

Registration number: 06047494

# Avalon Cellars Two Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 30 June 2023

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## **Avalon Cellars Two Limited**

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## **Avalon Cellars Two Limited**

### **Strategic Report for the Year Ended 30 June 2023**

The Directors present their strategic report for the year ended 30 June 2023.

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.

#### **Business review**

The principal activity of the Company is the holding of investments in subsidiary undertakings. The Directors intend that the Company continues to be a holding company.

#### **Performance and financial position**

The company did not trade during the year. Its loss for the year was £12,473,000 (2022: £11,399,000). The loss arose from interest on loans from group undertakings, which increased the Company's net liabilities from £9,512,000 to £21,985,000.

#### **Principal risks and uncertainties**

The Company is a holding company and its risks are its ability to settle its liabilities through recovery of the value of its investments and hence are ultimately similar to those of its indirect trading subsidiary Accolade Wines Limited.

The Company's subsidiaries are exposed to volatility of shipping costs caused by demand supply issues and global congestion in United States and China. This has resulted in exceptionally higher shipping rates and dwell costs in financial year 2023, particularly between Australia and Europe compared to the 10 year average pricing on shipping. The global shipping availability and heavy vehicle driver shortages have continued to result in higher storage charges. In order to mitigate the Company's subsidiaries exposure to shipping costs a shipping tender process was run in late 2023, as a result the Company's subsidiaries expects a reduction in lane rates in the 2024 financial year.

Due to the war in the Ukraine, energy prices have increased exponentially. The Company's subsidiaries have utilised fixed price contracts to date, insulating historical glass purchases from the full impact of the energy price volatility.

Increased levels of inflation globally along with the continued cost of living crisis, have continued to tighten consumer spend which has resulted in a continued overall wine category decline in Europe. Despite this we have seen positive growth in our listings with key retailers and implemented price increases that will take effect in August 2023 to offset increased supply costs and the impact of the UK duty reform.

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 and interest rate to hedge certain risk exposures.

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.

## **Avalon Cellars Two Limited**

### **Strategic Report for the Year Ended 30 June 2023 (continued)**

#### **Legal and regulatory environment**

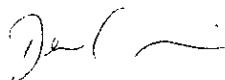
The Company and its indirect subsidiary company Accolade Wines Limited operate in a regulated environment. In the areas of health and safety, quality control, bonded warehouse compliance, environmental obligations and employee welfare, they seek to ensure that it works in an appropriate manner with the relevant regulatory bodies and encourage a proactive approach to changes in the legal environment.

#### **Subsequent Events**

After 30 June 2023, the parent company, Amphora Group Limited (the Group), entered into good faith discussions with its largest senior lenders (the "Senior Lenders") with a view to agreeing terms for a restructuring of the group debt made available under the Senior Facilities Agreement (the "Senior Debt") and a recapitalisation of the Group. As part of this process, the Senior Lenders have also granted certain interest deferrals in respect of the Senior Debt and extended the time period for delivery of annual and quarterly financial statements and accompanying compliance certificates.

These discussions have been successful and the relevant members of the Group and Senior Lenders holding in aggregate over 93% of the principal amount of the Senior Debt have entered into a binding "lock-up agreement" on 31 January 2024 (the "Lock-up Agreement").

Approved by the Board on ~~25th March 2024~~ and signed on its behalf by:



D W Nicol  
Director

## Avalon Cellars Two Limited

### Directors' Report for the Year Ended 30 June 2023

The Directors present their report and the unaudited financial statements for the year ended 30 June 2023.

#### Directors of the Company

The Directors who held office during the year were as follows:

T Singh

C Thompson-Hill (resigned 15 February 2024)

C J Shrimplin (resigned 24 August 2022)

The following Director was appointed after the year end:

D W Nicol (appointed 15 February 2024)

#### Dividends

The Directors do not recommend the payment of a dividend (2022: £Nil).

#### Financial Risk Management

The Company'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 Company'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 Company. The Company uses derivative financial instruments such as foreign exchange and interest rate contracts to hedge certain risk exposures.

Risk management is carried out by policies approved by the Company, which identifies, evaluates and hedges financial risks in close co-operation with the Company'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.

#### Political donations

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

#### Future developments

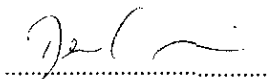
An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report.

#### Indemnities and insurance

The Directors of the Company 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

Approved by the Board on 25th March 2024... and signed on its behalf by:



D W Nicol

Director

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

## **Avalon Cellars Two Limited**

### **Statement of Directors' Responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors 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. The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

## Avalon Cellars Two Limited

### Profit and Loss Account and Other Comprehensive Income for the Year Ended 30 June 2023

	Note	2023 £ 000	2022 £ 000
Interest payable and similar expenses	3	<u>(12,473)</u>	<u>(11,399)</u>
<b>Loss before tax</b>		(12,473)	(11,399)
Taxation	6	<u>-</u>	<u>-</u>
<b>Loss for the year and Total Comprehensive Loss</b>		<u><u>(12,473)</u></u>	<u><u>(11,399)</u></u>

The notes on pages 8 to 18 form an integral part of these financial statements.

# Avalon Cellars Two Limited

(Registered number: 06047494)  
Balance Sheet as at 30 June 2023

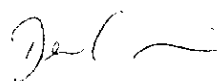
	Note	30 June 2023 £ 000	30 June 2022 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	7	131,277	131,277
<b>Current assets</b>			
Trade and other debtors	8	902	902
<b>Current liabilities</b>			
Loans and borrowings	9	(154,164)	(141,691)
<b>Net current liabilities</b>		(153,262)	(140,789)
<b>Total assets less current liabilities</b>		(21,985)	(9,512)
<b>Net liabilities</b>		(21,985)	(9,512)
Capital and reserves			
Share capital	10	3,410	3,410
Share premium	11	284,000	284,000
Profit and loss account	11	(309,395)	(296,922)
<b>Shareholders' funds</b>		(21,985)	(9,512)

For the financial year ending 30 June 2023 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

## Directors' responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

Approved by the Board on 25th March 2024 and signed on its behalf by:



D W Nicol  
Director

The notes on pages 8 to 18 form an integral part of these financial statements.



# Avalon Cellars Two Limited

## Statement of Changes in Equity for the Year Ended 30 June 2023

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 July 2021	3,410	284,000	(285,523)	1,887
Loss for the year	-	-	(11,399)	(11,399)
Total comprehensive expense	-	-	(11,399)	(11,399)
At 30 June 2022	3,410	284,000	(296,922)	(9,512)
	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 July 2022	3,410	284,000	(296,922)	(9,512)
Loss for the year	-	-	(12,473)	(12,473)
Total comprehensive expense	-	-	(12,473)	(12,473)
At 30 June 2023	3,410	284,000	(309,395)	(21,985)

The notes on pages 8 to 18 form an integral part of these financial statements.

## **Avalon Cellars Two Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023**

#### **1 Accounting policies**

##### **General information**

Avalon Cellars Two Limited (the Company) is a private company, limited by shares, incorporated, domiciled and registered in England in the UK. The registered number is 06047494 and the registered address is Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB.

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below.

##### **Basis of preparation**

The Company financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("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.

The financial statements have been prepared under historical cost accounting rules.

These financial statements are presented in Great British Pounds, which is the functional and presentational currency of the Company.

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

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

##### **Summary of disclosure exemptions**

The Company's ultimate parent company, Amphora Group Limited (AGL) includes the Company in its consolidated financial statements. The consolidated financial statements of AGL are prepared in accordance with International Financial Reporting Standards as adopted by the UK and are available to the public and may be obtained from Accolade Wines, Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, KT13 8TB.

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

- 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;
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

## Avalon Cellars Two Limited

### Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023 (continued)

#### 1 Accounting policies (continued)

##### Summary of disclosure exemptions (continued)

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.

##### Going concern

As at 30 June 2023, the Company had net current liabilities of £153,262,000 (2022: £140,789,000). The Company has received a letter of support from its ultimate holding company, Amphora Group Limited (AGL) indicating that it will provide financial and other support to the Company for a period of at least 12 months and thereafter for the foreseeable future to enable it to continue to trade. It is on this basis the financial statements have been prepared on a going concern basis.

The Company accesses funding through intercompany borrowings from related parties, Amphora Finance Limited and Amphora Australia Holdings Pty Ltd, who have access to funding to draw down on a revolving credit facility of \$AUD 136 million (representing the borrowings under the RCF). The RCF is made available under the Senior Facilities Agreement dated 6 April 2018 (as amended and/or restated from time to time) (the "Senior Facilities Agreement") (the "RCF").

The Company's financing facilities are dependent on AGL Group's agreements with lenders. The AGL Group financial statements included a disclosure of material uncertainty regarding the ability of the AGL Group to continue as a going concern. The details of the AGL Group material uncertainty in relation to the agreement with the Senior Lenders and the AGL Group Receivables facility are set out in the AGL 30 June 2023 Consolidated Financial Statements.

As a result of the uncertainties in relation to the AGL group's agreement with Senior Lenders there is a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, the Directors of AGL and the Company have reasonable grounds to consider that an M&A Transaction or the Financial Restructuring will be implemented, and that the AGL Group will have sufficient liquidity to meet its liabilities as they fall due for the foreseeable future, being a period of at least 12 months from the date of these financial statements.

##### Exemption from preparing group accounts

The financial statements contain information about Avalon Cellars Two Limited as an individual company and do not contain consolidated financial information as the parent of a Group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidated financial statements of its parent, Amphora Group Limited, a company incorporated in the United Kingdom.

## Avalon Cellars Two Limited

### Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023 (continued)

#### 1 Accounting policies (continued)

##### **Tax**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

##### **Trade and other debtors**

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The amounts are unsecured and are received on demand.

##### **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 draw down occurs.

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

##### **Investments**

Investments are held at cost, less any provision for any impairment. The carrying amounts of the Company's investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an investment exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

The recoverable amount of investments is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment.

##### **Dividends**

Dividends are only recognised as a liability to the extent that they are declared, shareholder approved and irrevocable prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

## **Avalon Cellars Two Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023 (continued)**

#### **1 Accounting policies (continued)**

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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 shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

##### **Financial instruments**

###### **Initial recognition**

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet.

The Company recognises financial assets and financial liabilities in the balance sheet when, and only when, the Company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the Company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

###### **Classification and measurements**

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

## Avalon Cellars Two Limited

### Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023 (continued)

#### 1 Accounting policies (continued)

##### **Financial assets at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the Company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

##### **Financial assets at fair value through the profit or loss (FVTPL)**

Financial assets not otherwise classified above are classified and measured as FVTPL.

##### **Financial liabilities at amortised cost**

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

##### **Financial liabilities at fair value through the profit or loss**

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

#### **Derecognition**

##### *Financial assets*

The Company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

##### *Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

## Avalon Cellars Two Limited

### Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023 (continued)

#### 1 Accounting policies (continued)

##### Impairment of financial assets

###### *Measurement of Expected Credit Losses*

The Company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL, namely:

- Financial assets that are debt instruments
- Trade and other debtors
- Balances with related parties

The Company may consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade debtors, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the debtors. To measure the expected credit losses, trade debtors have been grouped based on shared credit risk characteristics. The expected loss rates are based on payment profiles of historical sales and the associated credit losses experienced, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### 2 Critical accounting judgements and key sources of estimation uncertainty

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 Company'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 set out below.

##### **Impairment of investments in subsidiary undertakings and balances due from fellow group undertakings**

The Company tests whether investments in subsidiary undertakings and balances due from related undertakings have suffered any impairment if events or changes indicate that their value might be impaired. Where an indicator of impairment exists, the recoverable amounts of cash-generating units are 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 an impairment. A cash-generating unit is the smallest group of assets that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets.

## Avalon Cellars Two Limited

### Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023 (continued)

#### 3 Interest payable and similar expenses

	2023 £ 000	2022 £ 000
<b>Finance costs</b>		
Interest expense on loans from related parties	<u>12,473</u>	<u>11,399</u>

#### 4 Staff costs

There were no employees or staff costs for either year.

#### 5 Directors' remuneration

The emoluments of the directors are paid by a fellow group company, which makes no recharge to the Company. All directors are directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries.

#### 6 Taxation

Tax charged in the income statement

	2023 £ 000	2022 £ 000
<b>Current taxation</b>		
UK corporation tax	<u>-</u>	<u>-</u>
Total current income tax	<u>-</u>	<u>-</u>



## Avalon Cellars Two Limited

### Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023 (continued)

#### 6 Taxation (continued)

The tax receipt on loss before tax for the year is lower than the standard rate of corporation tax in the UK of 20.5% (2022 - 19%).

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge and deferred tax assets accordingly.

The differences are reconciled below:

	2023 £ 000	2022 £ 000
Loss before tax	(12,473)	(11,399)
Corporation tax at standard rate	(2,557)	(2,166)
Group relief not paid for	2,557	2,166
Total taxation	-	-

#### 7 Investments

	Subsidiary Undertakings £ 000
<b>Cost or valuation</b>	
At 1 July 2022	131,277
At 30 June 2023	131,277
<b>Carrying amount</b>	
At 30 June 2022 and 30 June 2023	131,277

Details of all related undertakings as at 30 June 2023 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2023	2022
Accolade Brands Europe Limited*	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, KT13 8TB, UK	100%	100%
Accolade Wines Limited	Manufacture & distributor of wine	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, KT13 8TB, UK	100%	100%

## Avalon Cellars Two Limited

### Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023 (continued)

#### 7 Investments (continued)

Accolade Wines South Africa (Pty) Limited	Manufacture & distributor of wine	Flagstone Winery, Paardevlei, WR Quinan Boulevard, Somerset West, Cape Town, South Africa	100%	100%
Accolade Wines Chile SpA	Manufacture & distributor of wine	Avenida Bello Horizonte 845, Of 302, Piso 3 Torre B, Rancagua	100%	100%
Accolade Wines Europe Limited*	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, KT13 8TB, UK	100%	100%
Western Wines Limited*	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, KT13 8TB, UK	100%	100%
Accolade Wines Weybridge Limited	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, KT13 8TB, UK	100%	100%
Hudson & Hill Limited	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, KT13 8TB, UK	100%	100%
Accolade Wines Europe Trading Limited	Distributor of wine	2nd Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, D04XN32	100%	100%
Lambrini Limited	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%

\* indicates direct investment of Avalon Cellars Two Limited

#### 8 Trade and other debtors

	30 June 2023 £ 000	30 June 2022 £ 000
Trade debtors	<u>902</u>	<u>902</u>

The terms of these debtors are that they are repayable on demand.

## Avalon Cellars Two Limited

### Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023 (continued)

#### 9 Loans and borrowings

	June 2023 £ 000	June 2022 £ 000
Loans payable to related parties	<u>154,164</u>	<u>141,691</u>

The above includes two loans as below:

A loan with a compound interest rate of 9.42% and it is payable on demand. The carrying amount of the principle at the year end is £5,480,000 (2022: £5,480,000). The capitalised interest relating to this is £11,687,000 (2022: £10,308,000).

A loan with a compound interest rate of 9.42% and it is payable on demand. The carrying amount of the principle at the year end is £38,447,000 (2022: £38,447,000). The capitalised interest relating to this is £98,550,000 (2022: £87,456,000).

#### 10 Share capital

Allotted, called up and fully paid shares

	30 June 2023		30 June 2022	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>3,410</u>	<u>3,410</u>	<u>3,410</u>	<u>3,410</u>

#### 11 Reserves

##### *Profit and loss account*

The profit and loss account represents cumulative profits and losses, net of dividends paid and other adjustments.

##### *Share premium account*

The share premium account represents the amount subscribed for share capital in excess of the nominal value.

#### 12 Related party transactions

The Company has taken advantage of the exemption under FRS 101 not to disclose transactions with whollyowned subsidiaries which form part of the Group. Year-end debtors and creditors balances held with Group companies are shown in notes 8 and 9 respectively.

## **Avalon Cellars Two Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023 (continued)**

#### **13 Parent and ultimate parent undertaking**

The Company's immediate parent is Accolade Wines Europe No.2 Limited, who has the same registered office as the ultimate UK parent, Amphora Group Limited.

The smallest and largest group financial statements which include the Company is Amphora Group Limited which produces publically available financial statements. These financial statements are available on request from its registered office Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England, KT13 8TB.

The Company was acquired on 31 May 2018 by the Carlyle Group. The Company's ultimate controlling party is Amphora Group Limited, which is owned by Carlyle Asia Partners IV L.P., Cap IV Coinvestment L.P. and Carlyle Amphora Partner L.P., who collectively own 100% of the issued ordinary shares in Amphora Group Limited.

#### **14 Post balance sheet events**

After 30 June 2023, the parent company, Amphora Group Limited (the Group), entered into good faith discussions with its largest senior lenders (the "Senior Lenders") with a view to agreeing terms for a restructuring of the group debt made available under the Senior Facilities Agreement (the "Senior Debt") and a recapitalisation of the Group. As part of this process, the Senior Lenders have also granted certain interest deferrals in respect of the Senior Debt and extended the time period for delivery of annual and quarterly financial statements and accompanying compliance certificates.

These discussions have been successful and the relevant members of the Group and Senior Lenders holding in aggregate over 93% of the principal amount of the Senior Debt have entered into a binding "lock-up agreement" on 31 January 2024 (the "Lock-up Agreement").