

Blends Wine Estates UK Limited

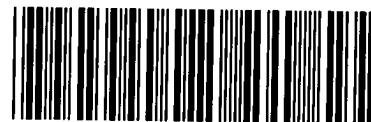
Directors' Report and Financial Statements

Year Ended

30 June 2019

Company Number 05275829

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Blends Wine Estates UK Limited

Company Information

| | |
|-----------------------------|--|
| Directors | S C Farr E Almagro Germa |
| Registered number | 05275829 |
| Registered office | The Busworks 39-41 North Road London N7 9DP |
| Independent auditors | BDO LLP 55 Baker Street London W1U 7EU |



Blends Wine Estates UK Limited

Contents

| | Page |
|--|----------------|
| Directors' Report | 1 - 2 |
| Independent Auditors' Report | 3 - 5 |
| Statement of Comprehensive Income | 6 |
| Statement of Financial Position | 7 - 8 |
| Statement of Changes in Equity | 9 |
| Notes to the Financial Statements | 10 - 22 |



Blends Wine Estates UK Limited

Directors' Report For the Year Ended 30 June 2019

The directors present their report and the financial statements for the year ended 30 June 2019.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activity

The principal activity of the Company continues to be the worldwide sale, distribution and promotion of Argento and other branded wines.

Directors

The directors who served during the year were:

S C Farr
E Almagro Germa
C A Pulenta (resigned 5 December 2018)

Going concern

The financial statements have been prepared on a going concern basis.

The Directors believe preparing the statements on this basis is appropriate and will enable the Company to continue to operate for the foreseeable future and to meet its liabilities as they fall due for payment.



Blends Wine Estates UK Limited

Directors' Report (continued) For the Year Ended 30 June 2019

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

BDO LLP were appointed as the Company's auditor during the year.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



E Almagro Germa
Director

Date: 6/11/2019

Blends Wine Estates UK Limited

Independent Auditors' Report to the Members of Blends Wine Estates UK Limited

Opinion

We have audited the financial statements of Blends Wine Estates UK Limited ("the Company") for the year ended 30 June 2019 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Blends Wine Estates UK Limited

Independent Auditors' Report to the Members of Blends Wine Estates UK Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Blends Wine Estates UK Limited

Independent Auditors' Report to the Members of Blends Wine Estates UK Limited (continued)

Use of our report

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

 BDO LLP

Benjamin Courts (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

11 November 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Blends Wine Estates UK Limited

Statement of Comprehensive Income For the Year Ended 30 June 2019

| | Note | 2019 £ | 2018 £ |
|--|------|------------------|------------------|
| Turnover | 3 | 8,161,563 | 10,049,792 |
| Cost of sales | | (7,776,538) | (9,045,104) |
| Gross profit | | 385,025 | 1,004,688 |
| Administrative expenses | | (748,427) | (1,245,820) |
| Other operating income | 4 | 11,384 | 26,799 |
| Operating loss | 5 | (352,018) | (214,333) |
| Interest receivable and similar income | 7 | 67,588 | 32,785 |
| Interest payable and expenses | 8 | (75,022) | (34,109) |
| Loss before tax | | (359,452) | (215,657) |
| Loss for the financial year | | (359,452) | (215,657) |
| Other comprehensive income for the year | | | |
| Revaluation of intangible assets | | - | 1,301,411 |
| Other comprehensive income for the year | | - | 1,301,411 |
| Total comprehensive (expense)/income for the year | | (359,452) | 1,085,754 |

The notes on pages 10 to 22 form part of these financial statements.

20

Blends Wine Estates UK Limited

Registered number: 05275829

Statement of Financial Position As at 30 June 2019

| | Note | 2019 £ | 2018 £ |
|---|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 11 | - | 2,045,819 |
| Tangible assets | 12 | 2,700 | 4,652 |
| Investments | 13 | 14,213 | 4,840,686 |
| | | <u>16,913</u> | <u>6,891,157</u> |
| Current assets | | | |
| Stocks | | 568,250 | 803,219 |
| Debtors: amounts falling due after more than one year | 14 | - | 1,262,851 |
| Debtors: amounts falling due within one year | 14 | 2,483,330 | 2,326,750 |
| Cash at bank and in hand | | 642,378 | 533,898 |
| | | <u>3,693,958</u> | <u>4,926,718</u> |
| Creditors: amounts falling due within one year | 15 | (1,231,898) | (1,051,469) |
| Net current assets | | <u>2,462,060</u> | <u>3,875,249</u> |
| Total assets less current liabilities | | <u>2,478,973</u> | <u>10,766,406</u> |
| Creditors: amounts falling due after more than one year | 16 | - | (1,262,061) |
| Net assets | | <u><u>2,478,973</u></u> | <u><u>9,504,345</u></u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 2,467,972 | 9,033,354 |
| Share premium account | 19 | - | 2,999,990 |
| Profit and loss account | 19 | 11,001 | (2,528,999) |
| | | <u><u>2,478,973</u></u> | <u><u>9,504,345</u></u> |

Blends Wine Estates UK Limited

Registered number: 05275829

Statement of Financial Position (continued)

As at 30 June 2019

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



E Almagro Germa
Director

Date: 6/11/2019

The notes on pages 10 to 22 form part of these financial statements.

Blends Wine Estates UK Limited

Statement of Changes in Equity For the Year Ended 30 June 2019

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total equity £ |
|---|---------------------------------|----------------------------------|---------------------------------|-------------------|
| At 1 July 2017 | 9,033,354 | 2,999,990 | (3,614,753) | 8,418,591 |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (215,657) | (215,657) |
| Revaluation of intangible assets | - | - | 1,301,411 | 1,301,411 |
| Total comprehensive income for the year | - | - | 1,085,754 | 1,085,754 |
| At 1 July 2018 | 9,033,354 | 2,999,990 | (2,528,999) | 9,504,345 |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (359,452) | (359,452) |
| Share capital reduction and share premium cancellation (note 18) | (8,500,000) | (2,999,990) | 11,499,990 | - |
| Total comprehensive income for the year | (8,500,000) | (2,999,990) | 11,140,538 | (359,452) |
| Dividend in specie (note 10) | - | - | (8,600,538) | (8,600,538) |
| Shares issued during the year (note 18) | 1,934,618 | - | - | 1,934,618 |
| At 30 June 2019 | 2,467,972 | - | 11,001 | 2,478,973 |

The notes on pages 10 to 22 form part of these financial statements.

30

Blends Wine Estates UK Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

1. General information

Blends Wine Estates UK Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom. The address of the Company's registered office is The Busworks, 39-41 North Road, London, N7 9DP.

Blends Wine Estates UK Limited's '(Blends UK's)' main activities are to market and sell wines from several wineries. These include Bodega Argento (Argentina), Bodega Vistalba (Argentina), Bodega Garzon (Uruguay) and Renwood (USA). Blends UK is responsible for the UK, Main and Eastern Europe (including Russia), Middle East and Canadian markets.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements have been prepared on a going concern basis.

The Directors believe preparing the statements on this basis is appropriate and will enable the company to continue to operate for the foreseeable future and to meet its liabilities as they fall due for payment.

The Company and its subsidiary comprise a small sized group. The Company has therefore taken advantage of the exemption in section 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present information about the Company as a single undertaking

The following principal accounting policies have been applied:

2.2 Foreign currencies

The Company's functional and presentational currency is GBP.

Monetary assets and liabilities denominated in foreign exchange currencies are translated into sterling at rates of exchange ruling at the statement of financial position.

Transactions in foreign currencies are translated into sterling at the average rate for the year. Exchange gains and losses are recognised in the statement of comprehensive income.

2.3 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue is recognised in respect of trade sales once the sales have been made and the goods have been loaded on the vessel or have been collected by the customer.

2.4 Royalty income

Royalty income relates to the licensing of the 'Argento' brand name to a licensee. The income is recognised once the sale of the branded product has been made by the licensee.

Blends Wine Estates UK Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

2. Accounting policies (continued)

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Taxation

Tax is recognised in profit or loss, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all material timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.



Blends Wine Estates UK Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

2. Accounting policies (continued)

2.9 Intangible assets

Intangible assets relate solely to Trademarks and are held at their revalued amount (being the fair value at the date of revaluation less any subsequent amortisation and impairment losses).

The assets were externally valued on 22 June 2018 to £2,045,819 using a P/E multiple methodology. Should the assets still be recognised under the historical cost model, these would have a carrying value of £638,241.

Amortisation has been charged on a straight line basis up to the date of disposal (12 December 2018) to profit or loss. At the date of disposal, the entire balance has been reversed and the amount of consideration exceeding the carrying value at that date has been recognised as a profit on disposal during the period.

2.10 Tangible fixed assets

Tangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

The estimated useful lives range as follows:

| | |
|------------------|-----------|
| Office equipment | - 3 years |
|------------------|-----------|

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Valuation of investments

Investments held as fixed assets are shown at cost less provision for impairment.

2.12 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is based on the cost of purchase on a first in first out basis. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.13 Debtors

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

2.14 Cash and cash equivalents

Cash is represented by cash in hand. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.



Blends Wine Estates UK Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

2. Accounting policies (continued)

2.15 Creditors

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

2.16 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans to and from related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.



Blends Wine Estates UK Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

3. Turnover

Analysis of turnover by country of destination:

| | 2019 £ | 2018 £ |
|-------------------|------------------|-------------------|
| United Kingdom | 3,031,017 | 3,093,531 |
| Rest of Europe | 3,594,974 | 4,762,252 |
| Rest of the world | 1,535,572 | 2,194,009 |
| | <u>8,161,563</u> | <u>10,049,792</u> |

4. Other operating income

| | 2019 £ | 2018 £ |
|----------------|---------------|---------------|
| Royalty income | <u>11,384</u> | <u>26,799</u> |

5. Operating loss

The operating loss is stated after charging/(crediting):

| | 2019 £ | 2018 £ |
|--|---------------|---------------|
| Depreciation of tangible fixed assets | 3,197 | 3,760 |
| Amortisation of intangible assets | 58,604 | - |
| Fees payable to the Company's auditor for the audit of the Company's annual financial statements | 14,000 | 18,238 |
| Auditor's remuneration - other | 4,525 | 6,075 |
| Loss on foreign exchange | 45,119 | 89,775 |
| Defined contribution pension cost | 16,728 | 9,162 |
| Cost of stock recognised as an expense | 7,445,151 | 8,689,416 |
| Operating lease | <u>14,040</u> | <u>14,040</u> |

During the year, no director received any emoluments (2018: £NIL).

6. Employees

The average monthly number of employees, including directors, during the year was 5 (2018 - 6).

Blends Wine Estates UK Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

7. Interest receivable

| | 2019 £ | 2018 £ |
|---------------------------|-----------|-----------|
| Other interest receivable | 67,588 | 32,785 |

8. Interest payable and similar expenses

| | 2019 £ | 2018 £ |
|---------------------------|-----------|-----------|
| On loans and overdrafts | 1,838 | 4,575 |
| Payable to parent company | 73,184 | 29,534 |
| | 75,022 | 34,109 |

9. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

| | 2019 £ | 2018 £ |
|--|-----------|-----------|
| Loss on ordinary activities before tax | (359,452) | (215,657) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%) | (68,296) | (40,975) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 6,513 | 10,898 |
| Difference in tax rates | 6,503 | (22,862) |
| Amounts credited directly to OCI | - | 247,268 |
| Deferred tax not recognised | 55,280 | (194,329) |
| Total tax charge for the year | - | - |



Blends Wine Estates UK Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

10. Dividend in specie

| | 2019 £ | 2018 £ |
|--------------------|-----------|-----------|
| Dividend in specie | 8,600,538 | - |

The dividend in specie during the year was in relation to the non-cash distribution to the previous immediate parent company, World Wine Investors UK Limited, of the intangible assets (£2,045,819), the investment held in Alkina Wine Estates Pty Limited (£4,826,473), and the capitalisation of a loan and associated accrued interest (£1,728,246). Further details of these transactions can be found within notes 11, 13 and 14 respectively.

11. Intangible assets

| | Trademarks £ |
|-----------------------|-----------------|
| Cost | |
| At 1 July 2018 | 2,045,819 |
| Disposals | (2,045,819) |
| At 30 June 2019 | - |
| Impairment | |
| Charge for the year | 58,604 |
| On disposals | (58,604) |
| At 30 June 2019 | - |
| Net book value | |
| At 30 June 2019 | - |
| At 30 June 2018 | 2,045,819 |

On 12 December 2018, the entity's entire ownership, rights and title to and in the Trademark rights above was sold to the previous ultimate parent company, Bacchus Investments S.L.U. for £2,045,819. This was settled via a distribution in specie through the previous immediate parent, World Wine Investors UK Limited.



Blends Wine Estates UK Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

12. Tangible fixed assets

| | Office equipment £ |
|-----------------------|--------------------------|
| Cost | |
| At 1 July 2018 | 64,259 |
| Additions | 1,245 |
| Disposals | (9,906) |
| At 30 June 2019 | 55,598 |
| Depreciation | |
| At 1 July 2018 | 59,607 |
| Charge for the year | 3,197 |
| Disposals | (9,906) |
| At 30 June 2019 | 52,898 |
| Net book value | |
| At 30 June 2019 | 2,700 |
| At 30 June 2018 | 4,652 |

13. Fixed asset investments

| | Investments in subsidiary companies £ |
|-----------------|---|
| Cost | |
| At 1 July 2018 | 4,840,686 |
| Disposals | (4,826,473) |
| At 30 June 2019 | 14,213 |



Blends Wine Estates UK Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

13. Fixed asset investments (continued)

Subsidiary undertaking

The following is a subsidiary undertaking of the Company:

| Name | Country of incorporation | Class of shares | Holding |
|------------------------------------|--------------------------|-----------------|---------|
| Argento Wine Company Argentina S.A | Argentina | Ordinary | 98% |

The aggregate of the share capital and reserves as at 30 June 2019 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

| Name | Aggregate of share capital and reserves | Profit/(Loss) |
|------------------------------------|---|---------------|
| Argento Wine Company Argentina S.A | 16,873 | (9,267) |

On 9 April 2019, the Company transferred all of its investment in Alkina Wine Estates Pty Limited via a distribution in specie to its previous immediate parent company, World Wine Investors UK Limited.

The registered address of the above subsidiary is Juan de la Cruz Videla s/n Cruz de Piedra Maipu, Mendoza, Argentina.



Blends Wine Estates UK Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

14. Debtors

| | 2019 £ | 2018 £ |
|-------------------------------------|-------------------|-------------------|
| Due after more than one year | | |
| Amounts owed by group undertakings | - | 1,262,851 |
| | <u> </u> | <u> </u> |
| Due within one year | | |
| Trade debtors | 2,369,915 | 2,277,787 |
| Amounts owed by group undertakings | 92,296 | - |
| Other debtors | 5,434 | 24,412 |
| Prepayments and accrued income | 15,685 | 24,551 |
| | <u>2,483,330</u> | <u>2,326,750</u> |

On 27 June 2019, the amounts owed by group undertakings, totalling £1,728,246 at that date, were assigned to the previous immediate parent, World Wine Investors UK Limited, via a distribution in specie.

Amounts owed by group undertakings are repayable on demand.

15. Creditors: Amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 325,453 | 760,097 |
| Amounts owed to group undertakings | 752,282 | 12,466 |
| Other taxation and social security | 9,308 | 9,673 |
| Other creditors | 2,042 | 11,948 |
| Accruals and deferred income | 142,813 | 257,285 |
| | <u>1,231,898</u> | <u>1,051,469</u> |

Amounts owed to group undertakings are repayable on demand.



Blends Wine Estates UK Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

16. Creditors: Amounts falling due after more than one year

| | 2019 £ | 2018 £ |
|------------------------------------|-----------|-----------|
| Amounts owed to group undertakings | - | 1,262,061 |

The above loan was made by the entity's previous immediate parent company, World Wine Investors UK Limited. It was functional in \$USD and not repayable until 8 August 2020. The loan bore interest at a rate of 6-monthly LIBOR +2.5% and the interest suffered in 2019 was £73,184 (2018: £29,534).

On 24 June 2019, the loan was capitalised by way of issuing 1,934,618 A ordinary shares to the entity's previous immediate parent company, World Wine Investors UK Limited, to the value of the total loan and accrued interest of £1,934,618.

17. Financial instruments

| | 2019 £ | 2018 £ |
|---|--------------------|--------------------|
| Financial assets | | |
| Financial assets measured at fair value through profit or loss | 642,378 | 533,898 |
| Financial assets that are debt instruments measured at amortised cost | 2,462,211 | 3,565,050 |
| | <u>3,104,589</u> | <u>4,098,948</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | <u>(1,220,766)</u> | <u>(2,303,857)</u> |

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, accruals and deferred income.

Blends Wine Estates UK Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

18. Share capital

| | 2019 £ | 2018 £ |
|--|------------------|------------------|
| Allotted, called up and fully paid | | |
| 2,467,952 (2018 - 9,033,334) A ordinary shares of £1.00 each | 2,467,952 | 9,033,334 |
| 10 (2018 - 10) B ordinary shares of £1.00 each | 10 | 10 |
| 10 (2018 - 10) Preferred ordinary shares of £1.00 each | 10 | 10 |
| | <u>2,467,972</u> | <u>9,033,354</u> |

On 30 January 2019, 8,500,000 of the £1 A ordinary shares were cancelled and credited to reserves.

On 24 June 2019, 1,934,618 £1 A ordinary shares were issued to World Wine Investors UK Limited (see note 18).

Other than on liquidation, the shares rank pari passu. On liquidation the preferred ordinary shareholders receive the first £3,000,000 distribution of net distributable assets, the 'B' ordinary shareholders will receive the next £1,000,000 of distributable net assets and the 'A' shareholders will receive the next £1,000,000 of distributable assets. After these distributions, the 'A' and 'B' ordinary shareholders will receive £1 each of every £2 of distributable assets. Next, the holders of the equity shares will be paid the amounts respectively paid up or credited as paid up and lastly, the balance (if any) shall be distributed between the holders of the equity shares (as if one and the same class) pro rata to the number of equity shares respectively held by them.

19. Reserves

Share premium account

Includes only premiums received on issue of share capital. Any transaction costs associated with issuing of shares are deducted from share premium. On 30 January 2019, all of the share premium account was cancelled and credited to reserves.

Profit and loss account

Includes all current and prior period retained profit and losses.

This includes all current and prior year retained profit and losses. In addition, during the year 8,500,000 A ordinary shares and the entire share premium were cancelled and transferred to this account.

20. Contingent liabilities

Securities are held by National Westminster Bank PLC by a fixed and floating charge over the assets of the company for any monies due or that become due from the Company to the Bank on any account whatsoever.

21. Pension commitments

The pension cost charge represents contributions payable by the Company to the fund and amounted to £16,728 (2018: £9,162). Contributions totalling £1,824 (2018: £1,230).

Blends Wine Estates UK Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

22. Commitments under operating leases

At 30 June 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2019 £ | 2018 £ |
|-----------------------|--------------|--------------|
| Not later than 1 year | 2,340 | 2,340 |
| | <u>2,340</u> | <u>2,340</u> |

23. Related party transactions

The below companies are all related parties for the financial year. They are either related parties by virtue of having the same parent company or they have Directors in common.

| | Activity in the year ended 30 June 2019 £ | Balance as at 30 June 2019 £ | Balance as at 30 June 2018 £ |
|-----------------------------|---|---------------------------------------|---------------------------------------|
| Alkina Wine Estates PTY Ltd | 8,684 | 8,760 | - |
| Bodega Argento SA | (6,208,429) | (575,980) | (427,638) |
| REN Acquisition, Inc. | (816) | (8,303) | (31,773) |
| Bodega Garzón | (157,533) | (94,856) | - |
| Bodega Vistalba SA | (27,495) | 10,395 | 2,693 |
| Blends France | 21,836 | - | - |
| Bacchus Investments SL | 7,391 | - | - |
| Nuevo Manatí S.A | (2,031) | - | - |
| World Wine Investors UK | 14,694 | - | - |
| | <u>(6,343,699)</u> | <u>(659,984)</u> | <u>(456,718)</u> |

The above transactions relate to purchases and recharges during the year.

The Company has taken advantage of the exemption in Financial Reporting Standard Number 102 from the requirement to disclose transactions with group companies on the grounds that consolidated statements are prepared by the ultimate parent company.

24. Controlling party

The ultimate controlling party is Alejandro Pedro Bulgheroni.

The largest and smallest group of undertakings for which publicly available consolidated accounts are prepared is that headed by Macintex S.A., the immediate parent company which is incorporated in Uruguay. Copies of the consolidated accounts can be obtained from Br. Artigas 420 Piso 1, Uruguay.