

Accolade Wines Holdings Europe Limited

Annual Report and Financial Statements for the Year Ended 30 June 2018

Registered number: 05185971



Accolade Wines Holdings Europe Limited Registration number: 05185971
Annual Report and Financial Statements - 30 June 2018

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Strategic report

The Directors present their strategic report for the year ended 30 June 2018.

The purpose of the strategic report is to inform members of the Company and help them to assess how the Directors have performed their duty under s172 of the Companies Act 2006.

Business review

Fair review of the business

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

On 4 April 2018, Amphora Group Limited agreed to acquire 100% of the shares in the Accolade Wines Group operations, with the sale completing on 31 May 2018. The ultimate parent entity of Accolade Wines Holdings Europe Limited is as a result Amphora Group Limited.

Bank loans of the Group were repaid during 30 June 2018. The Group now receives funding through intercompany borrowings from Amphora Group entities, see note 16 for further detail.

Accolade Wines Holdings Europe Limited and Accolade Wines Holdings Australia Pty Limited together comprise the global Accolade Wines operations. The group accounts of Accolade Wines Holdings Europe Limited are not reflective of the performance of the global Accolade Wines operations in its entirety as the Company does not own Accolade Wines Holdings Australia Pty Limited.

Measurement

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

Performance

Group revenue and gross profit for the year have increased from £478m to £481m and from £61m to £77m respectively, as a result of the Group's focus on improving the mix of its products throughout the year. In addition, the recovery of GBP has reduced the cost of imported products, offset in part by the decrease in profit margins following the negative initial consequences of the Brexit vote.

The gains in GBP within the year against most major currencies did however result in foreign exchange losses on the revaluation of foreign denominated bank and loan balances.

Impairment charges relating to the write down of intangible assets of £8.6m were recognised in the year ended 30 June 2018. This relates to non-core brands identified as part of a review of business strategy following the business acquisition. See note 8 for further detail.

Accolade Wines Holdings Europe Limited
Strategic report
30 June 2018

A loss on disposal of current asset investments of £3.1m has also been recognised in the year ended 30 June 2018, as a consequence of the acquisition by Carlyle.

Trade and other receivables increased from £99m to £116m as a result of higher sales during the year along with an increase in aged receivables which subsequent to year end have been collected in full. Inventory also increased from £52m to £59m as the Company held more stock in anticipation of higher sales.

The retirement benefit scheme valuation has improved from a £11.0m deficit in 2017 to a surplus of £5.5m in 2018. The increase is made up of actuarial gain of £13.8m and pension contributions net of finance costs of £2.7m. See Note 9 for further details.

During the year the Company bought back 560,740 management ordinary shares for consideration of £70,451. The shares were then cancelled.

Legal and regulatory environment

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

Risks/uncertainty

The Group's activities also expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The uncertain outcome of the government's negotiation with the EU may cause continued foreign exchange rate movements, as well as impact the labour market, customs controls procedures and the economy as a whole. The Group may see higher costs of imported wine due to weaker sterling. A less stable labour market and increased customs controls and tariffs could result in higher labour costs and transaction costs for moving goods in and out of the EU. In addition, potential slower economic growth could affect the buying power of consumers, impacting the Group's sales.

The Group adopts a moderate approach to risk, taking appropriate mitigation over legal, regulatory and financial exposure. Its overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by policies approved by the Group, which identify, evaluate and hedge financial risks in close co-operation with the Group's operations. There are written principles for overall risk management, as well as policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risk, use of derivative financial instruments and investing excess liquidity. See Note 22 for more details.

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

Employment of disabled persons

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

Employee involvement

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

Approved by the Board on 27.11.18 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'Andy P Smith', written over a dotted line.

Andy P Smith
Director

Accolade Wines Holdings Europe Limited
Directors' report
30 June 2018

Directors' report

The Directors present their report on the consolidated Group consisting of Accolade Wines Holdings Europe Limited and its subsidiaries for the year ended 30 June 2018.

Directors of the company

The names of Directors who held office during and/ or since the end of the year, up to the date of this report, are as follows:

John Richard Haddock (resigned 31 May 2018)

Nicholas Frank Greiner (resigned 31 May 2018)

Jim Anderson (resigned 10 November 2017)

Jeremy Alexander Stevenson (resigned 31 May 2018)

Alice Hua (resigned 31 May 2018)

Karen McMonagle (appointed 31 May 2018 and resigned 19 November 2018)

Andy P Smith (appointed 19 November 2018)

Adrian McKeon (appointed 19 November 2018)

Anthony Wood (appointed 19 November 2018)

Dividends

There was no dividend declared or paid during the year ended 30 June 2018 or 30 June 2017.

Political donations

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

Disclosure of information to the auditor

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

Financial risk management

Information on financial risks is disclosed in note 22.

Future Developments

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

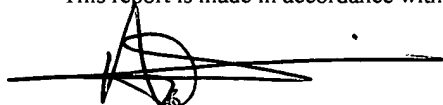
Accolade Wines Holdings Europe Limited
Directors' report
30 June 2018

Indemnities and insurance

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

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

This report is made in accordance with a resolution of Directors.

A handwritten signature in black ink, appearing to be 'A. P. Smith', written over a horizontal dotted line.

Andy P Smith
Director

Thomas Hardy House
2 Heath Road
Weybridge, Surrey KT13 8TB
27.11.18

Accolade Wines Holdings Europe Limited
Statement of Directors' responsibilities
30 June 2018

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent 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 Group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 Group and to prevent and detect fraud and other irregularities.

**Independent auditor's report to the members of
Accolade Wines Holdings Europe limited
30 June 2018**

Opinion

We have audited the financial statements of Accolade Wines Holdings Europe Limited ("the company") for the year ended 30 June 2018 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the parent company balance sheet, the consolidated statement of changes in equity, the parent company statement of changes in equity and the consolidated cash flow statement 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 Group's and of the parent company's affairs as at 30 June 2018 and of the Group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group 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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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.

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.

**Independent auditor's report to the members of
Accolade Wines Holdings Europe limited
30 June 2018**

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

We have nothing to report in these respects.

Director's 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 group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

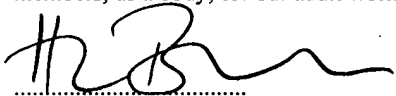
Auditor's responsibilities

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.

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.



Huw Brown (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

Date: 29/11/18

Accolade Wines Holdings Europe Limited Registration number: 05185971
Annual Report and Financial Statements - 30 June 2018

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The registered office of Accolade Wines Holdings Europe Limited is:
Accolade Wines Holdings Europe Limited
Thomas Hardy House
2 Heath Road
Weybridge Surrey KT13 8TB

The financial statements were authorised for issue by the Directors on 23.11.18

Accolade Wines Holdings Europe Limited
Consolidated Income Statement
30 June 2018

		Consolidated Group	
		Year ended	
	Note	30 June 2018 £ 000	30 June 2017 £ 000
Revenue	3	481,250	478,508
Cost of sales		(404,227)	(417,331)
Gross profit		77,023	61,177
Distribution expenses		(34,570)	(36,962)
Administration expenses		(19,961)	(19,432)
Impairment of intangible assets and loss on disposal of current asset investments	4	(11,724)	-
Operating profit		10,768	4,783
Financial income	4	1,257	3,556
Financial expenses	4	(4,252)	(2,970)
Profit before tax		7,773	5,369
Taxation	6	(4,582)	(1,931)
Profit for the year		3,191	3,438
Profit is attributable to:			
Equity holders of Accolade Wines Holdings Europe Limited		3,191	3,438

Accolade Wines Holdings Europe Limited
Consolidated Statement of Comprehensive Income
30 June 2018

		Consolidated Group	
		Year ended	
	Note	30 June 2018 £ 000	30 June 2017 £ 000
Profit for the year		<u>3,191</u>	<u>3,438</u>
Other comprehensive income/(loss)			
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial gains or losses	9	13,778	4,168
Deferred tax relating to actuarial gains or losses	6	(4,346)	(709)
Deferred tax impact of rate change on actuarial gains/losses	21(b)	-	(55)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Changes in the fair value of cash flow hedges	21(a)	(343)	(695)
Exchange differences on translation of foreign operations	21(a)	(53)	765
Deferred tax relating to change in fair value of cash flow hedges	6	<u>58</u>	<u>112</u>
Other comprehensive income for the year, net of tax		<u>9,094</u>	<u>3,586</u>
Total comprehensive income for the year		<u>12,285</u>	<u>7,024</u>
Total comprehensive income for the year is attributable to: Equity holders of Accolade Wines Holdings Europe Limited		<u>12,285</u>	<u>7,024</u>

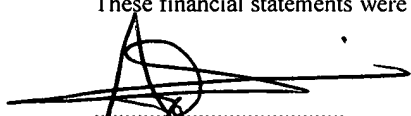
Accolade Wines Holdings Europe Limited
Consolidated Balance Sheet
As at 30 June 2018

		Consolidated Group	
		30 June	30 June
	Note	2018	2017
		£ 000	£ 000
ASSETS			
Non-current assets			
Property, plant and equipment	7	39,484	38,626
Intangible assets	8	5,953	15,846
Deferred tax assets	19	-	4,045
Retirement benefit asset	9	5,499	-
Total non-current assets		<u>50,936</u>	<u>58,517</u>
Current assets			
Cash and cash equivalents	10	17,238	11,378
Trade and other receivables	11	115,536	99,246
Inventories	12	58,702	51,799
Current tax receivables		73	1,087
Total current assets		<u>191,549</u>	<u>163,510</u>
Total assets		<u>242,485</u>	<u>222,027</u>
LIABILITIES			
Current liabilities			
Trade and other payables	13	105,626	77,046
Derivative financial instruments	14	142	34
Provisions	15	189	169
Loans and borrowings	16	-	10,466
Total current liabilities		<u>105,957</u>	<u>87,715</u>
Non-current liabilities			
Other payables	17	14,388	15,777
Provisions	18	200	472
Retirement benefit liability	9	-	11,038
Deferred tax liabilities	19	2,701	-
Total non-current liabilities		<u>17,289</u>	<u>27,287</u>
Total liabilities		<u>123,246</u>	<u>115,002</u>
Net assets		<u>119,239</u>	<u>107,025</u>

Accolade Wines Holdings Europe Limited
Consolidated Balance Sheet
As at 30 June 2018

		Consolidated Group	
		30 June 2018 £ 000	30 June 2017 £ 000
EQUITY			
Share capital	20	110	116
Share premium account	20	697	697
Retained earnings	21(b)	116,493	103,941
Other reserves	21(a)	1,939	2,271
Equity attributable to equity holders of Accolade Wines Holdings Europe Limited		<u>119,239</u>	<u>107,025</u>
Total equity		<u>119,239</u>	<u>107,025</u>

These financial statements were approved by the Board on 27.11.18 and signed on its behalf by:

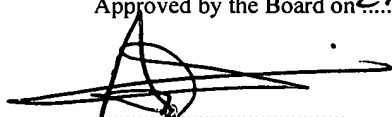


.....
 Andy P Smith
 Director

Accolade Wines Holdings Europe Limited
Company Balance Sheet
As at 30 June 2018

		Parent company	
		30 June	30 June
	Note	2018	2017
		£ 000	£ 000
Non-current assets			
Investments in subsidiaries	28	-	-
Current assets			
Debtors	29	82,847	79,929
		<u>82,847</u>	<u>79,929</u>
Current liabilities			
Creditors	29	64,298	61,174
Net current assets		<u>18,549</u>	<u>18,755</u>
Total assets less current liabilities		<u>18,549</u>	<u>18,755</u>
Non-current liabilities			
Creditors	29	-	85
Net assets		<u>18,549</u>	<u>18,670</u>
Capital and reserves			
Share capital	20(a)	110	116
Share premium reserve	20(b)	697	697
Capital redemption reserve	21(a)	734	728
Retained earnings		<u>17,008</u>	<u>17,129</u>
Attributable to equity holders of Accolade Wines Holdings Europe Limited		<u>18,549</u>	<u>18,670</u>
Shareholders' funds		<u>18,549</u>	<u>18,670</u>

Approved by the Board on 27.11.18 and signed on its behalf by:



Andy P Smith
Director

Accolade Wines Holdings Europe Limited
Consolidated Statement of Changes in Equity
30 June 2018

		Attributable to owners of Accolade Wines Holdings Europe Limited					
		Share capital	Share premium reserve	Cash flow hedge reserve	Capital redemption reserve	Foreign currency translation reserve	Retained Earnings
Notes		£ 000	£ 000	£ 000	£ 000	£ 000	Total equity £ 000
Consolidated Group							
	Balance as at 1 July 2016	<u>116</u>	<u>697</u>	<u>545</u>	<u>728</u>	<u>816</u>	<u>97,099</u>
	Profit for the year	-	-	-	-	-	3,438
	Fair value of cashflow hedge, net of tax	21(c)	-	(583)	-	-	(583)
	Actuarial gain/(loss) from retirement benefit	9(f)	-	-	-	-	4,168
	Deferred tax impact on tax rate change and actuarial loss from retirement benefit		-	-	-	-	(764)
	Exchange differences on translation of foreign operations	21(c)	-	-	-	765	-
	Total comprehensive income for the year		-	(583)	-	765	6,842
	Balance as at 30 June 2017	<u>116</u>	<u>697</u>	<u>(38)</u>	<u>728</u>	<u>1,581</u>	<u>103,941</u>

Accolade Wines Holdings Europe Limited
Consolidated Statement of Changes in Equity
30 June 2018

		Attributable to owners of Accolade Wines Holdings Europe Limited					Total equity £ 000
		Share capital £ 000	Share premium reserve £ 000	Cash flow hedge reserve £ 000	Capital redemption reserve £ 000	Foreign currency translation reserve £ 000	
Notes		£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Consolidated Group							
	Balance as at 1 July 2017	116	697	(38)	728	1,581	107,025
	Profit for the year	-	-	-	-	3,191	3,191
21(c)	Fair value of cashflow hedge, net of tax	-	-	(285)	-	-	(285)
9(f)	Actuarial gain from defined benefit pension scheme	-	-	-	-	13,778	13,778
	Deferred tax impact on actuarial loss from retirement	-	-	-	-	(4,346)	(4,346)
21(c)	Exchange differences on translation of foreign operations	-	-	-	-	(53)	(53)
	Total comprehensive income for the year	-	-	(285)	-	(53)	12,285
	Repurchase and cancellation of own shares	(6)	-	-	6	(71)	(71)
	Total distributions to owners	(6)	-	-	6	(71)	(71)
	Balance as at 30 June 2018	110	697	(323)	734	1,528	119,239

Accolade Wines Holdings Europe Limited
Company Statement of Changes in Equity
30 June 2018

	Share capital £ 000	Capital redemption reserve £ 000	Share premium reserve £ 000	Profit and loss account £ 000	Total equity £ 000
Parent company					
Balance as at 1 July 2016	116	728	697	14,232	15,773
Profit for the year	-	-	-	2,897	2,897
Balance as at 30 June 2017	116	728	697	17,129	18,670
	Share capital £ 000	Capital redemption reserve £ 000	Share premium reserve £ 000	Profit and loss account £ 000	Total equity £ 000
Parent company					
Balance as at 1 July 2017	116	728	697	17,129	18,670
Loss for the year	-	-	-	(50)	(50)
Transactions with equity holders in their capacity as owners					
Repurchase and cancellation of own shares	(6)	6	-	(71)	(71)
Balance as at 30 June 2018	110	734	697	17,008	18,549

Accolade Wines Holdings Europe Limited
Consolidated Cash Flow Statement
30 June 2018

	Note	2018 £ 000	2017 £ 000
Cash flows from operating activities			
Profit for the year		3,191	3,438
Depreciation and amortisation	4	5,124	5,075
Impairment of intangible assets	8	8,601	-
Loss on disposal of current asset investments	4	3,124	-
Finance income	4	(1,257)	(3,556)
Finance expenses	4	4,252	2,970
Loss/(Profit) on disposal of property, plant and equipment		31	(286)
Taxation	6	4,582	1,931
		<u>27,648</u>	<u>9,572</u>
(Increase)/decrease in trade and other receivables		(9,584)	18,395
(Increase)/decrease in inventories		(6,903)	5,841
Increase/(decrease) in trade and other payables		(3,357)	(18,275)
(Decrease)/increase in provisions		<u>(252)</u>	<u>268</u>
		7,552	15,801
Pension scheme cash contributions	9(b)	(3,000)	(4,000)
Borrowing costs paid		(1,610)	(1,119)
Income taxes paid		<u>(967)</u>	<u>(1,745)</u>
Net cash inflow from operating activities		<u>1,975</u>	<u>8,937</u>
Cash flows from investing activities			
Payments for property, plant, equipment and intangible assets		(4,412)	(2,405)
Interest received		56	38
Acquisition of business		-	(5,267)
Proceeds from sale of property, plant and equipment		-	1,963
Borrowings to related parties	26(f)	(7,333)	-
Investments in related party group		<u>(2,509)</u>	<u>-</u>
Net cash outflow from investing activities		<u>(14,198)</u>	<u>(5,671)</u>
Cash flows from financing activities			
Repurchase of own shares		(70)	-
Proceeds from borrowings - related parties	26(f)	28,755	-
Movement in bank loans		<u>(10,602)</u>	<u>(4,482)</u>
Net cash outflow from financing activities		<u>18,083</u>	<u>(4,482)</u>
Net increase/(decrease) in cash and cash equivalents		<u>5,860</u>	<u>(1,216)</u>
Cash and cash equivalents at beginning of the financial year		<u>11,378</u>	<u>12,594</u>
Cash and cash equivalents at end of year	10	17,238	11,378

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1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements consist of Accolade Wines Holdings Europe Limited (the Company or parent entity) and its controlled entities (the Group).

Accolade Wines Holdings Europe Limited is a private Company incorporated, domiciled and registered in England in the UK and a for-profit entity for the purpose of preparing the financial statements. The registered number is 05185971 and the registered address is Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB.

The principal activity of the Group is the production, marketing and sale of wine and wine products.

1(a) Basis of preparation

The financial statements are for the year ended 30 June 2018 and the comparative year ended 30 June 2017.

Group

The Group financial statements have been prepared by and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU (Adopted IFRS).

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

1(a)(i) Historical cost convention

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

1(a)(ii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2017.

- Amendments to IAS 7: Disclosure Initiative
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these standards did not have a material impact on the current period or any prior period, and is not likely to affect future periods.

1(a)(iii) Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Below is the impact of their adoption -

1 Summary of significant accounting policies (continued)

1(a) Basis of preparation (continued)

1(a)(iii) *Adopted IFRS not yet applied (continued)*

- IFRS 9 Financial Instruments (effective date 1 January 2018) - it is not expected to have a material effect on the financial statements.
- IFRS 15 Revenue from Contract with Customers (effective date 1 January 2018) - The Directors consider that the adoption of IFRS 15 will not result in adjustments to retained earnings, but will cause some amounts previously included in rebates, discounts and similar items to be reclassified from Revenue to Distribution Expenses. The Directors estimated that the amount to be reclassified to be immaterial. The group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2018 and that comparatives will not be restated.
- IFRS 16 Leases (effective date 1 January 2019) - The Directors are in the process of assessing whether to adopt the retrospective application or cumulative catch-up approach when transitioning to IFRS16. The impact of IFRS16 on the Group's financial statements upon adoption will be to recognise the leases on the balance sheet as Property, Plant and Equipment with an associated increase in financial liabilities representing the present value of future lease payments. The exact amounts will depend on the option selected but are expected to be material.

1(a)(iv) *Critical accounting estimates*

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

1(a)(v) *Going concern*

The Group has considerable financial resources together with agreements with a number of customers and suppliers, across different geographic areas, and across the on-trade and off-trade. The Group has access to funding from its intermediate holding company Amphora Finance Limited, who have the ability to draw down on a term loan of £301m and a revolving facility of AUD \$150m. Amphora Australia Holdings Pty Ltd is also a borrower on the revolving facility which has been taken into consideration. The Directors believe the Group is a going concern, on the basis that the Group is forecast to make profits and generate positive operating cash flows in the foreseeable future, the Group is in a positive current asset and net asset position and has access to sufficient funding to allow it to operate for the foreseeable future. It is on this basis the financial statements have been prepared on a going concern basis.

Company

The Company financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied. The Company's financial statements are presented on page 14, 17, 70 & 71.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of Adopted IFRS, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under section s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. The loss of the Company for the year is £(0.05)m (2017: profit of £2.897m).

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

1 Summary of significant accounting policies (continued)

1(a) Basis of preparation (continued)

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

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

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

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

1(a)(vi) Critical accounting estimates

There are no significant accounting estimates in the Company's financial statements.

1(a)(vii) Going Concern

The Company has net assets and is forecast to make profits in the foreseeable future and therefore there are considered to be no issues with preparing its financial statements on a going concern basis.

1 Summary of significant accounting policies (continued)

1(b) Principles of consolidation

1(b)(i) Controlled entities

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries as at 30 June 2018 and the results of all subsidiaries for the year then ended. Accolade Wines Holdings Europe Limited and its controlled entities together are referred to in these financial statements as the Group or the consolidated entity.

Controlled entities are all entities (including special purpose entities) over which the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Controlled entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of controlled entities by the Group (refer to note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses relating to transactions between Group companies are eliminated in full except to the extent that the underlying asset is impaired. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in controlled entities are accounted for at cost, less any impairment losses, in the individual financial statements of the parent company.

1(c) Foreign currency translation

1(c)(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in British Pound Sterling, which is Accolade Wines Holdings Europe Limited's functional and presentation currency.

1(c)(ii) Transactions and balances

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

1 Summary of significant accounting policies (continued)

1(c) Foreign currency translation (continued)

1(c)(ii) Transactions and balances (continued)

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.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

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

1(c)(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate on reporting date,
- income and expenses in the income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to other comprehensive income and accumulated in other reserves. When a foreign operation is sold, a related cumulative share of such exchange differences is recognised in the income statement, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

1(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue from sale of goods includes excise and import duties which the Group pays as principal but excludes amounts collected on behalf of third parties such as value-added tax.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

1 Summary of significant accounting policies (continued)

1(d) Revenue recognition (continued)

1(d)(i) Sale of goods and services

Revenue from the sale of goods and services is recognised (net of certain rebates, returns, discounts and other allowances) when control of the goods passes or the service is provided to the customer.

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

1(e) Other income

Other income is recognised for the major business activities as follows:

1(e)(i) Interest income

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

1(e)(ii) Dividends and distributions from investments

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

1(f) Income tax

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

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

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

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

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

1 Summary of significant accounting policies (continued)

1(f) Income tax (continued)

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

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

1(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 28). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1(h) Business combinations

All business combinations are accounted for by applying the acquisition method. For every business combination, the Group identifies the acquirer, which is the combining entity that obtains the control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date (which is the date on which control is transferred to the Group).

Consideration transferred includes the fair values of assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

1 Summary of significant accounting policies (continued)

1(i) Impairment of non-financial assets

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

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating units and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

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

1(j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings as current liabilities in the balance sheet.

1(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trading terms for domestic trade receivables are usually within 60 days from the date of recognition. Overseas trade receivables are to be settled within 30 to 120 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement in other expenses.

1 Summary of significant accounting policies (continued)

1(l) Inventories

1(l)(i) Raw materials and stores, work in progress and finished goods

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

1(m) Investments and other financial assets

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date; the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise.

Impairment

The Group assesses at each balance date whether there is objective evidence that an investment, a financial asset or group of financial assets is impaired.

1(n) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 15 and note 14. Movements in the hedging reserve in shareholders' equity are shown in note 21. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

1 Summary of significant accounting policies (continued)

1(n) Derivatives and hedging activities (continued)

1(n)(i) Cash flow hedge

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

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

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

1(n)(ii) Derivatives that do not qualify for hedge accounting

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

1(o) Property, plant and equipment

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

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

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

Freehold buildings	over 33 to 50 years
Plant, machinery and other equipment	over 8 to 25 years
Computer equipment	over 3 to 5 years
Motor vehicles	over 3 to 7 years
Vineyards	over 7 to 8 years

1 Summary of significant accounting policies (continued)

1(o) Property, plant and equipment (continued)

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

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

1(p) Intangible assets

1(p)(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired controlled entity/associate at the date of acquisition. Goodwill on acquisitions of controlled entities is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Negative goodwill arising on acquisition is recognised directly in the income statement.

1(p)(ii) Brand names

Brand names have indefinite useful lives. Brand names are allocated to cash generating units and tested for impairment annually, or more frequently if events or changes in circumstances indicate that their value might be impaired, and are carried at cost less accumulated impairment losses.

1(p)(iii) Software

Where software is not an integral part of the related hardware, computer software is treated as an intangible asset. Computer software has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of software over its estimated useful life, which, for the current and comparative period, varies from 3 to 7 years.

1(q) Trade and other payables

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

1 Summary of significant accounting policies (continued)

1(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest 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 drawdown occurs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

1(s) Borrowing costs

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

1(t) Provisions

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

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

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

1(u) Employee benefits

1(u)(i) Wages and salaries, and sick leave

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

1(u)(ii) Holiday leave

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

1 Summary of significant accounting policies (continued)

1(u) Employee benefits (continued)

1(u)(iii) Retirement benefit obligations - Defined contribution plans

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

1(u)(iv) Retirement benefit obligations - Defined benefit plan

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

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

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

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

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

1(u)(v) Profit-sharing and bonus plans

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

1(v) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

1 Summary of significant accounting policies (continued)

1(v) Contributed equity (continued)

Classification of financial instruments

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account excludes amounts in relation to those shares.

1(w) Dividends

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

1(x) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand pounds, or in certain cases, the nearest pound.

2 Significant accounting estimates and judgments

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

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

2(a) *Estimated impairment of brand names*

The Group tests annually whether brand names have suffered any impairment, in accordance with the accounting policies stated in notes 1(i) and 1(p). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. This involves estimation in terms of cash flows and discount rates and a change in either of these could result in either additional impairment or a reversal of the existing impairment.

2 Significant accounting estimates and judgments (continued)

2(b) Valuation of retirement benefit liability

The Group's defined benefit pension scheme is assessed annually in accordance with IAS 19. The accounting valuation, which is based on assumptions determined with independent actuarial advice, resulted in a net surplus of £5,499,000 before deferred taxation being recognised on the balance sheet at 30 June 2018 (30 June 2017: net deficit £11,038,000). The Group considers that in accordance with IFRIC 14, it has an unconditional right to a refund of surplus on the gradual settlement of the Plan's liabilities as it has an unqualified unilateral power to wind-up the Plan at any time. The size of the net surplus / deficit is sensitive to the fair value of the assets held by the scheme, which include assets that are not valued based on an observable market but are instead measured using discounted future cashflows or property valuation and actuarial assumptions. These assumptions include price inflation, pension and salary increases, the discount rate used in assessing actuarial liabilities, mortality and other demographic assumptions and the level of contributions. Further details are included in note 20.

2(c) Valuation of promotional rebates

The Group estimates the amount of promotional rebates to be accrued or released based on assumptions of the level of take-up by the customers, timing of the promotional events and historical levels of customer claims. A change in these assumptions could result in a change in the accruals recognised. There is also uncertainty relating to promotional activities whereby the ultimate payment is based on third party sales.

3 Revenue

	Consolidated Group	
	Year ended	
	30 June	30 June
	2018	2017
	£ 000	£ 000
<i>Sales revenue</i>		
Sale of goods	464,240	461,797
Services	17,010	16,711
Group revenue	481,250	478,508
Excise duties paid as principle	(177,827)	(162,276)
Net group revenue	303,423	316,232
	2018	2017
	£ 000	£ 000
Revenue - UK	426,791	424,648
Revenue - Rest of World	54,459	53,860
Group Revenue	481,250	478,508

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4 Expenses

		Consolidated Group	
		Year ended	
		30 June	30 June
		2018	2017
		£ 000	£ 000
Profit before income tax includes the following specific expenses:			
<i>Amortisation</i>			
Software	8	1,265	1,194
<i>Depreciation</i>			
Plant and equipment	7	3,711	3,736
Leasehold improvements	7	142	128
Vineyards	7	6	6
Total depreciation		<u>3,859</u>	<u>3,870</u>
Total depreciation and amortisation		<u>5,124</u>	<u>5,064</u>
<i>Rental expense relating to operating leases</i>			
Operating lease rentals		<u>4,296</u>	<u>4,932</u>
Total rental expense relating to operating leases		<u>4,296</u>	<u>4,932</u>
<i>Net bad and doubtful debts</i>			
Net bad and doubtful debts including movements in/(reversal of) provision for impairment of trade receivables		<u>(93)</u>	<u>(129)</u>
Total net bad and doubtful debts		<u>(93)</u>	<u>(129)</u>
<i>Inventory write down</i>			
Dry and bulk goods		1,279	960
Finished goods		<u>177</u>	<u>581</u>
Total inventory write down		<u>1,456</u>	<u>1,541</u>
<i>Other expenses</i>			
Impairment of intangible assets		8,601	-
Loss on disposal of current asset investments		<u>3,123</u>	-
		<u>11,724</u>	<u>-</u>

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4 Expenses (continued)

Finance expenses

Interest on bank loans	1,742	2,114
Foreign exchange losses	1,926	-
Pension scheme finance expense	241	469
Provisions: unwinding of discount	-	39
Fair value on foreign exchange contracts	343	348
	<u>4,252</u>	<u>2,970</u>

Finance income

Interest income on bank deposits	(62)	(38)
Interest income - related parties	(1,195)	(1,188)
Foreign exchange gains	-	(2,330)
	<u>(1,257)</u>	<u>(3,556)</u>
Net finance (income)/expense	<u>2,995</u>	<u>(586)</u>

4(a) Staff numbers and costs

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

	2018 No.	2017 No.
Administration and support	201	176
Production	154	201
Sales, marketing and distribution	271	299
	<u>626</u>	<u>676</u>

The aggregate payroll costs were as follows:

	2018 £ 000	2017 £ 000
Wages and salaries	29,747	31,230
Social security costs	2,981	3,025
Staff pensions	1,008	972
	<u>33,736</u>	<u>35,227</u>

4 Expenses (continued)

4(b) Directors' remuneration

The Directors' remuneration for the year was as follows:

	2018 £ 000	2017 £ 000
Remuneration	147	702
Pension scheme finance expense	-	30
Share-based payments	65	-
	<u>212</u>	<u>732</u>

The highest paid Director for 30 June 2018 was paid £44,997 (30 June 2017: £240,336).

During the year the number of Directors who were receiving benefits and management ordinary shares was as follows:

	2018 No.	2017 No.
Accruing benefits under money purchase pension scheme	<u>-</u>	<u>6</u>

5 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Group:

	2018 £ 000	2017 £ 000
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>35</u>	<u>35</u>
Fees payable to the company's auditor and its associates for other services:		
Audit of the accounts of subsidiaries	189	191
Tax compliance services	5	5
Other services	3	84
	<u>232</u>	<u>315</u>

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6 Income tax expense

6(a) Income tax expense

	Consolidated Group	
	Year ended	
	30 June	30 June
	2018	2017
	£ 000	£ 000
Current tax expense		
Current tax	2,781	989
Deferred tax	2,453	915
Adjustments for prior periods	(652)	27
	<u>4,582</u>	<u>1,931</u>
Deferred income tax expense		
Capital allowances in excess of depreciation	196	273
Origination and reversal of timing differences	286	(86)
Deferred tax adjustments relating to prior years	(44)	21
Reduction in tax rate	-	248
Deferred tax on retirement benefit asset	(545)	459
Tax losses	2,560	-
	<u>2,453</u>	<u>915</u>
Income tax recognised in other comprehensive income		
Cash flow hedges	(60)	(177)
Actuarial gains on retirement benefit liability	4,346	709
Change in tax rate for cashflow hedge	2	65
Change in tax rate for retirement benefit deferred tax	-	55
	<u>4,288</u>	<u>652</u>

Accolade Wines Holdings Europe Limited
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6 Income tax expense (continued)

6(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated Group	
	Year ended	
	30 June	30 June
	2018	2017
	£ 000	£ 000
Profit from continuing operations before income tax expense	7,773	5,368
Corporation tax at standard rate 19% (2017: 19.75%)	1,477	1,060
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses not deductible for tax purposes	1,921	644
Difference in overseas tax rates	7	(69)
Adjustments for current tax of prior periods	(696)	48
Reduction in tax rate on deferred tax balances	-	248
Tax losses	2,887	-
Defined benefit surplus	(1,014)	-
Income tax expense	4,582	1,931

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on the 15 September 2016. This will reduce the company's future current tax charge and deferred tax assets accordingly. The deferred tax asset as at 30 June 2018 has been calculated based on the rate of 17% (2017: 17%) substantively enacted at the balance sheet date.

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7 Property, plant and equipment

Consolidated entity	Freehold land £ 000	Plant and equipment £ 000	Leasehold Improvements £ 000	Assets in course of construction £ 000	Vineyards £'000	Total £ 000
At 1 July 2016						
Cost	896	49,267	5,371	536	-	56,070
Accumulated depreciation	-	(15,566)	(356)	-	-	(15,922)
Net book amount	<u>896</u>	<u>33,701</u>	<u>5,015</u>	<u>536</u>	<u>-</u>	<u>40,148</u>
Year ended 30 June 2017						
Opening net book amount	896	33,701	5,015	536	-	40,148
Foreign exchange movements	5	100	372	2	-	479
Acquired through business combinations	1,287	-	-	-	-	1,287
Additions	-	-	-	2,259	-	2,259
Disposals	(749)	(590)	(338)	-	-	(1,677)
Depreciation charge	-	(3,736)	(128)	-	(6)	(3,870)
Transfers	-	1,149	240	(1,439)	50	-
Closing net book amount	<u>1,439</u>	<u>30,624</u>	<u>5,161</u>	<u>1,358</u>	<u>44</u>	<u>38,626</u>
At 30 June 2017						
Cost	1,439	40,501	5,688	1,358	50	49,036
Accumulated depreciation	-	(9,877)	(527)	-	(6)	(10,410)
Net book amount	<u>1,439</u>	<u>30,624</u>	<u>5,161</u>	<u>1,358</u>	<u>44</u>	<u>38,626</u>

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7 Property, plant and equipment (continued)

Consolidated entity	Freehold land £ 000	Plant and equipment £ 000	Leasehold Improvements £ 000	Assets in course of construction £ 000	Vineyards £'000	Total £ 000
At 1 July 2017						
Cost	1,439	40,501	5,688	1,358	50	49,036
Accumulated depreciation	-	(9,877)	(527)	-	(6)	(10,410)
Net book amount	<u>1,439</u>	<u>30,624</u>	<u>5,161</u>	<u>1,358</u>	<u>44</u>	<u>38,626</u>
Year ended 30 June 2018						
Opening net book amount	1,439	30,624	5,161	1,358	44	38,626
Foreign exchange movements	9	(6)	18	(2)	-	19
Additions	-	-	-	4,729	-	4,729
Disposals	-	(31)	-	-	-	(31)
Depreciation charge	-	(3,711)	(142)	-	(6)	(3,859)
Transfers	-	1,881	84	(1,965)	-	-
Closing net book amount	<u>1,448</u>	<u>28,757</u>	<u>5,121</u>	<u>4,120</u>	<u>38</u>	<u>39,484</u>
At 30 June 2018						
Cost	1,448	42,345	5,790	4,120	50	53,753
Accumulated depreciation	-	(13,588)	(669)	-	(12)	(14,269)
Net book amount	<u>1,448</u>	<u>28,757</u>	<u>5,121</u>	<u>4,120</u>	<u>38</u>	<u>39,484</u>

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8 Intangible assets

	Brand names and trademarks £ 000	Software £ 000	Total £ 000
Consolidated entity			
At 1 July 2016			
Cost	11,605	8,450	20,055
Accumulated amortisation	<u>(968)</u>	<u>(2,708)</u>	<u>(3,676)</u>
Net book amount	<u>10,637</u>	<u>5,742</u>	<u>16,379</u>
Year ended 30 June 2017			
Opening net book amount	10,637	5,742	16,379
Exchange differences	(8)	9	1
Additions	-	660	660
Amortisation charge	<u>-</u>	<u>(1,194)</u>	<u>(1,194)</u>
Closing net book amount	<u>10,629</u>	<u>5,217</u>	<u>15,846</u>
At 30 June 2017			
Cost	11,597	9,119	20,716
Accumulated amortisation and impairment	<u>(968)</u>	<u>(3,902)</u>	<u>(4,870)</u>
	<u>10,629</u>	<u>5,217</u>	<u>15,846</u>

8 Intangible assets (continued)

	Brand names and trademarks £ 000	Software £ 000	Total £ 000
Consolidated entity			
At 1 July 2017			
Cost	11,597	9,119	20,716
Accumulated amortisation and impairment	<u>(968)</u>	<u>(3,902)</u>	<u>(4,870)</u>
Net book amount	<u>10,629</u>	<u>5,217</u>	<u>15,846</u>
Year ended 30 June 2018			
Opening net book amount	10,629	5,217	15,846
Exchange differences	(18)	(9)	(27)
Impairment charge	(8,601)	-	(8,601)
Amortisation charge	<u>-</u>	<u>(1,265)</u>	<u>(1,265)</u>
Closing net book amount	<u>2,010</u>	<u>3,943</u>	<u>5,953</u>
At 30 June 2018			
Cost	11,579	9,110	20,689
Accumulated amortisation and impairment	<u>(9,569)</u>	<u>(5,167)</u>	<u>(14,736)</u>
Net book amount	<u>2,010</u>	<u>3,943</u>	<u>5,953</u>

8 Intangible assets (continued)

8(a) Impairment tests for brand names and trademarks with an indefinite useful life

As explained in note 1(i) and 1(q) all intangible assets are stated at the lower of cost less provision for amortisation and impairment or the recoverable amount.

Indefinite life assets are tested for impairment annually, or more frequently if there are indications that amounts might be impaired. These assets are tested at individual asset level as the Directors believe these assets generate largely independent cash inflows.

Key judgement - useful lives

Brand names and trademarks which are considered to have indefinite lives are subject to an annual impairment review.

Applying indefinite lives to certain acquired brands and trademarks is appropriate due to the stable long-term nature of the business and the enduring nature of the brands. These are assessed on acquisition to ensure they meet set criteria including an established and stable sales history - often over a number of generations.

It is the opinion of the Directors that the indefinite life assets meet the criteria set out in IAS 38. This assessment is made on an asset by asset basis taking into account:

- How long the brand or trademark has been established in the market and subsequent resilience to economic and social changes;
- Stability of the industry in which the brand is used;
- Potential obsolescence or erosion of sales;
- Barriers to entry;
- Whether sufficient marketing promotional resourcing is available; and
- Dependency on other assets with defined useful economic lives.

The recoverable amount of brands and trademarks in use is determined based on value-in-use calculations. These calculations use cash flow projections based on strategic plans approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The growth rate does not exceed the long-term average growth rates for the industry in which the intangible assets are used.

The net book value of brands and trademarks which are considered to have an indefinite life is £2m (2017: £10.6m).

Trademarks and brand names are valued using the imputed relief from royalty calculation. Royalties were calculated using an assumption of royalty payments of 1.5% - 9.4% of revenue brand names. An impairment charge of £8.6m was recognised in years 30 June 2018. (2017: nil).

8 Intangible assets (continued)

8(b) Key assumptions used for value-in-use calculations

Key assumptions used in the value-in-use calculations are as follows:

- (a) Terminal growth rates used was 1% (2017: 1%);
- (b) Post-tax discount rate used was 8.7% (2017: 7.9 - 8.8%); and
- (c) The effective tax rate was 17% - 27% (2017: 17% - 27%).

These assumptions have been used for analysis of the business. The discount rates used reflect specific risks relating to the relevant segments and the country in which the Group operates.

The value-in-use calculation is based on a number of assumptions and variables, such as foreign exchange rates, royalty rates and sale growth rates. Changes to these assumptions and variables could impact the value-in-use calculation, and any deterioration could result in additional impairment to the Group.

9 Retirement benefit asset

9(a) Defined contribution pension scheme

The Group operates a defined contribution scheme. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. The pension cost charge represents contributions payable by the Group to the fund and amounted to £1,008,000 (2017: £954,000). Contributions payable at the end of the year are £nil (2017: £nil).

9(b) Defined benefit pension schemes

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

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

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

A full actuarial valuation was carried out as at 31 December 2016 by a qualified independent actuary.

Contributions payable to the pension scheme for the year were £3,000,000 (2017: £4,000,000).

The total contributions in the next year are expected to be £1,011,000.

9 Retirement benefit asset (continued)

9(c) Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are determined as follows:

	Consolidated Group	
	30 June	30 June
	2018	2017
	£ 000	£ 000
Present value of the defined benefit obligation	(297,913)	(314,975)
Fair value of defined benefit plan assets	303,412	303,937
	<u>5,499</u>	<u>(11,038)</u>
Net asset/(liability) in the balance sheet	<u>5,499</u>	<u>(11,038)</u>

9(d) Reconciliations

	Consolidated Group	
	30 June	30 June
	2018	2017
	£ 000	£ 000
<i>Reconciliation of the present value of the defined benefit obligation, which is partly funded:</i>		
Balance at the beginning of the year	314,975	299,633
Interest cost	8,025	8,214
Actuarial (gain)/loss - demographic assumptions	(4,600)	-
Actuarial (gains) and losses arising from changes of financial assumptions	(2,325)	21,226
Actuarial (gains) and losses arising from changes of liability experience	(5,455)	(1,446)
Benefits paid	<u>(12,707)</u>	<u>(12,652)</u>
Balance at end of the year	<u>297,913</u>	<u>314,975</u>
<i>Reconciliation of the fair value of plan assets:</i>		
Balance at the beginning of the year	303,937	280,896
Interest income on plan assets	7,784	7,745
Return on plan assets greater than discount rate	1,398	23,948
Employer contributions	3,000	4,000
Benefits paid	<u>(12,707)</u>	<u>(12,652)</u>
Balance at the end of the year	<u>303,412</u>	<u>303,937</u>

9 Retirement benefit asset (continued)

9(e) Categories of plan assets

The major categories of scheme assets are as follows:

	Consolidated Group	
	30 June 2018 £ 000	30 June 2017 £ 000
Cash	16,417	8,405
Equity instruments	58,273	108,392
Debt instruments	127,442	89,528
Other assets	101,280	97,612
	303,412	303,937

Other assets include structured products, liability hedges and commodities.

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

To determine the overall expected long-term rate of return on assets, the current and expected asset allocations, as well as historical and expected returns on various categories have been considered. The expected long-term return assumption for the Plan is a return of 3.7% in excess of the approximate movement in the gilts on the Investment Fund, with a return in line with the approximate movement in the gilts on the Matching Fund.

9(f) Remeasurement of net defined benefit liability

The actuarial gain arising in 2018 of £13.78m (2017: £4.17m) is driven by the plan's liabilities reducing due to the favourable plan experience and changes to both the demographic and financial assumptions based on the 31 December 2016 funding valuation.

	30 June 2018 £ 000	30 June 2017 £ 000
Actuarial (gain)/loss due to liability experience	(5,455)	(1,446)
Actuarial (gain)/loss due to liability assumption changes	(6,925)	21,226
Return on plan assets (greater)/less than discount rate	(1,398)	(23,948)
Total (gain)/loss recognised in other comprehensive income	(13,778)	(4,168)

9 Retirement benefit asset (continued)

9(g) Principal actuarial assumptions

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

	Consolidated Group	
	Year ended	
	30 June 2018	30 June 2017
Discount rate	2.60%	2.60%
RPI inflation	3.05%	3.20%

9(h) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Impact on defined benefit obligation		
	Change in assumption	Increase in deficit	Decrease in deficit
Discount rate	0.25% movement	4%	4%
RPI inflation	0.25% movement	2%	2%

Methods and assumptions used in sensitivity analysis

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation as at 31 December 2016 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Although a full liability calculation has not been performed, the analysis does provide a reasonably good approximate indication of how the liabilities may change in the scenarios listed.

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

9 Retirement benefit asset (continued)

9(i) Post retirement mortality assumptions

	Consolidated Group	
	Year ended	
	30 June	30 June
	2018	2017
	Years	Years
Current pensioners at retirement age - male	22.00	22.00
Current pensioners at retirement age - female	24.00	25.00
Future pensioners at retirement age - male	23.00	24.00
Future pensioners at retirement age - female	25.00	26.00

9(j) Employer contributions and funding

Employer contributions to the defined benefit section of the Plan are based on recommendations by the Plan's actuary. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the Plan. The funding of the Plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ to those set out under 'Principal actuarial assumptions'. Employees are not required to contribute to the Plan.

9(k) Post Balance Sheet Event

Following the High Court decision on the Lloyds case that Guaranteed Minimum Pension (GMP) equalisation is required for employees who were contracted out of the State Earnings Related Pension Scheme between 6 April 1978 and 5 April 1997, the Group has assessed the implications of the GMP decision on its pension obligations and estimated the likely charge to the Group's Statement of Comprehensive Income to be between £3-5m.

10 Cash and cash equivalents

	Consolidated Group	
	30 June	30 June
	2018	2017
	£ 000	£ 000
Cash at bank and on hand	<u>17,238</u>	<u>11,378</u>

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10 Cash and cash equivalents (continued)

	Consolidated Group 30 June 2018 £'000
<i>Net debt reconciliation</i>	
Cash and cash equivalents	11,378
Loans and borrowings	(10,466)
Balance at 1 July 2017	912
Repayment of borrowings	10,602
Related party borrowings	(28,808)
Issue costs expensed	(136)
Increase in cash in the period	5,860
	<u>(11,570)</u>

11 Trade and other receivables

	Consolidated Group 30 June 2018 £ 000	30 June 2017 £ 000
Trade receivables	65,721	54,546
Provision for impairment of trade receivables	(368)	(295)
	<u>65,353</u>	<u>54,251</u>
Receivables from related parties	836	3,104
Borrowings to related parties	41,808	34,174
Other receivables	3,326	1,442
Prepayments	4,213	6,275
	<u>115,536</u>	<u>99,246</u>

12 Inventories

	Consolidated Group 30 June 2018 £ 000	30 June 2017 £ 000
Raw materials and stores	3,007	3,398
Work in progress	18,276	17,785
Finished goods	37,419	30,616
	<u>58,702</u>	<u>51,799</u>

13 Trade and other payables - current

	Consolidated Group	
	30 June 2018 £ 000	30 June 2017 £ 000
Trade payables	35,397	37,796
Payables to related parties	1,227	1,584
Borrowings from related parties	28,818	-
Accruals and deferred income	28,516	28,574
Payroll tax and other statutory liabilities	11,668	9,092
	105,626	77,046

14 Derivative financial instruments - liabilities

Forward exchange contracts - cash flow hedges

The Group is a substantial distributor of wines into world markets. In order to protect against exchange rate movements, the Group has entered into forward exchange contracts in AUS Dollars, US Dollars, NZ Dollars and South African Rand. The Group adopts hedge accounting for the forward exchange contracts on the basis that hedge accounting conditions are met.

These contracts are hedging highly probable forecasted sales of the ensuing 12 months (2017: 12 months prior) and hedging purchases where there is a firm commitment. The contracts are timed to mature in the month prior to these forecasted transactions occurring. When the underlying forecast transaction occurs, the Group enters into a short term foreign exchange contract to offset the fair value of the underlying foreign currency debtor or creditor.

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

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

During the year ended 30 June 2018 £0.3m (year ended 30 June 2017: £0.7m) before tax was transferred from reserves and included in the income statement, as the hedged items were included in the income statement and the hedging instrument expired or was terminated.

	Consolidated Group	
	30 June 2018 £ 000	30 June 2017 £ 000
Current liabilities		
Forward foreign exchange contracts - cash flow hedges	142	34
Total current derivative financial instrument liabilities	142	34

Accolade Wines Holdings Europe Limited
Notes to the Financial Statements
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15 Provisions - current

	Consolidated Group	
	30 June	30 June
	2018	2017
	£ 000	£ 000
Employee benefits	189	169
Total current provisions	189	169

16 Borrowings

	Consolidated Group	
	30 June	30 June
	2018	2017
	£ 000	£ 000
Secured		
Bank loans	-	10,466
Total current borrowings	-	10,466

Bank loans

The Group was party to a bank facility for up to £80 million.

Bank loans of the Group were repaid during the year ending 30 June 2018. The Group now accesses funding through intercompany borrowings from related parties, Amphora Finance Limited and Amphora Australia Holdings Pty Ltd, who have the ability to draw down on a term loan of £301m and a revolving facility of AUD \$150m. The interest rates on these facilities are variable and have a term of 7 and 6 years.

17 Other payables - non-current

	Consolidated Group	
	30 June	30 June
	2018	2017
	£ 000	£ 000
Other payables	14,388	15,777

Other payables represents the reverse lease premium of £14.39m (2017: £15.69m).

18 Provisions - non-current

	Consolidated Group	
	30 June	30 June
	2018	2017
	£ 000	£ 000
Other provisions	200	472

Other provisions includes £200,000 (2017: £182,000) for dilapidation provisions.

Accolade Wines Holdings Europe Limited
Notes to the Financial Statements
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19 Deferred tax assets and liabilities
Deferred tax assets

	Consolidated Group	
	30 June	30 June
	2018	2017
	£ 000	£ 000
The balance comprises temporary differences attributable to:		
Employee benefits	-	1,876
Derivatives	66	8
Trade and other payables - non-current	472	680
Tax losses	-	2,596
	<u>538</u>	<u>5,160</u>
Set-off of deferred tax liabilities pursuant to set-off provisions	<u>(538)</u>	<u>(1,115)</u>
Net deferred tax assets	<u>-</u>	<u>4,045</u>

Deferred tax liabilities

	Consolidated Group	
	30 June	30 June
	2018	2017
	£ 000	£ 000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	1,314	1,115
Employee benefits	1,925	-
	<u>3,239</u>	<u>1,115</u>
Set-off of deferred tax liabilities pursuant to set-off provisions	<u>(538)</u>	<u>(1,115)</u>
Net deferred tax liabilities	<u>2,701</u>	<u>-</u>

	Consolidated Group	
Movements:		
Opening balance	4,045	5,600
Charged/credited:		
- to income statement	(2,453)	(915)
- to other comprehensive income	(4,288)	(652)
Other movements	<u>(5)</u>	<u>12</u>
	<u>(2,701)</u>	<u>4,045</u>

Accolade Wines Holdings Europe Limited
Notes to the Financial Statements
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20 Equity
(a) Share capital

	30 June 2018 Shares	30 June 2017 Shares	30 June 2018 £ 000	30 June 2017 £ 000
Ordinary shares				
Ordinary shares - fully paid	8,594,239	8,594,239	86	86
Preferred ordinary shares	2,135,148	2,135,148	22	22
Management ordinary shares - fully paid	<u>271,537</u>	<u>832,277</u>	<u>2</u>	<u>8</u>
	<u>11,000,924</u>	<u>11,561,664</u>	<u>110</u>	<u>116</u>

Management ordinary shares are non-voting ordinary shares that have no voting rights but have the same economic rights as ordinary shares.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. In a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Preferred ordinary shares rank over ordinary shares if the Company goes into liquidation.

During the year, the Company bought back 560,740 management ordinary shares for consideration of £70,451. As a consequence £6,000 was transferred to the capital redemption reserve.

All shares, including management ordinary shares are owned by Amphora Finance Limited.

Accolade Wines Holdings Europe Limited
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20 Equity (continued)
(b) Share premium reserve

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

	Consolidated entity	
	Year ended	
	30 June	30 June
	2018	2017
	£ 000	£ 000
Share premium reserve	<u>697</u>	<u>697</u>

(c) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the return of capital to shareholders, issue new shares, sell assets to reduce debt, draw down additional debt and reduce capital expenditure.

The Group monitors capital on the basis of net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

21 Reserves and retained earnings

21(a) Reserves

	Consolidated Group	
	30 June	30 June
	2018	2017
	£ 000	£ 000
Cash flow hedges	(323)	(38)
Capital redemption reserve	734	728
Foreign currency translation reserve	1,528	1,581
	<u>1,939</u>	<u>2,271</u>

21(b) Retained earnings

Movements in the profit and loss account were as follows:

	Consolidated Group	
	30 June	30 June
	2018	2017
	£ 000	£ 000
Retained profits at beginning of year	103,941	97,099
Net profit for the year	3,191	3,438
Actuarial gain/(loss) from retirement benefit	13,778	4,168
Deferred tax impact on tax rate change and actuarial loss from retirement benefit	(4,346)	(764)
Repurchase and cancellation of own shares	(71)	-
Balance at end of year	<u>116,493</u>	<u>103,941</u>

21(c) Nature and purpose of other reserves

21(c)(i) Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(n). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

21(c)(ii) Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve as described in note 1(c). The reserve is recognised in profit and loss when the net investment is disposed of.

22 Financial risk management

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

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

22(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

22(a)(i) Currency risk

The Group is a substantial exporter and distributor of wines into world markets. The Group has established a risk management policy for the identification, management and reporting of exposure to foreign currency exchange rate transactions. The Group is exposed to foreign exchange risk arising primarily from currency exposures to the US Dollar, Australian Dollar, South African Rand, Chilean Peso and the Euro. The Group enters into foreign exchange contracts to hedge the exchange rate risk on expected future receivables and payables denominated in foreign currencies.

The principal purposes of the foreign currency hedging activities are to minimise the volatility of the profit and cash flows arising from changes in exchange rates, to protect the entity from adverse exchange rate shock, to avoid positions which may threaten market competitiveness and to protect the entity's viability. The policy outlines maximum and minimum proportions of expected future transactions that may be covered in any period and limits the maximum forward cover to 18 months (2017: 18 months).

The amounts of anticipated future foreign currency sales and purchases are forecast taking into account market conditions, commitments from customers and experience. Hedging is only effected after considering the level of currency exposures, historical exchange rates, forecasts based on historical transactions, financial market volatility and expected future currency rate movements.

The Group's exposure to foreign currency risk at the reporting date, expressed in British Pound Sterling, was as follows:

Consolidated entity	30 June 2018							
	Total	GBP	USD	AUD	EUR	ZAR	CLP	OTHER
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Cash and cash equivalents	17,238	13,744	1,029	142	1,003	493	734	93
Trade and other receivables	115,536	86,360	895	17,850	9,055	486	517	373
Trade and other payables	(105,628)	(86,747)	(6,608)	(140)	(7,351)	(3,228)	(610)	(944)
	<u>27,146</u>	<u>13,357</u>	<u>(4,684)</u>	<u>17,852</u>	<u>2,707</u>	<u>(2,249)</u>	<u>641</u>	<u>(478)</u>

22 Financial risk management (continued)

22(a) Market risk (continued)

22(a)(i) Currency risk (continued)

Consolidated entity	30 June 2017							
	Total £ 000	GBP £ 000	USD £ 000	AUD £ 000	EUR £ 000	ZAR £ 000	CLP £ 000	OTHER £ 000
Cash and cash equivalents	11,378	559	3,013	244	6,684	667	35	176
Trade and other receivables	99,246	68,099	652	20,130	8,179	513	1,258	415
Trade and other payables	(92,823)	(70,047)	(7,464)	(2,394)	(7,001)	(3,099)	(1,377)	(1,441)
Borrowings	(10,466)	(10,466)	-	-	-	-	-	-
	<u>7,335</u>	<u>(11,855)</u>	<u>(3,799)</u>	<u>17,980</u>	<u>7,862</u>	<u>(1,919)</u>	<u>(84)</u>	<u>(850)</u>

The Company's exposure to foreign currency risk at the balance sheet date was nil (2017: nil).

	Reporting date spot rate		Average rate	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	GBP	GBP	GBP	GBP
1 USD	0.7561	0.7804	0.7416	0.7882
1 AUD	0.5590	0.5917	0.5746	0.5944
1 EURO	0.8805	0.8847	0.8851	0.8588
1 ZAR	0.0559	0.0599	0.0579	0.0581
1 CLP	0.0012	0.0012	0.0012	0.0012

22(a)(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates, and also interest rates charged on related party loans.

The Group's interest rate risk arises from receivables due from related parties and external borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

At 30 June 2018, if the Group's weighted average floating interest rates had changed by +/- 100 basis points from the year-end rates with all other variables remaining constant, profit or loss would have been £96,000 lower/higher (2017: £203,000 lower/higher), mainly as a result of interest receivable on related party loans and interest costs from borrowings.

22 Financial risk management (continued)

22(a) Market risk (continued)

22(a)(iii) Sensitivity analysis

A 10 percent movement of the British Pound Sterling against the following currencies at 30 June 2018 would have increased (decreased) the Group's equity and profit or loss by the amounts shown below:

	Currency risk			
	-10%		+10%	
Consolidated entity	Profit	Equity	Profit	Equity
At 30 June 2018	£ 000	£ 000	£ 000	£ 000
USD	468	(1,061)	(468)	1,061
AUD	(1,785)	(3,557)	1,785	3,557
EUR	(271)	(271)	271	271
ZAR	225	(596)	(225)	596
CLP	(64)	(64)	64	64

	Currency risk			
	-10%		+10%	
Consolidated entity	Profit	Equity	Profit	Equity
At 30 June 2017	£ 000	£ 000	£ 000	£ 000
USD	380	(1,013)	(380)	1,013
AUD	(1,798)	(2,635)	1,798	2,635
EUR	(786)	(786)	786	786
ZAR	192	192	(192)	(192)
CLP	8	8	(8)	(8)

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2018 and 2017. There is no transactional impact of foreign exchange movement on the equity and profit or loss of the Company (2018 and 2017: nil impact).

22(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, receivables due from related entities and derivative instruments.

The Group has no significant concentrations of credit risk, outside of the Accolade Group. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions and the Group has policies that limit the amount of credit exposure to any one financial institution.

22 Financial risk management (continued)

22(b) Credit risk (continued)

22(b)(i) Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated Group	
	30 June	30 June
	2018	2017
	£ 000	£ 000
Cash and cash equivalents	17,238	11,378
Trade and other receivables (excluding prepayments)	<u>69,515</u>	<u>58,797</u>
	<u>86,753</u>	<u>70,175</u>

22(b)(ii) Impairment losses

	Consolidated Group	
	30 June	30 June
	2018	2017
	£ 000	£ 000
The ageing of the Group's trade receivables at the reporting date was:		
Not past due	56,116	53,706
Past due 1-30 days	1,472	942
Past due 31-120 days	7,658	(338)
Past due 120 days +	<u>107</u>	<u>(59)</u>
	<u>65,353</u>	<u>54,251</u>
	11	

Receivables from related parties as noted in note 11 are settled in accordance with the global intercompany settlements policy of 30 days (2018 and 2017: 30 days).

Aged receivables past due have been collected subsequent to year end.

22(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Management maintains flexibility in funding by keeping committed credit lines available.

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22 Financial risk management (continued)

22(c) Liquidity risk (continued)

Contractual maturities of financial liabilities	Less than 12 months £ 000	Between 1 and 2 years £ 000	Between 2 and 5 years £ 000	Over 5 years £ 000	Total contractual cash flows £ 000	Carrying amount (assets)/ liabilities £ 000
As at 30 June 2018						
Trade and other payables (excluding Reverse Premium received)	104,370	-	-	-	104,370	104,370
	<u>104,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,370</u>	<u>104,370</u>
	Less than 12 months £ 000	Between 1 and 2 years £ 000	Between 2 and 5 years £ 000	Over 5 years £ 000	Total contractual cash flows £ 000	Carrying amount (assets)/ liabilities £ 000
At 30 June 2017						
Trade and other payables (excluding Reverse Premium received)	75,874	-	-	-	75,874	75,874
Interest bearing borrowings	10,466	-	-	-	10,466	10,466
	<u>86,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,340</u>	<u>86,340</u>

22 Financial risk management (continued)

22(d) Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Consolidated entity	Note	Loans and receivables £ 000	Financial liabilities measured at amortised cost £ 000	Fair value - hedging instruments £ 000	Carrying amount £ 000	Fair value £ 000
30 June 2018						
Cash and cash equivalents	10	17,238	-	-	17,238	17,238
Trade and other receivables	11	115,536	-	-	115,536	115,536
Trade and other payables	13, 17	-	(120,017)	-	(120,017)	(120,017)
Derivative financial instruments	14	-	-	(142)	(142)	(142)
		<u>132,774</u>	<u>(120,017)</u>	<u>(142)</u>	<u>12,615</u>	<u>12,615</u>

Consolidated entity	Note	Loans and receivables £ 000	Financial liabilities measured at amortised cost £ 000	Fair value - hedging instruments £ 000	Carrying amount £ 000	Fair value £ 000
30 June 2017						
Cash and cash equivalents	10	11,378	-	-	11,378	11,378
Trade and other receivables	11	99,246	-	-	99,246	99,246
Trade and other payables	13, 17	-	(92,823)	-	(92,823)	(92,823)
Borrowings	16	-	(10,466)	-	(10,466)	(10,466)
Derivative financial instruments	14	-	-	(34)	(34)	(34)
		<u>110,624</u>	<u>(103,289)</u>	<u>(34)</u>	<u>7,301</u>	<u>7,301</u>

23 Fair value measurement

The Group measures and recognises derivative financial instruments at fair value on a recurring basis.

23(a) Fair value hierarchy

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy (consistent with the hierarchy applied to financial assets and financial liabilities):

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

23(a)(i) Recognised fair value measurements

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2018.

Consolidated entity 2018

	Level 1 £ 000	Level 2 £ 000	Level 3 £ 000	Total £ 000
Derivative financial instruments - liabilities	-	(142)	-	(142)
	-	(142)	-	(142)

Consolidated entity 2017

	Level 1 £ 000	Level 2 £ 000	Level 3 £ 000	Total £ 000
Derivative financial instruments - liabilities	-	(34)	-	(34)
	-	(34)	-	(34)

There were no transfers between levels 1, 2 and 3 of the fair value hierarchy during the financial year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

23(b) Measurement of fair values

23(b)(i) Valuation techniques and significant unobservable inputs

The valuation techniques used in measuring Level 2 fair values are discussed in note 14.

24 Commitments

24(a) Capital commitments

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

	Consolidated Group	
	30 June 2018 £ 000	30 June 2017 £ 000
Capital expenditure	388	2,135

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

24(b) Lease commitments: Group as lessee

Non-cancellable operating leases

	Consolidated Group	
	30 June 2018 £ 000	30 June 2017 £ 000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	5,422	5,278
Later than one year but not later than five years	18,899	19,487
Later than five years	45,724	50,347
Non-cancellable operating leases	<u>70,045</u>	<u>75,112</u>

The consolidated entity leases property and equipment under non-cancellable operating leases expiring from 4 to 26 years. Leases generally provide the consolidated entity with a right of renewal at which time terms are renegotiated. Lease payments comprise a base amount plus an increment based on either movements in the Consumer Price Index or operating criteria.

25 Contingencies

The Group had no contingent liabilities at 30 June 2018 (2017: nil).

26 Related party transactions

26(a) Parent entities

The Company is a subsidiary of Amphora Finance Limited. It's registered address is 5th Floor, 6 St Andrew Street, London, United Kingdom, EC4A 3AE. The ultimate parent and the Group's ultimate controlling party is Amphora Group Limited, who is owned by Carlyle Asia Partners IV L.P., Cap IV Coinvestment L.P. and Carlyle Amphora Partners L.P., who collectively own 100% of the issued ordinary shares in Amphora Group Limited.

26(b) Controlled entities

Interests in subsidiaries are set out in note 28.

26(c) Directors

The names of Directors of the Group during the financial year are:

John Richard Haddock (Resigned 31 May 2018)
 Nicholas Frank Greiner (Resigned 31 May 2018)
 Jim Anderson (Resigned 10 November 2018)
 Jeremy Alexander Stevenson (Resigned 31 May 2018)
 Alice Hua (Resigned 31 May 2018)
 Karen McMonagle (Appointed 31 May 2018, Resigned 19 November 2018)
 Andy P Smith (Appointed 19 November 2018)
 Adrian McKeon (Appointed 19 November 2018)
 Anthony Wood (Appointed 19 November 2018)

Disclosure relating to Directors and other key management personnel are set out in note 27.

26(d) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated Group	
	Year ended	
	30 June	30 June
	2018	2017
	£'000	£'000
<i>Sales of goods</i>		
Sale of goods to related parties	1,104	1,805
	<u>1,104</u>	<u>1,805</u>
<i>Purchase of goods</i>		
Purchase of goods from related parties	75,651	79,977
	<u>75,651</u>	<u>79,977</u>
<i>Other transactions</i>		
Purchase of services from related parties	2,823	8,695
Purchase of assets from related parties	-	606
	<u>2,823</u>	<u>9,301</u>

26 Related party transactions (continued)

26(d) Transactions with related parties (continued)

26(e) Outstanding balances arising from sales/purchases of goods and services

	Consolidated Group Year ended	
	30 June 2018 £'000	30 June 2017 £'000
Receivables from related parties	836	3,104
Amounts due to related parties	(1,227)	(1,584)
	<u>(391)</u>	<u>1,520</u>

26(f) Loans to related parties

	Consolidated Group Year ended	
	30 June 2018 £'000	30 June 2017 £'000
<i>Loans to other related parties</i>		
Beginning of the year	34,174	32,037
Loans advanced	7,333	-
Interest charged	1,222	1,188
Withholding tax	(120)	(119)
Exchange differences	(801)	1,068
End of year	<u>41,808</u>	<u>34,174</u>

Loans to related parties are payable within 30 days on demand by the lender with interest charged at 3.2% (2017: 3.6%).

Loans from related parties

	30 June 2018 £ 000	30 June 2017 £ 000
Beginning of the year	-	-
Loans advanced	(28,755)	-
Interest charged	(63)	-
End of year	<u>(28,818)</u>	<u>-</u>

Loans from related parties are payable on demand to Amphora Finance Limited and are accruing interest at 2.5%. During 30 June 2019 this payable will be converted to long term borrowing.

26 Related party transactions (continued)

26(g) Terms and conditions

The terms and conditions of the transactions with related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related entities on an arm's length basis.

27 Key management personnel disclosures

27(a) Key management personnel compensation

	Consolidated entity	
	Year ended	
	30 June	30 June
	2018	2017
	£'000	£'000
Short term employee benefits	1,815	2,258
Post-employment benefits	34	101
Long-term benefits	2,109	(3)
Termination benefits	144	-
Share-based payments	65	-
	<u>4,167</u>	<u>2,356</u>

At 30 June 2018 key management personnel had the following interest in Accolade Wines Holdings Europe Limited: nil (2017: 284,427) ordinary shares.

Accolade Wines Holdings Europe Limited
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28 Consolidated entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 1(b).

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

					2017	2016	Principal activity
Controlled entities							
Accolade Wines Europe No. 2 Limited	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB	UK	Ordinary	100%	100%		Holding company
Accolade Brands Europe Limited*	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB	UK	Ordinary	100%	100%		Dormant
Accolade Wines Chile SpA*	Avenida Alonso de Córdova N°5151, Oficina 1103 commune of Las Condes, Metropolitan Region, Chile	Chile	Ordinary	100%	100%		Manufacture & distributor of wine
Accolade Wines Europe Limited*	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB	UK	Ordinary	100%	100%		Dormant
Accolade Wines Limited*	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB	UK	Ordinary	100%	100%		Manufacture & distributor of wine
Accolade Wines South Africa Pty Limited*	Doornbosch Centre, Strand Road, Stellenbosch 7600	South Africa	Ordinary	100%	100%		Manufacture & distributor of wine
Accolade Wines UK Limited*	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB	UK	Ordinary	100%	100%		Dormant
Avalon Cellars Two Limited*	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB	UK	Ordinary	100%	100%		Holding company
Babycham Limited*	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB	UK	Ordinary	100%	100%		Dormant

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28 Consolidated entities (continued)

Hertford Cellars Limited*	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB	UK	Ordinary	100%	100%	Dormant
Hudson & Hill Limited*	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB	UK	Ordinary	100%	100%	Dormant
Stone's of London Limited*	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB	UK	Ordinary	100%	100%	Dormant
Stowells of Chelsea Limited*	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB	UK	Ordinary	100%	100%	Dormant
Western Wines Holdings Limited*	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB	UK	Ordinary	100%	100%	Licensing of trademarks
Western Wines Limited*	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB	UK	Ordinary	100%	100%	Dormant

* indirectly owned

29 Parent company financial information

The individual Financial Statements for the Parent entity show the following amounts:

Debtors

	Parent company	
	30 June	30 June
	2018	2017
	£ 000	£ 000
Amounts owed from related parties	627	698
Amounts owed from Group undertakings	82,220	79,231
	<u>82,847</u>	<u>79,929</u>

Amounts owed from Group undertakings comprises of a £60m (2017: £60m) loan receivable with a term of 10 years at an interest rate of 3.75% which is due in over 1 year.

Amounts owed from related parties represents a receivable from Accolade Wines Australia Limited.

Creditors - current

	Parent company	
	30 June	30 June
	2018	2017
	£ 000	£ 000
Amounts owed to Group undertakings	<u>64,298</u>	<u>61,174</u>

Amounts owed to Group undertakings primarily comprises of balances which are repayable on demand from its subsidiary companies.

29 Parent company financial information (continued)

Creditors - non-current

	Parent company	
	30 June	30 June
	2018	2017
	£ 000	£ 000
Other creditors	-	85
	-	85