

SILVA and COSENS LIMITED

Annual Report and Financial Statements

31 December 2019

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COMPANIES HOUSE

Silva and Cosens Limited

Registered No. 135063

DIRECTORS

P D Symington

R A D Symington

J A D Symington

SECRETARY

P N Hall

REGISTERED OFFICE

8 Great James Street

London

WC1N 3DF

Silva and Cosens Limited

DIRECTORS' REPORT

Registered No. 135063

The Directors present the following report and financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

In 2005, the company transferred all of its port and table wine stocks to Symington Family Estates, Vinhos, S.A. ("SFE"), a group undertaking, in exchange for a shareholding in that company. The company has since ceased the business activity of shipment of port and table wine whilst retaining its vineyard properties (Sra. da Ribeira, Bomfim and Sta. Madalena) and its trademark (Dows).

In November 2015, with the objective of reducing the volatility of the annual revenues from management of its vineyards properties, the company established a contract with a related party to manage its vineyards and receive their production in exchange for a rental income.

During 2016, the company sold its investment in Symington Family Estates, Vinhos, S.A. to W.&J. Graham & C^a, S.A.. This sale generated a capital gain which contributed to the significant increase of the profit for that year.

Additionally, W.&J. Graham & C^a, S.A. is now the company's indirect parent undertaking.

On 28th December 2017, the company transferred all its main assets, and the unamortised value of its government grant, through a contribution in kind into Symington Family Estates, Vinhos, S.A., receiving a shareholding of 7,64% in SFE as consideration, as follows:

Assets	Net book value (£000)
Intangible assets (plantation rights – vineyards)	241
Tangible assets	7,368
Total assets	7,609
Other variances in equity (grants received related with biological assets)	(416)
Net contribution in kind	7,193

The company's trading activity was performed by a branch in Portugal up to 28 December 2017 when all operations were transferred to Symington Family Estates, Vinhos, S.A. as described above.

During 2018 there was an increase in the financial investment through the acquisition of 50,000 shares of Symington Family Estates, Vinhos S.A. from W.&J. Graham & C^a, S.A., with a share price of 17,5€. This investment represented an increase to 8,36% of the ordinary share capital of Symington Family Estates, Vinhos, S.A..

On 30th April 2019, the company approved an earning distribution on the amount of 43,900,000 euros. This amount was partially settled through a Credit Compensation Agreement with the company W. & J.Graham & C^a, SA in which the company has compensated the outstanding balance of 40,590,172.70 euros.

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DIRECTORS' REPORT

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FUTURE DEVELOPMENTS

Following the transfer of its main assets to Symington Family Estates, Vinhos, S.A., the company discontinued its main activity connected with the exploitation of its properties and vineyards.

The future income of the Company is therefore expected to relate only to the receipt of royalties from its brand "Dows" and any potential dividends from the financial investments.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £83,000 (2018: £97,000). The directors do not recommend payment of a dividend, and no interim dividend was paid during the year.

GOING CONCERN

Although the health; social and economic impacts that pandemic virus SARS-COV 2 is causing, the directors are monitoring permanently the situation and they are convinced that the company will not suffer relevant impacts. Our subsidiary may suffer some impacts on its sales that are constantly being inventoried, even so, will not have relevant effects on our company. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, we continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors for the year ended 31 December 2019 and subsequent to the date of this report were as follows:

P D Syminton

R A D Symington

J A D Symington

None of the directors have any direct interest in the share capital of the Company, although all directors have a beneficial interest in the Company's ultimate parent company, Scops Holding Limited.

There are no director indemnity provisions.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is a subsidiary operating within the Scops Holdings Limited group ('the Group') and it holds an investment in SFE, an associate understanding with Port and Wine production activity within the Group. The Directors regularly evaluate the risk exposure of the Company and the Group. The principal risks and uncertainties facing the Company and the Group are broadly grouped as – competitive, legislative and financial instrument risk. The risks that the Directors have assessed to be most relevant to the operation and performance of the Company are set out below. No new risks have arisen after the transfer of operations in December 2017.

- Exposure to credit and liquidity risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. The policies of the Company are aimed at minimizing such losses and

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DIRECTORS' REPORT

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require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

The credit risk of the Company is concentrated with other group companies which are under common control. Group companies manage their credit risk by agreeing credit limits with each individual trade debtor.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company mitigates liquidity risk by managing cash generation by its operations, applying cash collection targets.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

The Companies Act 2006 requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law. Under the Companies Act 2006, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year:

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgment and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with the above requirements when preparing these financial statements.

SPECIAL PROVISIONS RELATING TO SMALL COMPANIES

This report has been prepared taking advantage of the exemptions available to small companies. The company has taken exemption from the preparation of a strategic report under S414 of the Companies Act 2006.

1st July 2020

On behalf of the board,


Rupert Alexander Douglas Symington

Silva and Cosens Limited

STATEMENT OF COMPREHENSIVE INCOME at 31 December 2019

INCOME STATEMENT		<i>2019</i>	<i>2018</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
TURNOVER		-	-
Cost of sales		-	-
GROSS PROFIT		-	-
Other operating income	2	141	142
		141	142
Administration expenses	3	(47)	(44)
OPERATING PROFIT		94	98
Other interest receivable and similar income	5	13	27
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		107	125
Tax on profit on ordinary activities	6	(24)	(28)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		83	97
STATEMENT OF OTHER COMPREHENSIVE INCOME		<i>2019</i>	<i>2018</i>
		<i>£000</i>	<i>£000</i>
Profit for the year		83	97
Exchange differences on retranslation of assets		(2,324)	387
Tax relief on revaluation		-	-
TOTAL OTHER COMPREHENSIVE INCOME		(2,324)	387
TOTAL COMPREHENSIVE INCOME		(2,241)	484

The above results are derived from continuing activities.

Silva and Cosens Limited

STATEMENT OF FINANCIAL POSITION at 31 December 2019

	Notes	2019 £000	2018 £000
FIXED ASSETS			
Intangible assets	7	3	3
Investments	8	7,642	8,034
		<u>7,645</u>	<u>8,037</u>
CURRENT ASSETS			
Debtors	9	118	36,501
Cash at bank and in hand		201	3,033
		<u>319</u>	<u>39,534</u>
CREDITORS: amounts falling due within one year		11	1
		<u>330</u>	<u>39,533</u>
NET CURRENT ASSETS			
		<u>7,974</u>	<u>47,570</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>7,974</u>	<u>47,570</u>
NET ASSETS		<u>7,974</u>	<u>47,570</u>
CAPITAL AND RESERVES			
Called up share capital	10	74	74
Capital redemption reserve		19	19
Revaluation reserve		1,906	1,906
Foreign currency translation reserve		770	3,094
Profit and loss account		5,205	42,477
		<u>7,974</u>	<u>47,570</u>
Equity shareholder's funds		<u>7,974</u>	<u>47,570</u>

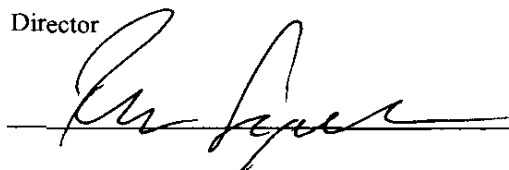
For the financial year in question the company was entitled to exemption under section 479a of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year in question in accordance with the section 476 of the Companies Act 2006.

The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to small companies' regime.

The financial statements on pages 9 to 19 were approved by the Board of Directors on 1st July 2020 and signed on its behalf by:

Director



Silva and Cosens Limited

STATEMENT OF CHANGES IN EQUITY at 31 December 2019

	<i>Share capital</i>	<i>Capital redemption reserve</i>	<i>Revaluation reserve</i>	<i>Foreign currency translation reserve</i>	<i>Profit and Loss Account</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2018	74	19	1,906	2,707	42,380	47,086
Profit for the year	-	-	-	-	97	97
Other comprehensive income	-	-	-	1,617	-	1,617
At 31 December 2018	74	19	1,906	3,094	42,477	47,570
Profit for the year	-	-	-	-	83	83
Other comprehensive income	-	-	-	(2,324)	-	(2,234)
Earnings distribution	-	-	-	-	(37,355)	(37,352)
At 31 December 2019	74	19	1,906	770	5,205	7,974

Silva and Cosens Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2019

1. ACCOUNTING POLICIES

Statement of compliance

Silva and Cosens Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom (Registration number 135063). The Registered office is 8 Great James Street, London, WC1N 3DF.

The Company's financial statements have been prepared in compliance with United Kingdom Accounting Standards, FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102") and the Companies Act 2006.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

Going concern

The directors have considered the financial position of the company and have a reasonable expectation that the Company has adequate resources to meet its liabilities as they fall due and continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared to continue to adopt the going concern basis.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the depreciable amount of the assets to their residual values over their estimated useful lives. Intangible assets are reviewed for impairment annually.

Investments in associates

Entities in which the Company has a participating interest and over whose operating and financial policies the Company exercises a significant influence are treated as associates and are accounted at cost less any accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with original maturities of three months or less and bank overdrafts only where they are repayable on demand.

Cash flow statement

The Company has elected not to present a statement of cash flows on the basis that it is a small entity.

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(a) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price. Such assets are subsequently carried at amortized cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2019

ACCOUNTING POLICIES (continued)

At the end of each reporting period financial assets measured at amortized cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Financial assets are de-recognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(b) Financial liabilities

Basic financial liabilities, including trade and other payables and other creditors are initially recognised at transaction price. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Financial liabilities, which include accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortized cost using the effective interest method.

Financial liabilities are de-recognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Deferred taxation

Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the date of the Statement of Financial Position where transactions or events that result in an obligation to pay more, or right to pay less or to receive more, tax in the future have occurred.

Deferred tax assets are recognized only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the date of the Statement of Financial Position.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Turnover

Revenue from sales is recognized on the accruals basis.

Other income

Other income comprises of rental income and royalties receivable from the use of the company's trademarks. Rental income under operating leases is credited to the profit and loss account on a straight-line basis over the term of the lease. Royalty income is accounted for on the accruals basis.

Interest receivable

Interest income is recognised using the effective interest rate method.

Foreign currencies

The functional currency of the Company is the Euro. Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. Monetary assets and liabilities requiring settlement in foreign

Silva and Cosens Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2019

currencies are expressed in sterling, the presentation currency, at the rates ruling at the date of the Statement of Financial Position. All differences are recognised in the Statement of Comprehensive Income.

The exchange rate at the date of the Statement of Financial Position was Eur.1.175 = £1 (2018: Eur 1.118= £1).

2. TURNOVER

In 2019 and 2018 the other operating income amount is related mainly to the royalties paid by Symington Family Estates, Vinhos, S.A.

	2019 £000	2018 £000
Other Operating Income		
Services rendered to S.F.E., Vinhos, S.A. (mainly rentals)	-	4
Royalties from use of trademarks by SFE	141	138
	<u>141</u>	<u>142</u>

3. ADMINISTRATION EXPENSES

	2019 £000	2018 £000
Other external charges	40	42
Depreciation of tangible fixed assets	-	-
Other taxes	7	2
	<u>47</u>	<u>44</u>

4. EMPLOYEES

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

	2019 No.	2018 No.
Management	3	3

Silva and Cosens Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2019

5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £000	2018 £000
Bank deposits	13	27
	<u>13</u>	<u>27</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2019 £000	2018 £000
Current tax:		
Portuguese corporation tax (note 6 (b))	24	28
Deferred tax (note 6 (c))	-	-
	<u>24</u>	<u>28</u>

The company is not subject to UK corporation tax as it operates and is controlled and managed entirely outside of the UK.

b) Factors affecting current tax charge

	2019 £000	2018 £000
Profit on ordinary activities before taxation	107	124
Profit on ordinary activities multiplied by the standard rate of Portuguese corporation tax of 22.5% (2018: 22.5%)	24	28
Expenses/(gains) not deductible/(taxable) for tax purposes	-	-
Total current tax (note 6 (a))	<u>24</u>	<u>28</u>

c) Factors affecting deferred tax charge

	2019 £000	2018 £000
Fiscal reserve (note 6 (a))	-	-

Silva and Cosens Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2019

7. INTANGIBLE ASSETS

These intangible assets concern to intellectual property acquired with the investment in Symington Family Estates, Vinhos, S.A.

	£000
Cost:	
At 1 January 2019	5
Foreign exchange translation adjustment	-
At 31 December 2019	5
Amortization:	
At 1 January 2019	2
Foreign exchange translation adjustment	0
At 31 December 2019	2
Net book value:	
At 31 December 2019	3
At 1 January 2019	3

8. INVESTMENTS

	2019 £000	2018 £000
At cost:		
Symington Family Estates, Vinhos, S.A. Portugal	7,642	8,034
	7,642	8,034

In 2016 the company sold the investment in Symington Family Estates, Vinhos, S.A., to W. & J. Graham & Companhia, S.A. (which represented 45.95% of its ordinary share capital and comprised 3,7m nominal shares each with par value of 5€).

Symington Family Estates, Vinhos, S.A is engaged in production of port wine.

On 28th December 2017 the company contributed in kind in the capital increase of Symington Family Estates, Vinhos, S.A by transferring certain assets and liabilities to it at their book value. The investment in Symington Family Estates, Vinhos, S.A. represented 7,64% of its ordinary share capital which comprises of 7.000.000 nominal shares each with a par value of 5€. The share premium of the contribution was € 10.1529 per share.

The Company has significant influence in the financial and operating policy decisions of the Symington Family Estates, Vinhos, S.A., because the Company Directors: P D Symington, R A D Symington and J A D Symington are members of the board and individual investors within a total participation of 12% of its share capital. This investment is therefore classified as an associate undertaking.

Silva and Cosens Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2019

During 2018 there was an increase in the financial investment through the acquisition of 50,000 shares of Symington Family Estates, Vinhos S.A. from W&J Graham, with a share price of 17,5€. This investment represented an increase to 8,36% of the ordinary share capital of Symington Family Estates, Vinhos, S.A..

The aggregate of capital and reserves of this company at 31 December 2019 and profit for the year then ended as follows:

	<i>Capital and reserves at 31.12.2019 £000</i>	<i>Profit 2019 £000</i>
Symington Family Estates, Vinhos, S.A.	128,040	6,248

	<i>Capital and reserves at 31.12.2018 £000</i>	<i>Profit 2018 £000</i>
Symington Family Estates, Vinhos, S.A.	121,921	5,675

A financial summary of Symington Family Estates, Vinhos, S.A. is as follows:

	<i>2019 £000</i>	<i>2018 £000</i>
Turnover	86,217	83,227
Profit before tax	8,369	7,527
Taxation	(2,121)	(1,853)
Profit after tax	6,248	5,675
Non-current assets	43,861	44,427
Current assets	160,051	170,674
Liabilities due within one year	29,088	33,841
Liabilities due after one year or more	46,784	53,664

9. DEBTORS

	<i>2019 £000</i>	<i>2018 £000</i>
Amounts due from the 2016 sale of the investment	-	36,221
Income tax recoverable	-	125
Prepayments and accrued income	118	155
	<u>118</u>	<u>36,501</u>

In 2016, the Company sold its investment in Symington Family Estates, Vinhos, S.A. to its indirect parent company W. & J. Grahams & Ca. S.A. which remained receivable as at 31 December 2018.

The Company subsequently declared a dividend of 43,900 thousand Euros on 30 April 2019 which was payable in full to its parent company, Silva & Cosens Holdings Limited.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2019

The dividend receivable by W. & J. Grahams & Ca. S.A. was partially offset against the amounts receivable by the Company on 6 June 2019, with the balance of 3,300 thousand Euros settled by the Company in cash.

The directors of the Company are of the opinion that the fair value of the amounts receivable from W. & J. Grahams & Co. S.A. which were cancelled in partial settlement of the dividend payable was representative of its fair value as at the date of settlement.

	2019 No.	2018 No.	2019 £000	2018 £000
Authorised share capital:				
Ordinary shares of 25p each	554,165	554,165	138	138
Unclassified shares of £1 each	246,435	246,435	246	246
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
			384	384

		<i>Allotted, called up and fully paid</i>			
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	
	<i>No.</i>	<i>No.</i>	<i>£000</i>	<i>£000</i>	
Equity:					
Ordinary shares of 25p each	297,505	297,505	74	74	

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11. RELATED PARTY TRANSACTIONS

(a) Transactions with associates and other entities

During the year the company entered into transactions with related parties with respect to:

- Royalties received from Symington Family Estates, Vinhos, S.A amounting to £141,000 (2018: £137,000).

The amounts receivable from Symington Family Estates, Vinhos, S.A. amounted to £118,000 (2018: £155,000) at the year end.

P D Symington, R A D Symington and J A D Symington are also directors of Symington Family Estates, Vinhos, S.A., a company incorporated in Portugal, therefore Symington Family Estates, Vinhos, S.A. is a related party by means of common control.

(b) Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. The total remuneration for the year ended 31 December 2019 in respect of these individuals which was borne by other entities within the Scops Holding Limited group and charged to the company as administration costs were £ 477 (2018: £ 495).

12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is W.&J. Graham & C^a, S.A., a limited liability company incorporated in Vila Nova de Gaia, Portugal that includes Silva and Cosens Limited in its consolidated accounts.

At 31 December 2019, the ultimate parent undertaking for which group financial statements are prepared and of which the company is a member is Scops Holdings Limited, a company incorporated in Jersey, Channel Islands. The directors are of the opinion that the ultimate controlling party is Scops Holding Limited.

13. SUBSEQUENT EVENTS

Despite the health, social and economic impacts that the pandemic resulting from the SARS-COV-2 virus is causing, we are convinced, given the close and careful monitoring of the situation, that our society will not suffer any relevant impacts. Our subsidiary and user of our brands may suffer some impacts that are constantly being inventoried. However, we believe that it will not produce negative effects to our company, and we will not have problems with the continuity of our activity.