

Company registration number 02710556 (England and Wales)

**CASELLA FAMILY BRANDS (EUROPE) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

# CASELLA FAMILY BRANDS (EUROPE) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	G M Casella S D Lawson
<b>Company number</b>	02710556
<b>Registered office</b>	The Stores Officers' Mess Royston Road Duxford Cambridgeshire CB22 4QH
<b>Auditors</b>	Harwood Hutton 22 Wycombe End Beaconsfield Buckinghamshire HP9 1NB
<b>Bankers</b>	Santander UK plc Bridle Road Bootle Merseyside L30 4GB

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# CASELLA FAMILY BRANDS (EUROPE) LIMITED

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# CASELLA FAMILY BRANDS (EUROPE) LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 30 JUNE 2022**

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The directors present the strategic report for the year ended 30 June 2022.

### **Fair review of the business**

In the year ended 30th June 2022, total sales volumes declined by 8.1% and revenue fell by 8.3%.

Year-on-year off trade sales demand decreased as COVID restrictions were unwound in the UK and across Europe. Against this backdrop, [yellow tail] outperformed the market and continued to gain share. The business sustained investment in its brands, running two major [yellow tail] TV bursts and upweighting spend on social media campaigns.

Full year margin fell as a result of increased sea freight costs (driven by fuel costs and vessel availability) and substantial demurrage charges (incurred due to UK port and rail freight congestion). The industry has generally faced additional costs and disruption caused by Brexit, COVID and the Ukraine war among other headwinds.

### **Principal risks and uncertainties**

The main risks the company is exposed to are as follows:

**Exchange rate:** whilst the company has agreed medium term pricing in GBP for virtually all supplies of wine and services, in the longer term the fluctuation of currencies – and in particular the movement of US and Australian dollars against GBP – remains a financial risk to the company in that suppliers might potentially increase the underlying cost of key supplies to reflect those exchange rate movements.

**Vessel availability/reliability:** The COVID pandemic has caused imbalances in global trade flows and a shortage of containers. Compounding this, late vessel arrivals adversely impact production schedules and result in unplanned demurrage costs. The risk is that costs continue at the current elevated levels – or higher – and that the business will face further disruption and demurrage.

**Credit risk:** the company constantly monitors the credit worthiness of each of its customers in the UK and Europe, and overdue debt is a key performance measure monitored by the Executive and Sales teams, with any overdue debts actively managed by the Sales and Finance teams. In the year ended 30th June 2022 the company recorded no bad debts.

**Costs:** Gas prices increased to record levels after Russia's invasion of Ukraine and the subsequent cuts in Russian supply. Electricity has followed a similar trend. Increasing energy costs directly and indirectly adversely impact costs of production (notably glass and filling costs) and distribution (sea freight and road transportation). The risk is that energy prices remain high and potentially volatile. In addition to the above, the business anticipates increased costs related to waste management and Extended Producer Responsibility (EPR) legislation.

**Brexit:** There is still some uncertainty concerning post-Brexit rules and regulations, such as labelling requirements.

### **Future plans**

In the light of the ongoing cost increases we have absorbed – and in order to maintain a sustainable, profitable business – we intend to pass on a cost price increase to our customers in the financial year ending 30th June 2023. This will allow us to continue to invest in our brands and maintain our market position and, as such, we do not anticipate suffering substantial volume loss as a result of higher prices.

Our enduring purpose is to bring vibrancy and prosperity to the wine industry through long-term thinking. We will continue to focus on driving Brand Equity & Consumer Engagement and our intention is to maintain the current levels of marketing spend.

# CASELLA FAMILY BRANDS (EUROPE) LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2022**

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### **Promoting the success of the company**

The board of directors of Casella Family Brand (Europe) Limited consider, both individually and together, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1) (a-f) of the Act) in the decisions taken during the year ended 30 June 2022.

The Directors of CFBE and the Executive team agree the company's long-term strategy and annual plans and ensure execution is measured quantitatively and qualitatively with decisions and course correction made in the long-term interests and prosperity of the business and its wider community and partners.

In addition to brand and market investment, employee happiness and engagement is at the heart of the company's success and helps drive the increasing breadth and depth of relationship with key customers and suppliers. The growing reputation of the company is measured through external surveys, e.g. Advantage Group.

The company works closely with its key production and logistics suppliers to minimise environmental impact and plays an important role in the wider industry community by supporting key institutions like the Wine & Spirit Education Trust and the Drinks Trust.

On behalf of the board

G M Casella  
**Director**

23 February 2023

# CASELLA FAMILY BRANDS (EUROPE) LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 JUNE 2022**

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The directors present their annual report and financial statements for the year ended 30 June 2022.

### Principal activities

The principal activity of the company continued to be that of wine distribution in the United Kingdom and Europe.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G M Casella

S D Lawson

### Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £5,000,000. The directors do not recommend payment of a final dividend.

### Auditor

The auditor, Harwood Hutton, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Statement of directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

### Energy and carbon report

The company itself has consumed less than 40,000kWh in the UK and the bulk of its operations are outsourced, which makes it impractical to obtain this information. Therefore the company has not disclosed its emissions and energy consumption.

# **CASELLA FAMILY BRANDS (EUROPE) LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 JUNE 2022***

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On behalf of the board

G M Casella

**Director**

23 February 2023

# CASELLA FAMILY BRANDS (EUROPE) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CASELLA FAMILY BRANDS (EUROPE) LIMITED

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#### Opinion

We have audited the financial statements of Casella Family Brands (Europe) Limited (the 'company') for the year ended 30 June 2022 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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.

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.

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



# CASELLA FAMILY BRANDS (EUROPE) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF CASELLA FAMILY BRANDS (EUROPE) LIMITED

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the 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 are to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and intellectual property legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the company's remuneration policies.

# **CASELLA FAMILY BRANDS (EUROPE) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF CASELLA FAMILY BRANDS (EUROPE) LIMITED**

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To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- reviewed management and post-year end information;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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

**Margaret El Khalidi**  
**Senior Statutory Auditor**  
**For and on behalf of Harwood Hutton**

27 February 2023

**Chartered Accountants**  
**Statutory Auditor**

22 Wycombe End  
Beaconsfield  
Buckinghamshire  
HP9 1NB

# CASELLA FAMILY BRANDS (EUROPE) LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 £	2021 £
<b>Turnover</b>	<b>3</b>	80,296,669	87,532,257
Cost of sales		(66,680,221)	(71,428,676)
<b>Gross profit</b>		13,616,448	16,103,581
Administrative expenses		(7,197,279)	(7,267,270)
Other operating income		21,130	4,101
<b>Operating profit</b>	<b>4</b>	6,440,299	8,840,412
Interest receivable and similar income	<b>8</b>	7,836	5,638
Interest payable and similar expenses	<b>9</b>	(322,238)	(240,327)
<b>Profit before taxation</b>		6,125,897	8,605,723
Tax on profit	<b>10</b>	(1,180,878)	(1,635,823)
<b>Profit for the financial year</b>		4,945,019	6,969,900
Retained earnings brought forward		16,441,309	14,471,409
Dividends	<b>11</b>	(5,000,000)	(5,000,000)
Retained earnings carried forward		16,386,328	16,441,309

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# CASELLA FAMILY BRANDS (EUROPE) LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	12		22,145		15,565
<b>Current assets</b>					
Stocks	13	18,544,995		20,620,462	
Debtors	14	15,916,422		18,289,719	
Cash at bank and in hand		9,761,993		9,155,929	
		<u>44,223,410</u>		<u>48,066,110</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(21,543,167)</u>		<u>(22,166,506)</u>	
<b>Net current assets</b>			<u>22,680,243</u>		<u>25,899,604</u>
<b>Total assets less current liabilities</b>			<u>22,702,388</u>		<u>25,915,169</u>
<b>Creditors: amounts falling due after more than one year</b>	16		<u>(6,316,050)</u>		<u>(9,473,850)</u>
<b>Net assets</b>			<u><u>16,386,338</u></u>		<u><u>16,441,319</u></u>
<b>Capital and reserves</b>					
Called up share capital	19		10		10
Profit and loss reserves			<u>16,386,328</u>		<u>16,441,309</u>
<b>Total equity</b>			<u><u>16,386,338</u></u>		<u><u>16,441,319</u></u>

The financial statements were approved by the board of directors and authorised for issue on 23 February 2023 and are signed on its behalf by:

G M Casella  
Director

Company Registration No. 02710556

# CASELLA FAMILY BRANDS (EUROPE) LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

		2022	2021
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	23	10,588,254	9,411,150
Interest paid		(322,238)	(240,327)
Income taxes paid		(1,493,469)	(1,526,705)
<b>Net cash inflow from operating activities</b>		<u>8,772,547</u>	<u>7,644,118</u>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(17,511)	(12,046)
Interest received		7,836	5,638
<b>Net cash used in investing activities</b>		<u>(9,675)</u>	<u>(6,408)</u>
<b>Financing activities</b>			
Proceeds from new bank loans		-	5,000,000
Repayment of bank loans		(3,157,800)	(2,368,350)
Dividends paid		(5,000,000)	(5,000,000)
<b>Net cash used in financing activities</b>		<u>(8,157,800)</u>	<u>(2,368,350)</u>
<b>Net increase in cash and cash equivalents</b>		<u>605,072</u>	<u>5,269,360</u>
Cash and cash equivalents at beginning of year		<u>9,155,929</u>	<u>3,886,569</u>
<b>Cash and cash equivalents at end of year</b>		<u><u>9,761,001</u></u>	<u><u>9,155,929</u></u>
<b>Relating to:</b>			
Cash at bank and in hand		9,761,993	9,155,929
Bank overdrafts included in creditors payable within one year		(992)	-
		<u><u></u></u>	<u><u></u></u>

# CASELLA FAMILY BRANDS (EUROPE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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### 1 Accounting policies

#### Company information

Casella Family Brands (Europe) Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Stores, Officers' Mess, Royston Road, Duxford, Cambridgeshire, CB22 4QH.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are presented in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable for the sale of goods in the normal course of business, and is shown net of discounts and VAT.

##### Sale of goods

Revenue arises from the sale of bottled wine.

Revenue is recognised when the customer accepts delivery of the goods.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	20% - 25% straight line
Computer equipment	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

# CASELLA FAMILY BRANDS (EUROPE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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### 1 Accounting policies

(Continued)

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 Financial instruments

The company has elected to apply the provisions of Section 11 "Basic Financial Instruments" to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

##### **Basic financial assets**

Short term debtors are measured at transaction price less any provision for impairment. Loans receivable are measured initially at fair value, net of transaction costs and are subsequently carried at amortised costs using the effective interest method, less any provision for impairment.

##### **Basic financial liabilities**

Short term creditors are measured at transaction price. Other financial liabilities, including bank loans and other loans, are measured initially at fair value, net of transaction costs and are subsequently carried at amortised costs using the effective interest method.

#### 1.8 Taxation

The tax expense represents the sum of the tax currently payable.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### 1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

#### 1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# CASELLA FAMILY BRANDS (EUROPE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

#### 1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Provisions for customer discounts and rebates

Sales to customers are often made with associated trade discounts and rebates, therefore revenue is recorded net of any such discounts. The provision for discounts and rebates is calculated based on the level of sales over the duration of customer contracts/agreements and assessments of management, using historical performance as a guide. Discounts and rebates are recognised when sales levels meet pre-agreed milestones, or based on anticipated depletions and future performance of promotions.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022	2021
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	70,521,446	75,203,003
Rest of Europe	9,775,223	12,329,254
	<u>80,296,669</u>	<u>87,532,257</u>



# CASELLA FAMILY BRANDS (EUROPE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging:		
Exchange losses	7,080	157,206
Depreciation of owned tangible fixed assets	10,931	12,492
Operating lease charges	78,677	69,764
	<u>          </u>	<u>          </u>

### 5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	31,000	29,900
	<u>          </u>	<u>          </u>
<b>For other services</b>		
Taxation compliance services	11,750	2,100
	<u>          </u>	<u>          </u>

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
General management	2	2
Sales	7	7
Marketing	6	4
Finance	4	3
Operations	6	5
Europe	1	1
	<u>          </u>	<u>          </u>
Total	26	22
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	2,653,843	2,361,844
Social security costs	280,862	237,102
Pension costs	236,622	208,783
	<u>          </u>	<u>          </u>
	3,171,327	2,807,729
	<u>          </u>	<u>          </u>

# CASELLA FAMILY BRANDS (EUROPE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	275,378	271,344
Company pension contributions to defined contribution schemes	-	21,691
	<u>275,378</u>	<u>293,035</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2021 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £
Remuneration for qualifying services	<u>275,378</u>

### 8 Interest receivable and similar income

	2022 £	2021 £
<b>Interest income</b>		
Interest on bank deposits	<u>7,836</u>	<u>5,638</u>

### 9 Interest payable and similar expenses

	2022 £	2021 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	<u>322,238</u>	<u>240,327</u>

### 10 Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	<u>1,180,878</u>	<u>1,635,823</u>

# CASELLA FAMILY BRANDS (EUROPE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	6,125,897	8,605,723
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	1,163,920	1,635,087
Tax effect of expenses that are not deductible in determining taxable profit	22,588	651
Double tax relief	(4,746)	-
Permanent capital allowances in excess of depreciation	(884)	85
Taxation charge for the year	1,180,878	1,635,823

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future tax charge accordingly, although the extent of this effect cannot currently be quantified with any degree of certainty.

### 11 Dividends

	2022 £	2021 £
Interim paid	5,000,000	5,000,000

### 12 Tangible fixed assets

	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£
<b>Cost</b>			
At 1 July 2021	27,202	98,201	125,403
Additions	6,334	11,177	17,511
At 30 June 2022	33,536	109,378	142,914
<b>Depreciation and impairment</b>			
At 1 July 2021	19,013	90,825	109,838
Depreciation charged in the year	3,569	7,362	10,931
At 30 June 2022	22,582	98,187	120,769
<b>Carrying amount</b>			
At 30 June 2022	10,954	11,191	22,145
At 30 June 2021	8,189	7,376	15,565

# CASELLA FAMILY BRANDS (EUROPE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 13 Stocks

	2022 £	2021 £
Goods in transit	7,281,927	10,818,791
Finished goods and goods for resale	11,263,068	9,801,671
	<u>18,544,995</u>	<u>20,620,462</u>

### 14 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	15,585,155	18,028,767
Other debtors	76,945	4,216
Prepayments and accrued income	254,322	256,736
	<u>15,916,422</u>	<u>18,289,719</u>

### 15 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	17	3,158,792	3,157,800
Trade creditors		10,571,306	9,500,862
Corporation tax		503,232	815,823
Other taxation and social security		594,948	1,102,587
Other creditors		5,360,800	6,065,980
Accruals and deferred income		1,354,089	1,523,454
		<u>21,543,167</u>	<u>22,166,506</u>

### 16 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	17	<u>6,316,050</u>	<u>9,473,850</u>

# CASELLA FAMILY BRANDS (EUROPE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 17 Loans and overdrafts

	2022 £	2021 £
Bank loans	9,473,850	12,631,650
Bank overdrafts	992	-
	<u>9,474,842</u>	<u>12,631,650</u>
Payable within one year	3,158,792	3,157,800
Payable after one year	<u>6,316,050</u>	<u>9,473,850</u>

Bank loans are secured by fixed charges over the company's assets.

### 18 Retirement benefit schemes

Defined contribution schemes	2022 £	2021 £
Charge to profit or loss in respect of defined contribution schemes	<u>236,622</u>	<u>208,783</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 19 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

### 20 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	42,164	42,164
Between two and five years	<u>115,951</u>	<u>158,115</u>
	<u>158,115</u>	<u>200,279</u>

# CASELLA FAMILY BRANDS (EUROPE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 21 Related party transactions

During the year the company entered into the following transactions with Casella Wines Pty Limited, a company which is under common control:

Purchase of goods: £39,130,756 (2021: £48,941,832).

At the balance sheet date, the company owed £9,554,581 (2021: £11,867,025) to Casella Wines Pty Limited, which is included within creditors due within one year.

### 22 Ultimate controlling party

The immediate parent company is Casella Family Brands (Europe) Pty Limited and the ultimate parent company is JMCTT Pty Limited. Both companies are registered in Australia.

### 23 Cash generated from operations

	2022 £	2021 £
Profit for the year after tax	4,945,019	6,969,900
<b>Adjustments for:</b>		
Taxation charged	1,180,878	1,635,823
Finance costs	322,238	240,327
Investment income	(7,836)	(5,638)
Depreciation and impairment of tangible fixed assets	10,931	12,492
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	2,075,467	(3,059,117)
Decrease in debtors	2,373,297	1,671,108
(Decrease)/increase in creditors	(311,740)	1,946,255
<b>Cash generated from operations</b>	<b>10,588,254</b>	<b>9,411,150</b>

### 24 Analysis of changes in net funds/(debt)

	1 July 2021 £	Cash flows £	30 June 2022 £
Cash at bank and in hand	9,155,929	606,064	9,761,993
Bank overdrafts	-	(992)	(992)
	9,155,929	605,072	9,761,001
Borrowings excluding overdrafts	(12,631,650)	3,157,800	(9,473,850)
	(3,475,721)	3,762,872	287,151

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.