

Company Registration No. 04456158 (England and Wales)

CURIOUS DRINKS LIMITED

**DIRECTORS' REPORT AND FINANCIAL
STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2015**



CURIOUS DRINKS LIMITED

COMPANY INFORMATION

Directors

F.D. Thompson
R.A.B. Woodhouse

Secretary

R.A.B. Woodhouse

Company number

04456158

Registered office

Chapel Down Winery, Small Hythe Road
Tenterden
Kent
TN30 7NG

Registered auditor

Crowe Clark Whitehill LLP
Chartered Accountants & Statutory Auditor
4 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1EE

Bankers

Barclays Bank Plc
Kent Team
2nd Floor, 30 Tower View
Kings Hill
West Malling
Kent
ME19 4UY

Solicitors

Cripps LLP
Wallside House
12 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1EG

CURIOUS DRINKS LIMITED

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CURIOUS DRINKS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

SUMMARY

Curious Drinks Limited is pleased to announce the company's results for the 12 month period ended 31 December 2015.

Highlights include:

- 50% sales growth to £2.61m (2014: £1.75m)
- 40% growth in gross profits to £0.79m (2014: £0.57m)
- £119k EBITDA (2014: £156k)
- A successful crowd-fund to build our new brewery in Ashford, raising £1.71m
- 895 Curious Drinks enthusiasts welcomed as shareholders

2015 was another very good year for the company. We have been delighted with the pace and quality of growth we have achieved and made the decision to raise further funds for its development via a crowdfunding. We were once again delighted by the response raising £1.71m that will be used to develop a terrific new brewery site and take our beers to places that other, bigger beers cannot reach.

PERFORMANCE REVIEW

We continue to drive our top line whilst maintaining our margins in line with expectations and to invest those proceeds into building the brand and business for a more exciting future.

The company made good progress. We have continued to develop good relationships with our key customers and have continued to win new prestige business resulting in post tax profit of £1k (2014: £89k) and an EBITDA of £119k (2014: £156k). Overall beer volumes were up 50% with gross profits up 40% to £789k (2014: £563k). We have invested in people and systems as we drive to grow sales further.

OUTLOOK

We have a talented management team now further enhanced with the addition of Stewart Gilliland and Rachel Montague-Ebbs as Chairman and Non-Executive Director of Curious Drinks respectively.

We have an excellent fast growing brand in a very exciting market. We have blue chip customers, good export potential and enthusiastic and thirsty consumers. We have more customers wanting our beer and cider.

With the construction of our new brewery on a highly visible site in Ashford and the continuing shift in demand towards high quality drinks made with passion and care, we remain confident that the prospects for the company are excellent.



R.A.B. Woodhouse

22nd April 2016

CURIOUS DRINKS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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

Principal activities and review of the business

The principal activity of the company is that of producing and selling beer under the "Curious" brand. The key performance indicators of the business are shown in the strategic report.

Financial risk management

The management of the company's financial resources is key to ensuring sufficient funds are available to meet financial commitments as and when they fall due.

Credit risk

The company's credit risk is primarily attributable to its trade debtors managed through English Wines PLC. Credit risk is managed by running credit checks on new customers and by monitoring payments against contractual terms.

Going concern

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider that the going concern basis remains appropriate. The directors believe that the company has sufficient resources to continue in operational existence for the foreseeable future. The directors believe this to be the case as the company has positive reserves, and the ongoing support of the parent company. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 January 2015:

F.D. Thompson
R.A.B. Woodhouse

The following directors have been appointed on 1 March 2016:

S Gilliland
R Montague-Ebbs

CURIOUS DRINKS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

Auditor

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Crowe Clark Whitehill LLP be reappointed as auditor of the company will be put to the Annual General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and financial statements in accordance with applicable law and

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Provision of information to auditor

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

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing their report and to establish that the company's auditor is aware of that information.

On behalf of the board



R.A.B. Woodhouse

22nd April 2016

CURIOUS DRINKS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CURIOUS DRINKS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2015

We have audited the financial statements of Curious Drinks Limited for the period ended 31 December 2015, set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the Audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our audit.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its results for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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, in our opinion:

or

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


Mark Anderson (Senior Statutory Auditor)

Crowe Clark Whitehill LLP
Statutory Auditor

4 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1EE

22nd April 2016

CURIOUS DRINKS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Turnover	2	2,614,254	1,745,201
Cost of sales		<u>(1,825,432)</u>	<u>(1,182,627)</u>
Gross profit		788,822	562,574
Administrative expenses		<u>(756,733)</u>	<u>(472,620)</u>
Operating profit	3	32,089	89,954
Interest payable and similar charges	4	<u>(9,749)</u>	<u>(4,204)</u>
Profit on ordinary activities before taxation		22,340	85,750
Tax on profit on ordinary activities	5	<u>(21,199)</u>	<u>2,857</u>
Profit on ordinary activities after taxation		<u>1,141</u>	<u>88,607</u>
Other comprehensive income		-	-
Total comprehensive income for the financial year		<u>1,141</u>	<u>88,607</u>
Adjusted performance measure			
Operating profit		32,089	89,954
Depreciation		86,828	66,011
Adjusted EBITDA		<u>118,917</u>	<u>155,965</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations. All gains and losses are included in the profit and loss account.

CURIOUS DRINKS LIMITED
COMPANY REGISTRATION NO. 04456158 (ENGLAND AND WALES)

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Notes	2015 £	2014 £
Fixed assets			
Tangible assets	6	245,149	232,813
Current assets			
Stocks	7	568,063	317,122
Debtors	8	37,236	12,152
Cash at bank		250	-
		605,549	329,274
Creditors: amounts falling due within one year	9	(98,515)	(157,140)
Net current assets		507,034	172,134
Total assets less current liabilities		752,183	404,947
Creditors: amounts falling due after more than one year	10	(555,855)	(228,102)
Provisions for liabilities			
Deferred tax	11	(18,342)	-
		177,986	176,845
Capital and reserves			
Called up share capital	12	100,000	100,000
Profit and loss account		77,986	76,845
Shareholders' funds - equity interests		177,986	176,845

The financial statements were approved by the Board on 22nd April 2016


R.A.B. Woodhouse
Director

CURIOUS DRINKS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital	Profit and loss account	Total
	£	£	£
Balance at 1 January 2014	100,000	(11,762)	88,238
Profit for the year	-	88,607	88,607
Other comprehensive income for the year	-	-	-
Balance at 31 December 2014	100,000	76,845	176,845
Profit for the year	-	1,141	1,141
Other comprehensive income for the year	-	-	-
Balance at 31 December 2015	100,000	77,986	177,986

CURIOUS DRINKS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	£	£
Cash flows from operating activities		
Profit for the financial year	1,141	88,607
Adjustments for:		
Depreciation of tangible assets	86,828	66,011
Interest received	-	-
Interest paid	9,749	4,204
Taxation	21,199	(2,857)
Increase in stocks	(250,941)	(160,037)
Increase in trade and other debtors	(25,084)	(5,744)
(Decrease)/increase in trade creditors	(58,625)	102,513
	(215,733)	92,697
Income taxes paid	(2,857)	-
Net Cash (outflow) /inflow from operating activities	(218,590)	92,697
 Cash flows from investing activities		
Payments to acquire tangible assets	(99,164)	(96,190)
 Net cash outflow from investing activities	(99,164)	(96,190)
 Cash flows from financing activities		
Increase in long term loans	327,753	7,697
Interest paid	(9,749)	(4,204)
 Net cash inflow from financing activities	318,004	3,493
 Net increase in cash and cash equivalents	250	-
 Cash and cash equivalents at the beginning of the year	-	-
 Cash and cash equivalents at the end of the year	250	-

CURIOUS DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

1.1 Company information

The company is a private limited company, which is incorporated and registered in England and Wales (04456158). The address of the registered office is Chapel Down Winery, Small Hythe Road, Tenterden, Kent, TN30 7NG.

1.2 Accounting convention

The financial statements have been prepared on the historical cost basis.

1.3 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102, and with the Companies Act 2006.

This is the first year in which the financial statements have been prepared under FRS 102. No adjustments have been made as a result of the transition.

The financial statements are presented in Sterling (£).

The company has taken advantage of the exemption contained within paragraph 1.12 regarding the disclosures required for financial instruments. The company is able to exercise this exemption as it is part of a group where the parent, Chapel Down Group PLC, has prepared consolidated accounts which include Curious Drinks Limited. The financial statements of Chapel Down Group PLC are publicly available at Companies House.

1.4 Going concern

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider that the going concern basis remains appropriate. The directors believe that the company has sufficient resources to continue in operational existence for the foreseeable future. The directors believe this to be the case as the company has positive shareholder funds and the ongoing support of the parent company. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.5 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Revenue for trade sales is recognised at the point of despatch and retail sales at the point of customer purchase.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Plant and equipment	20% straight line
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1.7 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.9 Critical accounting estimates and judgements

The company makes judgements, estimates and assumptions that affect the application of policies and the carrying values of assets and liabilities, income and expenses. The resulting accounting estimates calculated using these judgements will, by definition, seldom equal the related actual results but are based on the experience of the directors and the expectation of future events. The estimates are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The key judgments and sources of estimation uncertainty include useful economic lives of intangible and tangible fixed assets. For reference to how these figures are derived please see note 1.6.

CURIOUS DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

2 Turnover

The total turnover for the Group for the year has been derived from its principal activity, the sale of alcoholic beverages.

	2015 £	2014 £
Geographical segment		
UK	2,609,574	1,733,474
Other EU	-	495
Non EU	4,680	11,232
	<u>2,614,254</u>	<u>1,745,201</u>

3 Operating profit

	2015 £	2014 £
Operating profit/loss is stated after charging:		
Depreciation of tangible assets	86,828	66,011
Fees payable to the company's auditor for the audit of the company's annual accounts	4,704	4,612
Fees payable to the company's auditor for taxation services	1,080	1,260
Fees payable to the company's auditor for other services	228	220

4 Interest payable

	2015 £	2014 £
Group interest	9,749	4,204
	<u>9,749</u>	<u>4,204</u>

5 Taxation

	2015 £	2014 £
Analysis of tax charge in the year		
Current tax	-	-
UK corporation tax charge on profit for year	-	-
Deferred tax		
Origination and reversal of timing differences	4,468	(505)
Adjustments in respect of prior periods	17,696	(2,352)
Effect of change in deferred tax rate	(965)	-
Total deferred tax	<u>21,199</u>	<u>(2,857)</u>
Tax on profit on ordinary activities	<u>21,199</u>	<u>(2,857)</u>

FRS 102 Reconciliation of tax charge

Profit on ordinary activities before tax	22,340	85,750
Tax on profit on ordinary activities at standard CT rate of 20% (2014: 21.49%)	4,468	18,428
Effects of:	-	-
Ineligible depreciation and amortisation	-	-
Expenses not deductible for tax purposes	-	-
Adjustments to tax charge in respect of previous periods	17,696	(2,352)
Adjust closing deferred tax to average rate of 20.00% (2014: 21.49%)	(965)	(1,284)
Group relief surrendered/(claimed)	-	(18,970)
Deferred tax not recognised	-	1,321
Tax charge/(credit) for the period	<u>21,199</u>	<u>(2,857)</u>

CURIOUS DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

6 Tangible fixed assets

	Plant and equipment	Total
	£	£
Cost		
At 1 January 2015	395,446	395,446
Additions	99,164	99,164
At 31 December 2015	494,610	494,610
Depreciation		
At 1 January 2015	162,633	162,633
Charge for the year	86,828	86,828
At 31 December 2015	249,461	249,461
Net book value		
At 31 December 2015	245,149	245,149
At 31 December 2014	232,813	232,813

7 Stocks and work in progress

	2015 £	2014 £
Raw materials	118,377	44,303
Finished goods and goods for resale	449,686	272,819
	568,063	317,122

Stock recognised in cost of sales during the year as an expense was £1,825,432 (2014: £1,182,627).

8 Debtors

	2015 £	2014 £
Other debtors	32,236	9,295
Prepayments and accrued income	5,000	-
Deferred tax	-	2,857
	37,236	12,152

9 Creditors : amounts falling due within one year

	2015 £	2014 £
Other creditors	92,503	151,540
Accruals and deferred income	6,012	5,600
	98,515	157,140

CURIOUS DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

10 Creditors : amounts falling due after more than one year	2015	2014
	£	£
Amounts owed to parent company	555,855	228,102
	<u>555,855</u>	<u>228,102</u>

The interest rate charged on the intercompany loan to Curious Drinks Limited is 2.5%.
There is no fixed repayment term for the intercompany loan.

11 Deferred taxation	2015	2014
	£	£
The movement in deferred tax are as follows:		
At 1 January 2015	(2,857)	-
(Released)/charged during year	<u>21,199</u>	<u>(2,857)</u>
At 31 December 2015	<u>18,342</u>	<u>(2,857)</u>
The deferred tax (asset)/liability is made up as follows:		
Accelerated capital allowances	30,312	(2,857)
Losses	<u>(11,970)</u>	<u>-</u>
	<u>18,342</u>	<u>(2,857)</u>

12 Share capital	2015	2014
	£	£
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

CURIOUS DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

13 Control

The parent company, Chapel Down Group Plc holds 100% of the share capital of the company and is incorporated in England & Wales. The accounts of Chapel Down Group Plc can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

14 Related Party Transactions

The company has taken advantage of the exemption in Financial Reporting Standard 102 section 33 from the requirement to disclose transactions with Chapel Down Group Plc on the grounds that 100% of the voting rights in the company are controlled within the group and consolidated financial statements are prepared by the parent company.

15 Transition to FRS 102

The company has adopted FRS102 for the year ended 2015.

The policies applied under the entity's previous accounting framework are not materially different to FRS102 and have not impacted equity or profit or loss.