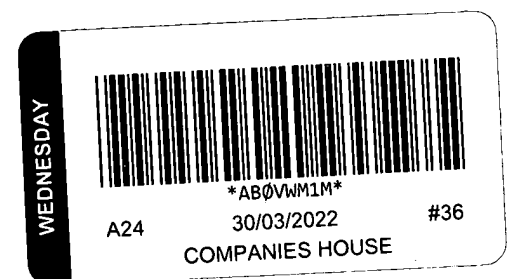


Registration number: 00137407

Accolade Wines Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2021



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Accolade Wines Limited

Strategic Report for the Year Ended 30 June 2021

The Directors present their strategic report for the year ended 30 June 2021.

Business Review

Business review

Accolade Wines Limited (the Company), is one of the leading wine businesses in the UK and has a strong portfolio of brands from the wine, fortified wine and wine-style drinks categories. These include brands such as Hardys, Kumala, Banrock Station, Mud House, Echo Falls, and Stone's Ginger Wine.

Since its acquisition in May 2018 by Amphora Group Limited, the Company has reviewed its operations and has designed new strategies for further growth. The main strategies involve focusing on global brands, protecting and growing the core markets, and improving operations efficiency.

Our skilled global production workforce and award-winning facilities not only enhance the quality of the wines we produce, they ensure we run our business efficiently, while significantly reducing the impact on the environment. When combined, this means we can meet the needs of our customers competitively, safely and sustainably.

The Company is committed to focusing on sustainability and managing the business in an environmentally responsible manner at all levels, from our production facilities to our distribution networks. Our production facility at The Park has been built up firstly to be zero waste to landfill and now to become a carbon neutral site through a series of measures including introduction of light weight bottles, increasing recyclable packaging, and installation of a wind turbine on site for renewable energy.

We have obtained Carbon Neutral certification on our European packaged portfolio, and are the first in the industry to achieve a 100% Carbon Neutral status.

Measurement

The Company's key performance indicators are growth in turnover and EBITDA*. The Company has established a performance measurement system that focuses the business on key levers of sales volume and profit growth, together with cost and cash flow control. This is linked to a detailed annual planning process. This target setting is then directly linked to individual employee's remuneration through a variety of incentive schemes across the business that aligns individual responsibilities with corporate aims and objectives.

*EBITDA - operating profit from underlying operations before finance income, finance costs, tax, depreciation (note 4), amortisation (note 4), impairment (note 4), non-underlying expenses (note 4), pension income/expense (note 11), and share based payment expense (note 12).

Accolade Wines Limited
Strategic Report for the Year Ended 30 June 2021 (continued)

Business Review (continued)

Review of financial performance and position

The Company achieved turnover of £421,538,000 (2020: £448,308,000) and EBITDA £19,991,000 (2020: £25,339,000) for the period. The decrease in turnover is due to the proactive exit by the Company from low margin business and also a lack of on-trade sales in the year due to COVID-19. The decrease in EBITDA is driven by the increase in administration costs in relation to compensation and benefits. The Company's profit before tax decreased from £22,523,000 to a loss before tax of £1,310,000 which is predominantly driven by non-underlying operational costs of £8,498,000 for acquisitions, restructuring and non-recurring projects and in financial year 2020, there was an income of £9,600,000 recognised in the profit and loss in relation to the Pension Increase Exchange Project. The Company anticipates growth in future years in turnover and EBITDA with sales of acquired brands, growth in branded products and contribution from value creation initiatives forecast to offset higher bulk wine costs and raw materials.

Stocks increased from £53,538,000 to £62,762,000 as a result of the Company purposefully building stock in response to expected sales growth and COVID-19.

Trade debtors decreased from £57,314,000 to £25,094,000 mainly as a result of the Trade Debtors Facility entered into in the year. Amounts owed from group undertakings increased from £222,642,000 to £257,567,000 as a result of an increase in recharges due from related parties, predominantly relating to costs associated with financing facilities. Trade and other creditors increased from £179,409,000 to £206,447,000 predominantly due to an increase in loans and advances to related parties.

On 24 June 2021 the Company purchased Lambrini Ltd, the Number One Perry brand in the UK with +27 years of heritage and 64% share of the UK perry market. The acquisition will increase the Company's share of the Perry market and build Accolade's overall scale and presence in Europe.

Legal and regulatory environment

The Company operates in a regulated environment. In the areas of health and safety, quality control, bonded warehouse compliance, environmental obligations and employee welfare, the Company seeks to ensure that it works in an appropriate manner with the relevant regulatory bodies and encourages a proactive approach to changes in the legal environment.

Accolade Wines Limited
Strategic Report for the Year Ended 30 June 2021 (continued)

Principal risks and uncertainties

The Company's activities also expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company adopts a moderate approach to risk, taking appropriate mitigation over legal, regulatory and financial exposure. Its overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk management is carried out by policies approved by the Company, which identify, evaluate and hedge financial risks in close co-operation with the Company's operations. There are written principles for overall risk management, as well as policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risk, use of derivative financial instruments and investing excess liquidity.

The Company does not expect any significant adverse impact on the business going forward due to Brexit. Although there is increase haulage costs for UK to EU transit, Accolade Wines is largely protected as the majority of our European customers collect stock from The Park, meaning the customer incurs the extra haulage cost. The additional costs incurred for customs declaration has been minimal and it only impacts a small number of customers on delivered international commercial terms. In addition to the above, increases in custom tax have been passed on to most customers, with a handful of exceptions which have had a low impact on the business. A less stable labour market and increased customs controls and tariffs could result in higher labour costs and transaction costs for moving goods in and out of the EU.

Our current assessment of the impact of COVID-19 is that there is minimal risk to the business going forward, with the strong off trade performance. Strategies to manage the impact of the pandemic were implemented including changes to work practices as well as plans for cost reduction and cash preservation, if required.

The Company is a substantial exporter and distributor of wines into world markets. The Company has established a risk management policy for the identification, management and reporting of exposure to foreign currency exchange rate transactions. The Company is exposed to foreign exchange risk arising primarily from currency exposures to the US Dollar, Australian Dollar, New Zealand Dollar, South African Rand, Chilean Peso and the Euro. The Company enters into foreign exchange contracts to hedge the exchange rate risk on expected future receivables and payables denominated in foreign currencies. The principal purposes of the foreign currency hedging activities are to minimise the volatility of the profit and cash flows arising from changes in exchange rates, to protect the entity from adverse exchange rate shock, to avoid positions which may threaten market competitiveness and to protect the entity's viability. The policy outlines maximum and minimum proportions of expected future transactions that may be covered in any period and limits the maximum forward cover to 36 months.

The Company's income and operating cash flows are substantially independent of changes in market interest rates, and also interest rates charged on related party loans. The Company's interest rate risk arises from receivables due from related parties and external borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, receivables due from related entities and derivative instruments. The Company has no significant concentrations of credit risk, outside of the Accolade Group. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions and the Company have policies that limit the amount of credit exposure to any one financial institution.

The Company continuously reviews its business, monitors changes, and manages its foreign currency risks through entering into hedging contracts to cover currency risks arising from trading activities.

Accolade Wines Limited
Strategic Report for the Year Ended 30 June 2021 (continued)

S172 statement

Directors' Duties - Companies Act requirements

The Directors consider that they have adhered to the requirements of the Companies Act 2006 (the 'Act'), and have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its stakeholders as a whole, and in doing so have had regard to and recognised the importance of considering all stakeholders and other matters (as set out in s.172(1)(a-f) of the Act) in its decision-making.

General

The Directors fulfil their duties partly through a governance framework that enables the Directors to make strategic decisions with material and long term implications, as well as allowing the Directors to delegate day-to-day decision making to senior management of the Company.

Long term decisions

The Directors design their strategic plans for the Company with the aim of having a long-term beneficial impact on the Company and its stakeholders, and contributing towards its success in growing awareness of our brands and enjoyment of our products.

Regular Directors meetings are held in which material decisions are made by the Directors based on well prepared briefing papers, assessment of impact by all relevant stakeholders, the Company's high standards of business conduct, the environment and the wider community, supported by comprehensive financial information including budgets, forecast, actual results and analyses.

Strategic decisions are delegated to senior management who design action plans to execute the decisions. The Directors recognise that such delegation needs to be part of a robust governance structure. This involves frequent reviews by the Directors of progress of action plans and implementation of Directors' decisions.

Company employees

The Directors ensure that the Company continues to be a responsible employer, communicates and engages with the employees regularly in a variety of ways, and that the voice of the workforce is heard and taken into account when making decisions. The Directors recognise that employees are fundamental to the long-term success of the business. Their health, safety and well-being is one of the Company's primary considerations.

The Directors lead a culture that promotes trust, collaboration and integrity. They build diverse and inclusive teams, develop and empower people to create our leaders for the future.

Accolade Wines Limited
Strategic Report for the Year Ended 30 June 2021 (continued)

S172 Statement (continued)

Business relationships

Under the strategic plans developed by the Directors, the business partners with its customers to ensure an appropriate portfolio of wine products is supplied to the right markets and customers. It also works closely with its suppliers to improve quality of the wine and efficiency of the supply chain. The Company's focus is to become partner of choice for our key business partners with engagement, insight and innovation.

Community and environment

The Company has a long-term obligation to managing our business in an environmentally responsible manner at all levels, from our production facilities through to our distribution networks. The Directors are also highly aware of the environmental risks to our industry generated by climate change, resourcing challenges and security of supply.

The Company is developing a comprehensive long-term Environmental Social Governance (ESG) strategy that will outline key CSR initiatives for the business, taking into consideration the priorities of our people, our partners, the industry and the communities in which we live and work.

The Directors are committed to create positive change to the community and environment around the business. The Company has been pushing for sustainability, reduction of greenhouse gas emissions, and the manufacturing site has implemented measures to use green energy and achieve carbon neutrality.

Business conduct

The Company strives for high standards in all its business conduct. It is committed to encouraging the responsible consumption of alcohol.

We support Drinkaware, as well as the national 'Why Let Good Times Go Bad?' smarter drinking campaign. We also fund the Alcohol In Moderation's (AIM) educational programme.

Response to COVID-19

With COVID-19 impacting the community, the Directors continue to uphold its policy that the Company's number one priority remains the health and safety of its employees, partners, suppliers and customers, and takes into account these stakeholders' interests in making their decisions on relevant measures.

With significant uncertainty created by the COVID-19 pandemic, the Directors oversaw the Company's response with the aim of ensuring we emerged from the crisis well positioned for long-term success, whilst supporting our employees and their safety and continuing to work with our suppliers and deliver for our customers.

Employee health, safety and well-being have been the Company's top priority. Due consideration was given to ensure well thought-out procedures are implemented for employees who are required to be on-site. For those able to work from home, the Directors considered the infrastructure to support this and working efficiency. Regular updates of policy and best practice have been sent, and access to well-being support has also been encouraged and recommended to the workforce to help deal with anxiety in this uncertain situation.

With regard to customers and suppliers, the Directors considered continuity plans and the Company's ability to continue delivering for the customers in the event of a significant proportion of the workforce being unable to work due to sickness. The Directors also considered near-term demand and how customers' priorities might change over a longer period of time.

The Directors have also kept the investors and the lenders up to date with their plans for dealing with COVID-19 disruptions. Scenario analyses have been performed with no concerns around the impact of COVID-19 on the business in an optimistic, conservative and pessimistic scenario.

Accolade Wines Limited

Strategic Report for the Year Ended 30 June 2021 (continued)

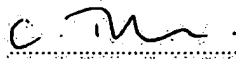
Employment of disabled persons

Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitude and abilities. Every effort is made to continue to employ persons who become disabled while in the Company's employment. Disabled persons share equally in opportunities for training, career development and promotion.

Employee involvement

The Company ensures that all employees are kept up to date with major developments and changes within the organisation via the Company intranet, notice boards and departmental briefings. The employees are also consulted regularly on decisions that are likely to affect their interests.

Approved by the Board on 25th March 2022 and signed on its behalf by:



C Thompson-Hill
Director

Accolade Wines Limited
Directors' Report for the Year Ended 30 June 2021

The Directors present their report and the audited financial statements for the year ended 30 June 2021.

Directors of the company

The Directors, who held office during the year and to the date of approval of these financial statements, were as follows:

AP Smith (resigned 31 August 2020)

T Singh

C Thompson-Hill (appointed 17 July 2020)

A Snook (appointed 31 August 2020 and resigned 30 July 2021)

R Lloyd (appointed 21 October 2020)

The following director was appointed after the year end:

C J Shrimplin (appointed 30 July 2021)

Dividends

There was no dividend declared or paid during the year ended 30 June 2021 (2020: Nil).

Political donations

The Company did not make any political donations or incur any political expenditure during the current or previous year.

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Independent Auditors

The auditors PricewaterhouseCoopers LLP were re-appointed in the year.

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses derivative financial instruments such as foreign exchange to hedge certain risk exposures.

Risk management is carried out by policies approved by the Company, which identifies, evaluates and hedges financial risks in close co-operation with the Company's operations. There are written principles for overall risk management, as well as policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risk, use of derivative financial instruments and investing excess liquidity.

Future developments

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report.

Employee share scheme

The Group operates a Management Equity Plan (MEP) for senior management. Under the MEP, shares of the Group's ultimate parent company, Amphora Group Limited, are issued to senior management on a discretionary basis. Subject to the terms of the plan, the shares are only vested upon an exit event, being an IPO or share sale.

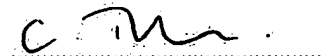
Accolade Wines Limited
Directors' Report for the Year Ended 30 June 2021 (continued)

Indemnities and insurance

The Directors of the Company are included in the insurance cover obtained by the Company for the Directors and Officers of the Company.

Disclosure of the terms and premiums are prohibited by the terms of the policy.

Approved by the Board on 25th March 2022 and signed on its behalf by:



C. Thompson-Hill
Director

Accolade Wines Limited
Thomas Hardy House
2 Heath Road
Weybridge
Surrey
KT13 8TB

Accolade Wines Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Accolade Wines Limited
Independent auditors' report to the members of Accolade Wines Limited

Report on the audit of the financial statements

Opinion

In our opinion, Accolade Wines Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 30 June 2021; the Profit and Loss Account, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not

Accolade Wines Limited
Independent auditors' report to the members of Accolade Wines Limited (continued)

express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 June 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Accolade Wines Limited

Independent auditors' report to the members of Accolade Wines Limited (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to corporation tax, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to overstatement of revenue, profits and EBITDA made in the year to enhance reported company performance. Audit procedures performed by the engagement team included:

- Reading board minutes to identify any breaches or non-compliance with laws and regulations, as well as reviewing any relevant correspondence with the tax authorities in relation to compliance with laws and regulations;
- Performing revenue computer assisted audit techniques (CAATs) to identify any journal entries which credited revenue, with an unusual debit entry which we then investigated;
- Testing for management bias in judgments and estimates, including those related to the valuation of defined benefit pension liabilities and the valuation of accruals for promotional rebates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
29 March 2022

Accolade Wines Limited
Profit and Loss Account for the Year Ended 30 June 2021

	Note	2021 £ 000	2020 £ 000
Turnover	3	421,538	448,308
Cost of sales		<u>(359,584)</u>	<u>(385,347)</u>
Gross profit		61,954	62,961
Distribution costs		(31,888)	(32,495)
Administrative expenses		(17,631)	(4,316)
Non-underlying expenses	4	<u>(8,498)</u>	<u>(1,139)</u>
Operating profit	4	3,937	25,011
Interest receivable and similar income	4	1,933	2,531
Interest payable and similar expenses	4	<u>(7,180)</u>	<u>(5,019)</u>
(Loss)/profit before tax		(1,310)	22,523
Tax on (loss)/profit	7	<u>506</u>	<u>(3,552)</u>
(Loss)/profit for the financial year		<u><u>(804)</u></u>	<u><u>18,971</u></u>

The notes on pages 18 to 53 form an integral part of these financial statements.

Accolade Wines Limited
Statement of Comprehensive Income for the Year Ended 30 June 2021

	Note	2021 £ 000	2020 £ 000
(Loss)/profit for the financial year		(804)	18,971
Items that will not be reclassified subsequently to profit or loss			
Actuarial losses	11	(261)	(8,448)
Deferred tax relation to actuarial losses	23	92	2,956
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of cash flow hedges, gross of tax	25	(4,218)	991
Deferred tax relating to changes in fair value of cash flow hedges	25	805	(251)
Total other comprehensive expense for the year, net of tax		<u>(3,582)</u>	<u>(4,752)</u>
Total comprehensive (expense)/income for the year		<u>(4,386)</u>	<u>14,219</u>

The notes on pages 18 to 53 form an integral part of these financial statements.

Accolade Wines Limited
(Registration number: 00137407)
Balance Sheet as at 30 June 2021

	Note	30 June 2021 £ 000	30 June 2020 £ 000
Non-current assets			
Property, plant and equipment	8	34,658	32,018
Right-of-use assets	8	31,478	34,176
Intangible assets	9	1,546	2,716
Investments in subsidiaries	10	25,602	6,953
Retirement benefit surplus	11	12,788	12,687
Derivative financial assets	13	1,505	3,596
Other debtors	14	2,354	-
Total non-current assets		<u>109,931</u>	<u>92,146</u>
Current assets			
Derivative financial instruments	13	1,942	4,186
Cash and cash equivalents	15	12,985	17,820
Trade and other debtors	16	292,528	286,643
Stocks	17	62,762	53,538
Income tax asset		1,580	2,618
Total current assets		<u>371,797</u>	<u>364,805</u>
Current liabilities			
Trade and other creditors	18	(206,447)	(179,409)
Current portion of long-term lease liabilities	20	(5,642)	(5,792)
Derivative financial liabilities	21	(1,958)	(1,012)
Provisions for liabilities	22	(2,120)	(2,083)
Total current liabilities		<u>(216,167)</u>	<u>(188,296)</u>
Net current assets		<u>155,630</u>	<u>176,509</u>
Total assets less current liabilities		<u>265,561</u>	<u>268,655</u>
Non-current liabilities			
Non-current lease liabilities	20	(39,599)	(42,379)
Derivative financial instruments	21	(1,405)	(958)
Provisions for liabilities	22	(5,312)	(408)
Deferred tax liabilities	23	(5,819)	(7,305)
Total non-current liabilities		<u>(52,135)</u>	<u>(51,050)</u>
Net assets		<u>213,426</u>	<u>217,605</u>
Equity			
Called up share capital	24	2,872	2,872
Share premium account	24	119,288	119,288
Profit and loss account	25	91,107	92,080
Cash flow hedge reserve	25	159	3,365
Total equity		<u>213,426</u>	<u>217,605</u>

Accolade Wines Limited
(Registration number: 00137407)
Balance Sheet as at 30 June 2021 (continued)

These financial statements were approved by the Board on 25th March 2022, and signed on its behalf by:



.....
C Thompson-Hill
Director

The notes on pages 18 to 53 form an integral part of these financial statements.

Accolade Wines Limited
Statement of Changes in Equity for the Year Ended 30 June 2021

	Share capital £ 000	Share premium £ 000	Cash flow hedging reserve £ 000	Profit and loss account £ 000	Total £ 000
Balances as at 1 July 2019	2,872	119,288	2,625	78,381	203,166
Profit for the year	-	-	-	18,971	18,971
Changes in the fair value of cash flow hedges, net of tax	-	-	740	-	740
Actuarial losses	-	-	-	(8,448)	(8,448)
Deferred tax relating to actuarial losses	-	-	-	2,956	2,956
Total comprehensive income for the year	-	-	740	13,479	14,219
IFRS 16 adjustments	-	-	-	220	220
Balances as at 30 June 2020	2,872	119,288	3,365	92,080	217,605

	Share capital £ 000	Share premium £ 000	Cash flow hedging reserve £ 000	Profit and loss account £ 000	Total Equity £ 000
Balances as at 1 July 2020	2,872	119,288	3,365	92,080	217,605
Loss for the year	-	-	-	(804)	(804)
Changes in the fair value of cash flow hedges, net of tax	-	-	(3,413)	-	(3,413)
Actuarial losses	-	-	-	(261)	(261)
Deferred tax relating to actuarial losses	-	-	-	92	92
Total comprehensive expense for the year	-	-	(3,413)	(973)	(4,386)
Employee share scheme	-	-	207	-	207
Balances as at 30 June 2021	2,872	119,288	159	91,107	213,426

The notes on pages 18 to 53 form an integral part of these financial statements.

Accolade Wines Limited
Notes to the Financial Statements for the Year Ended 30 June 2021

1 Accounting policies

The financial statements are for the year ended 30 June 2021 and the comparative year for the year ended 30 June 2020.

Accolade Wines Limited (the Company) is a private company, limited by share capital, incorporated, domiciled and registered in England in the UK. The registered number is 00137407 and the registered address is Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 (as applicable to companies using FRS 101) and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Summary of disclosure exemptions

The Company's parent undertaking, Amphora Group Limited (AGL) includes the Company in its consolidated financial statements. The consolidated financial statements of AGL are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Accolade Wines, Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, KT13 8TB.

In the financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

1 Accounting policies (continued)

Summary of disclosure exemptions (continued)

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Historical cost convention

These financial statements have been prepared under the historical cost convention, with the exception of derivative financial instruments which are measured at fair value.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going concern

The Company has considerable financial resources together with agreements with a number of customers and suppliers, across different geographic areas and markets.

The Directors believe the Company is a going concern, on the basis of future cashflow forecasts, which shows the Company is forecast to make profits and generate positive operating cash flows for the foreseeable future.

The Company is in a positive net current asset and net asset position and has adequate resources to allow it to continue in operational existence for the foreseeable future, and meet their liabilities as they fall due. The Directors have considered likely downside scenarios in forming this opinion. It is on this basis the financial statements have been prepared on a going concern basis.

Exemption from preparing group accounts

The financial statements contain information about Accolade Wines Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Amphora Group Limited, a company incorporated in the United Kingdom.

New but not effective standards, interpretations and amendments

There are no standards, interpretations and amendments which are new but not effective for periods beginning after 1 July 2020 and which have not been adopted early, that are expected to have a material effect on the financial statements.

New standards, interpretations and amendments effective

None of the other standards, interpretations and amendments which are effective for periods beginning after 1 July 2020 and which have not been adopted early, are expected to have a material effect on the financial statements.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

1 Accounting policies (continued)

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs.

Turnover recognition

Revenue is recognised as the performance obligation to deliver goods to customers is satisfied and is recorded based on the amount of consideration expected to be received in exchange for satisfying the performance obligation. Revenue on the sale of goods is recognised at a point in time when the control of goods has passed to the buyer and represents the value of sales to customers net of trade allowances, discounts, returns, certain rebates and amounts collected on behalf of third parties. Revenue for services is recognised at points in time when the services are delivered to the customer.

Sales related discounts and similar allowances comprise volume rebates (sales incentives related to volumes purchased and sales growth) and promotional contributions which are directly related to promotions run by customers. Management makes estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement, to determine total amounts earned and to be recorded as deductions from revenue.

Revenue from sale of goods includes excise and import duties which the Company pays as principal but excludes amounts collected on behalf of third parties such as value-added tax. Excise tax becomes payable when wine and other alcoholic products are moved from a bonded premise and is not linked to the sale event. Excise tax is included in the sales price to the customer and increases in duty are not always passed onto the customer if they occur. If a customer debt becomes uncollectable the Company cannot reclaim the excise duty. Excise duty paid is therefore recognised as a cost of goods sold.

Other income

Other income is recognised as follows:

(i) Interest receivable and other income

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

(ii) Dividends and distributions from investments

Dividend income and distributions from investments are recognised net of any franking credits. Income from distributions from controlled entities is recognised when they are declared by the controlled entities.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

1 Accounting policies (continued)

Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

1 Accounting policies (continued)

Leases

The Company leases various premises, forklift & motor vehicles and equipment. Rental contracts are typically made for fixed periods of 12 months to 15 years.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising of the amount of the initial measurement of lease liability any lease payments made at or before the commencement date less any lease incentives received any initial direct costs, and restoration costs.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

1 Accounting policies (continued)

Leases (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Company does not revalue its land and buildings presented within property, plant and equipment and has chosen to adopt the same policy for the right-of-use buildings held by the Company.

Extension and termination options are included in a number of property and equipment leases across the Company. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

Payments associated with short-term leases of premises, equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets primarily comprises of IT and office equipment.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and call deposits. Bank overdrafts are shown within borrowings as current liabilities in the balance sheet.

Stocks

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision for inventory is calculated based on product, sub-brand or category level, as appropriate.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

1 Accounting policies (continued)

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise cash and cash equivalents, trade and other receivables and payables (excluding prepayments and deferred income), derivative financial assets and liabilities, and loans and borrowings.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument. Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

1 Accounting policies (continued)

Financial instruments (continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Derecognition

Financial assets

The company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

1 Accounting policies (continued)

Impairment of financial assets

Measurement of expected credit losses

The company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVPTL, namely:

- Financial assets that are debt instruments
- Trade and other debtors
- Balances with related parties

The Company may consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade debtors, the company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade debtors have been grouped based on shared credit risk characteristics. The expected loss rates are based on payment profiles of historical sales and the associated credit losses experienced, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derivative financial instruments

Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices, and include futures, forwards, swaps and options in the interest rate, foreign exchange, equity and credit markets.

Derivative financial instruments are recognised in the balance sheet at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Fair values are derived from prevailing market prices, discounted cash flow models or option pricing models as appropriate.

In the balance sheet, derivative financial instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of the hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 13 and note 21. Movements in the hedging reserve in shareholders' equity are shown in note 25. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

1 Accounting policies (continued)

Hedge accounting

Cash flow hedges

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability. The deferred amounts ultimately recognised in profit or loss as sales in the case of receivables, cost of goods sold in the case of inventory, or as depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting is recognised immediately in the income statement and are included in finance income or finance expenses.

Tangible assets

All property, plant and equipment is stated at historical or deemed cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, for the current and comparative period as follows:

Buildings - over 33 years

Plant, machinery and other equipment - over 3 to 40 years

Computer equipment - over 3 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the shorter of the lease terms or the asset's useful life.

Assets under construction are held at cost and are not depreciated until brought in to use.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

1 Accounting policies (continued)

Tangible assets (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Intangible fixed assets

Where software is not an integral part of the related hardware, computer software is treated as an intangible asset. Computer software has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of software over its estimated useful life, which, for the current and comparative period, varies from 3 to 9 years.

Trade and other creditors

Trade and other creditors represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. They are recognised initially at fair value. Subsequent to initial recognition they are measured at cost using the effective interest rate.

Borrowings

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs (other than costs incurred for a significant change in borrowings) are recognised immediately as an expense when incurred.

Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

1 Accounting policies (continued)

Employee benefits

(i) Wages and salaries, and sick leave

Liabilities for wages and salaries, including non-monetary benefits, expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Holiday leave

The liability for holiday leave is calculated based on estimated employment costs relating to holidays not taken at the end of the year. It is recognised in the provision for employee benefits and is always disclosed as a current liability.

(iii) Retirement benefit obligations - Defined contribution plans

All salaried employees of the Company are entitled to benefits on retirement, disability or death from the Company's superannuation plan. Contributions to the defined contribution plan are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Retirement benefit obligations - Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Future taxes that are funded by the entity and are part of the provision of the existing benefit obligation (e.g. taxes on investment income and employer contributions) are taken into account in measuring the net liability or asset.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

1 Accounting policies (continued)

Employee benefits (continued)

(v) Profit-sharing and bonus plans

The Company recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Share-based payments

The fair value of shares issued under the Group Management Equity Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the shares issued:

- Including any market performance conditions (e.g. the entity's share price)
- Excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, return of capital, sales growth targets and remaining an employee of the entity over a specified time period), and
- Including the impact of any non-vesting conditions (e.g. the requirement for employees to hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Dividends

Provision is made for the amount of any approved and irrevocable dividend declared on or before the end of the financial year.

Alternative Performance Measures

In the analysis of the Company's financial performance, Alternative Performance Measures (APMs) are discussed to give additional information. The principal APMs used are underlying measures of earnings. These non-FRS 101 measures are consistent with information regularly reviewed by management to run the business, including planning, budgeting and reporting purposes and for its internal assessment of the operational performance of individual businesses. The directors believe that the use of these APMs assist in providing additional information on the underlying trends and performance of the Company. APMs are used to improve the comparability of information between reporting periods by adjusting for items that are non-recurring or otherwise non-underlying. Management consider non-underlying items to be restructuring costs and non-recurring project costs.

Value-added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Rounding of amounts

Amounts in the financial statements have been rounded to the nearest round thousands and the functional and presentational currency is GBP.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

2 Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2(a) Valuation of retirement benefit liability

The Company's defined benefit pension scheme is assessed annually in accordance with IAS 19. The accounting valuation, which is based on assumptions determined with independent actuarial advice, resulted in a net surplus of £12,788,000 before deferred taxation being recognised on the balance sheet at 30 June 2021 (30 June 2020: net surplus £12,687,000). The Company considers that in accordance with IFRIC 14, it has an unconditional right to a refund of surplus on the gradual settlement of the plan's liabilities as it has an unqualified unilateral power to wind-up the plan at any time. The size of the net surplus / deficit is sensitive to the fair value of the assets held by the scheme, which include assets that are not valued based on an observable market but are instead measured using discounted future cashflows or property valuation and actuarial assumptions. The pension liabilities are based on valuation assumptions including price inflation, pension and salary increases, the discount rate used in assessing actuarial liabilities, mortality and other demographic assumptions and the level of contributions. Further details are included in note 11.

2(b) Valuation of promotional rebates

The Company estimates the amount of promotional rebates to be accrued or released based on assumptions of the level of take-up by the customers, timing of the promotional events and historical levels of customer claims. If the level of take-up by customers fell by 5% and the accrual subsequently released for the same amount there would be a £670,000 (2020: £764,000) favourable impact on the Statement of Comprehensive Income. If the level of take-up by customers increased by 5%, then the accrual would be increased by £670,000 (2020: £764,000) and there would be an adverse impact on the Statement of Comprehensive Income. There is also uncertainty relating to promotional activities whereby the ultimate payment is based on third party sales. Due to the overall proportion of these sales in respect of the overall accrual balance, a shift in the assumptions around third party sales by 5% either way, would not lead to a material change in the accrual.

2(c) Share-based payment expense

The group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is then spread over the vesting period to arrive at the annual share-based payment expense. The vesting period applied is estimated by management taking into account all vesting conditions. A change in the vesting period could result in an increase or decrease of share-based payment expense charged to the income statement. The current estimated vesting period is 5 years to 2025.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

3 Turnover

	2021 £ 000	2020 £ 000
Sale of goods	415,408	447,332
Rendering of services	6,130	976
Total turnover from continuing operations	<u>421,538</u>	<u>448,308</u>

The analysis of the company's turnover for the year (all recognised at a point in time) from continuing operations is as follows:

	2021 £ 000	2020 £ 000
Revenue - UK	372,455	399,844
Revenue - Rest of World	49,083	48,464
	<u>421,538</u>	<u>448,308</u>

4 Operating profit

	2021 £ 000	2020 £ 000
<i>Interest payable and similar expenses</i>		
Other finance costs	263	176
Net foreign exchange loss	2,389	133
Interest expense - related parties	2,073	2,315
Interest on leases	2,455	2,395
	<u>7,180</u>	<u>5,019</u>
<i>Interest receivable and similar income</i>		
Interest income - related parties	(1,802)	(2,238)
Other interest income	(3)	(40)
Pension scheme finance income	(128)	(253)
	<u>(1,933)</u>	<u>(2,531)</u>
Net finance expense	<u>5,247</u>	<u>2,488</u>

	2021 £ 000	2020 £ 000
Total rental expense relating to operating leases	<u>62</u>	<u>240</u>

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

4 Operating profit (continued)

	2021 £ 000	2020 £ 000
Stock write down		
Dry and bulk goods	124	415
Finished goods	28	1,634
Total stock write down	<u>152</u>	<u>2,049</u>
Other expenses	2021 £ 000	2020 £ 000
Impairment of intangibles	154	-
Non-underlying expenses	8,498	1,139
Impairment of investments	-	2,926
	<u>8,652</u>	<u>4,065</u>
Audit services	2021 £ 000	2020 £ 000
Auditor's remuneration - The audit of the company's financial statements	176	141
Other services		
Other tax and advisory services	9	24
Total remuneration	<u>185</u>	<u>165</u>

Non-underlying income/expenses are those that in management's judgement need to be disclosed separately and are separately disclosed on the face of the Income Statement. These items are considered to be non-recurring in nature, therefore disclosed separately to help users to understand the financial performance of the Company. Changes in estimates and reversals in relation to items previously recognised as non-underlying are presented as non-underlying in the current year.

Non-underlying income/expenses are those which are not in relation to the production, sale and marketing of wine and wine products and relate to one off and non-recurring items such as costs associated with acquisition and divestment of assets, costs associated with restructuring activities of the Company, impairment of both tangible and intangible assets and non-recurring costs associated with transformation and integration projects.

Included within non-underlying expenses is a £6,324,000 (2020: £Nil) provision in relation to an onerous contract taken on by the company as part of the Lambrini acquisition. Other non-underlying expenses categories include restructuring costs and non-recurring project costs.

The separation of non-underlying expenses from the underlying operations costs is consistent with the approach adopted by management when reviewing financial results to run the business, including for planning, budgeting and reporting purposes and for its internal assessment of the operational performance of individual businesses.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

4 Operating profit (continued)

	2021 £ 000	2020 £ 000
Profit before taxation		
<i>Amortisation</i>		
Software	1,016	551
<i>Impairment</i>		
Software	154	-
<i>Depreciation</i>		
Plant and equipment	2,527	2,341
Right of use assets	3,091	2,902
Leasehold improvements	227	69
Total impairment, depreciation and amortisation	<u>7,015</u>	<u>5,863</u>

Within the Profit and Loss Account, depreciation for plant and equipment is included within cost of sales, the remaining depreciation and amortisation is included within administrative expenses.

5 Staff numbers and costs

The aggregate payroll costs were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	26,866	24,345
Social security costs	2,901	2,583
Staff pensions	1,514	(8,463)
	<u>31,281</u>	<u>18,465</u>

The prior year staff pension credit includes a credit of £9,600,000 mainly from the bulk Pension Increase Exchange project undertaken during the prior year. See Note 11.

The average number of persons employed by the company (including Directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Production	155	173
Administration and support	84	99
Sales, marketing and distribution	251	223
	<u>490</u>	<u>495</u>

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

6 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2021 £ 000	2020 £ 000
Remuneration	898	864
Pension scheme finance expense	54	30
Share-based payments	153	-
	<u>1,105</u>	<u>894</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid Director was £334,000 (2020: £475,000), share-based payments of £96,000 (2020: £Nil), and company pension contributions of £20,000 (2020: £6,000) were made to a money purchase scheme on their behalf.

During the year the number of Directors who were receiving benefits and share incentives was as follows:

	2021 No.	2020 No.
Accruing benefits under money purchase pension scheme	4	3
Receiving share incentives under Management Equity Plan	<u>2</u>	<u>-</u>

At 30 June 2021, loans provided to directors under the management equity plan was £514,000 (2020: £Nil).

7 Tax on profit

Tax charged in the profit and loss account

	2021 £ 000	2020 £ 000
Current taxation		
Income tax	213	433
Adjustments for current tax of prior periods	<u>(130)</u>	<u>(1,450)</u>
Total current income tax	<u>83</u>	<u>(1,017)</u>
Deferred taxation		
Capital allowances in excess of depreciation	100	400
Origination and reversal of timing differences	(1,012)	282
Deferred tax adjustments relating to prior years	(162)	96
Deferred tax on defined pension assets	127	3,645
Effect of changes in tax rates	<u>358</u>	<u>146</u>
Total deferred taxation	<u>(589)</u>	<u>4,569</u>
Tax (receipt)/expense in the profit and loss account	<u>(506)</u>	<u>3,552</u>

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

7 Tax on profit (continued)

The tax receipt on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2020: tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK) of 19% (2020: 19%).

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge and deferred tax assets accordingly. The deferred tax asset as at 30 June 2021 has been calculated based on the rate of 19% and 25% as appropriate (2020: 19%).

Reconciliation of standard tax rate of corporation tax in the UK:

	2021 £ 000	2020 £ 000
(Loss)/profit before taxation	(1,310)	22,523
Corporation tax at standard rate 19% (2020: 19%)	(249)	4,279
Adjustments for current tax/ deferred tax of prior periods	(293)	(1,357)
Expenses not deductible for tax purposes	307	662
Group relief not paid for	(687)	(1,844)
Deferred tax on pensions assets	58	1,666
Effect of changes in tax rates	358	146
Total tax expense	(506)	3,552

Accolade Wines Limited
Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

8 Property, plant and equipment

	Plant and equipment £ 000	Leasehold improvements £ 000	Assets in course of construction £ 000	Right of use assets £ 000	Total £ 000
Cost					
At 1 July 2020	76,291	2,259	1,659	37,078	117,287
Additions	-	-	5,396	393	5,789
Transfers	459	82	(541)	-	-
Disposals	(1)	-	-	-	(1)
At 30 June 2021	76,749	2,341	6,514	37,471	123,075
Accumulated depreciation					
At 1 July 2020	47,600	591	-	2,902	51,093
Depreciation charge	2,527	227	-	3,091	5,845
Disposals	-	-	-	-	1
At 30 June 2021	50,128	818	-	5,993	56,939
Net book value					
At 30 June 2020	28,691	1,668	1,659	34,176	66,194
At 30 June 2021	26,621	1,523	6,514	31,478	66,136

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

9 Intangible assets

	Software £ 000	Total £ 000
Cost		
At 1 July 2020	9,197	9,197
At 30 June 2021	9,197	9,197
Accumulated amortisation and impairment		
At 1 July 2020	6,481	6,481
Amortisation charge	1,016	1,016
Impairment charge	154	154
At 30 June 2021	7,651	7,651
Net book value		
At 30 June 2020	2,716	2,716
At 30 June 2021	1,546	1,546

10 Investments in subsidiaries

(a) Fixed asset investments

	£ 000
Cost	
At 1 July 2019	15,278
At 30 June 2020	15,278
Provision for impairment	
At 1 July 2019	(5,399)
Impairment charge	(2,926)
At 30 June 2020	(8,325)
Cost	
At 1 July 2020	15,278
Additions	18,649
At 30 June 2021	33,927
Provision for impairment	
At 1 July 2020	(8,325)
At 30 June 2021	(8,325)
Net book value	
At 30 June 2021	25,602
At 30 June 2020	6,953

Accolade Wines Limited
Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

10 Investments in subsidiaries (continued)

An impairment charge of £Nil was recognised in the year to 30 June 2021 (2020 - £2,926,000) relating to the Company's investment in Accolade Wines Chile SpA.

(b) Cost of investments

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights	
				2021	2020
Accolade Wines South Africa (Pty) Limited	Sale and export of wine	Doombosch Centre, Strand Road, Stellenbosch, 7600, South Africa	Ordinary	100%	100%
Accolade Wines Chile SpA	Sale and export of wine	Avenida Alonso de Cordova No 5151, Oficina 1103 commune of Las Condes, Metropolitan Region, Chile	Ordinary	100%	100%
Accolade Wines Weybridge Limited (previously Babycham Limited)	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB	Ordinary	100%	100%
Hudson & Hill Limited	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB	Ordinary	100%	100%
Accolade Wines Europe Trading Limited	Distributor of wine	1st-2nd Floors, 1-2 Victoria Buildings, Haddington Road, Dublin 4, D04XN32	Ordinary	100%	100%
Lambrini Ltd	Manufacture and distributor of wine	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB	Ordinary	100%	0%

On 24 June 2021, the Company acquired all of the ordinary shares in Lambrini Ltd for £18,649,000, included in investments, satisfied in cash. Lambrini Ltd is engaged in production, marketing and sale of wine and wine products. The acquisition included the following registered trademarks: Lambrini. The acquisition is in line with the Group's vision to accelerate its expansion of its portfolio.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

11 Retirement benefit surplus

Defined contribution pension scheme

The Company operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company, being invested with insurance companies. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1,178,000 (2020: £1,133,000). Contributions payable at the end of the year is £Nil (2020: £Nil).

Defined benefit pension schemes

Accolade Wines Group Pension Plan

The Company also participates in the Accolade Wines Group Pension Plan (the plan), which is a funded defined benefit pension scheme for the benefit of employees of Accolade Wines Holdings Europe Limited group companies.

The plan's assets are held in two funds, the Investment Fund and the Matching Fund. The Investment Fund aims to generate returns in order to improve the financial status of the plan and the Matching Fund aims to mitigate the fund's interest rate and inflation risk.

Contributions to the plan are assessed in accordance with the advice of XPS Pension Group, consulting actuaries. The plan was closed to future benefit accrual at 31 March 2003. Although salary linkage will remain on accrued benefits, there is no current service cost. A defined contribution arrangement was opened to all active members of the plan and for new employees from 1 April 2003.

A full actuarial valuation was carried out as at 31 December 2019 by a qualified independent actuary.

Contributions payable to the pension scheme for the year were £570,000 (2020: £560,000).

The total contributions in the next financial year are expected to be £587,000.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	30 June 2021 £ 000	30 June 2020 £ 000
Fair value of scheme assets	323,880	331,252
Present value of scheme liabilities	(311,092)	(318,565)
Defined benefit pension scheme surplus	<u>12,788</u>	<u>12,687</u>

Scheme assets

Changes in the fair value of scheme assets are as follows:

Accolade Wines Limited
Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

11 Retirement benefit surplus (continued)

	30 June 2021 £ 000	30 June 2020 £ 000
Fair value at start of year	331,252	313,830
Interest income	5,059	7,087
Return on plan assets greater than discount rate	(630)	21,793
Employer contributions	570	560
Benefits paid	(12,371)	(12,018)
Fair value at end of year	<u>323,880</u>	<u>331,252</u>

Analysis of assets

The major categories of scheme assets are as follows:

		30 June 2021 £ 000	30 June 2020 £ 000
Equity Securities	Quoted/Unquoted		
	Quoted	61,730	71,938
Bonds	Quoted	222,303	176,184
Bonds	Unquoted	3,592	30,825
Alternatives	Quoted	14,730	-
Alternatives	Unquoted	11,295	28,723
Liability Hedge	Unquoted	-	3,885
Cash and cash equivalents	Quoted	1,864	1,513
Cash and cash equivalents	Unquoted	1,574	7,794
Property	Unquoted	6,792	10,349
Other	Unquoted	-	41
		<u>323,880</u>	<u>331,252</u>

Other assets include structured products, liability hedges and commodities.

The fair value of plan assets includes no amounts relating to any of the Company's own financial instruments or any property occupied by, or other assets used by, the Company.

To determine the overall expected long-term rate of return on assets, the current and expected asset allocations, as well as historical and expected returns on various categories have been considered. The expected long-term return assumption for the plan is a return of 2.1% per annum in excess of the return on UK government gilts.

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

11 Retirement benefit surplus (continued)

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	30 June 2021 £ 000	30 June 2020 £ 000
Present value at start of year	318,565	303,108
Past service cost	336	(9,600)
Actuarial (gains)/losses arising from changes in demographic assumptions	2,595	1,476
Actuarial (gains)/losses arising from changes in financial assumptions	(729)	30,076
Actuarial (gains)/losses arising from experience adjustments	(2,235)	(1,311)
Interest cost	4,931	6,834
Benefits paid	(12,371)	(12,018)
Present value at end of year	<u>311,092</u>	<u>318,565</u>

The scheme surplus has increased by £101,000 mainly due to gains from liability experience of £2,235,000 and financial assumptions of £729,000, offset by loss from changes in demographic assumptions of £2,595,000, and lower than expected return on assets.

During the year, a special event occurred. On 20 November 2020, the High Court ruled that individual transfer payments made since 17 May 1990 would need to be equalised for the effects of GMP. The estimated cost to the Plan for potential GMP equalisation for past transfers is £336,000.

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	30 June 2021 %	30 June 2020 %
Discount rate	1.90	1.60
RPI Inflation	3.20	2.80
Future salary increases	<u>2.60</u>	<u>2.00</u>

Accolade Wines Limited
Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

11 Retirement benefit surplus (continued)

Post retirement mortality assumptions

	2021 Years	2020 Years
Current UK pensioners at retirement age - male	22.00	21.00
Current UK pensioners at retirement age - female	24.00	24.00
Future UK pensioners at retirement age - male	23.00	22.00
Future UK pensioners at retirement age - female	<u>25.00</u>	<u>25.00</u>

Amounts recognised in the income statement

	30 June 2021 £ 000	30 June 2020 £ 000
Amounts recognised in operating profit		
Past service cost	<u>336</u>	<u>(9,600)</u>
Amounts recognised in finance income or costs		
Net interest	<u>(128)</u>	<u>(253)</u>
Total recognised in the income statement	<u><u>208</u></u>	<u><u>(9,853)</u></u>

Amounts taken to the Statement of Comprehensive Income

	30 June 2021 £ 000	30 June 2020 £ 000
Actuarial gains/(losses) arising from changes in demographic assumptions	(2,595)	(1,476)
Actuarial gains/(losses) arising from changes in financial assumptions	729	(30,076)
Actuarial gains/(losses) arising from experience adjustments	2,235	1,311
Return on plan assets, excluding amounts included in interest income/(expense)	<u>(630)</u>	<u>21,793</u>
Amounts recognised in the Statement of Comprehensive Income	<u><u>(261)</u></u>	<u><u>(8,448)</u></u>

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

11 Retirement benefit surplus (continued)

Sensitivity Analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	Impact on defined benefit obligation			Value £ 000
	Change in assumption	Increase in deficit	Decrease in deficit	
Discount rate	0.25% movement	4%	4%	512
RPI inflation	0.25% movement	2%	2%	256
Mortality rate	0.25% movement	5%	5%	639

Methods and assumptions used in sensitivity analysis

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation as at 31 December 2019 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Although a full liability calculation has not been performed, the analysis does provide a reasonably good approximate indication of how the liabilities may change in the scenarios listed.

Each assumption is taken in isolation with no other assumptions altered, except under the inflation sensitivities where inflation linked assumptions have also been allowed to vary to approximately reflect the changes in CPI and RPI inflation; e.g. associated pension increases, deferred revaluation and the salary increase assumption.

Maturity analysis of benefit payments

The weighted average duration of the defined benefit obligation is 15 years (2020: 17 years). The expected maturity analysis of undiscounted pension is as follows:

	30 June 2021 £ 000	30 June 2020 £ 000
Less than 1 year	12,371	12,018
Between 1 and 2 years	12,519	12,573
Between 2 and 5 years	39,240	39,620
Over 5 years	69,350	72,378
	<u>133,480</u>	<u>136,589</u>

12 Share-based payments

The Group operates a Management Equity Plan (MEP) for senior management. Under the MEP, shares of the group's ultimate parent company, Amphora Group Limited, are issued to senior management on a discretionary basis. Subject to the terms of the plan, the shares are only vested upon an exit event, being an IPO or share sale.

Charge arising from share-based payments

The shares issued are classified as equity-settled share-based payments. The total charge for the year for share-based payments was £205,484 (2020 - £Nil). The charge is included in Wages and Salaries (Note 5).

Accolade Wines Limited
Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

13 Derivative financial assets

Financial assets

	30 June 2021 £ 000	30 June 2020 £ 000
Non-current financial assets		
Forward foreign exchange contracts - cash flow hedges	<u>1,505</u>	<u>3,596</u>

	30 June 2021 £ 000	30 June 2020 £ 000
Current financial assets		
Forward foreign exchange contracts - cash flow hedges	<u>1,942</u>	<u>4,186</u>

Forward exchange contracts - cash flow hedges

The Company is a significant distributor of wines into world markets. In order to protect against exchange rate movements, the Company has entered into forward exchange contracts to buy AU Dollars, NZ Dollars, US Dollars and South African Rand. The Company adopts hedge accounting for the forward exchange contracts on the basis that hedge accounting conditions are met. Leveraged options are not hedge accounted.

These contracts are hedging highly probable forecasted sales of the ensuing 36 months and hedging purchases where there is a firm commitment. The contracts are timed to mature in the month prior to these forecasted transactions occurring. When the underlying forecast transaction occurs, the Company enters into a short term foreign exchange contract to offset the fair value of the underlying foreign currency debtor or creditor.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Company adjusts the initial measurement of the component recognised in the income statement by the related amount deferred in equity. Fair value movements on short term forward exchange contracts entered into to offset the fair value movement of foreign currency debtors or creditors are recognised directly in the income statement.

The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

14 Other debtors - non-current

	30 June 2021 £ 000	30 June 2020 £ 000
Amounts owed from group undertakings	<u>2,354</u>	<u>-</u>

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

15 Cash and cash equivalents

	30 June 2021 £ 000	30 June 2020 £ 000
Cash at bank and in hand	<u>12,985</u>	<u>17,820</u>

16 Trade and other debtors

	30 June 2021 £ 000	30 June 2020 £ 000
Trade debtors	3,944	57,314
Trade debtors under trade debtors facility	21,150	-
Amounts owed by group undertakings	257,567	222,642
Other debtors	3,428	2,771
Prepayments	<u>6,439</u>	<u>3,916</u>
Total current trade and other debtors	<u>292,528</u>	<u>286,643</u>

Loans to related parties of £68,513,000 (2020: £55,517,000) within amounts owed from group undertakings are payable within 30 days on demand by the lender with interest charged at 3.86% (2020: 3.96%).

Amounts owed by group undertakings are repayable on demand.

On 3 March 2021 the Group entered a Trade Debtors Facility with Rabobank under which Rabobank may purchase receivables from the Group at a discount. The first commercial transaction under the facility took place in March 2021, the key details of the facility are as follows:

- the facility is used as a primary source of working capital for the Group during financial year 2021
- the facility has a committed limit of GBP 25million and an uncommitted limit of GBP 10million
- the facility is able to be drawn in multiple currencies, AUD, GBP, USD, CAD, NZD, EURO depending upon the availability of receivables
- the committed facility expires in May 2025 in line with the Term Loan B
- the uncommitted portion of the facility is provided on an uncommitted basis and will be funded at the discretion of Rabobank upon request from the Group

Once the debtors are sold by the Group, they are derecognised at a rate of approximately 90%, with the remainder reflected in the Group balance sheet. The cash received from the sale of the debtors was used to repay to revolving credit facility which reduced interest expense.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

17 Stocks

	30 June 2021 £ 000	30 June 2020 £ 000
Raw materials and consumables	3,234	2,507
Work in progress	21,335	15,196
Finished goods	38,193	35,835
	<u>62,762</u>	<u>53,538</u>

The cost of stocks recognised as an expense in the year amounted to £169,850,000 (2020: £175,924,000). This is included within cost of sales.

18 Trade and other creditors

	30 June 2021 £ 000	30 June 2020 £ 000
Trade creditors	28,610	22,301
Amounts owed to group undertakings	136,789	125,195
Accruals	29,735	24,372
Social security and other taxes	11,313	7,541
	<u>206,447</u>	<u>179,409</u>

Included within amounts owed to group undertakings are loans from related parties of £54,855,000 (2020: £47,969,000) payable on demand to Amphora Finance Limited and are accruing interest at 5.50% + LIBOR (2020: 4.88% + LIBOR). Other amounts owed to group undertakings predominantly relate to costs associated with financing facilities.

19 Loans and borrowings

Bank loans

The Company accesses funding through intercompany borrowings from related parties, Amphora Finance Limited and Amphora Australia Holdings Pty Ltd, who have access to funding to draw down on a revolving credit facility of SAUD 113,429,000. The Group also has a term loan of £301,000,000 which is fully drawn down at 30 June 2021. The interest rates on these facilities are variable (LIBOR +4% and LIBOR +4.75%) with terms expiring on 31 May 2024 and 31 May 2025.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

20 Leases

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	30 June 2021 £ 000	30 June 2020 £ 000
Right-of-use assets		
Premises	30,056	32,694
Forklifts & Motor Vehicles	1,380	1,420
Other Equipment	42	62
	<u>31,478</u>	<u>34,176</u>

	30 June 2021 £ 000	30 June 2020 £ 000
Lease liabilities		
Current	(5,642)	(5,792)
Non-current	<u>(39,599)</u>	<u>(42,379)</u>
	<u>(45,241)</u>	<u>(48,171)</u>

	30 June 2021 £ 000	30 June 2020 £ 000
Future lease payments in relation to lease liabilities as at year end are as follows:		
Within one year	5,503	5,697
Later than one year but not later than five years	20,632	21,246
Later than five years	<u>35,299</u>	<u>39,746</u>
	<u>61,434</u>	<u>66,689</u>

Accolade Wines Limited
Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

20 Leases (continued)

Depreciation of right-of-use assets

The depreciation and amortisation disclosed in the statement of profit or loss includes the following amounts for right-of-use assets:

	30 June 2021 £ 000	30 June 2020 £ 000
Premises	2,613	2,328
Forklifts & Motor Vehicles	458	554
Other Equipment	20	20
	<u>3,091</u>	<u>2,902</u>

21 Derivative financial liabilities

	30 June 2021 £ 000	30 June 2020 £ 000
<i>Non-current financial liabilities</i>		
Forward foreign exchange contracts - cash flow hedges	<u>1,405</u>	<u>958</u>

	30 June 2021 £ 000	30 June 2020 £ 000
<i>Current financial liabilities</i>		
Forward foreign exchange contracts - cash flow hedges	<u>1,958</u>	<u>1,012</u>

22 Provisions for liabilities

	30 June 2021 £ 000	30 June 2020 £ 000
Other provisions brought forward	2,491	4,524
Provisions used	(1,743)	(2,677)
Increase in provisions	<u>6,684</u>	<u>644</u>
Other provisions	<u>7,432</u>	<u>2,491</u>
Non-current liabilities	<u>5,312</u>	<u>408</u>
Current liabilities	<u>2,120</u>	<u>2,083</u>

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

22 Provisions for liabilities (continued)

Other provisions (current) includes £212,000 (2020: £198,000) for employee benefits, £74,000 (2020: £1,135,000) for restructuring provisions, £1,459,000 (2020: £Nil) provision for onerous contract and £375,000 (2020: £750,000) for other provisions. Other provisions (non-current) includes £379,000 (2020: £366,000) for dilapidation provisions, £68,000 (2020: £42,000) for restructuring provisions and £4,865,000 (2020: £Nil) provision for onerous contract.

23 Deferred tax assets and deferred tax liabilities

	30 June 2021 £ 000	30 June 2020 £ 000
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Trade and other payables - non-current	1,827	262
Derivative financial instruments - current	16	-
	<u>1,843</u>	<u>262</u>
Set-off of deferred tax liabilities pursuant to set-off provisions	<u>(1,843)</u>	<u>(262)</u>
Net deferred tax assets/(liabilities)	<u>-</u>	<u>-</u>
 Deferred tax liabilities		
	30 June 2021 £ 000	30 June 2020 £ 000
The balance comprises temporary differences attributable to:		
Plant and machinery	3,186	2,337
Derivative financial instruments - current	-	789
Employee benefits	4,476	4,441
	<u>7,662</u>	<u>7,567</u>
Set-off of deferred tax liabilities pursuant to set-off provisions	<u>(1,843)</u>	<u>(262)</u>
Net deferred tax liabilities	<u>5,819</u>	<u>7,305</u>
Movements:		
Opening balance	(7,305)	(5,441)
(Charged)/credited:		
To income statement	589	(4,569)
To other comprehensive income	897	2,705
	<u>(5,819)</u>	<u>(7,305)</u>

Accolade Wines Limited
Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

24 Called up share capital and share premium reserve

(a) Called up share capital

Allotted, called up and fully paid shares

	30 June 2021		30 June 2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	<u>2,872</u>	<u>2,872</u>	<u>2,872</u>	<u>2,872</u>

(b) Share premium reserve

The share premium reserve represents the difference between the face value of the shares and the consideration for the shares.

	30 June 2021 £ 000	30 June 2020 £ 000
Share premium reserve	<u>119,288</u>	<u>119,288</u>

Capital contribution

	Capital contribution £ 000	Total £ 000
At 1 July 2019 and 2020	-	-
Share-based payment expenses	<u>(205)</u>	<u>(205)</u>
At 30 June 2021	<u>(205)</u>	<u>(205)</u>

The share-based payments reserve represents cumulative grant date fair value of shares issued to participants that has been recognised through the Income Statement.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

25 Other reserves and profit and loss account

Profit and loss account

Movements in retained earnings were as follows:

	30 June 2021 £ 000	30 June 2020 £ 000
Retained earnings brought forward	92,080	78,381
Net (loss)/profit for the year	(804)	18,971
Actuarial loss from defined benefit pension scheme	(261)	(8,448)
Deferred tax impact on actuarial loss from defined benefit pension scheme	92	2,956
IFRS 16 adjustments	-	220
Balance at end of year	91,107	92,080

Cash flow hedge reserve

The hedging reserve is used to record gains and losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1. Amounts are recognised in profit or loss when the associated hedged transaction affects profit or loss. The changes to each component of equity resulting from items of other comprehensive income were as follows:

	30 June 2021 £ 000	30 June 2020 £ 000
Balance brought forward	3,365	2,625
Changes in the fair value of cash flow hedges, net of tax	(3,413)	740
Employee share scheme	207	-
Balance at end of year	159	3,365

26 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	30 June 2021 £ 000	30 June 2020 £ 000
Capital expenditure	1,745	4,001

Capital commitments include future capital expenditure, primarily in relation to plant and equipment.

Accolade Wines Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

26 Commitments (continued)

(b) Lease commitments: Company as lessee

	30 June 2021 £ 000	30 June 2020 £ 000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	63	62

The Company leases property and equipment under non-cancellable operating leases expiring from 1 to 12 months. Leases generally provide the Company with a right of renewal at which time terms are renegotiated. Lease payments comprise a base amount plus an increment based on either movements in the Consumer Price Index or operating criteria.

27 Contingencies

The Company had no contingent liabilities at 30 June 2021 (2020: Nil).

28 Related party transactions

The Company has taken advantage of the exemption under FRS 101 not to disclose transactions with wholly owned subsidiaries which form part of the Group. Year-end debtors and creditors balances held with Group companies are shown in notes 14, 16 and 18 respectively.

29 Parent and ultimate parent undertaking

The Company's immediate parent is Accolade Brands Europe Limited, who has the same registered office as the ultimate UK parent.

The smallest and largest group financial statements which include the Company is Amphora Group Limited which produces publicly available financial statements. These financial statements are available upon request from its registered office Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB.

Accolade Wines Limited was acquired on 31 May 2018 by the Carlyle Group. The group's ultimate controlling party is Amphora Group Limited, which is owned by Carlyle Asia Partners IV L.P., Cap IV Coinvestment L.P. and Carlyle Amphora Partner L.P., who collectively own 100% of the issued ordinary shares in Accolade Wines Limited.

30 Non-adjusting events after the financial year

There are no subsequent events after the reporting year to disclose.