

COMPANY REGISTRATION NUMBER: 03705002

Cellar Trends Limited
Financial Statements
31 December 2019

Cellar Trends Limited

Financial Statements

Year ended 31 December 2019

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Cellar Trends Limited

Officers and Professional Advisers

The board of directors

Mr D G Marriott (Resigned 1 August 2019)
Mr M F Watts (Resigned 20 February 2020)
Mr J C Marriott (Resigned 1 August 2019)
Mr G F Watts (Resigned 20 February 2020)
Mr S P Ferreira (Resigned 8 December 2020)
Mr H M Pietrini (Resigned 1 August 2019)
Mr S E I Thomas (Appointed 21 February 2020)

Mr S E I Thomas (Appointed 21 February 2020)

Company secretary

Mr D G Marriott (Resigned 1 August 2019)

Registered office

B100
Beverley Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Auditor

Johnson Murkett & Hurst
Chartered Accountants & statutory auditor
Rawdon House
Rawdon Terrace
Ashby de la Zouch
Leicestershire
LE65 2GN

Cellar Trends Limited

Strategic Report

Year ended 31 December 2019

Principal activities and business review

The principal activity of the company is "Bringing Drinks Brands to Life" in the UK market. The results show a pre-tax loss of £1,656,666 on a turnover of £37,589,874. The Directors consider pre-tax profit and turnover to be the key performance indicators for the company. The Amber Beverage Group (further - "ABG" or "Group" or "Shareholder") finalised the 100% acquisition of Cellar Trends Limited through its shareholding in Cellar Trends Limited's immediate parent, Cellar Trends Holdings Limited, in June 2019. As a consequence, the second half of 2019 was a time of change for Cellar Trends, as new systems and processes were introduced to fully integrate the company into ABG, as well as streamline the company's operations to provide the same value-added services to its customers in a more efficient way. Continued Brexit uncertainty influenced both the market trading environment and the company's operational requirements. Shopper behaviour was more cautious in light of the unclear future outlook, leading to the holiday season, usually the busiest time of the year for Cellar Trends, to be slower than in 2018 which already was an overall low-performing year (-6.7%). Still wine - a key category for the company - declined 2% in the Off Trade and 5% in the On Trade during 2019. Vodka remained the largest category within Spirits both in the Off and On Trade, however, it showed a decline in volume across both trade channels during 2019. Gin was the fastest growing category within Spirits during 2019 in the UK, growing +8% in the Off Trade and +22% in the On Trade. Thus, when Cellar Trends managed to add a very strong brand (Brockmans) to its portfolio in a category performing so well in the market, but thus far underrepresented in the company, it allowed the volume drop caused by Brexit uncertainty to be partially mitigated. Out of the existing portfolio, particularly strong performers in 2019 were Bumbu Rum (+100% vs 2018), Cosmopolitan Diva (+47%) and Italicus (+24%), as well as the Stolichnaya brands Premium and Elit, +20% and +121% vs 2018, respectively. Brexit uncertainty also impacted the company's liquidity and cash requirements in the second part of the year, as significant investment was necessary to prepare the stock holdings for possible Day 1 scenarios. External financing facilities were restructured to bring them in line with ABG policies; the previously utilised invoice discounting facility agreement was terminated and replaced by a Group loan. Cellar Trends also successfully passed the BRC audit and remains accredited. Balance sheet and cash flow remain positive.

Future developments

Cementing of Stolichnaya portfolio with the finalising of 100% Cellar Trends share acquisition by ABG and adding of considerable volumes through addition of Brockmans into the company portfolio provides a strong and stable revenue base going into 2020. The company's largest brand in terms of volume - Faustino - has a solid promotional plan going into the new year and performance is expected to recover to 2017 highs after two years of channel and customer realignment. Management also recognises that certain categories remain underrepresented in the company's portfolio and is focused on said category development through addition of strong, high-margin brands that will allow Cellar Trends to return to profitability. The company remains sensitive to foreign exchange rates, as approximately 70% of the products sold by Cellar Trends in the UK market are brought in from abroad. Close management of foreign exchange rate risk continues and new avenues for decreasing the associated costs are being explored. While the final outcome of Brexit remains unclear, the management team has been preparing for it by building sufficient levels of stock, considering longer lead times, ensuring appropriate staffing levels and communicating with the relevant stakeholders on potential implications and difficulties that might arise in case of the various scenarios. Cellar Trends plans to continue the work on internal process and systems improvement kicked off during the year and expects that these will yield more clarity and transparency in spending reporting and analysis, in turn leading to continued efficiency improvements. ABG remains fully supportive of the company and stands behind the management team in its efforts to dominate the UK drinks business, providing strategic, financial and operational support where necessary.

Financial risk management objectives and policies

The company has established objectives and policies for managing financial risks, to enable them to achieve growth into new brands and market sectors whilst still operating within a prudent risk management framework. These objectives and policies are regularly reviewed by the management team. Currency, price, interest rate and liquidity risks are managed centrally within parameters set by the company Directors. Where appropriate, financial instruments are used to manage the financial risks faced by the company. Currency risk Through its trading with international entities, the company has operational exposure in both euros and US dollars. Euro balance sheet translation exposure is hedged by maintaining foreign currency bank accounts and factoring accounts. Price risk The company operates in a competitive market. Price risk, particularly in the wine sector, is offset in part by regularly sourcing new brands to add to the portfolio. The company acts as sole UK distributor for several products, and this combined with the in-house promotional campaigns ensures that margin erosion is minimised. Interest rate risk The company finances its operations through a mixture of retained profits, and Shareholder financing, thus minimising the interest rate risk. Liquidity risk Budgets and forecasts identifying the liquidity requirements of the company have been produced. The directors are fully aware of the economic environment in which the company operates and are taking measures to ensure that liquidity risks are minimised. All sales ledger debtors are insured and these are regularly reviewed by the directors.

Section 172(1) Statement The revised UK Corporate Governance Code applies to accounting periods commencing on or after 1 January 2019. The Companies (Miscellaneous Reporting) Regulations 2018 require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in Section 172(1) a) to f) of the Companies act 2006, when performing their duty to promote the success of the Company. This statement focuses on matters of strategic importance to the company and the level of information disclosed is consistent with the size and complexity of its business. The Director understands the business and the environment in which it operates, and the decisions taken, as summarised above, are designed to ensure the company's profitability in the long term. The Director recognises the contribution made by the company's employees, which is fundamental to the company's success. This success is dependent on attracting, retaining and motivating employees, and ensuring that we remain a responsible employer. A strong, mutually beneficial relationship with suppliers, customer, etc. is also fundamental to the Directors' strategy. It is also recognised that the company is mindful to continue to minimise the impact of the business on the community and environment, whilst, at all times, acting fairly and maintaining high standards of business conduct.

This report was approved by the board of directors on 18 December 2020 and signed on behalf of the board by:

Mr S E I Thomas Director

Registered office:

B100

Beverley Road

East Midlands Airport

Castle Donington

Derby

DE74 2SA

Cellar Trends Limited

Director's Report

Year ended 31 December 2019

The director presents his report and the financial statements of the company for the year ended 31 December 2019 .

Principal activities

The principal activity of the company was “Bringing Drinks Brands to Life” in the UK market.

Directors

The directors who served the company during the year were as follows:

Mr M F Watts

Mr G F Watts

Mr S P Ferreira

Mr D G Marriott (Resigned 1 August 2019)

Mr J C Marriott (Resigned 1 August 2019)

Mr H M Pietrini (Resigned 1 August 2019)

Mr S E I Thomas was appointed as Director on 21 February 2020.

Dividends

The director does not recommend the payment of a dividend.

Disclosure of information in the strategic report

Full details of the Financial Risk Management Objectives and Policies and Future Developments required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 are disclosed within the Strategic Report.

Director's responsibilities statement

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations. Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period. In preparing these financial statements, the director is required to: - select suitable accounting policies and then apply them consistently; - make judgments and accounting estimates that are reasonable and prudent; - state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. The director is 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. He is 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. Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and - they have taken all 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.

This report was approved by the board of directors on 18 December 2020 and signed on behalf of the board by:

Mr S E I Thomas Director

Registered office:

B100

Beverley Road

East Midlands Airport

Castle Donington

Derby

DE74 2SA

Cellar Trends Limited

Independent Auditor's Report to the Members of Cellar Trends Limited

Year ended 31 December 2019

Opinion

We have audited the financial statements of Cellar Trends Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 31 December 2019 and of its loss for the year then ended; - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; - 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

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

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

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 director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's 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 director's remuneration specified by law are not made; or - we have not received all the information and explanations we require for our audit.

Responsibilities of the director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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. As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also: - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director. - Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern. - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and

timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Philip Nash FCA

(Senior Statutory Auditor)

For and on behalf of

Johnson Murkett & Hurst

Chartered Accountants & statutory auditor

Rawdon House

Rawdon Terrace

Ashby de la Zouch

Leicestershire

LE65 2GN

21 December 2020

Cellar Trends Limited

Statement of Income and Retained Earnings

Year ended 31 December 2019

		Year to 31 Dec 19	Period from 1 Jun 18 to 31 Dec 18
	Note	£	£
Turnover	4	37,589,874	25,651,622
Cost of sales		32,416,536	21,172,289
		-----	-----
Gross profit		5,173,338	4,479,333
Administrative expenses		6,877,204	4,857,286
Other operating income		122,076	—
		-----	-----
Operating loss	5	(1,581,790)	(377,953)
Other interest receivable and similar income	9	4	—
Interest payable and similar expenses	10	74,880	14,114
		-----	-----
Loss before taxation		(1,656,666)	(392,067)
Tax on loss	11	—	—
		-----	-----
Loss for the financial year and total comprehensive income		(1,656,666)	(392,067)
		-----	-----
Retained earnings at the start of the year		6,804,734	7,196,801
		-----	-----
Retained earnings at the end of the year		5,148,068	6,804,734
		-----	-----

All the activities of the company are from continuing operations.

Cellar Trends Limited

Statement of Financial Position

31 December 2019

		2019	2018
	Note	£	£
Fixed assets			
Intangible assets	12	99,967	1,669
Tangible assets	13	108,987	170,297
		-----	-----
		208,954	171,966
Current assets			
Stock	14	5,419,790	5,348,500
Debtors	15	14,915,265	13,202,350
Cash at bank and in hand		1,458,647	895,055
		-----	-----
		21,793,702	19,445,905
Creditors: amounts falling due within one year	16	16,849,488	12,808,037
		-----	-----
Net current assets		4,944,214	6,637,868
		-----	-----
Total assets less current liabilities		5,153,168	6,809,834
		-----	-----
Net assets		5,153,168	6,809,834
		-----	-----
Capital and reserves			
Called up share capital	18	5,100	5,100
Retained earnings	19	5,148,068	6,804,734
		-----	-----
Shareholders funds		5,153,168	6,809,834
		-----	-----

These financial statements were approved by the board of directors and authorised for issue on 18 December 2020 , and are signed on behalf of the board by:

Mr S E I Thomas Director

Company registration number: 03705002

Cellar Trends Limited

Statement of Cash Flows

Year ended 31 December 2019

	2019	2018
	£	£
Cash flows from operating activities		
Loss for the financial year	(1,656,666)	(392,067)
<i>Adjustments for:</i>		
Depreciation of tangible assets	98,796	94,046
Amortisation of intangible assets	1,975	117
Other interest receivable and similar income	(4)	–
Interest payable and similar expenses	74,880	14,114
Gains on disposal of tangible assets	(54,799)	–
Accrued (income)/expenses	(138,226)	251,065
<i>Changes in:</i>		
Stock	(71,290)	(744,681)
Trade and other debtors	(1,712,915)	(1,301,298)
Trade and other creditors	(280,140)	2,707,735
Cash generated from operations	(3,738,389)	629,031
Interest paid	(74,880)	(14,114)
Interest received	4	–
Net cash (used in)/from operating activities	(3,813,265)	614,917
Cash flows from investing activities		
Purchase of tangible assets	(72,895)	(61,289)
Proceeds from sale of tangible assets	90,208	–
Purchase of intangible assets	(100,273)	–
Purchase of futures contracts, forward contracts, option contracts and swap contracts	(14,729)	12,936
Net cash used in investing activities	(97,689)	(48,353)
Cash flows from financing activities		
Proceeds from loans from group undertakings	4,474,546	–
Net cash from financing activities	4,474,546	–
Net increase in cash and cash equivalents	563,592	566,564
Cash and cash equivalents at beginning of year	895,055	328,491
Cash and cash equivalents at end of year	1,458,647	895,055

Cellar Trends Limited

Notes to the Financial Statements

Year ended 31 December 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. During the accounting period, the address of the registered office was Rawdon House, Rawdon Terrace, Ashby de la Zouch, Leicestershire, LE65 2GN and the company's trading address was Stonehouse Farm, Ashby Road, Woodville, Swadlincote, Derbyshire, DE11 7BP. However, from July 2020, the company's trading address is B100, Beverley Road, East Midlands Airport, Castle Donington, Derby DE74 2SA, which, since 14 December 2020, is now also the company's registered office.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances .

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses .

Amortisation

Licences and system costs 20% per annum straight line from month of purchase

Patents and trademarks - Three years straight line from 31 August 2019

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Office equipment	-	3 years straight line from month of purchase
Motor vehicles	-	3 years straight line from month of purchase
Computer equipment	-	3 years straight line from month of purchase

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets .

Stocks

Stocks are measured at the lower of cost and estimated selling price, after making due allowance for obsolete and slow moving items. Cost includes all costs of purchase and other costs incurred in bringing the stock to its present location and condition.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is a contract that evidences a residual interest of the assets of the company after deducting all of its liabilities.

Defined contribution plans

The company operates a defined contribution pension scheme for employees. Annual Contributions are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

4. Turnover

Turnover arises from:

	Year to 31 Dec 19 £	Period from 1 Jun 18 to 31 Dec 18 £
Sale of goods	37,589,874	25,651,622

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	Year to 31 Dec 19 £	Period from 1 Jun 18 to 31 Dec 18 £
United Kingdom	37,531,808	25,637,119
Overseas	58,066	14,503
	37,589,874	25,651,622

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	Year to 31 Dec 19 £	Period from 1 Jun 18 to 31 Dec 18 £
Amortisation of intangible assets	1,975	117
Depreciation of tangible assets	98,796	94,046
Gains on disposal of tangible assets	(54,799)	—
Impairment of trade debtors	81,729	(75,396)
Foreign exchange differences	(48,888)	85,043

6. Auditor's remuneration

	Year to 31 Dec 19 £	Period from 1 Jun 18 to 31 Dec 18 £
Fees payable for the audit of the financial statements	32,000	25,500
Fees payable to the company's auditor and its associates for other services:		
Taxation advisory services	1,600	1,600

7. Staff costs

The average number of persons employed by the company during the year, including the director, amounted to:

	2019	2018
	No.	No.
Administrative staff	22	25
Management staff	5	6
Number of sales staff	30	30
Number of marketing staff	17	19
	----	----
	74	80
	----	----

The aggregate payroll costs incurred during the year, relating to the above, were:

	Year to 31 Dec 19	Period from 1 Jun 18 to 31 Dec 18
	£	£
Wages and salaries	3,231,984	1,945,020
Social security costs	347,258	252,362
Other pension costs	235,379	148,935
	-----	-----
	3,814,621	2,346,317
	-----	-----

8. Director's remuneration

The director's aggregate remuneration in respect of qualifying services was:

	Year to 31 Dec 19	Period from 1 Jun 18 to 31 Dec 18
	£	£
Remuneration	291,517	267,950
Company contributions to defined contribution pension plans	19,200	11,200
	-----	-----
	310,717	279,150
	-----	-----

The number of directors who accrued benefits under company pension plans was as follows:

	2019	2018
	No.	No.
Defined contribution plans	2	2
	----	----

Remuneration of the highest paid director in respect of qualifying services:

	Year to 31 Dec 19	Period from 1 Jun 18 to 31 Dec 18
	£	£
Aggregate remuneration	172,988	92,565
	-----	-----

9. Other interest receivable and similar income

	Year to 31 Dec 19	Period from 1 Jun 18 to 31 Dec 18
	£	£
Interest on cash and cash equivalents	4	—
	----	----

10. Interest payable and similar expenses

	Year to	Period from
	31 Dec 19	1 Jun 18 to
	£	31 Dec 18
		£
Interest due to group undertakings	17,966	—
Other interest payable and similar charges	56,914	14,114
	-----	-----
	74,880	14,114
	-----	-----

11. Tax on loss

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19 % (2018: 19 %).

	Year to	Period from
	31 Dec 19	1 Jun 18 to
	£	31 Dec 18
		£
Loss on ordinary activities before taxation	(1,656,666)	(392,067)
	-----	-----
Loss on ordinary activities by rate of tax	(319,656)	(74,493)
Effect of expenses not deductible for tax purposes	47,351	(10,909)
Effect of capital allowances and depreciation	(31,947)	6,748
Utilisation of tax losses	304,252	78,654
	-----	-----
Tax on loss	—	—
	-----	-----

12. Intangible assets

	Patents, trademarks and licences
	£
Cost	
At 1 January 2019	2,003
Additions	100,273

At 31 December 2019	102,276

Amortisation	
At 1 January 2019	334
Charge for the year	1,975

At 31 December 2019	2,309

Carrying amount	
At 31 December 2019	99,967

At 31 December 2018	1,669

13. Tangible assets

	Office equipment £	Motor vehicles £	Computer equipment £	Total £
Cost				
At 1 January 2019	147,100	526,075	718,417	1,391,592
Additions	11,646	36,400	24,849	72,895
Disposals	(129,789)	(237,825)	(409,094)	(776,708)
	-----	-----	-----	-----
At 31 December 2019	28,957	324,650	334,172	687,779
	-----	-----	-----	-----
Depreciation				
At 1 January 2019	143,357	415,040	662,898	1,221,295
Charge for the year	2,597	60,738	35,461	98,796
Disposals	(125,196)	(213,751)	(402,352)	(741,299)
	-----	-----	-----	-----
At 31 December 2019	20,758	262,027	296,007	578,792
	-----	-----	-----	-----
Carrying amount				
At 31 December 2019	8,199	62,623	38,165	108,987
	-----	-----	-----	-----
At 31 December 2018	3,743	111,035	55,519	170,297
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14. Stock

	2019	2018
	£	£
Goods for resale	5,388,690	5,348,500
Non-resale stock	31,100	—
	-----	-----
	5,419,790	5,348,500
	-----	-----

15. Debtors

	2019	2018
	£	£
Trade debtors	12,258,369	10,824,415
Amounts owed by group undertakings	153,433	147,013
Prepayments and accrued income	937,818	180,687
Corporation tax repayable	—	722
Other debtors	1,565,645	2,049,513
	-----	-----
	14,915,265	13,202,350
	-----	-----

Trade debtors include factored debts.

16. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	8,962,321	6,922,406
Amounts owed to group undertakings	4,474,546	—
Accruals and deferred income	2,304,006	2,442,232
Social security and other taxes	1,108,615	983,977
Derivative financial liability	—	14,729
Other creditors	—	2,444,693
	-----	-----
	16,849,488	12,808,037
	-----	-----

17. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £ 235,379 (2018: £ 148,935).

18. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £ 1 each	5,100	5,100	5,100	5,100

There is a single class of Ordinary shares. There is no restriction on the distribution of dividends and repayment of capital.

19. Reserves

Retained earnings - This reserve records retained earnings and accumulated losses.

20. Analysis of changes in net debt

	At 1 Jan 2019	Cash flows	At 31 Dec 2019
	£	£	£
Cash at bank and in hand	895,055	563,592	1,458,647
Debt due within one year	—	(4,474,546)	(4,474,546)
	895,055	(3,910,954)	(3,015,899)

21. Operating leases

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

	2019	2018
	£	£
Not later than 1 year	173,910	219,360
Later than 1 year and not later than 5 years	94,210	185,920
	268,120	405,280

This commitment relates to rent of the company's Midlands and London premises, including electricity for the Midlands premises.

Cellar Trends Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

22. Related party transactions

The company is a wholly owned subsidiary of Cellar Trends Holdings Limited. The company's directors are also directors of Cellar Trends Holdings Limited. The following trading transactions, between related parties (group companies), arose during the period:

	£
Sales of goods and services to group companies	2,873,366
Purchases of goods and services from group companies	4,542,172
Amounts owed by these related parties at 31 December 2019	191,845
Amounts owed to these related parties at 31 December 2019	845,815

In addition, the following trading expenses, which were provided by other related parties, were incurred during the period:

	£
Rent of business premises and associated costs	87,360
Other trading expenses	1,044
Total	88,404

The amount owed to those related parties at 31 December 2019 was £Nil. A loan of £150,493 to the immediate parent company, which is repayable on demand, was outstanding at 31 December 2019.

23. Controlling party

The company is a wholly owned subsidiary of Cellar Trends Holdings Limited, B100, Castle Donington, Derby DE74 2SA, which is, itself, under the control of Amber Beverage Group UK Limited, Hays Galleria, 1 Hays Lane, London, SE1 2RD. Amber Beverage Group UK Limited is a wholly owned subsidiary of Amber Beverage Group Holding S.à.r.l. of 42 Rue de la Vallée, L-2661, Luxembourg. The main shareholder of the group of which the company is a part, is S.P.I. Group S.à.r.l. of 44 Rue de la Vallée, L-2661, Luxembourg; The majority shareholder in that company is Mr Yuri Scheffler.

24. Going concern

Since March 2020, the company's operations have been impacted by the COVID-19 pandemic. It is not possible to quantify the precise financial effect, but the management continues to focus on market changes and adapts quickly to minimise the impact on the company.

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.