-
More than 5 years	-	-
	198	-
<b>Future value of finance lease payments</b>	<b>(24)</b>	<b>-</b>
<b>Present value of finance lease liabilities</b>	<b>174</b>	<b>-</b>
<b>Of which:</b>		
Within 1 year	41	-
2-5 years	133	-
More than 5 years	-	-
	174	-

Finance leases comprise hire purchase agreements which the Group has used to purchase various items of plant, machinery and motor vehicles. The carrying value of the assets acquired held under these finance leases amounts to £185,000 (2014: £nil) and are shown within property, plant and equipment (note 12).

## Gusbourne PLC

### 19 Convertible bonds

	2015 £'000	2014 £'000
Present value of debt element at 1 January	1,841	1,695
Converted into shares during the year	(389)	-
Discount expense for the year	131	146
Present value of debt element at 31 December	1,583	1,841
Equity element at 31 December	95	95
Total carrying value at 31 December	1,678	1,936

Convertible bonds represent the debt element of a deep discount convertible bond issued to Mr A C V Weeber and Mrs C Weeber as part of the consideration for the acquisition of the Gusbourne Estate business on 27 September 2013. The bond is secured by a fixed charge over the Group's land and buildings at Appledore, Kent. The bond is redeemable on 27 September 2017 and attracts a coupon rate of 7.5% per annum which is rolled up annually. From 27 September 2015 until the 26 September 2016 the holders of the bond can convert some or all of the bond into Gusbourne PLC ordinary shares at a price of 66 pence per share.

On 27th May 2015 the Company, Mr A C V Weeber and Mrs C Weeber entered into a variation of the Bond. The variation of the Bond allows for the conversion to take place as part of an Open Offer of Gusbourne PLC at the issue price of the Open Offer. On 17 June 2015, as part of the Open Offer announced by the Company on 28th May 2015, £339,846 of the bonds plus accrued discount of £49,043 were converted into 777,778 50 pence ordinary shares at a price of 50 pence per share. As a result of the amendment to the terms of the Convertible Bonds on 27 May 2015, this conversion of bonds into shares resulted in a charge to the consolidated statement of income of £115,000 and is shown within finance costs as an exceptional item. This charge is a non-cash adjustment and does not affect the net assets of the Group as the corresponding entry is to retained earnings.

The bond is classified as a compound financial instrument containing an element of debt and equity. The debt element is calculated as the present value of future cash flows assuming the bond is redeemed on the redemption date, discounted at the market rate for an equivalent debt instrument with no option to convert to equity. A rate of 9% has been used. The difference between the cash payable on maturity and the present value of the debt element is recognised in equity. The discount is charged over the life of the bond to the statement of comprehensive income and included within finance expenses.

### 20 Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 2015 000'£	December 2014 £'000
Operating leases which expire:		
Within one year	61	47
Within two to five years	283	189
More than five years	3,140	2,015
	3,484	2,251

The Group has entered into a number of long term leases in respect of land and buildings in West Sussex. The Group has planted vineyards on the leased land.

The leases have lives of 47 years (2014: 48 years) and include various terms including regular break clauses at the Group's option.

## Gusbourne PLC

### 21 Share capital

	Ordinary shares of 50p each	
	Number	£'000
<b>Issued and fully paid</b>		
At 1 January 2014	15,224,814	7,612
Issued for cash during the year	2,628,462	1,315
At 31 December 2014	17,853,276	8,927
Bond converted into shares during the period	777,778	389
Issued for cash during the year	5,008,708	2,504
At 31 December 2015	23,639,762	11,820

On 17 June 2015 Gusbourne PLC issued 5,050,738 ordinary shares of 50 pence each at a price of 50 pence per share. 4,272,960 of these shares were issued for cash and 777,778 shares were subscribed for by way of the conversion of Bonds into shares.

On 30 July 2015 Gusbourne PLC issued, for cash, 735,748 ordinary shares of 50 pence each at a price of 50 pence per share.

The shares were fully subscribed and paid up.

### 22 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share Premium	The share premium account arose on the issue of shares by the Company at a premium to their nominal value. Expenses of share issues are charged to this account.
Merger reserve	The merger reserve arose on the business combination and is the difference between the nominal value of the shares issued and the market value of the shares acquired.
Convertible bond reserve	The convertible bond reserve is the equity element of the bonds as disclosed in note 19.
Retained earnings	The retained earnings represent cumulative net gains and losses recognised in the Group's statement of consolidated income.

### **23 Related party transactions**

At 31 December 2015 £nil (31 December 2014 - £1,493,000) of cash and cash equivalents were held on deposit at British Caribbean Bank Limited ('BCBL'), a related party. BCBL is a wholly owned subsidiary of Waterloo Investment Holdings Limited ('WIHL'). Lord Ashcroft, KCMG PC, is a controlling shareholder in both the Company and WIHL.

SUSD Limited ("SUSD") provided architectural and project management services to the Group during the year amounting to £63,615. There was no balance due to SUSD as at 31 December 2015. Lord Ashcroft, KCMG PC the Company's controlling shareholder, is also the controlling shareholder of SUSD through his interest in SUSD Asset Management (Holdings) Limited, SUSD's ultimate parent company.

Anne Street Partners Limited is considered a related party by virtue of the fact that Ian Robinson, a director of Gusbourne PLC, is also a director of Anne Street Partners Limited. During the year Anne Street Partners Limited charged the Company in total £70,000 (December 2014 - £62,473). Of this, £10,000 was in relation to directors fees (December 2014 - £22,473) and £60,000 relates to management services (December 2014 - £40,000). At 31 December 2015 an amount of £nil inclusive of VAT (December 2014 - £77,000) was due to Anne Street Partners Limited. The amount due to Anne Street Partners Limited as at 31 December 2014 was shown within trade and other payables.

On 27th May 2015 the Group, Mr Andrew Weeber, Non-Executive Chairman, and Mrs C Weeber entered into a variation of the Bond. The variation of the Bond allows for the conversion to take place as part of an Open Offer of Gusbourne PLC at the issue price of the Open Offer. On 17 June 2015, as part of the Open Offer announced by the Company on 28th May 2015, £339,846 of the bonds plus accrued discount of £49,043 were converted into 777,778 50 pence ordinary shares at a price of 50 pence per share. As a result of the amendment to the terms of the Convertible Bonds on 27 May 2015, this conversion of bonds into shares resulted in a charge to the consolidated statement of income of £115,000 and is shown within finance costs as an exceptional item. This charge is a non-cash adjustment and does not affect the net assets of the Group as the corresponding entry is to retained earnings.

Included within other payables at 31 December 2015 is an amount of £1,862 due from Andrew Weeber, Non-Executive Chairman (December 2014 - £431 due to Andrew Weeber). The amount of £1,862 has been received by the Group since 31 December 2015.

### **24 Early adoption of Agriculture: Bearer Plants: Amendments to IAS 16 and IAS 41**

Following the early adoption of Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) the financial statements have been restated to reflect that bearer plants such as grape vines are no longer included within the classification of biological assets under IAS 41 Agriculture. In accordance with the amendments biological assets held by the Group are now accounted for under IAS 16 PPE and held at cost.

The tables below present a summary of the qualitative effects of the above change in accounting policy.

The effect on earnings per share was immaterial and is therefore not presented.

**24 Early adoption of Agriculture: Bearer Plants: Amendments to IAS 16 and IAS 41 (continued)****Effects on consolidated statement of financial position***1 January 2014*

	Notes	Previously reported	Adjustments	Restated financial position
<b>Assets</b>				
<b>Non-current assets</b>				
Intangibles		1,007	-	1,007
Property, plant and equipment	a.	5,724	1,240	6,964
Biological assets	a.	1,240	(1,240)	-
		7,971	-	7,971
<b>Current assets</b>				
Biological produce		-	-	-
Inventories		1,310	-	1,310
Trade and other receivables		251	-	251
Cash and cash equivalents		1,703	-	1,703
		3,264	-	3,264
<b>Total assets</b>		<b>11,235</b>	<b>-</b>	<b>11,235</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		(324)	-	(324)
Finance leases		-	-	-
Loans and borrowings		-	-	-
		(324)	-	(324)

Gusbourne PLC

24 Early adoption of Agriculture: Bearer Plants: Amendments to IAS 16 and IAS 41 (continued)

1 January 2014 (continued)

	Notes	Previously reported	Adjustments	Restated financial position
<b>Non-current liabilities</b>				
Loans and borrowings		(2,025)	-	(2,025)
Finance leases		-	-	-
Convertible deep discount bonds		(1,695)	-	(1,695)
Deferred tax liabilities		(60)	-	(60)
		(3,780)	-	(3,780)
<b>Total liabilities</b>		<b>(4,104)</b>	<b>-</b>	<b>(4,104)</b>
<b>Net Assets</b>				
		7,131	-	7,131

**Issued capital and reserves attributable to owners of the parent**

Share capital		7,612	-	7,612
Share premium		346	-	346
Merger reserve		(13)	-	(13)
Convertible bond reserve		95	-	95
Retained earnings		(909)	-	(909)
<b>Total equity</b>		<b>7,131</b>	<b>-</b>	<b>7,131</b>

**Effects on consolidated statement of financial position**

31 December 2014

	Notes	Previously reported	Adjustments	Restated financial position
<b>Assets</b>				
<b>Non-current assets</b>				
Intangibles		1,007	-	1,007
Property, plant and equipment	a, b	6,339	1,190	7,529
Biological assets	c	1,237	(1,237)	-
		8,583	(47)	8,536

Gusbourne PLC

24 Early adoption of Agriculture: Bearer Plants: Amendments to IAS 16 and IAS 41 (continued)

31 December 2014 (continued)

	Notes	Previously reported	Adjustments	Restated financial position
<b>Current assets</b>				
Biological produce		-	-	-
Inventories		1,435	-	1,435
Trade and other receivables		213	-	213
Cash and cash equivalents		1,842	-	1,842
		3,490	-	3,490
<b>Total assets</b>		<b>12,073</b>	<b>(47)</b>	<b>12,026</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		(336)	-	(336)
Finance leases		-	-	-
Loans and borrowings		-	-	-
		(336)	-	(336)
<b>Non-current liabilities</b>				
Loans and borrowings		(2,025)	-	(2,025)
Finance leases		-	-	-
Convertible deep discount bonds		(1,841)	-	(1,841)
Deferred tax liabilities		-	-	-
		(3,866)	-	(3,866)
<b>Total liabilities</b>		<b>(4,202)</b>	<b>-</b>	<b>(4,202)</b>
<b>Net Assets</b>		<b>7,871</b>	<b>(47)</b>	<b>7,824</b>
<b>Issued capital and reserves attributable to owners of the parent</b>				
Share capital		8,927	-	8,927
Share premium		815	-	815
Merger reserve		(13)	-	(13)
Convertible bond reserve		95	-	95
Retained earnings		(1,953)	(47)	(2,000)
<b>Total equity</b>		<b>7,871</b>	<b>(47)</b>	<b>7,824</b>

Gusbourne PLC

24 Early adoption of Agriculture: Bearer Plants: Amendments to IAS 16 and IAS 41 (continued)

Effects on consolidated statement of comprehensive income

31 December 2014

	Notes	Previously reported	Adjustments	Restated financial position
Revenue		434	-	434
Cost of sales		(361)	-	(361)
Gross profit		73	-	73
Change in fair value of biological assets	d	(74)	74	-
Fair value movement in biological produce	d	-	(71)	(71)
Administrative expenses	b	(918)	(50)	(968)
Loss from operations		(919)	(47)	(966)
Finance income		38	-	38
Finance expense		(223)	-	(223)
Loss before tax		(1,104)	(47)	(1,151)
Tax expense		60	-	60
<hr/>				
Loss for the year attributable to owners of the parent		(1,044)	(47)	(1,091)
<hr/>				
Total comprehensive loss attributable to owners of the parent		(1,044)	(47)	(1,091)

Effects on consolidated statement of cashflows

31 December 2014

	Previously reported	Adjustments	Restated financial position
Cash outflow from operations	(864)	-	(864)
Net cash from investing activities	(709)	-	(709)
Net cash from financing activities	1,712	-	1,712
Net increase/(decrease) in cash and cash equivalents	139	-	139
Cash and cash equivalents at the beginning of the year	1,703	-	1,703
Cash and cash equivalents at the end of the year	1,842	-	1,842

**24 Early adoption of Agriculture: Bearer Plants: Amendments to IAS 16 and IAS 41 (continued)**

Explanation of changes to previously reported loss attributable to owners of the parent

- a. Transfer of Biological Assets (Vines) to property, plant and equipment as at 1 January 2014.
- b. Depreciation of £50,000 for the year ending 31 December 2014.
- c. As a. above and net of fair value adjustments per d. below.
- d. Reversal of "Change in fair value of biological assets" of £74,000 and inclusion of "fair value movement in biological procure" of £71,000.

Parent company  
financial statements

# Company balance sheet

## at 31 December 2015

	Note	December 2015 £'000	As restated December 2014 £'000	As restated 1 January 2014 £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Investments	3	-	-	-
Other receivables	4	11,897	9,122	7,772
<b>Current assets</b>				
Trade and other receivables	4	8	13	51
Cash and cash equivalents		1,061	1,752	1,609
<b>Total assets</b>		<b>12,966</b>	<b>10,887</b>	<b>9,432</b>
<b>Current liabilities</b>				
Trade and other payables	5	(72)	(172)	(170)
<b>Non-current liabilities</b>				
Non-current liabilities: Convertible deep discount bond	6	(1,583)	(1,841)	(1,695)
<b>Total liabilities</b>		<b>(1,655)</b>	<b>(2,013)</b>	<b>(1,865)</b>
<b>Net assets</b>		<b>11,311</b>	<b>8,874</b>	<b>7,567</b>
<b>Issued capital and reserves attributable to owners</b>				
Share capital	7	11,820	8,927	7,612
Share premium	8	815	815	346
Convertible bond reserve	8	95	95	95
Retained earnings	8	(1,419)	(963)	(486)
<b>Total equity</b>		<b>11,311</b>	<b>8,874</b>	<b>7,567</b>

The financial statements were approved and authorised for issue by the Board on 19 May 2016 and were signed on its behalf by Ian Robinson.



Ian Robinson

Secretary and Non-Executive Director

The notes on pages 51 to 55 form part of these financial statements

Company number 08225727

# Statement of cash flows

## for the year ended 31 December 2015

	Note	31 December 2015 £'000	As restated 31 December 2014 £'000
<b>Cash flows from operating activities</b>			
Loss for the year before tax	2	(525)	(477)
Adjustments for:			
Finance expense		246	146
Finance income		(8)	(24)
Decrease in trade and other receivables	4	5	37
(Decrease)/Increase in trade and other payables	5	(100)	3
<b>Cash outflow from operations</b>		<b>(382)</b>	<b>(315)</b>
<b>Investing activities</b>			
Interest received		8	24
Increase in other receivables - Intercompany loan		(2,775)	(1,350)
<b>Net cash from investing activities</b>		<b>(2,767)</b>	<b>(1,326)</b>
<b>Financing activities</b>			
Issue of ordinary shares		2,504	1,788
Share issue expenses		(46)	(4)
<b>Net cash from financing activities</b>		<b>2,458</b>	<b>1,784</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(691)</b>	<b>143</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,752</b>	<b>1,609</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>1,061</b>	<b>1,752</b>

The notes on pages 51 to 55 form part of these financial statements.

# Statement of changes in equity

## for the year ended 31 December 2015

	Share capital £'000	Share premium £'000	Convertible bond reserve	Retained earnings £'000	Total attributable to equity holders £'000
As restated 1 January 2014	7,612	346	95	(486)	7,567
Shares issued	1,315	469	-	-	1,784
Comprehensive loss for the year	-	-	-	(477)	(477)
Total comprehensive loss for the year	-	-	-	(477)	(477)
As restated 31 December 2014	8,927	815	95	(963)	8,874
1 January 2015	8,927	815	95	(963)	8,874
Shares issued	2,893	-	-	-	2,893
Shares issued on conversion of bond	-	-	-	115	115
Share issue expenses	-	-	-	(46)	(46)
Comprehensive loss for the year	-	-	-	(525)	(525)
Total comprehensive loss for the year	-	-	-	(456)	(456)
31 December 2015	11,820	815	95	(1,419)	11,311

# Notes forming part of the company financial statements for the year 31 December 2015

## 1 Accounting policies

The following principal accounting policies have been applied:

### *Basis of preparation*

The parent company financial statements are the first financial statements prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union. The company's transition date to IFRS was 1 January 2014. In preparing these results, certain exemptions, allowed by the IFRS I, First Time Adoption of IFRS, have been taken. These are: - Use of deemed costs for investments in subsidiaries. Information on the impact of the first time adoption is given in note 11. The Company's accounting policies are aligned with the Group's accounting policies as described in note 1 of the Group's consolidated financial statements. Additional accounting policies are noted below.

### Investment in subsidiaries

The company has an investment in two subsidiaries. Investments are valued at cost, less allowances for impairment. Impairment reviews are performed annually.

### *Credit risk*

The Company is exposed to credit risk in respect of the loans recoverable from other Group companies amounting to £11,897,000 (2014: £9,122,000) and will only be repaid once the Group companies are profitable.

## 2 Loss for the financial year

In accordance with Section 408 of the Companies Act 2006, the Company has not presented its own income statement in these financial statements. The Company results for the year include a loss after tax and before dividends payable of £525,000 (2014: £477,000) which is dealt with in the consolidated financial statements of the Group.

## 3 Investments

The following were the subsidiary undertakings at the end of the year:

Name	Country of incorporation	Proportion of ownership interest at 31 December 2015
Gusbourne Estate Limited	England and Wales	100%
Gusbourne Wines Limited	England and Wales	100%

Gusbourne Estate Limited is involved in the production, sale and distribution of English sparkling wine. Gusbourne Wines Limited is dormant.

## Gusbourne PLC

### 4 Other receivables

	December 2015 000'£	December 2014 £'000
<b>Non-current assets</b>		
Amounts due from group undertakings	11,897	9,122
<b>Current assets</b>		
Other receivables	1	4
Prepayments and accrued income	7	9
<b>Total current assets</b>	<b>8</b>	<b>13</b>
	<b>11,905</b>	<b>9,135</b>

### 5 Trade and other payables: amounts due within one year

	December 2015 000'£	December 2014 £'000
Trade payables	2	112
Accruals and deferred income	70	60
	<b>72</b>	<b>172</b>

### 6 Convertible bonds

Details of the Convertible bonds are shown in note 19 in the Group's financial statements.

### 7 Share Capital

Details of the share capital of the Company are included in note 21 to the consolidated financial statements.

### 8 Reserves

Details of the nature and purpose of each reserve within equity are shown in note 22 to the Group's financial statements.

### 9 Ultimate controlling party

In the opinion of the Directors the ultimate controlling party at 31 December 2015 is Lord Ashcroft KCMG PC.

**10 Related party transactions**

At 31 December 2015 £nil (31 December 2014 - £1,493,000) of cash and cash equivalents were held on deposit at British Caribbean Bank Limited ('BCBL'), a related party. BCBL is a wholly owned subsidiary of Waterloo Investment Holdings Limited ('WIHL'). Lord Ashcroft, KCMG PC, is a controlling shareholder in both the Company and WIHL.

Anne Street Partners Limited is considered a related party by virtue of the fact that Ian Robinson, a director of Gusbourne PLC, is also a director of Anne Street Partners Limited. During the year Anne Street Partners Limited charged the Company in total £70,000 (December 2014 - £62,473). Of this, £10,000 was in relation to directors fees (December 2014 - £22,473) and £60,000 relates to management services (December 2014 - £40,000). At 31 December 2015 an amount of £nil (December 2014 - £77,000) was due to Anne Street Partners Limited.

On 27th May 2015 the Group, Mr Andrew Weeber, Non-Executive Chairman, and Mrs C Weeber entered into a variation of the Bond. The variation of the Bond allows for the conversion to take place as part of an Open Offer of Gusbourne PLC at the issue price of the Open Offer. On 17 June 2015, as part of the Open Offer announced by the Company on 28th May 2015, £339,846 of the bonds plus accrued discount of £49,043 were converted into 777,778 50 pence ordinary shares at a price of 50 pence per share. As a result of the amendment to the terms of the Convertible Bonds on 27 May 2015, this conversion of bonds into shares resulted in a charge to the consolidated statement of income of £115,000 and is shown within finance costs as an exceptional item. This charge is a non-cash adjustment and does not affect the net assets of the Group as the corresponding entry is to retained earnings.

Gusbourne PLC

11 Transition to IFRS

Balance sheet as at 1 January 2014

	Previously reported	Adjustments	Restated financial position
<b>Assets</b>			
<b>Non- current assets</b>			
Investments	-	-	-
Other receivables	7,772	-	7,772
<b>Current assets</b>			
Trade and other receivables	51	-	51
Cash and cash equivalents	1,609	-	1,609
	1,660	-	1,660
<b>Total assets</b>	<b>9,432</b>	<b>-</b>	<b>9,432</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(170)	-	(170)
<b>Non-current liabilities</b>			
Convertible deep discount bonds	(1,790)	95	(1,695)
<b>Total liabilities</b>	<b>(1,960)</b>	<b>95</b>	<b>(1,865)</b>
<b>Net Assets</b>	<b>7,472</b>	<b>95</b>	<b>7,567</b>
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital	7,612	-	7,612
Share premium	346	-	346
Convertible bond reserve	-	95	95
Retained earnings	(486)	-	(486)
<b>Total equity</b>	<b>7,472</b>	<b>95</b>	<b>7,567</b>

Gusbourne PLC

11 Transition to IFRS (continued)

Balance sheet as at 31 December 2014

	Previously reported	Adjustments	Restated financial position
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	-	-	-
Other receivables	9,122	-	9,122
<b>Current assets</b>			
Trade and other receivables	13	-	13
Cash and cash equivalents	1,752	-	1,752
	1,765	-	1,765
<b>Total assets</b>	<b>10,887</b>	<b>-</b>	<b>10,887</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(172)	-	(172)
<b>Non-current liabilities</b>			
Convertible deep discount bonds	(1,936)	95	(1,841)
<b>Total liabilities</b>	<b>(2,108)</b>	<b>95</b>	<b>(2,013)</b>
<b>Net Assets</b>	<b>8,779</b>	<b>95</b>	<b>8,874</b>
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital	8,927	-	8,927
Share premium	815	-	815
Convertible bond reserve	-	95	95
Retained earnings	(963)	-	(963)
<b>Total equity</b>	<b>8,779</b>	<b>95</b>	<b>8,874</b>

Following the transition to IFRS by the Company the Balance Sheet as at 1 January 2014 and 31 December 2014 has been restated as shown above. The only change to the Company's balance sheet is the recognition of the equity element in respect of the Convertible bond amounting to £95,000 which is shown within equity as Convertible bond reserve rather than as a liability in non-current liabilities.

There are no changes to the Company's income statement or cashflows resulting from the transition to IFRS.

# Company information

## Country of incorporation of parent company

England and Wales

## Legal form

Public limited company

## Directors

A C V Weeber (*Non-Executive Chairman*)  
B J Walgate (*Chief Executive*)  
Lord Arbuthnot PC (*Non-Executive Director*)  
P G Bentham (*Non-Executive Director*)  
M D Clapp (*Non-Executive Director*)  
I G Robinson (*Non-Executive Director*)

## Secretary and registered office

I G Robinson  
7 Cowley Street  
London  
SW1P 3NB

## Company number

08225727

## Auditors

BDO LLP  
55 Baker Street  
London  
W1U 3EU

## Nominated adviser and broker

Cenkos Securities PLC  
6.7.8 Tokenhouse Yard  
London  
EC2R 7AS

## Solicitors

Brabners LLP  
55 King Street  
Manchester  
M2 4LQ

## Bankers

Barclays Bank PLC  
30 Tower View  
Kings Hill  
Kent  
ME19 4UY

## Registrars

Capita Registrars Limited  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU