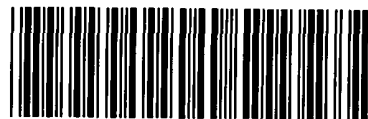


**COMPANY REGISTRATION NUMBER 01071904**

**ENOTRIA WINECELLARS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2021**

WEDNESDAY



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**ENOTRIA WINECELLARS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2021**

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**ENOTRIA WINECELLARS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**COMPANY INFORMATION**

<b>Company registration number</b>	01071904
<b>Directors</b>	T Christensen
<b>Secretary</b>	M Gay (appointed 17 January 2022)
<b>Registered office</b>	23 Cumberland Avenue London NW10 7RX
<b>Auditor</b>	KPMG LLP 15 Canada Square London E14 5GL

Enotria Winecellars Limited  
Annual report and financial statements  
Year ended 31<sup>st</sup> December 2021

**STRATEGIC REPORT**

**Principal activities**

The principal activity of the company during the year was the importation and distribution of wine and spirits. The company is focused on sales and marketing of wine and spirits to the On-Trade, including catering, hotels, restaurants and bars, and to the Off-Trade channels in the United Kingdom. The company also owns a specialist wine retail outlet, sells directly to consumers through a B2C web platform and directly to private clients.

**Market conditions**

2021 saw Government restrict hospitality, 85% of Enotria's historical channel share, for the first six months of the year. Once restrictions were lifted, the market experienced unprecedented inflation, human resource shortages and global supply chain disruptions. December, the most important month for hospitality trading, saw a strong first week of trading exceeding pre-Covid levels by 5%. However, the Government then enacted a "stealth Omicron Lockdown" reducing the trade to 40% below pre-Covid levels for the remainder of the month. Despite these unprecedented challenges, Enotria and Coe (E&C) performed well, driving a positive underlying EBITDA for the period. After restrictions eased, E&C saw strong growth, particularly with large new business wins. During a comparable non-restricted period of June – November E&C grew sales 5% over FY19 and gross margin exceeded pre-Covid period by 12%. Covid has created a new market dynamic and through competitors shifting strategies, going into administration, or struggling with outsourced supply chains, E&C is well positioned to profitably grow in 2022 and beyond. The UK consumer has indicated they have missed hospitality and expect to return with fervour.

**Review of business and outlook**

Despite the unprecedented market conditions, E&C is well positioned for the future.

- Partnered with a 3PL to target wine-led Nationals creating a unique supply chain proposition
- Grew D2C including picking up large fulfilment contracts diversifying channel risk
- Investor support to ensure liquidity during re-opening working capital requirements
- Retained all key accounts while winning £10m+ of new business
- Restored full headcount in all key functions, retraining complete and ready for FY22 growth

Despite the impact of the Omicron variant on December trading, sales for the year improved to £140.2m (2020 £101.0m) whilst still picking up some share in key market segments. The group generated £0.1m of underlying EBITDA (2020: £3.5m loss) driven by managing key accounts, selling or returning surplus/unwanted stock, supplying more on-line customers whilst managing strong cost controls and reducing all overhead costs possible. This focus has limited the potentially significant impact on profitability and reduced the additional funding required in the year.

	2021 (£m)	2020 (£m)	Var (£m)
<i>Volume - 9L cases (millions)</i>	2.5	2.1	0.4
Turnover	140.2	101.0	39.2
Gross profit	16.8	11.5	5.3
Admin expenses	(17.3)	(16.1)	(1.2)
<b>Operating (loss)</b>	<b>(0.5)</b>	<b>(4.6)</b>	<b>4.1</b>
Non-underlying expenses	0.6	1.1	(0.5)
<b>Underlying EBITDA</b>	<b>0.1</b>	<b>(3.5)</b>	<b>3.6</b>

There are a number of non-trading and non-cash items charged in the P&L (such as amortisation of intangibles and depreciation) which adversely impact EBIT but have no bearing on liquidity.

Enotria Winecellars Limited  
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Year ended 31<sup>st</sup> December 2021

**STRATEGIC REPORT (cont)**

**Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate, for the following reasons.

The Group experienced challenging trading conditions in the first half of 2021 while COVID restrictions remained in force in the UK. Following the lifting of restrictions on hospitality in May 2021, the Group has seen rolling quarterly EBITDA return to at least pre-COVID levels up to and including June 2022.

The group has an asset-based lending (ABL) facility of up to £30m; £16.0m of that facility was drawn as at 31 December 2021. There are financial covenants attached to the external financing which the Group was in full compliance with as at 31 December 2021. The additional funding made available from shareholders during the period, comprising debt of £4m in February 2021, has meant that no breaches or 'default' events have occurred to date. As at the date of approval of these financial statements, no further funding has been drawn upon by the Group.

The facility was committed until 30 September 2022. On 25 August 2022 the Group signed legally binding agreements with Leumi UK Group Limited for a 3 year £30m ABL facility, to which financial covenants are attached. This replaces the existing £30m ABL facility with PNC which was due to expire in mid-September.

The Group has undertaken a detailed going concern assessment, reviewing its current and projected financial performance and position, including current assets and liabilities, debt maturity profile, future commitments and forecast cash flows. The downside scenarios tested, outlining the impact of severe but plausible adverse scenarios, show that there is sufficient headroom for liquidity and covenant compliance purposes for at least 12 months from the date of approval of these financial statements.

The Board is therefore confident that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of signing these accounts, and therefore believe it remains appropriate to prepare the accounts on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

**Key Performance Indicators**

Performance management in the group is through a set of KPIs which are analysed and compared to budget and the previous year. These KPIs include:

KPI	2021	2020	Definition and analysis
Change in Turnover	38.8 %	(44.8)%	Turnover increased as Covid19 lockdown restrictions were eased during the year.
Gross margin %	12.0%	11.4%	Gross profit margin is calculated as sales less cost of sales, divided by sales, and increased as a result of mix effect of higher proportion of Off-trade sales which is lower profitability business.
Operating (loss)/profit before restructuring and amortisation costs	£(190)k	£(4,216)k	Operating (loss)/profit is the business' trading profitability from its core operations and has shown an improving position post the easing of Covid19 lockdown restrictions.

These KPI's are communicated across the business on a regular basis to anticipate changing trends in the industry.

Enotria Winecellars Limited  
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**STRATEGIC REPORT (cont)**

**Employee engagement**

Various regular forums are held to communicate and cascade information to the business, this includes business updates and financial reviews through monthly 'town halls', bi-annual conferences, team meetings and information sharing through an employee bulletin. Regular feedback forums where colleagues are encouraged and can provide feedback to our senior management teams are held. The group engaged with colleagues across the business to update our company purpose, values and vision at a conference in February 2022 and the annual company-wide employee survey will also be reinstated in 2022.

**Gender Pay Gap**

The group publishes its gender pay gap reports as required by the Government Equalities Office. Details are publicly available on the website for information.

**Disabled employees**

The company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their aptitudes and abilities. E&C are proud and stand by the fair treatment and development of all applicants and colleagues regardless of any disability.

**Risks**

The management of the business and the execution of the company's strategy are subject to several risks. These risks are set out below along with their risk mitigation.

*Customer and Supplier Loss*

The group has a highly fragmented supplier and customer base across several sales channels. The risk of any single customer or supplier having a material impact on the business is therefore mitigated. The business is constantly upgrading and churning the customer base through new customer acquisition and the reviewing of the portfolio to ensure customers remain attracted and excited by our portfolio.

*Employees*

The group has enough scale together with systems and processes to not be reliant on any single employee.

*Credit Risk*

The group has a team of skilled credit controllers who continually assess customer risk and manage trading in line with agreed credit limits. There is an annual credit limit review with authorisation levels up to the Board.

*Liquidity risk*

The group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally settlement processing obligations and other liabilities (refer to notes 13 & 14). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the group's obligations.

The group manages this risk, by monitoring future cash flows together with changes in available liquidity on a regular basis. Senior management is updated on a regular basis on the cash flow position of the group. The group financial projections reveal that the financial performance of the group is expected to improve in the foreseeable future following repayment of the COVID-related deferred HMRC payments in August 2022.

*Interest rate risk*

The financing that is in place is a working capital (ABL) facility with defined rates linked to the Bank Of England Base rate. Despite recent increases in the Base Rate the overall cost of borrowing remains at relatively low levels, with the new 3-year financing arrangement delivering slightly lower margin rates than the current facility.

*Foreign Exchange risk*

The group buys and sells in various foreign currencies and is therefore exposed to adverse currency exchange movements. Details of the group's committed foreign exchange hedging at 31 December are detailed in note 19. The board considers and manages the level of its hedging based on expected future movements in exchange rates.

Enotria Winecellars Limited  
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**STRATEGIC REPORT (cont)**

*Political and Economic Risk*

The period of uncertainty for the UK economy resulting from Brexit and more latterly the conflict in Ukraine, will undoubtedly continue to have implications for the industry, especially in terms of lengthening supply times and shortages of raw materials such as glass. The current environment of relatively high cost inflation, with the impact on input costs and consumer discretionary spend will also put pressure on the industry. The board are monitoring the situation and working with its suppliers, customers, advisors and financiers to ensure it is best placed to manage the impact of any changes.

*Covid19 risk*

Although the current environment continues to have implications for the industry and our business. The Board, working with our financiers, and taking advantage of government assistance as appropriate, have implemented measures designed to protect the business for the foreseeable future. The company is closely monitoring its performance levels and liquidity against plans made and are taking corrective action where necessary.

**Subsequent Events**

On 25 August 2022 the Group signed legally binding agreements with Leumi UK Group Limited for a 3 year £30m ABL facility. This replaces the current £30m ABL facility with PNC which was due to expire in mid-September. As at the end of August 2022, the Group had repaid £2m of the outstanding £4m COVID-19 related loan from its parent company, BlueGem Delta SARL.

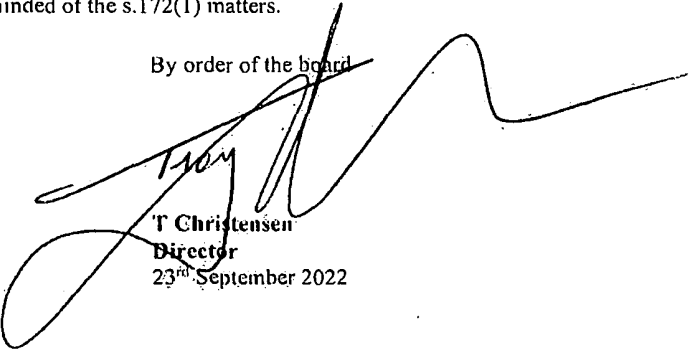
**Statement by the directors relating to their statutory duties under s172(1) Companies Act 2006**

The directors consider that they have acted in good faith in the way they consider would be the most likely to promote the success of the group for the benefit of its members as a whole in the decisions taken during the year. Decisions are made having regard (amongst other matters) to:

- business plans prepared by the directors being based around achieving the long-term goals of the company;
- engagement with employees and aiming to be a responsible employer, promoting training and development opportunities for all staff;
- fostering the company's business relationships with suppliers, customers and others, working towards developing long term partnerships creating a consistent premium offering. The group remains committed to being fair and transparent in our dealings with all of our suppliers;
- the impact of the company's operations on the community and the environment committing the company to understanding and minimising the environmental impact of its activities and continually improving its environmental performance as an integral part of its business strategy;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the company, (the "s.172(1) Matters"). The Board meet on a regular basis at which they are reminded of the s.172(1) matters.

Registered office:  
23 Cumberland Avenue  
London  
NW10 7RX  
England

By order of the board

  
T Christensen  
Director  
23<sup>rd</sup> September 2022

Enotria Winecellars Limited  
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Year ended 31<sup>st</sup> December 2021

**DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2021**

The directors present their annual report and the audited financial statements for the year ended 31 December 2021.

**DIVIDEND**

No dividend was declared during the year (2020: £nil).

**DIRECTORS**

The directors who served the Company during the year and up to the date of signing these financial statements were as follows:

T Christensen

A Patel (resigned 4 June 2021)

A van der Hoorn (appointed 7 February 2022, resigned 7 February 2022)

**POLITICAL CONTRIBUTIONS**

There were no political donations made in 2021. (2020: £nil)

**ENERGY AND CARBON REPORT**

The company has taken advantage of the exemption to disclose energy and carbon reporting in its company statements given they are included in the parent's group report in the EWGL consolidated accounts.

**DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**AUDITORS**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Registered office:  
23 Cumberland Avenue  
London  
NW10 7RX  
England

By order of the board

  
T Christensen  
Director

23<sup>rd</sup> September 2022



Enotria Winecellars Limited  
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**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Enotria Winecellars Limited  
Annual report and financial statements  
Year ended 31<sup>st</sup> December 2021

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENOTRIA WINECELLARS LIMITED

### Opinion

We have audited the financial statements of Enotria Winecellars Limited ("the company") for the year ended 31 December 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

### Fraud and breaches of laws and regulations – ability to detect

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, and inspection of policy documentation, as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because sales are individually low value meaning there would need to be a significant number of fraudulent transactions in order for there to be a material impact on the financial statements.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash related journals posted to unusual accounts.

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection and employment law, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Enotria Winecellars Limited  
Annual report and financial statements  
Year ended 31<sup>st</sup> December 2021

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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



**Bethan Telford (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Challenge House, Sherwood Drive  
Bletchley  
Milton Keynes MK3 6DP  
*23 September 2022*

Enotria Winecellars Limited  
Annual report and financial statements  
Year ended 31<sup>st</sup> December 2021

**ENOTRIA WINECELLARS LIMITED**

**PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME**

**YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
<b>TURNOVER</b>	2	140,159	100,977
Cost of sales		(123,266)	(89,457)
<b>GROSS PROFIT</b>		16,893	11,520
Administrative expenses		(17,083)	(15,736)
<b>OPERATING (LOSS)/PROFIT BEFORE RESTRUCTURING EXPENSES AND AMORTISATION</b>		(190)	(4,216)
Restructuring expenses		(313)	(624)
Amortisation of goodwill		(2,134)	(1,401)
<b>OPERATING LOSS</b>	3	(2,637)	(6,241)
Interest payable and similar charges	6	(636)	(712)
Foreign exchange gain/(loss)		281	33
<b>LOSS BEFORE TAXATION</b>		(2,992)	(6,920)
Tax credit on loss on ordinary activities	7	2,216	196
<b>LOSS FOR THE FINANCIAL YEAR</b>		(776)	(6,724)
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		(776)	(6,724)

All of the activities of the Company are classed as continuing.

The Company has no recognised gains or losses other than the results for the year as set out above.

**The notes on pages 15 to 30 form part of these financial statements**

Enotria Winecellars Limited  
Annual report and financial statements  
Year ended 31<sup>st</sup> December 2021

**ENOTRIA WINECELLARS LIMITED**

**BALANCE SHEET**

**YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
<b>FIXED ASSETS</b>			
Tangible assets	8	1,061	1,382
Intangible assets	9	5,236	7,455
Investments	10	13,278	13,278
		<u>19,575</u>	<u>22,115</u>
<b>CURRENT ASSETS</b>			
Stocks	11	16,019	11,064
Debtors	12	57,696	46,418
Cash at bank and in hand		651	726
		<u>74,366</u>	<u>58,208</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(97,787)</u>	<u>(83,381)</u>
<b>NET CURRENT LIABILITIES</b>		<b>(23,421)</b>	<b>(25,173)</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	-	(12)
<b>NET (LIABILITIES)/ASSETS</b>		<u><b>(3,846)</b></u>	<u><b>(3,070)</b></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	20	20
Profit and loss account		<u>(3,866)</u>	<u>(3,090)</u>
		<u><b>(3,846)</b></u>	<u><b>(3,090)</b></u>

These financial statements were approved by the directors on 23<sup>rd</sup> September 2022 and signed on their behalf by:

  
**T Christensen**  
**Director**

Company registration number: 01071904

The notes on pages 15 to 30 form part of these financial statements.

Enotria Winecellars Limited  
Annual report and financial statements  
Year ended 31<sup>st</sup> December 2021

**ENOTRIA WINECELLARS LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £000	Profit and loss account £000	Total equity £000
<b>1 January 2020</b>	20	3,634	3,654
Total comprehensive loss for the year	-	(6,724)	(6,724)
<b>31 December 2020</b>	<u>20</u>	<u>(3,090)</u>	<u>(3,070)</u>
Total comprehensive loss for the year	-	(776)	(776)
<b>31 December 2021</b>	<u><u>20</u></u>	<u><u>(3,866)</u></u>	<u><u>(3,846)</u></u>

The notes on pages 15 to 30 form part of these financial statements.

Enotria Winecellars Limited  
Notes to the financial statements  
Year Ended 31 December 2021

**1) Principal accounting policies**

**a) General information**

Enotria Winecellars Limited (the 'Company') is a company limited by shares and incorporated and domiciled in the UK, registration number 01071904, registered address 23 Cumberland Avenue, London, NW10 7RX.

**b) Basis of preparation and statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS102")* as issued in August 2014.

The presentation currency of these financial statements is sterling. The functional and presentation currency of the company is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The company's parent undertaking, Enotria Wine Group Limited includes the Company in its consolidated financial statements. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS). The following exemptions available under FRS 102 in respect of certain disclosures for the Company's financial statements have been applied:

- From preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the parent Company's financial statements, includes the Company's cash flows.
- From the financial instrument disclosures, required under FRS102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement's disclosures.
- From disclosing the Company key management personnel compensation as required by FRS102 paragraph 33.7.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

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



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**c) Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate, for the following reasons.

The Group experienced challenging trading conditions in the first half of 2021 while COVID restrictions remained in force in the UK. Following the lifting of restrictions on hospitality in May 2021, the Group has seen rolling quarterly EBITDA return to at least pre-COVID levels up to and including June 2022.

The group has an asset-based lending (ABL) facility of up to £30m; £16.0m of that facility was drawn as at 31 December 2021. There are financial covenants attached to the external financing which the Group was in full compliance with as at 31 December 2021. The additional funding made available from shareholders during the period, comprising debt of £4m in February 2021, has meant that no breaches or 'default' events have occurred to date. As at the date of approval of these financial statements, no further funding has been drawn upon by the Group.

On 25 August 2022 the Group signed legally binding agreements with Leumi UK Group Limited for a 3 year £30m ABL facility, to which financial covenants are attached. This replaces the existing £30m ABL facility with PNC which was due to expire in mid-September.

The Group has undertaken a detailed going concern assessment, reviewing its current and projected financial performance and position, including current assets and liabilities, debt maturity profile, future commitments and forecast cash flows. The downside scenarios tested, outlining the impact of severe but plausible adverse scenarios, show that there is sufficient headroom for liquidity and covenant compliance purposes for at least 12 months from the date of approval of these financial statements.

The Board is therefore confident that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of signing these accounts, and therefore believe it remains appropriate to prepare the accounts on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

**d) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Assets in the course of construction are stated at cost and not depreciated until they are brought into use.

Borrowing costs associated with assets under construction are not capitalised.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- |                                |                                    |
|--------------------------------|------------------------------------|
| • Motor vehicles               | 25% per annum straight line        |
| • Short leasehold improvements | over the remaining lease period    |
| • Fixtures and fittings        | 15% to 25% per annum straight line |
| • Equipment                    | 12% to 40% per annum straight line |
| • Plant and machinery          | 20% per annum straight line        |

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Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits. Any adjustment is accounted for prospectively.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired with any impairment charge recognised in the profit and loss account.

**e) Intangible assets other than goodwill**

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful economic lives as follows:

•Software	15% to 25% per annum straight line
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Amortisation is charged within administrative expenses in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful economic life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. Intangible assets are reviewed for impairment if the above factors indicate that the carrying value may be impaired.

Costs associated with maintaining computer software are expensed as incurred. The company does not capitalise internally generated software development costs.

**f) Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. Cost is recognised when the company takes title in the goods. This occurs on collection where our nominated carriers collect the stock or on delivery when goods are delivered by the supplier.

Cost of goods sold includes the value of any stock for which the related revenue has been recognised in turnover.

At the end of each reporting period inventories are assessed for impairment, and if relevant a charge is reflected in the profit and loss account to reduce the carrying value to its expected net realisable value.

**g) Impairment of non-financial assets**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to its carrying value.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the assets continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognised in the profit and loss account.

If the conditions leading to impairment loss are no longer applicable then an impairment loss, other than in relation to goodwill, may subsequently be reversed with the carrying amount being increased to the revised estimate of the assets carrying amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods.

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**h) Non-underlying items**

The Company classifies amortisation of goodwill and other costs that have a material impact on its financial results as non-recurring. These are disclosed separately on the profit and loss account to provide further understanding of the financial performance of the company.

**i) Turnover**

Turnover represents the fair value, excluding value added tax, of goods sold and is net of returns and rebates.

Turnover is recognised once the risks and rewards of ownership have been transferred, the group retains no continuing involvement or control over the goods, the amount of revenue can be measured reliably, and it is probable that future economic benefits will flow to the company. Turnover includes sales, where the company acts as principal, made to certain customers on an ex-cellar basis where customers collect goods directly from the company's suppliers.

**j) Leases**

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

*Finance leases:*

Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful economic life of the asset.

*Operating leases:*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation in which case the payments related to the structured increases are recognised as incurred.

Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

**k) Taxation**

*Current tax*

Current tax is the expected tax payable (or recoverable) for the current period, and any adjustment to tax payable in respect of previous periods, using tax rates enacted or substantively enacted at the reporting date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

*Deferred tax*

Except as otherwise required by accounting standards, full provision without discounting is made for all deferred taxation timing differences which have arisen but not reversed at the statement of financial position date. Timing differences arise when items of income and expenditure are included in tax

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computations in periods which are different from their inclusion in the financial statements. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be used.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the reporting date.

**l) Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**m) Investments**

Investments in subsidiary undertakings included in fixed assets are stated at cost less any impairment losses. The carrying value of investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

**n) Employee benefits**

The Company provides a range of benefits to employees, including defined contribution pension plans and holiday pay.

*Short term benefits:*

Short-term employee benefits such as salaries and compensated absence are recognised as an expense in the year employees render services to the Company. A liability is recognised at each reporting date to the extent that employee holiday allowance has been accrued but not taken, the expense being recognised as staff costs in the income statement.

*Pensions:*

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge disclosed in note 4 represents contributions payable by the Company to the fund.

*Bonus arrangements:*

From time to time the Company operates bonus schemes to incentivise specific employees. An expense is recognised in the profit and loss account when the group has a legal or constructive obligation under such arrangements as a result of past events and a reliable estimate of the obligation can be made.

**o) Foreign currencies**

Transactions in foreign currencies are translated to the companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. 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 differences arising on translation are recognised in the profit and loss account.

**p) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held on call with banks with original maturities of three months or less and bank overdrafts. Bank overdrafts, where applicable, are shown within borrowings in creditors due in less than one year.

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**q) Financial instruments**

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

*Financial assets*

Basic financial assets, including debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

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

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

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

*Financial liabilities*

Basic financial liabilities, including trade creditors and other payables (including from related companies), bank loans, and preference shares that are akin to debt are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs and then amortised over the remaining term of the loan.

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

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

*Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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*Derivative financial instruments and hedging*

Derivatives, including interest rate swaps and forward foreign exchange contracts are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised as interest receivable/payable in the profit and loss account. The Company does not generally apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

**r) Related party transactions**

The Company discloses transactions with parties that are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Company financial statements.

The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the group.

**s) Critical judgements and estimates in applying the accounting policies**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

*Intangible assets*

FRS 102 requires judgement to be exercised when determining whether software costs should be recognised as tangible or intangible assets. Where software is regarded an integral part of the related hardware and the hardware cannot operate without the software, it is treated as a tangible asset. However, where the software is not an integral part of the related hardware, it is to be treated as an intangible asset. Management have decided that the software costs are not an integral part of the related hardware and so have classified these costs as an intangible asset.

*Impairment of debtors*

The Company makes an estimate of the recoverable value of trade debtors. When assessing impairment, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

*Impairment of intangible assets and goodwill*

The Company considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of the recoverable value requires the exercise of management judgement.

*Acquisition accounting*

When accounting for business combinations, the identifiable assets, liabilities and contingent liabilities acquired have to be measured at their fair values. The estimation of fair values involves the use of judgement by management, including estimating the amount of any contingent consideration payable and whether any intangible assets have been acquired in addition to the separately identifiable assets

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and liabilities of the acquired entity.

*Carrying value of stock*

In assessing whether the carrying value of stock is not in excess of its net realisable value management has to make judgements in respect of the future proceeds expected from the sale of goods, including taking into account historical rates of return.

**2. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the Company.  
An analysis of turnover is given below:

	2021 £000	2020 £000
United Kingdom	139,940	100,632
International	219	345
	<u>140,159</u>	<u>100,977</u>

**3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

Loss on ordinary activities before taxation is stated after charging/(crediting):

	2021 £000	2020 £000
Auditor's remuneration:		
- Audit of these financial statements	103	83
- Other services relating to taxation	6	14
Depreciation of owned and finance leased tangible fixed assets	369	419
Amortisation of goodwill	2,134	1,401
Amortisation of intangible assets other than goodwill	183	249
Amortisation of debt issue costs	139	105
Operating lease rentals		
- land and buildings	1,623	1,015
- other	359	348
	<u>                    </u>	<u>                    </u>

**4. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the Company during the financial year amounted to:

	2021 No	2020 No
Office staff	87	82
Warehouse staff	91	98
Sales staff	61	87
	<u>239</u>	<u>267</u>

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The aggregate payroll costs of the above were:	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	7,739	7,039
Social security costs	846	770
Other pension costs	749	680
	<u>9,334</u>	<u>8,489</u>

**5. DIRECTORS' EMOLUMENTS**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Directors' remuneration	192	274
Pension contributions to money purchase scheme	12	29
	<u>204</u>	<u>303</u>

The emoluments of the highest paid director were £147,545 (2020: £129,007) excluding pension contributions of £9,222 (2020: £12,553). Retirement benefits are accruing to 1 (2020: 1 director) under money purchase schemes. The directors are deemed to be the key management of the Company.

An amount of £203,682 (2020: £288,203) of the above costs was incurred by Enotria Wine Group Limited, another group company.

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Bank interest payable	497	606
Amortisation of borrowing costs	139	105
Hire Purchase Interest Charges	-	1
Interest payable and similar charges	<u>636</u>	<u>712</u>



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**7. TAXATION**

**Analysis of charge in the year**

	2021 £000	2020 £000
Current tax:		
Current tax on income for the period	-	-
Total current tax	-	-
Deferred tax:		
Origination/reversal of timing differences	(1,976)	
Prior period adjustment	179	
Effect of tax rate change on opening balances	(420)	
Tax asset recognised on losses	-	(196)
Total deferred tax (note 15)	(2,216)	(196)

**Factors affecting current tax charge**

The current tax credit for the period is higher than (2020: *lower than*) the standard rate of corporation tax in the UK 19% (2020: 19%) The differences are explained below:

	2021 £000	2020 £000
Loss on ordinary activities before taxation	(2,992)	(6,920)
Current tax at 19% (2020: 19%)	(569)	(1,315)
Expenses disallowed for tax purposes	71	12
Fixed asset differences	405	266
Deferred tax not recognised	-	1,031
Deferred tax not recognised in prior period	179	(196)
Remeasurement of deferred tax - change in tax rates	(815)	-
Deferred tax recognised on carry forward losses	(1,487)	-
Group relief surrendered	-	6
Total tax credit for the year	(2,216)	(196)

**Factors affecting future tax charges**

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021, and the UK deferred tax asset as at 31 December 2021 has been calculated based on this rate. This will increase the company's future current tax charge accordingly.

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**8. TANGIBLE FIXED ASSETS**

	Short Leasehold Improvements £000	Plant and Machinery £000	Fixtures and Fittings £000	Computer Equipment £000	Total
<b>COST</b>					
At 1 Jan 2021	3,241	21	241	1,177	4,680
Additions	-	-	31	16	47
<b>At 31 Dec 2021</b>	<b>3,241</b>	<b>21</b>	<b>272</b>	<b>1,193</b>	<b>4,727</b>
<b>DEPRECIATION</b>					
At 1 Jan 2021	2,148	19	206	925	3,298
Charge for the year	318	2	19	30	369
<b>At 31 Dec 2021</b>	<b>2,466</b>	<b>21</b>	<b>225</b>	<b>955</b>	<b>3,667</b>
<b>NET BOOK VALUE</b>					
<b>At 31 Dec 2021</b>	<b>775</b>	<b>-</b>	<b>47</b>	<b>238</b>	<b>1,060</b>
At 31 Dec 2020	1,093	2	35	252	1,382

The total net book value of assets held under finance lease included above was £nil (2020: £20,000).

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**9. INTANGIBLE FIXED ASSETS**

	Goodwill £000	Computer Software £000	Total £000
<b>COST</b>			
At 1 January 2020	14,823	3,788	18,611
Additions	493	164	657
At 31 December 2020	<u>15,316</u>	<u>3,952</u>	<u>19,268</u>
Additions	-	98	98
At 31 December 2021	<u>15,316</u>	<u>4,050</u>	<u>19,366</u>
<b>AMORTISATION</b>			
At 1 January 2020	6,584	3,579	10,163
Charge for the period	1,401	249	1,650
At 31 December 2020	<u>7,985</u>	<u>3,828</u>	<u>11,813</u>
Charge for the period	2,134	183	2,317
At 31 December 2021	<u>10,119</u>	<u>4,011</u>	<u>14,130</u>
<b>NET BOOK VALUE</b>			
At 31 December 2020	<u>7,331</u>	<u>124</u>	<u>7,455</u>
At 31 December 2021	<u>5,197</u>	<u>39</u>	<u>5,236</u>

The directors have considered the carrying value of goodwill, including preparation of a net present value calculation, and do not consider any impairment is required.

**10. FIXED ASSET INVESTMENTS**

	2021 £000	2020 £000
<b>COST AND NET BOOK VALUE</b>		
At the beginning of the year	13,278	13,187
Acquired during the year	-	584
Transfer to goodwill on hive-up	-	(493)
At the end of the year	<u>13,278</u>	<u>13,278</u>

Following the hive-up of the trade and assets of Gin Foundry Limited to the company on acquisition the investment value has been reduced by the carrying value of the goodwill to the company.

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**10. FIXED ASSET INVESTMENTS (continued)**

Details of the company's subsidiary undertakings are given below. All subsidiaries share the same registered office at 23 Cumberland Ave, London NW10 7RX.

Name of Company	Holding	Proportion of shares held	Principal Activity
Winecellars Limited	Ordinary Shares	100%	Dormant
Coe of Ilford Limited	Ordinary Shares	100%	Dormant
Sekforde Drinks Limited	Ordinary Shares	49.6%	Soft drinks producer
Gin Foundry Limited	Ordinary Shares	100%	Drinks and events e-tailer

**11. STOCKS**

	2021 £000	2020 £000
Finished goods	<u>16,019</u>	<u>11,064</u>

Stocks are stated after impairment provisions of £nil (2020: £169,000)

**12. DEBTORS**

	2021 £000	2020 £000
Trade debtors	22,692	14,449
Other debtors	2,016	943
Amounts owed by group undertakings	26,247	25,823
Prepayments and accrued income	2,666	2,340
Deferred tax asset – see note 15	4,075	1,859
Prepaid position on asset based lending facility	-	1,004
	<u>57,696</u>	<u>46,418</u>

Trade debtors are stated after provisions for impairment of £733,000 (2020: £1,696,000). The amounts owed by group undertakings are unsecured, do not attract interest and are repayable on demand.

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**13. CREDITORS: Amounts falling due within one year**

	2021 £000	2020 £000
Trade creditors	21,060	16,176
Amounts owed to group undertakings	48,709	44,489
Other taxation and social security	6,939	6,389
Accruals and deferred income	9,203	13,415
Other creditors	2,221	2,832
Obligations under finance leases	-	2
Asset based lending facility	9,655	-
Bank Loan	-	2
Derivative financial instruments	-	76
	<u>97,787</u>	<u>83,381</u>

The carrying value of the asset based lending facility is net of unamortised arrangement fees of £98,000 (2020: £237,000).

The group has an asset-based lending facility of £30,000,000 which runs for a minimum period of 5 years until September 2022. The facility is used to cover working capital and liquidity commitments. The facility consists of the following components and limits:-

- Accounts receivable facility £30m in total (2020: £25m) including a non-recourse facility with a maximum of £10m and a recourse facility of the balance.
- Inventory facility Nil (2020: £5m)

The above facility was replaced on 25 August 2022 with an asset-based lending facility of £30,000,000 which runs for a minimum period of 3 years until August 2025. The facility consists of the following components and limits:-

- Accounts receivable facility £25m in total including a non-recourse facility with a maximum of £10m and a recourse facility of the balance.
- Inventory facility £5m

The non-recourse accounts receivable facility balance is taken off-balance sheet within these accounts.

Interest is charged at the relevant central bank base rate plus a margin on the drawn-down amount and is paid monthly. The margin is 3.0% for the accounts receivable facilities and 3.5% for the inventory facility. A commitment fee of 0.5% on the undrawn but available balance is paid monthly.

All borrowings are denominated in Sterling, other than the asset based lending facility which has an element denominated in Euro.

**14. CREDITORS: Amounts falling after more than one year**

	2021 £000	2020 £000
Obligations under finance leases	-	12
	<u>          </u>	<u>          </u>

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**15. DEFERRED TAXATION**

The movement in deferred taxation during the year was:

	2021 £000	2020 £000
Asset at beginning of the year	1,859	1,663
Credit to profit and loss account	2,216	196
Asset at end of the year	<u>4,075</u>	<u>1,859</u>

In addition to the deferred tax asset above, the Company has additional unrecognised gross tax losses of £Nil (2020: £4,703,000) which remain available for offset against future taxable profits.

**16. COMMITMENTS**

- a) The Company had no capital commitments at the end of the period
- b) Non-cancellable operating lease rentals are payable as follows: -

	2021 Land and buildings £000	2021 Other items £000	2020 Land and buildings £000	2020 Other items £000
Less than one year	1,623	256	1,623	295
Between one and five years	6,370	133	6,490	340
More than five years	3,832	-	5,293	-
	<u>11,762</u>	<u>389</u>	<u>13,406</u>	<u>635</u>

(c) Derivative financial instruments

As at 31 December 2021 the Company was committed to buy \$AUS 425,000, \$NZD 850,000, and €7,400,000 and pay a fixed sterling amount of £6,949,890 at various dates throughout 2021. (2020: \$US 408,000, \$AUS 355,000, \$NZD 639,000, and €5,540,000 and pay a fixed sterling amount of £5,840,000).

**17. CONTINGENCIES**

At 31 December 2021 the Company's bank had guaranteed liabilities to H.M. Customs and Excise arising in the ordinary course of business totalling £20,000 (2020: £220,000).

**18. SHARE CAPITAL**

Allotted, called up and fully paid:

	2021 No	2021 £000	2020 No	2020 £000
Ordinary shares of £1 each	<u>20,000</u>	<u>20</u>	<u>20,000</u>	<u>20</u>

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**19. FINANCIAL INSTRUMENTS**

The total carrying amounts of financial assets and financial liabilities included on the Company's balance sheet are disclosed by category below:

	2021 £000	2020 £000
Financial assets at fair value through profit or loss (derivative financial instruments)	-	(48)
Financial assets measured at amortised cost	23,343	16,603
Financial liabilities measured at amortised cost	(39,918)	(30,621)
<b>Total</b>	<b>(16,575)</b>	<b>(14,066)</b>

**Derivative financial instruments – Forward foreign exchange contracts**

The Company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency payables and receivables. As at 31 December 2021, the outstanding contracts all mature within 6 months (2020: 6 months) of the year end. Details of committed forward foreign exchange contracts are contained in note 16.

**20. RELATED PARTY TRANSACTIONS**

Details of the subsidiary undertakings are shown in note 10. The Company has taken advantage of the exemptions and has not disclosed the transactions and balances between wholly owned group entities.

During the year the company made sales of finished goods to a subsidiary company not wholly owned, Sekforde Drinks Limited, totalling £43,800 (2020: £20,312). All transactions with Sekforde Drinks Limited were completed on an arms-length basis, with credit terms offered in line with those of external parties. Sekforde liability with Enotria Winecellars as at 31<sup>st</sup> December 2021 is £502,000 (2020: £78,000). This predominantly relates to direct operating costs of Sekforde paid for by the Company and a management fee charged to Sekforde by the Company.

**21. IMMEDIATE AND ULTIMATE CONTROLLING PARTY**

The immediate parent of the Company is Enotria Holdings Limited, a Company incorporated and registered in Great Britain.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Enotria Wine Group Limited. Copies of the Enotria Wine Group Limited consolidated financial statements can be obtained from the Company secretary at 23 Cumberland Avenue, London NW10 7RX.

The directors have assessed the ultimate controlling party of Enotria Winecellars Limited is BlueGem Capital Partners LLP, an entity incorporated in the UK.