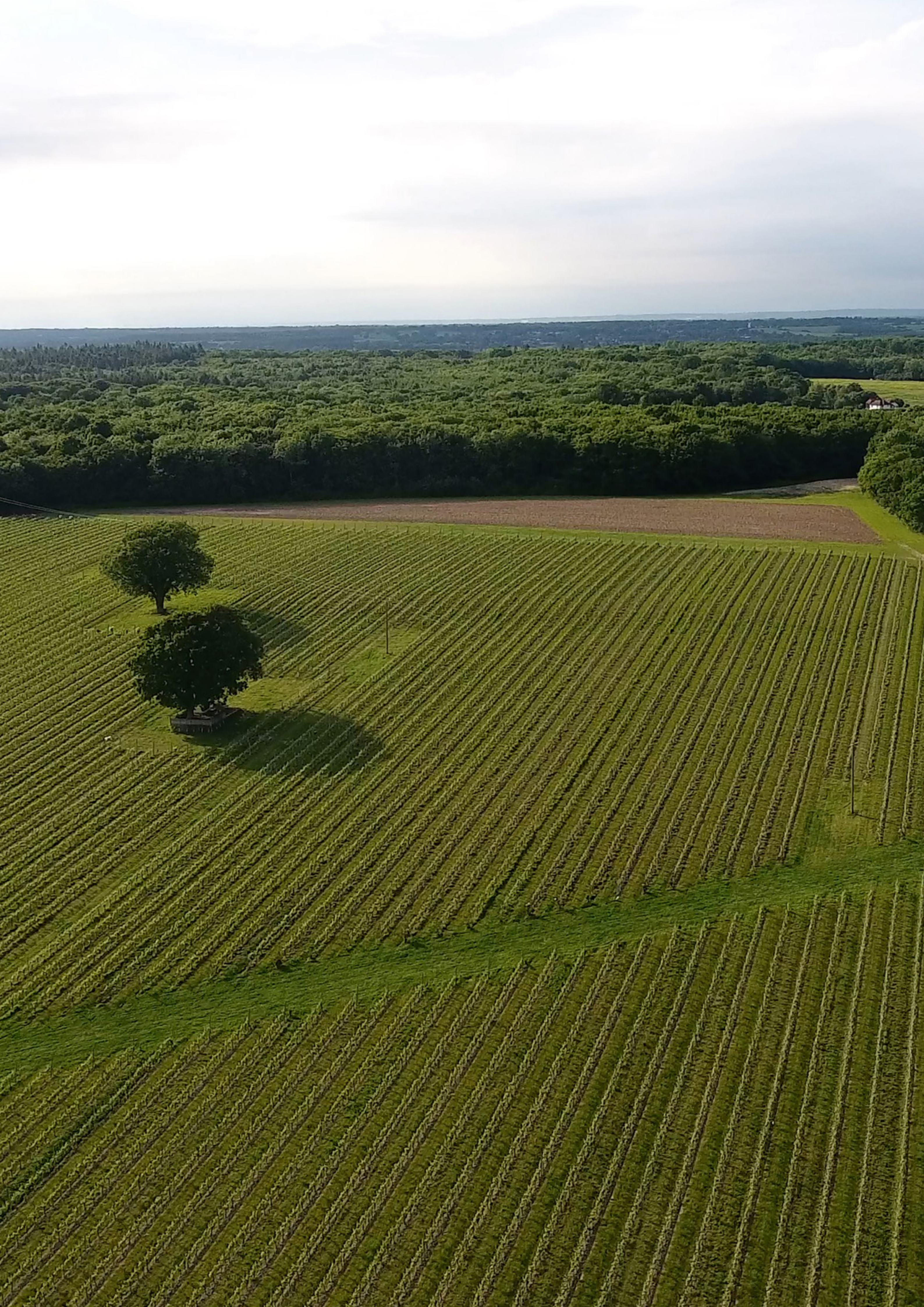
GUSBOURNE

Gusbourne PLC

Report and financial statements
for the year ended 31 December 2017



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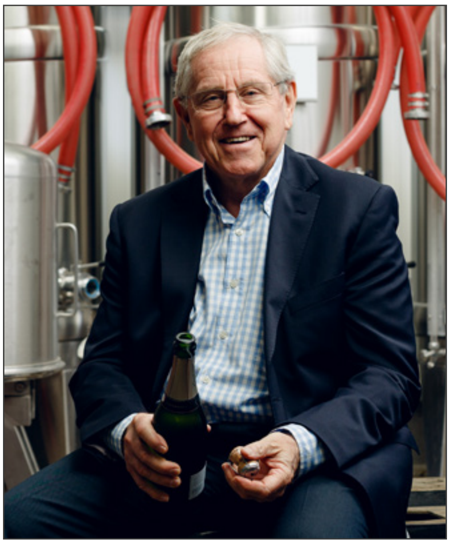
"Gusbourne is dedicated to the production of premium sparkling wines from grapes grown exclusively in its own vineyards"

Strategic Report
Chairman's statement



> "In 2017 our revenue amounted to £998,000, an increase of 56%"

2017 has been another successful year of growth for the Group. The Gusbourne business was established fourteen years ago in 2004 and has been selling its award-winning English sparkling wines since 2010. Revenue has continued to grow in line with product availability and in 2017 our revenue amounted to £998,000, an increase of 56 per cent (2016: 35%) over the prior year. Gusbourne remains one of England's premier sparkling wine businesses and is focused at the luxury end of the market.

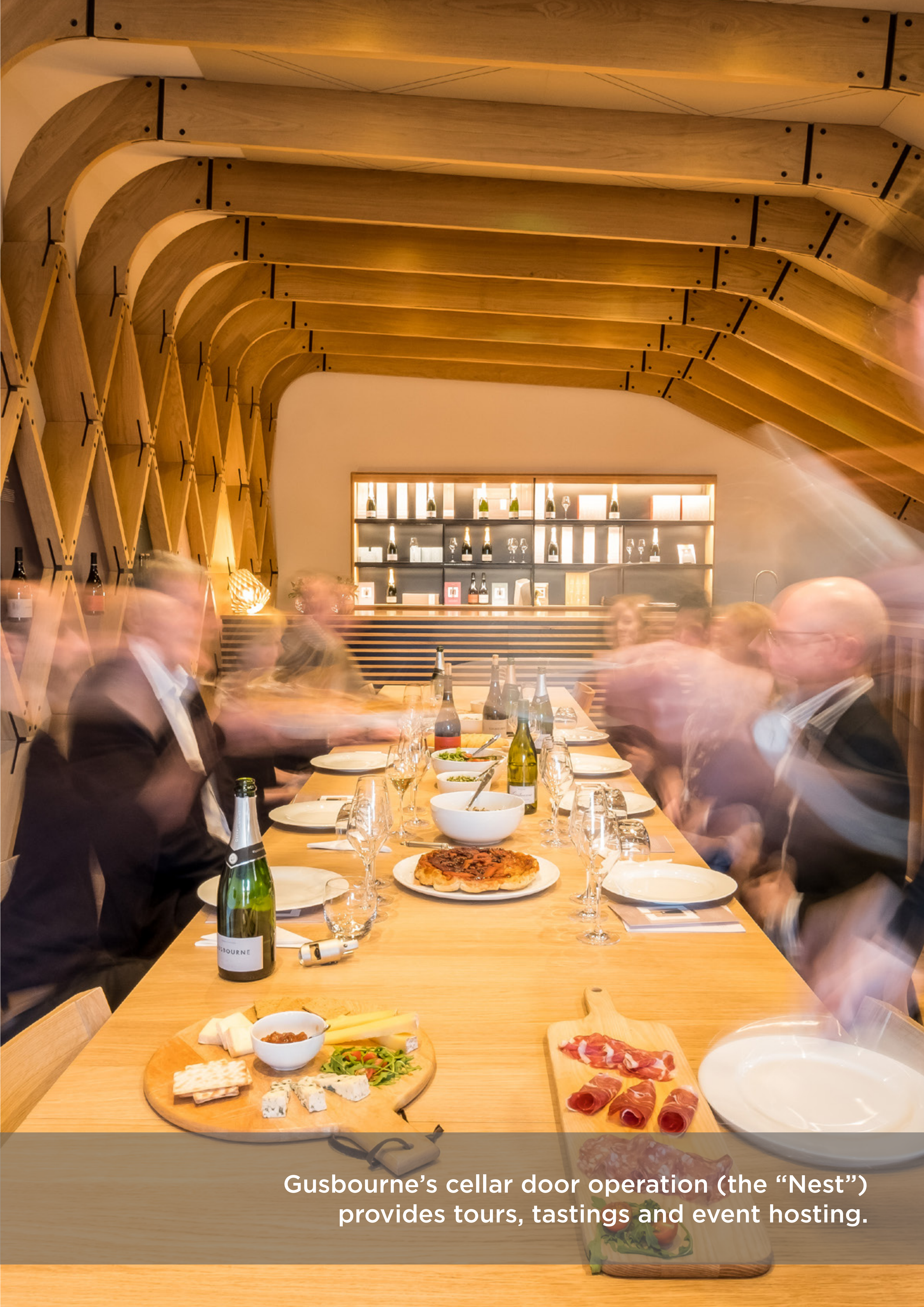
Highlights of 2017 include:

- Revenue growth of 56% (2016: 35%).
- A successful harvest in September and October 2017 in terms of both yield and quality, which has added to our wine stocks for future sale. The harvest included the first fruit from the vines planted on our sites in 2015 and the second harvest from vines planted on our sites in 2014.
- Strong growth in exports which represented 25% of sales (2016: 14%). The Company now exports to 16 countries.
- Continued success in major international wine competitions, including being awarded the IWSC 'English Wine Producer of the Year' for 2017, the third time Gusbourne has received this award in the last five years.
- Gusbourne's cellar door operation (the "Nest") at Gusbourne's winery and estate in Kent opened for business in July 2017 and provides tours, wine tastings and event hosting to a growing number of visitors.
- Ongoing investment in the Group's growing asset base including vineyards, wine inventories, buildings, plant and machinery and the award winning Gusbourne brand.

I should like to express my sincere thanks for the dedicated efforts of our employees, our loyal customers as well as the support of our shareholders in helping the Group achieve another successful year of growth and development in the business.

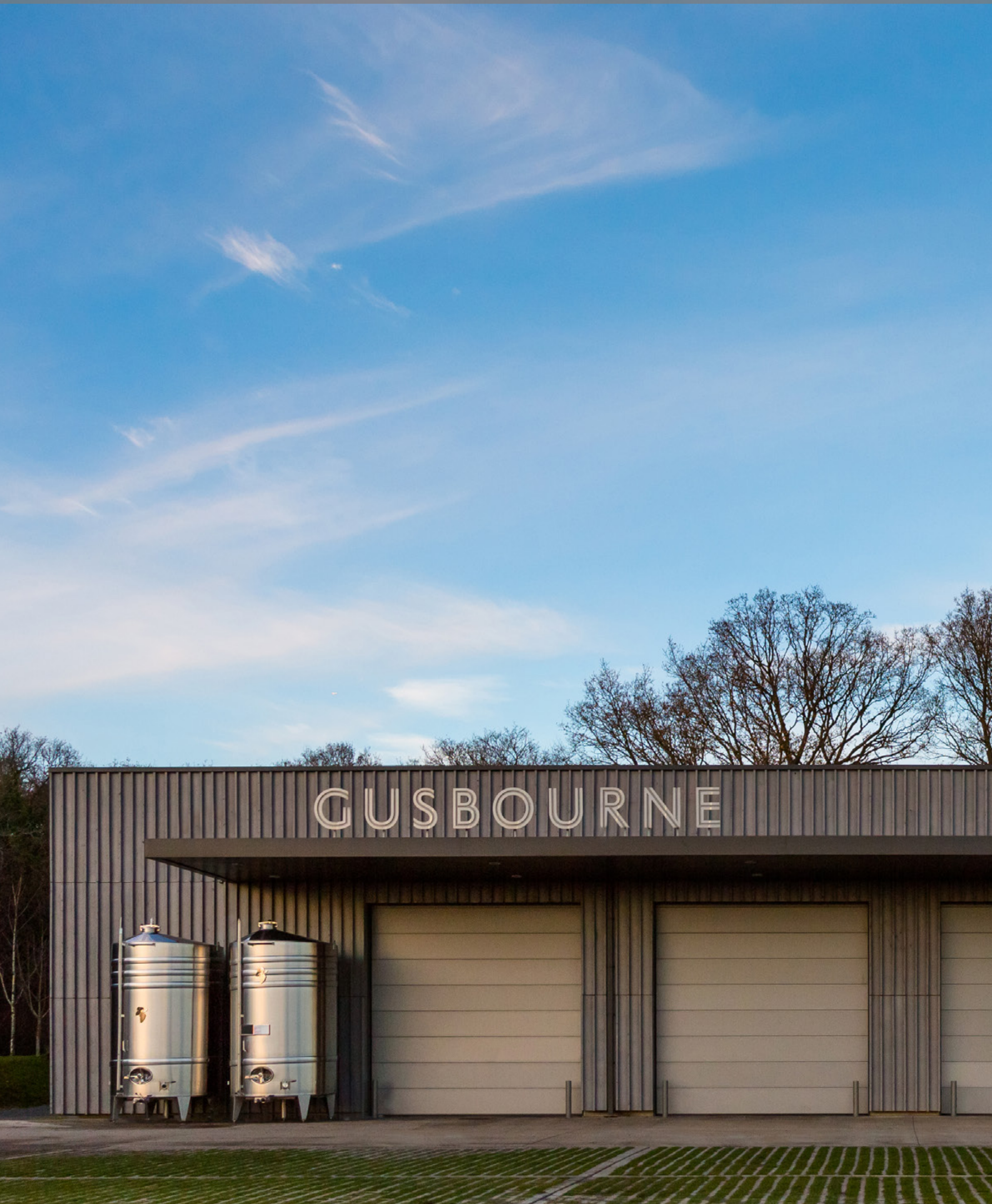
Andrew Weeber

Chairman

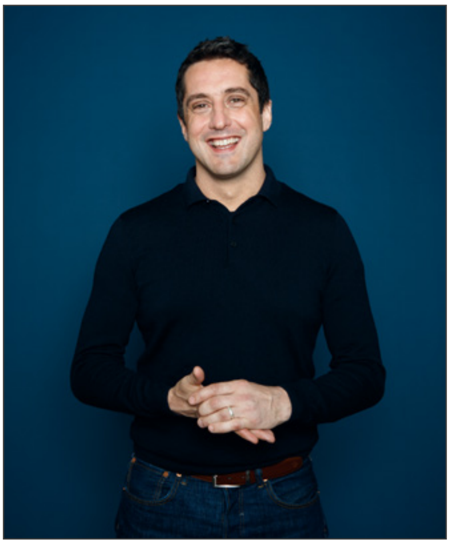


Gusbourne's cellar door operation (the "Nest")
provides tours, tastings and event hosting.

A successful harvest in September and October 2017 in terms of both yield and quality has added to our wine stocks for future sale.



Chief Executive's review



> "Exports were particularly strong and represented 25% of our revenues"

The results for 2017 reflect another successful year of growth and development for the Group in line with our long term strategic development plans. Revenue of £998,000 (2016: £640,000) is up 56% (2016: 35%) on the prior year and we continue to widen our distribution channels both in the UK and overseas. Exports were particularly strong and represented 25% (2016: 14%) of our revenues. This has been an area of significant focus over the last year and I am delighted to report that Gusbourne is now distributed to 16 countries around the world.

The Gusbourne sparkling wine products continue to remain at the luxury end of the English sparkling wine market and we are committed to maintaining this premium position. We are delighted that the quality of our products has also been recognised in the United States, an important contributor to our export sales, with a number of prestigious awards for our sparkling wines.

2017 also saw the launch of the Nest, Gusbourne's new cellar door and tasting room. Situated amongst our vineyards in Kent this new facility allows us to fully engage with our customers, encouraging them to enjoy the vineyards, visit the winery and taste the wines.

Activities

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 vineyards are located at its freehold estate at Appledore in Kent where the winery is also based. The Group now has a total of 231 acres of vineyards with the first plantings dating back to 2004 with the most recent plantings in 2015.

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

2017 was another year of success for Gusbourne at international wine competitions resulting in 36 medals including 8 gold medals and 2 trophies. Our flagship wine, the Gusbourne Blanc de Blancs 2013, was particularly successful, achieving gold medals in 5 different competitions.

In the United States, Gusbourne became the first English wine to win a double Gold medal at the TEXSOM awards in March 2017 (one of the most influential wine competitions in the United States) for the Gusbourne Blanc de Blancs 2013 and Gusbourne Brut Reserve 2013 which also won the Best in Class trophy.

In May 2017, Gusbourne won another double Gold at the International Wine Challenge as well as a double Gold at the International Wine and Spirits Competition (IWSC) for the Gusbourne Blanc de Blancs 2012 and Gusbourne Blanc de Blancs 2013. In May 2017 Gusbourne was also awarded a Platinum medal at the Decanter World Wine Awards ("DWWA") 2017 for the Gusbourne Pinot Noir 2015, claiming consecutive Best English Red Wine trophies.

The 2017 awards season culminated with Gusbourne winning the trophy for 'English Wine Producer of the Year' by the IWSC. This is the third time Gusbourne has been awarded this trophy in the past five years.

In May 2018, Gusbourne was awarded 4 titles at the inaugural Harper's Wine Stars of England competition including 'Best Sparkling Wine', 'Best Still Wine', 'Best Design' and overall 'Star of England'. The Gusbourne Sparkling Rosé 2014 also won a gold medal at the Drinks Business Global Rosé Masters competition.

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 promotion of the Company's cellar door operation at the Company's winery in Kent. This allows visitors to enjoy vineyard and winery tours and taste our award-winning wines and also helps to promote a closer and more direct relationship with our customers; and
- The investment in additional plant and machinery to keep pace with production growth.

2017 harvest

Our 2017 harvest took place during September and October, with favourable growing conditions resulting in our earliest ever start date. 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 quality of grapes harvested in the year bodes well for 2017 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

Revenue for the year amounted to £998,000 (2016: £640,000), an increase of 56% over the prior year. Whilst these sales continue to reflect limited stock availability at this time, they do represent a consecutive like for like growth in the sale of Gusbourne wines since 2013. Administrative expenses of £1,759,000 (2016: £1,385,000), including depreciation of £479,000 (2016: £357,000) reflect continuing investment in the development and growth of the business and the Gusbourne brand in particular.

Chief Executive's review continued

EBITDA for the year was a loss of £690,000 (2016: £802,000). The operating loss for the year after depreciation and amortisation was £1,169,000 (2016: £1,159,000). The loss before tax was £1,638,000 (2016: £1,528,000) after net finance costs of £469,000 (2016: £369,000).

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 ongoing investment in the vineyards established in West Sussex and Kent between 2014 and 2015. This investment in vineyards is reflected in capital expenditure during the year of £86,000 (2016: £338,000).

In addition, the Group invested in additional plant and equipment for the vineyards and the winery amounting to £607,000 (2016: £364,000) and in buildings of £1,090,000 (2016: £414,000). Total assets at 31 December 2017 of £17,466,000 (2016: £14,621,000) include freehold land and buildings of £6,539,000 (2016: £5,543,000), vineyards of £3,260,000 (2016: £3,256,000), inventories of wine stocks amounting to £3,484,000 (2016: £2,247,000), and £1,464,000 of cash (2016: £1,123,000). Intangible assets of £1,007,000 (2016: £1,007,000) arose on the acquisition of the Gusbourne Estate business on 27 September 2013.

The Group's net tangible assets at 31 December 2017 amount to £11,323,000 (2016: £6,825,000) and represent 92% of total equity (2016: 87%). Net tangible assets per share at 31 December 2017 were 28.8 pence per share (2016: 28.9 pence per share). It is important to note that these net tangible assets figures do not necessarily reflect underlying asset values, in particular in respect of the Group's inventories, which are reported at the lower of cost and net realisable value. 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, which is not reflected in these accounts and in the net tangible assets per share quoted above, will become an increasingly significant factor of the Group's asset base as the inventories continue to grow.

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 2017 amount in total to £4,778,000 (2016: £6,537,000) and represent 39% of total equity (2016: 83%).

On 29 June 2017, the Company completed an Open Offer with existing shareholders, which was underwritten by the Company's principal shareholder Lord Ashcroft KCMG PC, to raise proceeds of £4.2m (before expenses). The Company simultaneously announced a short-term loan from Lord Ashcroft KCMG PC of £1,000,000 which was offset against Lord Ashcroft KCMG PC's subscription under the Open Offer. The proceeds from this loan and the Open Offer were applied towards working capital and capital expenditure in line with the Company's long-term strategic plan.

On 29 June 2017 the Company also announced that the Share Capital Reduction to subdivide each of the Company's existing Ordinary shares of 50p each into one Ordinary share of 1 pence and one Deferred share of 49 pence, was now effective.

On 30 June 2017, the Company announced a Conversion Offer to Bondholders to apply to convert their Bonds into new Ordinary shares in the Company at the Issue Price of 40p. On

1 August 2017, the Company announced that it had received final acceptances in respect of 5,136,662 Conversion Offer Shares, which represents a conversion of approximately 46 per cent of the outstanding Bonds and a Conversion Value of approximately £2.05 million, improving the strength of the Company's balance sheet through reduced borrowings. Following the admission on 2 August 2017, the Company has 39,366,984 Ordinary 1p shares trading on AIM.

On 31 May 2018, the Company announced that it is intended to arrange a subscription of new Ordinary shares in the Company with Lord Ashcroft KCMG PC and other investors, which is expected to proceed by 31 July 2018 (the Subscription). The proceeds from the Subscription will continue to be applied towards working capital and capital expenditure in line with the Company's long-term strategic plan.

In order to meet immediate working capital requirements, the Company entered into an agreement on 31 May 2018 with Lord Ashcroft KCMG PC to receive an unsecured loan of £1,000,000 (the "Loan Agreement") which is intended to be repaid in full, through conversion into new Ordinary shares as part of the Subscription, when it concludes. The loan carries interest for a period of 3 months following the date of the loan agreement at the rate of 7% per annum above the base rate as varied from time to time by Barclays Bank plc, and thereafter at 10% per annum.

Under the terms of the Loan Agreement, if the Subscription does not proceed, or if the subscription price is not agreed between the Company and Lord Ashcroft by 31 July 2018, the loan and interest will become repayable on demand subject to such repayment not being in breach of the Company's existing banking facilities or if such repayment caused the Company to be unable to meet its creditors as they fall due.

The Group's bank loan of £2,025,000 is due for repayment in full in September 2018. While discussions with the bank are ongoing, as at the date of signing these financial statements, no extension to the loan agreement or refinancing had been agreed.

In the event that the bank was not prepared to refinance this secured debt, or if further funding could not be obtained, Lord Ashcroft KCMG PC has confirmed that he would be prepared to provide secured debt funding for a period of at least 12 months to replace Gusbourne PLC's secured bank debt on terms to be agreed.

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 fund ongoing growth in the Company's operations and asset base, in line with its development strategy.

Outlook

The growing season in 2018 has started slightly later than last year, due to a cold start to the year, but warm spring weather has led to strong even growth and high potential fruitfulness. The vines will remain subject to the normal seasonal climatic and disease risks throughout the remaining part of the growing season.

Good yields from the 2017 harvest have allowed us to significantly increase our wine stocks for future sales. The Company continues to make steady progress in line with its long term strategic plans and looks forward to reporting further progress in the current year.

Finally, I would like to thank all our employees for their hard work, dedication, and attention to detail in applying their considerable skills and talents to the production and sale of our award-winning wines.

Chief Executive's review continued

Principal risks and uncertainties

Details of these are shown on page 16.

Charlie Holland

Chief Executive

Key Performance Indicators

Years ended 31 December	2017 £'000	2016 £'000	2015 £'000	2014 £'000
Sales	**998**	**640**	**473**	**434**
Gross profit percentage	**62%**	**34%**	**31%**	**17%**
EBITDA*	**(690)**	**(802)**	**(856)**	**(786)**

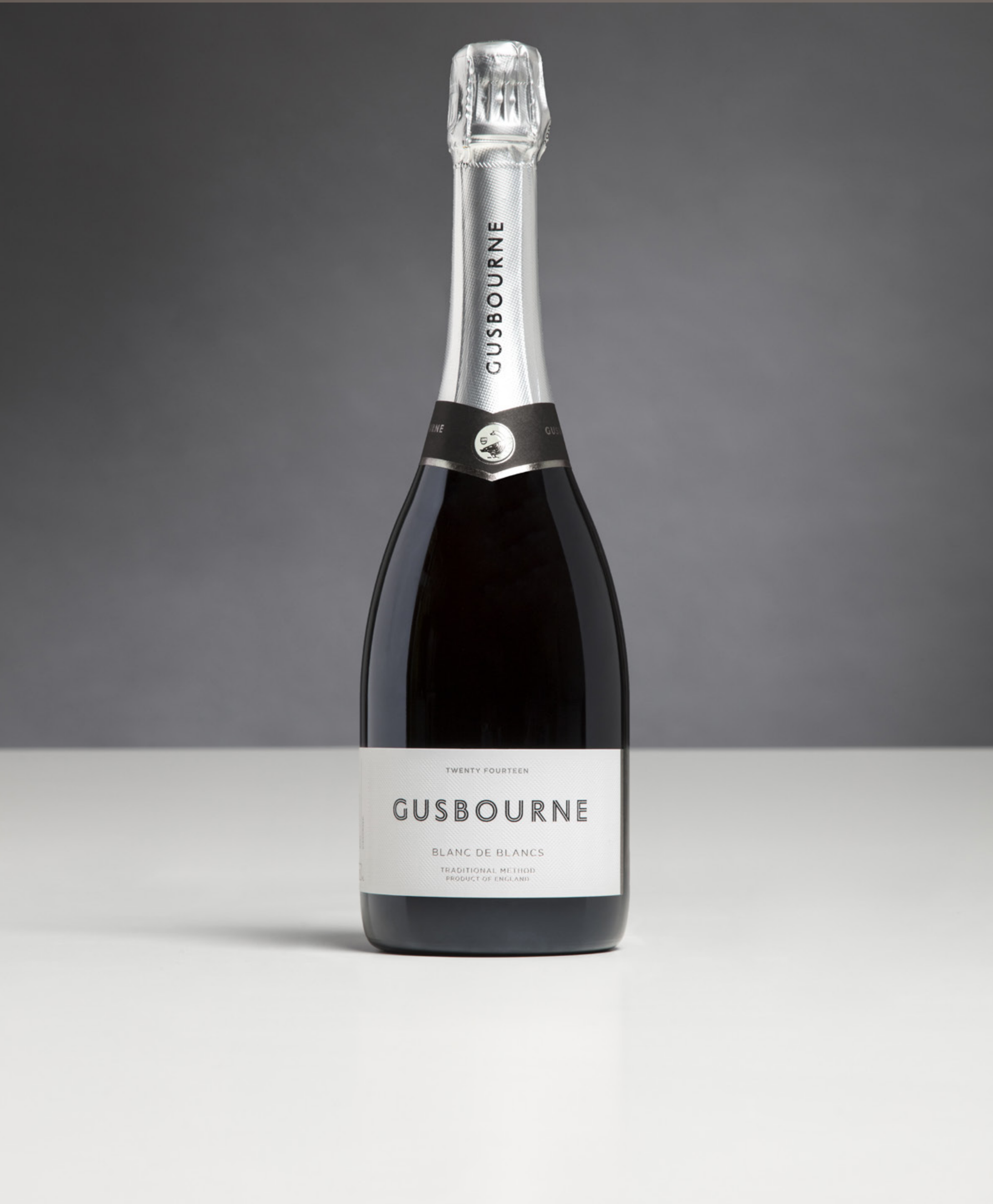
Investment in tangible assets by year				
Investment in vineyard establishment	86	338	786	588
Investment in freehold land and buildings	1,090	414	664	14
Investment in plant, machinery, vehicle and other equipment	607	364	473	145
Investment in property, plant and equipment	**1,783**	**1,116**	**1,923**	**747**
Increase in inventories	1,237	536	276	125
Total investment in tangible assets	**3,020**	**1,652**	**2,199**	**872**

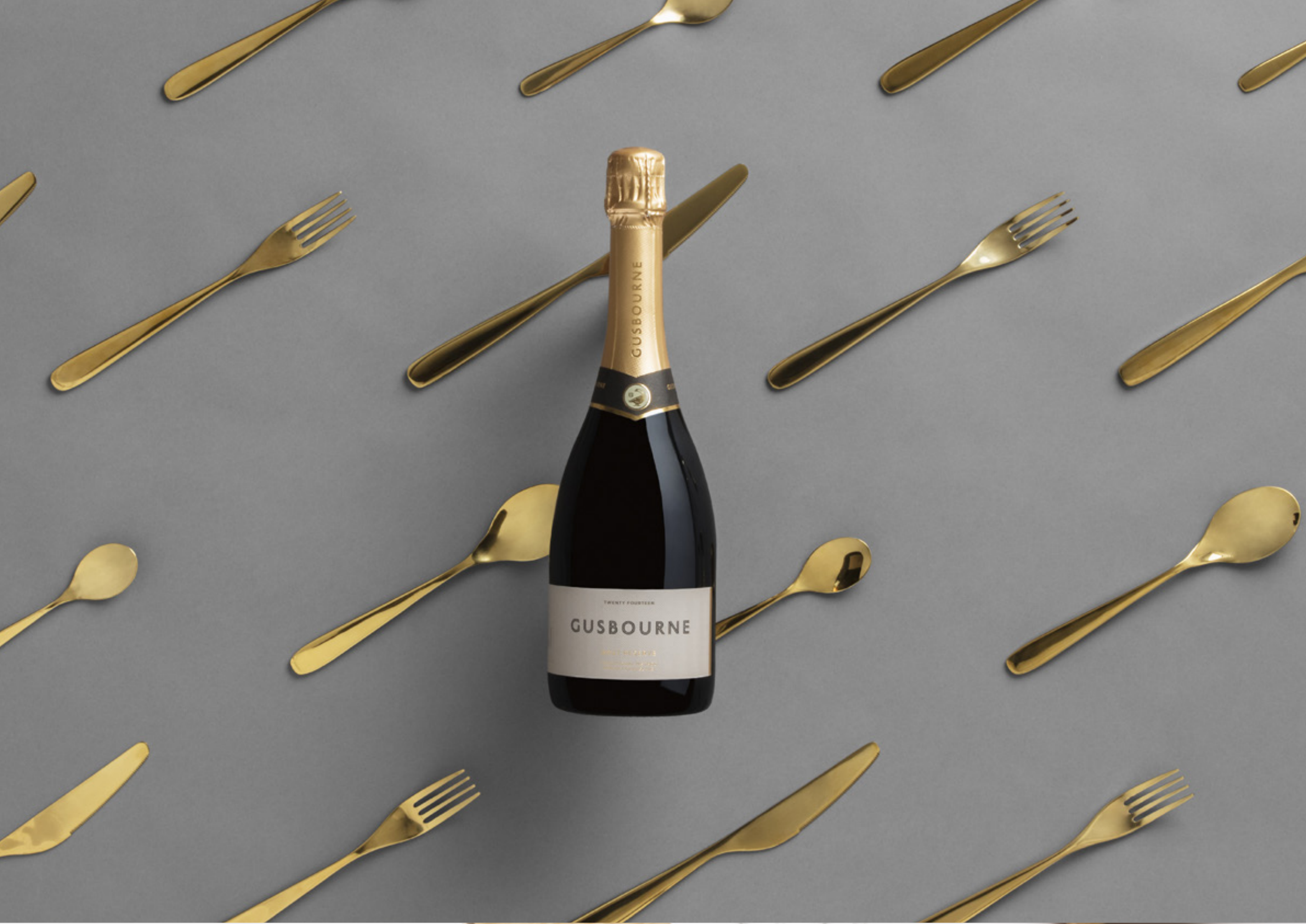
At 31 December	2017 £'000	2016 £'000	2015 £'000	2014 £'000
Net assets				
Freehold land and buildings	6,539	5,543	5,198	4,578
Vineyards	3,260	3,256	2,972	2,236
Plant, machinery, vehicle and other equipment	1,431	1,131	1,001	715
Total non-current assets	**11,230**	**9,930**	**9,171**	**7,529**
Inventories	3,484	2,247	1,711	1,435
Net working capital (current receivables less current payables)	(77)	62	95	(123)
Cash	1,464	1,123	1,328	1,842
Net tangible assets before debt	**16,101**	**13,362**	**12,305**	**10,683**
Bonds, loans and other borrowings	(4,778)	(6,537)	(3,952)	(3,866)
Net tangible assets	**11,323**	**6,825**	**8,353**	**6,817**
Goodwill	1,007	1,007	1,007	1,007
Net assets and equity	**12,330**	**7,832**	**9,360**	**7,824**

Key balance sheet ratios				
Net tangible assets as a percentage of total equity	**92%**	**87%**	**89%**	**87%**
Gearing (Debt as percentage of equity)	**39%**	**83%**	**42%**	**49%**
Number of shares in issue	**39,366,986**	**23,639,762**	**23,639,762**	**17,853,276**
Net tangible assets per share (pence)	**28.8**	**28.9**	**35.3**	**38.2**

* EBITDA means profit from operations/(loss from operations) before interest, tax, depreciation and amortisation.

In 2017 Gusbourne won the trophy for "English Wine Producer of the Year" from the International Wine and Spirit Competition ("IWSC").

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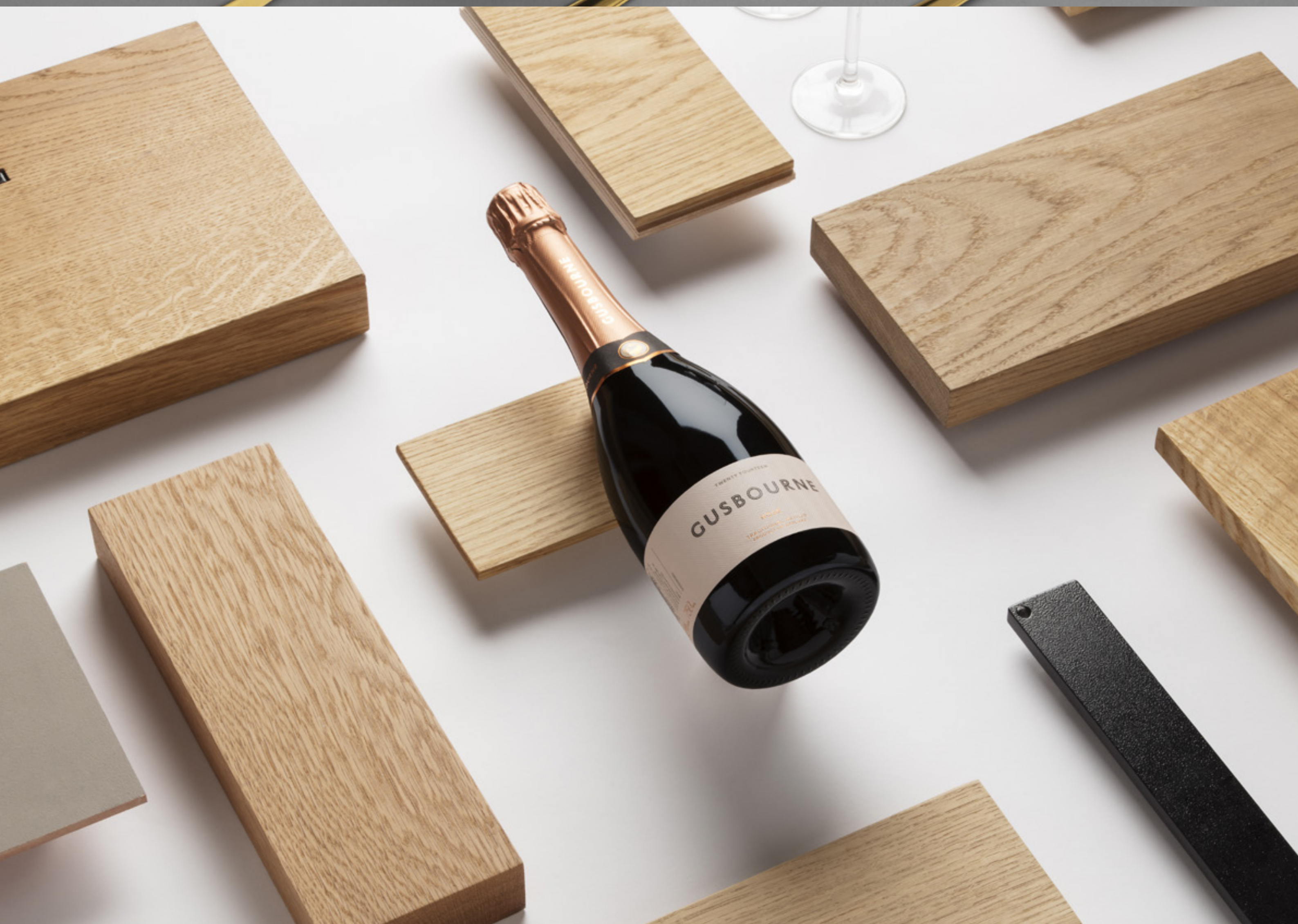
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Principal risks and uncertainties

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 has also mitigated this risk by planting vines on carefully selected sites 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.

EU Referendum

Following the result of the EU referendum there is some general uncertainty regarding the impact of this result on companies operating in the UK.

Although the future relationship between the United Kingdom and the European Union is currently unclear, reduced access to EU labour could cause industry wage expenditure to rise, putting pressure on margins.

The strategic report on pages 4 to 16 has been approved by the Board and signed on its behalf by:

Charlie Holland

Chief Executive Officer

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.

Mike Paul, Non-Executive Deputy Chairman

Member of the Audit, Remuneration and Nomination Committees

Mike joined the board on 26 October 2016 and works closely with Andrew Weeber in his role as Chairman. Mike is particularly involved in the sales and marketing function of the business and will help further develop the distribution of Gusbourne's premium sparkling wines both in the UK and in additional overseas markets as the Company's production volumes increase over the coming years. He is also closely involved with Wine GB, the organisation that represents UK wine producers.

Mike is currently a director of the Millione Foundation Limited and has worked in the wine industry for over thirty years. Having received a postgraduate Diploma in Business Studies, he became the Managing Director of the premium wine agency Percy Fox, representing a number of luxury wine brands. In 1990 Mike became European Director responsible for the development of Southcorp's business in Europe. He led Southcorp to become a major player in the UK wine market with brands such as Penfolds and Lindemans. In 2002 Mike was appointed Managing Director of Western Wines (UK), a leading importer of South African, Chilean and Italian wines, and owner of the leading South African brand, Kumala.

Charlie Holland BA, BSc, Chief Winemaker and Chief Executive Officer

Charlie, who has been head of wine making at Gusbourne for over five years, joined the board in October 2016 as Chief Winemaker and Chief Executive Officer. He is responsible for winemaking at Gusbourne but also represents the Company as its Chief Executive Officer

Board of Directors (continued)

and manages the day to day running of the business in conjunction with Jon Pollard and other members of the executive team in what remains a highly collaborative and relatively flat organisation.

Charlie holds a degree in marketing and a BSc in Viticulture and Oenology from Plumpton College. He has held a number of overseas wine making positions including in France, Germany, Australia, New Zealand and California. Prior to joining Gusbourne Charlie was winemaker for four years at Ridgeview, a well-known English sparkling wine producer.

Jon Pollard, BSc, Chief Vineyard Manager and Chief Operating Officer

Jon has been the vineyard manager at the Gusbourne Estate since the first vines were planted twelve years ago in 2004. He joined the board in 26 October 2016 as Chief Vineyard Manager and Chief Operating Officer. He is responsible for Gusbourne's vineyards and works closely with Charlie Holland on the day to day operations of the business.

Jon holds an honours degree in general agriculture from the University of Aberdeen and is also a graduate in wine studies from Plumpton College. He has worked closely with Andrew Weeber over the past twelve years to establish the vineyards which are widely regarded as some of the best in the country in terms of both grape quality and yield. Jon supervises the vineyard operations in both Kent and West Sussex and works closely with the Chief Winemaker to ensure the quality and consistency of the final product.

Lord Arbuthnot PC, Non–Executive Director

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

James Arbuthnot was a Conservative MP for 28 years and served as Minister for Defence Procurement, Chief Whip and Chairman of the Defence Select Committee. He was appointed to the House of Lords in 2015.

James is the Chairman of the Information Assurance Advisory Council, and of the Nuffield Trust for the Forces of the Crown, and a Senior Associate Fellow of the Royal United Services Institution (RUSI).

He is chairman of the Advisory Board of the defence company Thales (UK), a senior consultant of SC Strategy Ltd and an adviser to Babcock International, Pure Storage and other companies. He is Chairman of Susan Greenfield's Neuro-Bio Ltd, a company conducting ground-breaking research into Alzheimer's Disease.

Paul Bentham, Non-Executive Director

Member of the Audit, Remuneration and Nomination Committees

Paul is the founder and currently a Non-Executive Director 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.

Matthew Clapp BA, MBA, Non–Executive Director

Member of the Audit, Remuneration and Nomination Committees

Matthew is non-executive Chairman 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 also consults for financial services firm, Levendi Investment Management.

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

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 Deputy Chairman of Jaywing Plc, an AIM listed agency and consulting business specialising in data science, 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.

Report of the Directors
for the year ended 31 December 2017

The Directors present their report together with the audited financial statements for the year ended 31 December 2017.

The Directors have put in place appropriate governance structures and provide information which would be expected for companies listed on the Alternative Investment Market of the London Stock Exchange. However, the Company is not required to comply with the UK Corporate Governance Code (the "Code"), as published by the Financial Reporting Council, so this report does not describe compliance with or departures from the Code.

Results and dividends

The consolidated statement of comprehensive income is set out on page 29 and shows the result for the year. No dividend was declared (December 2016: £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 page 4 and in the Chief Executive's review on pages 8 to 12. Principal risks and uncertainties are shown on page 16.

Post balance sheet events

Details of post balance sheet events are shown in note 25 to the financial statements.

Directors

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

Andrew Weeber
(Non-Executive Chairman)

Mike Paul
(Non-Executive Deputy Chairman)

Charlie Holland
(Chief Executive Officer)

Jon Pollard
(Chief Operating Officer)

Lord Arbuthnot PC
(Non-Executive Director)

Paul Bentham
(Non-Executive Director)

Matthew Clapp
(Non-Executive Director)

Ian Robinson
(Non-Executive Director)

The beneficial interest of Directors who held office at 31 December 2017 in the share capital of the Company are shown below:

Ordinary shares

	Dec 2017 (of 1 pence each)		Dec 2016 (of 50 pence each)	
	Number	Percentage	Number	Percentage
Andrew Weeber	2,722,221	6.9%	2,722,221	11.5%
Paul Bentham	855,036	2.2%	855,036	3.6%
Ian Robinson	439,419	1.1%	114,019	0.5%
Lord Arbuthnot PC	56,360	0.1%	20,000	0.1%
Matthew Clapp	56,360	0.1%	20,000	0.1%
Jon Pollard	42,186	0.1%	129	<0.1%
Charlie Holland	42,000	0.1%	-	0%
Mike Paul	27,472	0.1%	-	0%

Corporate governance

The Remuneration Committee comprises Lord Arbuthnot PC (Chairman), Andrew Weeber, Paul Bentham, Matthew Clapp, Ian Robinson and Mike Paul 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, Paul Bentham, Matthew Clapp and Mike Paul 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

Report of the Directors continued

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), Andrew Weeber, Paul Bentham, Matthew Clapp, Ian Robinson and Mike Paul 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
Lord Ashcroft KCMG PC	72.4 %
Andrew Weeber	6.9 %

At 31 December 2017 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 2016: £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 42 to 44.

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 judgements 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 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: 1 June 2018

Report of the independent auditors
for the year ended 31 December 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUSBOURNE PLC

Opinion

We have audited the financial statements of Gusbourne PLC (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2017 which comprise the consolidated and parent statement of financial position, the consolidated statement of comprehensive income, the consolidated and parent company statements of cash flows, the consolidated and parent company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements 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.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We considered going concern to be the only key audit matter based on our assessment of the risk and the effect on our audit. The table below shows the key audit matter that we identified. This is not a complete list of all risks identified for out audit.

KEY AUDIT MATTER	HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Going concern In the financial statements, the Directors are required to state that the Group and the parent company has adequate working capital facilities to operate during the going concern period. Whilst the 'going concern period' is not explicitly defined, a period of at least one year from the approval of the financial statements is required to be considered. There is significant judgement and estimation involved in this assessment. This is considered to be the key area of focus for our audit given the business is in a development stage, the bank loan facility is due for repayment in September 2018 and the Group's long term development strategy is dependent on the raising of further equity and/or debt funds.	We reviewed and challenged the Director's forecasts to assess the Company's ability to meet their financial obligations as they fall due within the period of twelve months from the date of approval of the financial statements by reviewing the assumptions and inputs in the cashflow forecast to assess whether these were in line with our understanding of the Company's operations and other information obtained by us during the course of the audit. We performed a mechanical check on the cashflow forecast model prepared by Management. We performed sensitivity analysis on the cashflow forecasts and assessed the available headroom under sensitivity scenarios. We reviewed the adequacy of financing in place to enable the business to continue for a period of one year from expected sign off of the financial statements. We obtained a copy of the signed loan agreement from Lord Ashcroft KCMG PC for the short-term loan of £1,000,000. In addition, we obtained a copy of the signed intention letter from Lord Ashcroft KCMG PC confirming that he would be prepared to provide secured debt funding for a period of at least 12 months to replace Gusbourne PLC's secured bank debt on terms to be agreed, if the refinancing of the bank loan facility was not successful. We reviewed the disclosure included within the financial statements as per pages 34 and 35.

Report of the independent auditors
for the year ended 31 December 2017 continued

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on the audit in forming our audit opinion. Materiality is assessed on both quantitative and qualitative grounds.

Materiality is the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements.

We determined materiality for the Group financial statements as a whole to be £150,000 (2016: £146,000) which was set at 0.9% of Group total assets (2016: 1%). This provides a basis for determining the nature and extent of our risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature and extent of further audit procedures.

We determined that total assets would be the most appropriate basis for determining overall materiality as we consider it to be one of the principal considerations for members of the Company in assessing the financial performance of the Group.

Materiality in respect of the audit of the parent company has been set at £135,000 using a benchmark of 0.7% of total assets (2016: £146,000, using a benchmark of 1% of total assets).

Performance materiality is set at a level lower than materiality. Performance materiality is used to scope areas of the financial statements and business and activities ('components') of groups that will be subject to audit. It is also used in determining statistical sample sizes and whether variances arising from analytical procedures should be investigated. Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.

On the basis of our risk assessment, together with our assessment of the Group's overall control environment, our judgement was that performance materiality should be 75% (2016: 75%) of materiality.

We agreed with the Audit Committee that we would report to the Committee all individual audit differences in excess of £7,500 (2016: £7,300).

An overview of the scope of our audit

We designed our audit by determining materiality and assessing the risks of material misstatements in the financial statements. In particular, we looked at where the Directors make subjective judgements. We also address the risk of management override of internal controls, including assessing whether there was evidence of boas by the Directors that represented a risk of material misstatement due to fraud.

The Group operates solely in the United Kingdom and operates through one segment, the production, sale and distribution of English sparkling wine. The Group audit team performed all the work necessary to issue the Group and parent company audit opinions, including undertaking all of the audit work on the key risks of material misstatement.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 22 and 23, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Report of the independent auditors

for the year ended 31 December 2017
continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Charles Ellis
(Senior Statutory Auditor)
For and on behalf of BDO LLP,
Statutory Auditor
London

1 June 2018

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 2017

	Note	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Revenue	4	**998**	640
Cost of sales		**(381)**	(423)
Gross profit		**617**	217
Fair value movement in biological produce	13	**(27)**	9
Administrative expenses		**(1,759)**	(1,385)
Loss from operations	5	**(1,169)**	(1,159)
Finance income		**-**	13
Finance expenses	8	**(469)**	(382)
Loss before tax		**(1,638)**	(1,528)
Tax expense	9	**-**	-
Loss and total comprehensive loss for the year attributable to owners of the parent		**(1,638)**	(1,528)
Loss per share attributable to the ordinary equity holders of the parent:			
Basic and diluted (pence)	10	**(5.26)**	(6.46)

The notes on pages 34 to 61 form part of these financial statements

Consolidated statement of financial position

at 31 December 2017

	Note	31 December 2017 £'000	31 December 2016 £'000
Assets			
Non-current assets			
Intangibles	11	**1,007**	1,007
Property, plant and equipment	12	**11,230**	9,930
		12,237	10,937
Current assets			
Biological produce	13	**-**	-
Inventories	14	**3,484**	2,247
Trade and other receivables	15	**281**	314
Cash and cash equivalents	20	**1,464**	1,123
		5,229	3,684
Total assets		**17,466**	14,621
Liabilities			
Current liabilities			
Trade and other payables	16	**(358)**	(252)
Finance leases	18	**(49)**	(51)
Loans and borrowings	17	**(2,059)**	(34)
		(2,466)	(337)
Non-current liabilities			
Loans and borrowings	17	**(2,590)**	(6,322)
Finance leases	18	**(80)**	(130)
		(2,670)	(6,452)
Total liabilities		**(5,136)**	(6,789)
Net assets		**12,330**	7,832

	Note	31 December 2017 £'000	31 December 2016 £'000
Issued capital and reserves attributable to owners of the parent			
Share capital	22	**11,977**	11,820
Share premium	23	**6,754**	815
Merger reserve	23	**(13)**	(13)
Retained earnings	23	**(6,388)**	(4,790)
Total equity		**12,330**	7,832

The financial statements were approved and authorised for issue by the Board of Directors on 1 June 2018 and were signed on its behalf by:

Andrew Weeber
Non-Executive Chairman

Charlie Holland
Chief Executive Officer

The notes on pages 34 to 61 form part of these financial statements

Consolidated statement of cash flows

for the year ended 31 December 2017

	Note	31 December 2017 £'000	31 December 2016 £'000
Cash flows from operating activities			
Loss for the year before tax		**(1,638)**	(1,528)
Adjustments for:			
Depreciation of property, plant and equipment	12	**479**	357
Gain on shares issued to directors in the year		**40**	-
Profit on disposal of property, plant and equipment		**(3)**	-
Finance expense	8	**469**	382
Finance income		**-**	(13)
Fair value movement in biological produce	13	**27**	(9)
Decrease / (Increase) in trade and other receivables		**28**	(60)
Increase in inventories		**(1,264)**	(536)
Increase in trade and other payables		**45**	109
Cash outflow from operations		**(1,817)**	(1,298)
Investing activities			
Purchases of property, plant and equipment, excluding vineyard establishment	12	**(1,636)**	(778)
Investment in vineyard establishment	12	**(86)**	(338)
Sale of property, plant and equipment		**7**	-
Net cash from investing activities		**(1,715)**	(1,116)
Financing activities			
Capital loan repayments		**(34)**	(34)
Issue of Deep Discount Bond	17	**-**	4,073
Repayment of Convertible Deep Discount Bond	19	**-**	(1,755)
Short term loan*		**1,000**	-
Finance lease agreements entered into		**-**	53
Repayment of finance leases		**(52)**	(46)
Interest paid		**(82)**	(82)
Issue of ordinary shares*	22	**3,203**	-
Share issue expenses		**(162)**	-
Net cash from financing activities		**3,873**	2,209
Net increase/(decrease) in cash and cash equivalents		**341**	(205)
Cash and cash equivalents at the beginning of the year	20	**1,123**	1,328
Cash and cash equivalents at the end of the year	20	**1,464**	1,123

***Non-cash transaction**

The short-term loan of £1,000,000 received in the year ended 31 December 2017 was used as part settlement of monies due under the share subscription which completed on 29 June 2017.

The notes on pages 34 to 61 form part of these financial statements

Consolidated statement of changes in equity

for the year ended 31 December 2017

	Share capital £'000	Share premium £'000	Merger reserve £'000	Convertible bond reserve £'000	Retained earnings £'000	Total attributable to equity holders of parent £'000
1 January 2016	**11,820**	**815**	**(13)**	**95**	**(3,357)**	**9,360**
Convertible bond reserve transferred to retained earnings at redemption	-	-	-	(95)	95	-
Comprehensive loss for the year	-	-	-	-	(1,528)	(1,528)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(1,433)**	**(1,433)**
31 December 2016	**11,820**	**815**	**(13)**	**-**	**(4,790)**	**7,832**

	Share capital £'000	Share premium £'000	Merger reserve £'000	Convertible bond reserve £'000	Retained earnings £'000	Total attributable to equity holders of parent £'000
1 January 2017	**11,820**	**815**	**(13)**	**-**	**(4,790)**	**7,832**
Comprehensive loss for the year	-	-	-	-	(1,638)	(1,638)
Contributions by and distributions to owners:						
Share issue	106	4,098	-	-	-	4,204
Share issue expenses	-	(162)	-	-	-	(162)
Bond conversion	51	2,003	-	-	-	2,054
Gain on shares issued to directors in the year	-	-	-	-	40	40
31 December 2017	**11,977**	**6,754**	**(13)**	**-**	**(6,388)**	**12,330**

The notes on pages 34 to 61 form part of these financial statements

Notes forming part of the financial statements

for the year ended 31 December 2017

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 2017 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 64 to 70.

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.

On 31 May 2018, the Company announced that it is intended to arrange a subscription of new Ordinary shares in the Company with Lord Ashcroft KCMG PC and other investors, which is expected to proceed by 31 July 2018 (the Subscription). The proceeds from the Subscription will continue to be applied towards working capital and capital expenditure in line with the Company's long-term strategic plan.

In order to meet immediate working capital requirements, the Company entered into an agreement on 31 May 2018 with Lord Ashcroft KCMG PC to receive an unsecured loan of £1,000,000 (the "Loan Agreement" which is intended to be repaid in full, through conversion into new Ordinary shares as part of the Subscription, when it concludes. The loan carries interest for a period of 3 months following the date of the loan agreement at the rate of 7% per annum above the base rate as varied from time to time by Barclays Bank plc, and thereafter at 10% per annum.

Under the terms of the Loan Agreement, if the Subscription does not proceed, or if the subscription price is not agreed between the Company and Lord Ashcroft by 31 July 2018, the loan and interest will become repayable on demand subject to such repayment not being in breach of the Company's existing banking facilities or if such repayment caused the Company to be unable to meet its creditors as they fall due.

The Group's bank loan of £2,025,000 is due for repayment in full in September 2018. While discussions with the bank are ongoing, as at the date of signing these financial statements, no extension to the loan agreement or refinancing had been agreed.

1 Accounting policies (continued)

In the event that the bank was not prepared to refinance this secured debt, or if further funding could not be obtained, Lord Ashcroft KCMG PC has confirmed that he would be prepared to provide secured debt funding for a period of at least 12 months to replace Gusbourne PLC's secured bank debt on terms to be agreed.

The Director's 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 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 to aid the future growth of the business and have 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:

The IASB has issued no new standards, amendments to published standards and interpretations to existing standards with effective dates on or prior to 1 January 2017 which have a material effect on the Group, although an amendment to IAS 7 Statement of Cash Flows has resulted in a reconciliation of liabilities disclosed for the first time in note 20.

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

- IFRS 16 Leases
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 2 (amended) Classification and Measurement of Share

The only standards which are anticipated to be significant or relevant to the Group are:

IFRS 15 Revenue from Contracts with Customers

The Group has assessed its current revenue recognition policy under IFRS 15. Based on existing terms of sale, the Group does not currently foresee any significant change to the timing of revenue recognition on sales under IFRS 15.

IFRS 16 Leases

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 a remaining life of 45 years. The Group has assessed the leases under IFRS 16 and expects an impact as the right of use assets

Notes forming part of the financial statements continued

1 Accounting policies (continued)

and lease liabilities will come onto the consolidated statement of financial position for the first time in respect of its current operating leases. The Group have performed a quantitative assessment based on the current leases in place and envisage that a right of use asset and associated lease liability of c.£0.9m will be recognised on adoption of IFRS 16. The Group does not currently expect any material impact on profit before tax, however, it is noted that the expense will be split between depreciation and the interest expense.

IFRS 9 Financial Instruments

IFRS 9 "Financial instruments" is designed to simplify the classification and measurement of financial assets and financial liabilities. IFRS 9 defines three measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. Classification depends on the entity's business model and the contractual cash flow of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. A new model for recognizing provisions based on expected credit losses has been introduced which replaces the incurred loss impairment model used in IAS 39. Given the financial instruments currently in place, the Group does not expect the adoption of IFRS 9 to have a material impact on the Group financial statements. The Company has a loan to the 100% owned subsidiary, which is the main operating entity. Management are still undertaking a full assessment but do not expect there to be any material impact as, in line with the future long term profitability of the Company, there is currently no reason to expect a loss from this loan.

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.

1 Accounting policies (continued)

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.

Revenue from vineyard tours and tastings is recognised on the date on which the tour or tasting takes place.

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

Notes forming part of the financial statements continued

1 Accounting policies (continued)

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

Deep discount bonds

Deep discount bonds are redeemable at their nominal price at maturity. The discount is charged over the life of the bond to the statement of comprehensive income and included within finance expenses.

Warrants

Warrants are accounted for as a derivative financial liability measured on inception at fair value through profit or loss. Details of Warrants are shown in note 22.

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

1 Accounting policies (continued)

- 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.

Notes forming part of the financial statements continued

1 Accounting policies (continued)

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.

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	5-25% 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

Agricultural produce is accounted for under IAS 41 Agriculture. 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. 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. 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, with any fair value gain or loss shown in the consolidated statement of comprehensive income.

1 Accounting policies (continued)

Bearer plants (Vines) are accounted for under IAS 16 PPE and are held at cost.

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, including operating lease rentals, 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 capitalised as part of inventory 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. During the year £74,000 (2016: £74,000) in respect of operating leases was capitalised as part of inventory.

2 Critical accounting policies

Estimates and judgements

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

Notes forming part of the financial statements continued

2 Critical accounting policies (continued)

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. Refer to note 13 which provides information on sensitivity analysis around this.

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. Management does not believe that any reasonably possible change in a key assumption would result in an impairment.

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
- Deep discount bonds
- 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.

3 Financial instruments - risk management (continued)

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The liquidity risk of the Group is managed centrally by the group treasury function. Budgets are set and agreed by the board in advance, enabling the Group's cash requirements to be anticipated.

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

At 31 December 2016	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	195	43	-	-	-	238
Finance leases	15	44	56	92	-	207
Loans and borrowings	28	83	2,118	79	-	2,308
Deep discount bonds	-	-	-	6,267	-	6,267
Total	**238**	**170**	**2,174**	**6,438**	**-**	**9,020**

At 31 December 2017	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	170	188	-	-	-	358
Finance leases	15	41	53	39	-	148
Loans and borrowings	28	2,090	40	40	-	2,198
Deep discount bonds	-	-	-	3,390	-	3,390
Total	**213**	**2,319**	**93**	**3,469**	**-**	**6,094**

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

Notes forming part of the financial statements continued

3 Financial instruments - risk management (continued)

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. The maximum credit risk exposure at 31 December 2017 in respect of trade receivables is £165,000 (2016: £120,000).

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.

4 Revenue and Segmental information

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Wine sales	**932**	640
Other income	**66**	-
Revenue	**998**	640

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.

4 Revenue and Segmental information (continued)

The analysis by geographical area of the Group's revenue is set out as below:

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
UK	**747**	553
USA	**111**	48
Other	**140**	39
	998	640

The Directors do not consider the Group places reliance on any major customers.

5 Loss from operations

Loss from operations has been arrived at after charging:

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Depreciation of property, plant and equipment	**479**	357
Staff costs expensed to consolidated statement of income	**310**	220

6 Auditor's remuneration

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Auditor's remuneration		
- Audit: consolidation and parent	**35**	30
- Audit: subsidiaries	**12**	9
	47	39

7 Staff costs

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Staff costs (including Directors) comprise:		
Wages and salaries	**634**	528
Social security contributions and similar taxes	**63**	46
Pension contributions	**14**	3
	711	577

The average number of employees of the Group, including Directors, during the year was 25 (December 2016: 21).

Notes forming part of the financial statements continued

7 Staff costs (continued)

Directors' remuneration was as follows:

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
The total emoluments of all Directors during the year was:		
Emoluments (including benefits)	**268**	144
Compensation for loss of office	**-**	30
	268	174
Contributions to defined contribution pension plans	**7**	1
Total	**275**	175

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Total emoluments for all directors excluding pension contributions:		
A Weeber	**36**	50
M Paul	**48**	8
B Walgate	**-**	45
C Holland	**89**	12
J Pollard	**72**	9
Lord Arbuthnot PC	**-**	-
P Bentham	**-**	10
M Clapp	**23**	-
I Robinson	**-**	10
Total	**268**	144

B Walgate resigned as a director on 20 June 2016. M Paul, C Holland and J Pollard were appointed as directors on 26 October 2016.

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Pension contributions		
J Pollard	**4**	1
C Holland	**3**	-

7 Staff costs (continued)

The emoluments of the highest paid Director during the year were:	**89**	50

The total emoluments for B Walgate, C Holland and J Pollard include benefits to the value of £nil (2016: £2,000) and £9,000 (2016: £1,000) and £nil (2016: £nil) respectively.

The Directors are considered to be key management

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Key management personnel		
costs were as follows:		
Short term employment benefits	**268**	144
Social security contributions	**24**	13
Gain on shares issued to directors in the year	**40**	-
	332	157

On the 20 July 2017 Charlie Holland and Jon Pollard were each awarded 42,000 Ordinary shares of 1 pence each as part of their renumeration package. The gain represents the difference between the market value of the shares on the date of issue (48 pence per share) and the price paid per share (1 pence per share).

8 Finance expenses

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Finance expenses		
Interest payable on borrowings	**82**	82
Amortisation of bank transaction costs	**5**	5
Discount expense on convertible bond	**-**	78
Discount expense on deep discount bond	**382**	122
Settlement amount in excess of carrying value at redemption	**-**	95
Total finance expenses	**469**	382

Notes forming part of the financial statements continued

9 Taxation

There is no current or deferred tax charge for the year (2016: £nil).

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Loss on ordinary activities before tax	**(1,638)**	(1,528)
Loss on ordinary activities at the standard rate of corporation tax in the UK for the year of 19.25% (December 2016: 20 %)	**(315)**	(306)
Effects of:		
Expenses not deductible for tax purposes	**106**	93
Unprovided deferred tax movements on short term temporary differences	**(78)**	(76)
Unrecognised losses carried forward	**246**	285
Effect of changes in tax rate in prior years	**41**	4
Tax charge/(credit) for the year	**-**	-

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 £6,938,000 (December 2016: £5,457,000).

10 Loss per share

Basic earnings per Ordinary share are based on a loss of £1,638,000 (December 2016: £1,528,000) and Ordinary shares 31,169,077 (December 2016: 23,639,762) of 1 pence each (December 2016: 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 2017	**(1,638)**	**31,169,077**	**(5.26)**
Year ended 31 December 2016	(1,528)	23,639,762	(6.46)

11 Intangibles

	Goodwill £'000	Brand £'000	Total £'000
Cost			
At 1 January 2017 and 31 December 2017	777	230	1,007
Impairment losses			
At 1 January 2017 and 31 December 2017	-	-	-
Net book value			
At 31 December 2016 and 31 December 2017	**777**	**230**	**1,007**

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

	December 2017 £'000	December 2016 £'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 13.1% (December 2016: 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.

Notes forming part of the financial statements continued

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
Cost						
At 1 January 2016	5,288	1,268	1,832	1,240	39	9,667
Additions	414	363	338	-	1	1,116
Transfers	-	-	(698)	698	-	-
Disposals	-	(1)	-	-	(3)	(4)
At 31 December 2016	**5,702**	**1,630**	**1,472**	**1,938**	**37**	**10,779**
At 1 January 2017	5,702	1,630	1,472	1,938	37	10,779
Additions	1,090	589	86	-	18	1,783
Transfers	-	-	(695)	695	-	-
Disposals	-	(6)	-	-	-	(6)
At 31 December 2017	**6,792**	**2.213**	**863**	**2,633**	**55**	**12,556**

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
Accumulated depreciation						
At 1 January 2016	90	286	-	100	20	496
Depreciation charge for the year	69	226	-	54	8	357
Depreciation on disposals	-	(1)	-	-	(3)	(4)
At 31 December 2016	**159**	**511**	**-**	**154**	**25**	**849**
At 1 January 2017	159	511	-	154	25	849
Depreciation charge for the year	94	297	-	82	6	479
Depreciation on disposals	-	(2)	-	-	-	(2)
At 31 December 2017	**253**	**806**	**-**	**236**	**31**	**1,326**
Net book value						
At 31 December 2016	5,543	1,119	1,472	1,784	12	9,930
At 31 December 2017	**6,539**	**1,407**	**863**	**2,397**	**24**	**11,230**

Within property, plant and equipment are assets with a carrying value of £131,000 (2016: £191,000) held under finance leases.

During the year £695,000 (2016:£698,000) of vineyard establishment costs were transferred to mature vineyards at cost.

13 Biological produce

The fair value of biological produce was:

	2017 £'000	2016 £'000
At 1 January	-	-
Crop growing costs	1,048	488
Fair value of grapes harvested and transferred to inventory	(1,021)	(497)
Fair value movement in biological produce	(27)	9
At 31 December	**-**	**-**

Notes forming part of the financial statements continued

13 Biological produce (continued)

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 2017 harvest is £2,300 per tonne (2016: £2,000 per tonne).

A 10% increase in the estimated market price of grapes to £2,530 per tonne would result in an increase of £102,000 in the fair value of the grapes harvested in the year. A 10% decrease in the estimated market price of grapes to £2,070 per tonne would result in a decrease of £102,000 in the fair value of the grapes harvested in the year.

A fair value loss of £27,000 (2016: £9,000 gain) 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.

14 Inventories

	December 2017 £'000	December 2016 £'000
Finished goods	90	96
Work in progress	3,394	2,151
Total inventories	**3,484**	**2,247**

During the year £334,000 (December 2016: £381,000) was transferred to cost of sales.

Prior to harvest, the costs of growing the grapes are included in inventory.

15 Trade and other receivables

	December 2017 £'000	December 2016 £'000
Trade receivables	165	120
Prepayments	31	111
Other receivables	85	83
Total trade and other receivables	**281**	**314**

Trade and other receivables are due within 1 year apart from £nil (December 2016: £50,000) included within other receivables which is due in more than 1 year.

As at 31 December 2017 trade receivables of £11,000 (2016: £7,000) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

15 Trade and other receivables (continued)

	December 2017 £'000	December 2016 £'000
< 3 months	4	4
3 to 6 months	7	3
> 6 months	-	-
	11	**7**

16 Trade and other payables

	December 2017 £'000	December 2016 £'000
Trade payables	**131**	107
Accruals	**194**	109
Other payables	**10**	22
Total financial liabilities, excluding loans and borrowings classified as financial liabilities measured at amortised cost	**335**	238
Other payables - tax and social security payments	**23**	14
Total trade and other payables	**358**	252

Book values are approximate to fair value at 31 December 2017 and 31 December 2016.

17 Loans and borrowings

	December 2017 £'000	December 2016 £'000
Current liabilities:		
Bank loans	**2,059**	34
	2,059	34
Non current liabilities		
Bank loans	**68**	2,127
Deep Discount Bonds	**2,522**	4,195
Total loans and borrowings	**2,590**	6,322

Notes forming part of the financial statements continued

17 Loans and borrowings (continued)

The bank loan of £2,025,000 carries interest at an annual 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 £6,325,000 (2016: £5,390,000) within property, plant and equipment and a floating charge over all other property and undertakings.

Other bank loans of £102,000 carry a fixed interest rate of 6% per annum secured against certain items of plant and equipment. This loan is repayable via monthly instalments over 5 years from January 2016.

On 2 September 2016 the Company issued a deep discount bond totalling £4,073,034. The bond is secured by a fixed charge over the Group's land and buildings at Appledore, Kent. The bond is redeemable on 15 August 2021 and attracts a coupon rate of 9% per annum which is rolled up annually. The redemption amount of the deep discount bonds at the time they were issued was £6,266,868.

On 30 June 2017 the Company offered Bondholders the opportunity to convert their bonds into new Ordinary shares at an Issue price of 40p. The company announced, on 1 August, that it received final acceptances of 5,136,662 Conversion Offer Shares, raising £2,055,000 and resulting in a reduction of the final redemption amount of the deep discount bonds to £3,390,000.

Accrued discount of £382,000 has been charged to the statement of comprehensive income during the year.

An analysis of the maturity of loans and borrowings is given below:

	December 2017 £'000	December 2016 £'000
Bank loans:		
Within 1 year	**2,059**	34
1-2 years	**34**	2,059
2-5 years	**34**	68
Deep Discount Bonds:		
Within 1 year	**-**	-
1-2 years	**-**	-
2-5 years	**2,522**	4,195

18 Finance Leases

	December 2017 £'000	December 2016 £'000
The minimum lease payments under finance leases fall due as follows:		
Within 1 year	**56**	59
2-5 years	**91**	148
	147	207
Future value of finance lease payments	**(18)**	(26)
Present value of finance lease liabilities	**129**	181
Of which:		
Within 1 year	**49**	51
2-5 years	**80**	130
More than 5 years	**-**	-
	129	181

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 £131,000 (2016: £191,000) and are shown within property, plant and equipment (note 12).

19 Convertible deep discount bonds

	2017 £'000	2016 £'000
Present value of debt element at 1 January	-	1,583
Converted into shares during the year	-	-
Discount expense for the year	-	77
Settlement amount in excess of carrying value at redemption	-	95
Repaid to bond holder during the year	-	(1,755)
Present value of debt element at 31 December	-	-
Equity element at 31 December	-	-
Total carrying value at 31 December	**-**	**-**

Convertible deep discount bonds represented the debt element of convertible deep discount bonds 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 bonds were secured by a fixed charge over the Group's land and buildings at Appledore, Kent.

On 2 September 2016 the convertible deep discount bonds were redeemed in full and the security discharged.

Notes forming part of the financial statements continued

20 Note supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	December 2017 £'000	December 2016 £'000
Cash at bank available	1,463	1,123
Cash on hand	1	-
	1,464	1,123

There were no significant non-cash transactions from investing activities.

Transactions from financing activities are shown in the reconciliation of liabilities from financing transactions below:

	Non-current loans and borrowings £'000 (Note 17)	Current loans and borrowings £'000 (Note 17)	Non-current finance leases £'000 (Note 18)	Current finance leases £'000 (Note 18)
At 1 January 2017	6,322	34	130	51
Cash flows	-	(110)	-	(59)
Non cash flows				
– Loans and borrowings classified as non-current at 31 December 2016 becoming current during 2017	(2,059)	2,059	(50)	50
– Interest accruing in period	382	76	-	7
– Debt converted into equity	(2,055)	-	-	-
At 31 December 2017	**2,590**	**2,059**	**80**	**49**

In accordance with IAS 7 comparatives are not provided as it is the first period in which the Group complies with the disclosure requirements.

21 Operating lease commitments

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

	December 2017 £'000	December 2016 £'000
Operating leases which expire:		
Within one year	64	58
Within two to five years	259	258
More than five years	2,686	2,751
	3,009	3,067

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 remaining of 45 years (2016: 46 years) and include various terms including regular break clauses at the Group's option.

22 Share capital

	Ordinary shares of 50p each Number	Deferred shares of 49p each Number	Ordinary shares of 1p each Number	£'000
Issued and fully paid				
At 1 January 2016	23,639,762	-	-	11,820
Issued for cash during the year	-	-	-	-
At 31 December 2016	**23,639,762**	**-**	**-**	**11,820**
Subdivision of Ordinary shares of 50p each	(23,639,762)	23,639,762	23,639,762	-
Issued for cash during the year	-	-	10,506,560	105
Share awards to directors	-	-	84,000	1
Bond conversion	-	-	5,136,662	51
At 31 December 2017	**-**	**23,639,762**	**39,366,984**	**11,977**

On 29 June 2017 each Ordinary share of 50 pence each in the capital of the Company was divided into one Ordinary share of 1 pence and one Deferred share of 49 pence. The Ordinary shares of 1 pence each have the same rights

Notes forming part of the financial statements continued

22 Share capital (continued)

as the previous Ordinary shares of 50 pence each. The Deferred shares of 49 pence each have no rights attached to them.

On 29 June 2017 Gusbourne PLC issued, for cash, 10,506,560 Ordinary shares of 1 pence each at a price of 40 pence per share. These shares were fully subscribed and paid up.

On 25 July 2017 Gusbourne PLC issued 42,000 new Ordinary shares of 1 pence each in the Company to Charlie Holland, Chief Executive Officer and 42,000 new Ordinary shares of 1 pence each to Jon Pollard, Chief Operating Officer.

On 1 August 2017 Gusbourne PLC announced it received final acceptances in respect of 5,136,662 Conversion Offer Shares and issued Ordinary shares of 1 pence each at a price of 40 pence per share.

Gusbourne PLC has Warrants to subscribe for 2,036,517 Ordinary shares of 1 pence each in issue. The Warrants are exercisable at any time by the Warrantholder with an exercise price of 75 pence per share. The Warrants are accounted for as a derivative financial liability measured on inception at fair value through profit or loss. On inception, the fair value of the warrants was deemed to be £nil and thus no fair value was recognised.

Unexercised Warrants as at 31 December 2017 amount to 2,036,517 Ordinary shares of 1 pence each.

23 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.
Retained earnings	The retained earnings represent cumulative net gains and losses recognised in the Group's statement of consolidated income.

24 Related party transactions

SUSD Limited ("SUSD") provided architectural and project management services to the Group during the year amounting to £nil (December 2016 - £31,300). There was no balance due to SUSD as at 31 December 2017 (December 2016 - £nil). Lord Ashcroft KCMG PC, the Company's ultimate controlling party, is also the ultimate controlling party of SUSD.

Deacon Street Partners Limited (formerly Anne Street Partners Limited) is considered a related party by virtue of the fact that Lord Ashcroft KCMG PC, the Company's ultimate controlling party, is also the ultimate controlling party of Deacon Street Partners Limited. During the year Deacon Street Partners Limited charged the Company in total £139,923 (December 2016 - £108,000). Of this, £nil was in relation to directors fees (December 2016 - £10,000) and £139,923 relates to management services (December 2016 - £98,000). There was £18,000 due to Deacon Street Partners Limited as at 31 December 2017 (December 2016 - £nil).

Devonshire Club Limited is considered a related party by virtue of the fact that Lord Ashcroft KCMG PC, the Company's ultimate controlling party, is also the ultimate controlling party of Devonshire Club Limited. During the year the Company sold wine to the Devonshire Club Limited amounting to £10,534 (December 2016 - £25,918). A balance due from the Devonshire Club Limited of £1,254 (2016: £3,138) is shown within trade receivables.

On 2 September 2016 the convertible deep discount bond was redeemed in full and security was discharged. The redemption price of the bonds was £1,755,000 and was satisfied by the payment, in cash to Mr Andrew Weeber, of £1,155,000 and the subscription by Mr Weeber in new deep discount bonds amounting to £600,000.

On 2 September 2016, the Company issued deep discount bonds with a subscription price of £4,073,034 together with 2,036,517 separable warrants to subscribe for Ordinary shares at an exercise price of 75 pence per share. On 30 June 2017 the Company offered Bondholders the opportunity to convert their bonds into new Ordinary shares at an Issue price of 40p. The company announced, on 1 August, that it received final acceptances of 5,136,662 Conversion Offer Shares, raising £2,055,000 and resulting in a reduction of the final redemption amount of the deep discount bonds to £3,390,000.

Notes forming part of the financial statements continued

24 Related party transactions (continued)

Details of related parties who subscribed for the deep discount bonds and hold warrants are shown in the tables below:-

Deep Discount Bonds

Name	Subscription Price as at 2 September 2016	Accrued Discount to 31 December 2016	Balance as at 31 December 2016	Accrued Discount to 31 December 2017	Converted into Ordinary shares of 1p each	Balance as at 31 December 2017
Lord Ashcroft KCMG PC	2,623,034	78,375	2,701,409	231,373	(1,669,500)	1,263,282
A Weeber	600,000	17,928	617,928	68,764	-	686,692
I Robinson	100,000	2,988	102,988	6,903	(109,891)	-
Lord Arbuthnot PC	10,000	299	10,299	690	(10,989)	-
M Paul	10,000	299	10,299	690	(10,989)	-
M Clapp	10,000	299	10,299	690	(10,989)	-
	3,353,034	**100,188**	**3,453,222**	**309,110**	**(1,812,358)**	**1,949,974**

Warrants

Name	Held as at 31 December 2016 Number	Held as at 31 December 2017 Number
Lord Ashcroft KCMG PC	1,311,517	1,311,517
A Weeber	300,000	300,000
I Robinson	50,000	50,000
Lord Arbuthnot PC	5,000	5,000
M Paul	5,000	5,000
M Clapp	5,000	5,000
	1,676,517	**1,676,517**

On 25 July 2017 Gusbourne PLC issued 42,000 new Ordinary shares of 1 pence each in the Company to Charlie Holland, Chief Executive Officer and 42,000 new Ordinary shares of 1 pence each to Jon Pollard, Chief Operating Officer. See note 7 for further details.

On 6 June 2017 a short-term loan from Lord Ashcroft KCMG PC of £1,000,000 was received, which was offset against Lord Ashcroft KCMG PC's subscription under the Open Offer which completed on 29 June 2017.

25 Subsequent events

On 31 May 2018, the Company announced that it is intended to arrange a subscription of new Ordinary shares in the Company with Lord Ashcroft KCMG PC and other investors, which is expected to proceed by 31 July 2018 (the Subscription). The proceeds from the Subscription will continue to be applied towards working capital and capital expenditure in line with the Company's long-term strategic plan.

In order to meet immediate working capital requirements, the Company entered into an agreement on 31 May 2018 with Lord Ashcroft KCMG PC to receive an unsecured loan of £1,000,000 (the "Loan Agreement") which is intended to be repaid in full, through conversion into new Ordinary shares as part of the Subscription, when it concludes. The loan carries interest for a period of 3 months following the date of the loan agreement at the rate of 7% per annum above the base rate as varied from time to time by Barclays Bank plc, and thereafter at 10% per annum.

Parent company financial statements

Company balance sheet

at 31 December 2017

	Note	December 2017 £'000	December 2016 £'000
Assets			
Non-current assets			
Investments	4	**-**	-
Other receivables	5	**17,450**	13,936
Current assets			
Trade and other receivables	5	**8**	8
Cash and cash equivalents		**1,364**	1,031
Total assets		**18,822**	14,975
Current liabilities			
Trade and other payables	6	**(138)**	(79)
Non-current liabilities			
Loans and borrowings	7	**(2,522)**	(4,195)
Total liabilities		**(2,660)**	(4,274)
Net assets		**16,162**	10,701
Issued capital and reserves attributable to owners			
Share capital	8	**11,977**	11,820
Share premium	9	**6,754**	815
Retained earnings	9	**(2,569)**	(1,934)
Total equity		**16,162**	10,701

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 £675,000 (2016: £610,000) which is dealt with in the consolidated financial statements of the Group.

The financial statements were approved and authorised for issue by the Board on 1 June 2018 and were signed on its behalf by Ian Robinson.

Ian Robinson

Secretary and Non-Executive Director

The notes on pages 67 to 70 form part of these financial statements

Statement of cash flows

for the year ended 31 December 2017

	Note	31 December 2017 £'000	31 December 2016 £'000
Cash flows from operating activities			
Loss for the year before tax		(675)	(610)
Adjustments for:			
Finance expense		382	294
Increase in trade and other payables	6	59	7
Gain on shares issued to directors in the year		40	-
Cash outflow from operations		(194)	(309)
Investing activities			
Interest received		-	-
Increase in other receivables - Intercompany loan	5	(3,514)	(2,039)
Net cash from investing activities		(3,514)	(2,039)
Financing activities			
Issue of Deep Discount Bonds	7	-	4,073
Repayment of Convertible Bonds		-	(1,755)
Issue of ordinary shares*		3,203	-
Share issue expenses		(162)	-
Short term loan*		1,000	-
Net cash from financing activities		4,041	2,318
Net increase/(decrease) in cash and cash equivalents		333	(30)
Cash and cash equivalents at the beginning of the year		1,031	1,061
Cash and cash equivalents at the end of the year		1,364	1,031

***Non- cash transaction**

The short-term loan of £1,000,000 received in the year ended 31 December 2017 was used as part settlement of monies due under the share subscription which completed on 29 June 2017.

The notes on pages 67 to 70 form part of these financial statements

Statement of changes in equity

for the year ended 31 December 2017

	Share capital £'000	Share premium £'000	Convertible bond reserve £'000	Retained earnings £'000	Total attributable to equity holders £'000
1 January 2016	**11,820**	**815**	**95**	**(1,419)**	**11,311**
Convertible bond reserve transferred to retained earnings at redemption	-	-	(95)	95	-
Comprehensive loss for the year	-	-	-	(610)	(610)
31 December 2016	**11,820**	**815**	**-**	**(1,934)**	**10,701**

	Share capital £'000	Share premium £'000	Convertible bond reserve £'000	Retained earnings £'000	Total attributable to equity holders £'000
1 January 2017	**11,820**	**815**	**-**	**(1,934)**	**10,701**
Comprehensive loss for the year	-	-	-	(675)	(675)
Contributions by and distributions to owners:					
Share issue	106	4,098	-	-	4,204
Share issue expenses	-	(162)	-	-	(162)
Bond conversion	51	2,003	-	-	2,054
Gain on shares issued to directors in the year	-	-	-	40	40
31 December 2017	**11,977**	**6,754**	**-**	**(2,569)**	**16,162**

The notes on pages 67 to 70 form part of these financial statements.

Notes forming part of the company financial statements

for the year 31 December 2017

1 Accounting policies

Gusbourne Plc ("the Company") is a company limited by shares and registered in England and Wales with the registered number 08225727. The Company's registered office is Gusbourne, Kenardington Road, Appledore, Ashford, Kent, TN26 2BE.

The following principal accounting policies have been applied:

Basis of preparation

The parent company financial statements are prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union. 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.

2 Credit risk

The Company is exposed to credit risk in respect of the loans recoverable from other Group companies amounting to £17,450,000 (2016: £13,936,000) and will only be repaid once the Group companies are profitable.

3 Directors and employees

The average number of staff employed by the Company during the year (comprising solely of Directors) was 8 (2016 - 7).

Details of the emoluments of the Directors can be found in note 7 of the consolidated financial statements.

4 Investments

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

Name	Country of incorporation	Proportion of ownership interest at 31 December 2017
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.

The registered address of Gusbourne Estate Limited and Gusbourne Wines Limited is Kenardington Road, Appledore, Kent TN26 2BE.

Notes forming part of the company financial statements continued

5 Other receivables

	December 2017 £'000	December 2016 £'000
Non-current assets		
Amounts due from group undertakings	**17,450**	13,934
Current assets		
Other receivables	**-**	-
Prepayments and accrued income	**8**	8
Total current assets	**8**	8
	17,458	13,942

The amount due from group undertakings is repayable on demand, however given the long-term development strategy of the Group, it is not expected to be received within 12 months.

6 Trade and other payables: amounts due within one year

	December 2017 £'000	December 2016 £'000
Trade payables	**21**	10
Accruals and deferred income	**116**	69
Other payables	**1**	-
	138	79

7 Deep discount bonds

Details of the deep discount bonds are shown in note 17 in the Group's financial statements.

8 Share Capital

Details of the share capital of the Company are included in note 22 to the Group's financial statements.

9 Reserves

Details of the nature and purpose of each reserve within equity are shown in note 23 to the Group's financial statements.

10 Ultimate controlling party

In the opinion of the Directors the ultimate controlling party at 31 December 2017 is Lord Ashcroft KCMG PC.

11 Related party transactions

Deacon Street Partners Limited (formerly Anne Street Partners Limited) is considered a related party by virtue of the fact that Lord Ashcroft KCMG PC, the Company's ultimate controlling party, is also the ultimate controlling party of Deacon Street Partners Limited. During the year Deacon Street Partners Limited charged the Company in total £139,923 (December 2016 - £108,000). Of this, £nil was in relation to directors fees (December 2016 - £10,000) and £139,923 relates to management services (December 2016 - £98,000). There was £18,000 due to Deacon Street Partners Limited as at 31 December 2017 (December 2016 - £nil).

On 2 September 2016 the convertible deep discount bond was redeemed in full and security was discharged. The redemption price of the bonds was £1,755,000 and was satisfied by the payment, in cash to Mr Andrew Weeber, of £1,155,000 and the subscription by Mr Weeber in new deep discount bonds amounting to £600,000.

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Details of related parties who subscribed for the deep discount bonds and hold warrants are shown in the tables below:-

Deep Discount Bonds

Name	Subscription Price as at 2 September 2016	Accrued Discount to 31 December 2016	Balance as at 31 December 2016	Accrued Discount to 31 December 2017	Converted into Ordinary shares of 1p each	Balance as at 31 December 2017
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M Paul	10,000	299	10,299	690	(10,989)	-
M Clapp	10,000	299	10,299	690	(10,989)	-
	3,353,034	**100,188**	**3,453,222**	**309,110**	**(1,812,358)**	**1,949,974**

Notes forming part of the company financial statements continued

11 Related party transactions (continued)

Warrants

Name	Held as at 31 December 2016 Number	Held as at 31 December 2017 Number
Lord Ashcroft KCMG PC	1,311,517	1,311,517
A Weeber	300,000	300,000
I Robinson	50,000	50,000
Lord Arbuthnot PC	5,000	5,000
M Paul	5,000	5,000
M Clapp	5,000	5,000
	1,676,517	**1,676,517**

On 25 July 2017 Gusbourne PLC issued 42,000 new Ordinary shares of 1 pence each in the Company to Charlie Holland, Chief Executive Officer and 42,000 new Ordinary shares of 1 pence each to Jon Pollard, Chief Operating Officer. Further details are shown in note 7 to the Group's financial statements.

On 6 June 2017 a short-term loan from Lord Ashcroft KCMG PC of £1,000,000 was received, which was offset against Lord Ashcroft KCMG PC's subscription under the Open Offer which completed on 29 June 2017.

12 Subsequent events

On 31 May 2018, the Company announced that it is intended to arrange a subscription of new Ordinary shares in the Company with Lord Ashcroft KCMG PC and other investors, which is expected to proceed by 31 July 2018 (the Subscription). The proceeds from the Subscription will continue to be applied towards working capital and capital expenditure in line with the Company's long-term strategic plan.

In order to meet immediate working capital requirements, the Company entered into an agreement on 31 May 2018 with Lord Ashcroft KCMG PC to receive an unsecured loan of £1,000,000 (the "Loan Agreement") which is intended to be repaid in full, through conversion into new Ordinary shares as part of the Subscription, when it concludes. The loan carries interest for a period of 3 months following the date of the loan agreement at the rate of 7% per annum above the base rate as varied from time to time by Barclays Bank plc, and thereafter at 10% per annum.

Company information

Country of incorporation of parent company

England and Wales

Legal form

Public limited company

Directors

A C V Weeber (Non-Executive Chairman)
M A K Paul (Non-Executive Deputy Chairman)
C E Holland (Chief Executive Officer)
J D Pollard (Chief Operating Officer)
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
Gusbourne
Kenardington Road
Appledore
Ashford
Kent
TN26 2BE

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

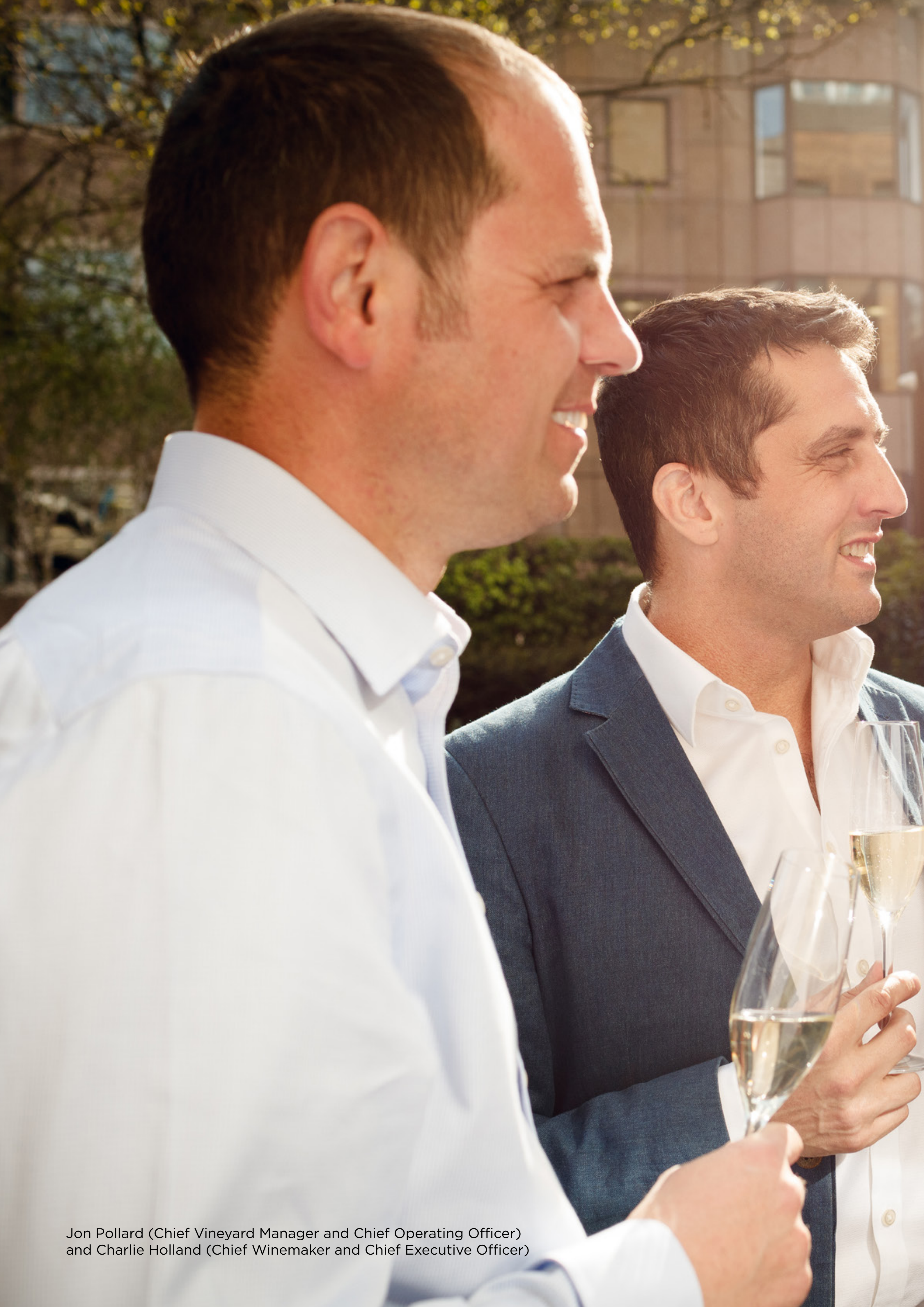
Fieldfisher LLP
Free Trade Exchange Level 5
37 Peter Street
Manchester
M2 5GB

Bankers

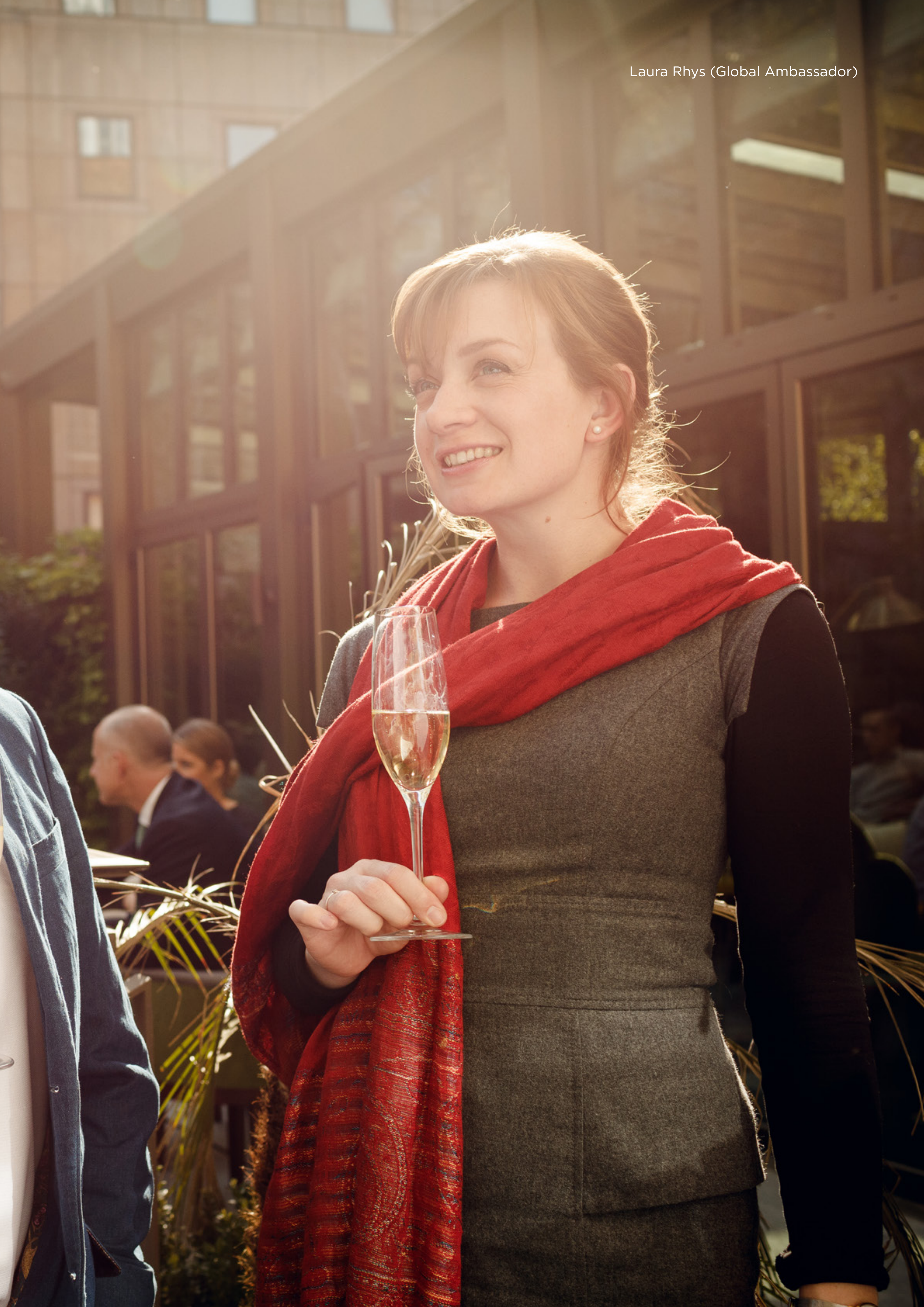
Barclays Bank PLC
30 Tower View
Kings Hill
Kent
ME19 4UY

Registrars

Link Asset Services
34 Beckenham Road
Beckenham
Kent
BR3 4TU



Jon Pollard (Chief Vineyard Manager and Chief Operating Officer)
and Charlie Holland (Chief Winemaker and Chief Executive Officer)


Laura Rhys (Global Ambassador)

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