

Registered number: 06748474 (England and Wales)

**Annual report and financial statements
for the 52 weeks ended 28 March 2022
Naked Wines Prepayments Trustee Company Limited**



Naked Wines Prepayments Trustee Company Limited
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For the 52 weeks ended 28 March 2022

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Naked Wines Prepayments Trustee Company Limited
Company information
For the 52 weeks ended 28 March 2022

Directors:

N Devlin

Company secretary:

A E Huffsmith

Registered office:

The Union Building,
51-59 Rose Lane,
Norwich,
NR1 1BY

Registered number:

06748474 (England and Wales)

Auditor:

Deloitte LLP
Statutory Auditor
1 Station Square
Cambridge
CB1 2GA
United Kingdom

Naked Wines Prepayments Trustee Company Limited
Directors' report
For the 52 weeks ended 28 March 2022

Registered number 06748474

The Directors present their annual report with the audited financial statements of the company for the 52 weeks ended 28 March 2022.

The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. The directors have taken the small companies exemption contained in S414B of the Companies Act 2006 from the requirement to prepare a Strategic report.

The principal activity of the company is that of a depository of cash advances from customers (referred to as "Angels") of www.nakedwines.com Limited.

Directors

The directors who served during the year and subsequent to the year end, unless otherwise stated were:

N Devlin

S Tabak Resigned 22 July 2022

Dividends

The company did not pay any dividends during the year and does not propose to pay any dividends (2021: £nil).

Future developments

In order to accelerate growth and drive innovation, the company has and will continue to work with www.nakedwines.com Limited to grow the customer ("Angel") base by driving loyalty and customer retention. The increased scale is expected to result in an increasing number of wines and winemakers supplying the Group with growth in Angel base.

Financial risk management objectives and policies

The directors continually review and evaluate the risks that the company is facing. The main financial risk facing the company is liquidity risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by having a long-term funding arrangement with its parent and securing other financing in particular from funds deposited by customers.

Going concern

The Company has obtained a letter of support from its ultimate parent undertaking, Naked Wines plc, that it will continue to provide finance as necessary for the Company to meet its liabilities as they fall due for a period of at least 12 months following the date of approval of these financial statements. Accordingly, the financial statements continue to be prepared on a going concern basis.

In assessing the appropriateness of the going concern assumption, the Directors have considered (i) the cash requirements of the business to pursue its intended objectives and strategy, (ii) the sufficiency of the resources of its ultimate parent undertaking Naked Wines plc to be able to meet the obligations of the parent company letter of support to provide ongoing finance as necessary for the Company to meet its liabilities as they fall due, and (iii) potential variations in the cash requirements of the Company and the ultimate parent company taking into account severe yet plausible downside scenarios that appropriately reflect the current uncertain macroeconomic outlook.

As set out in note 8, events after the balance sheet date, the Company's parent Group entered into an Asset Backed Lending facility on 31 March 2022 which provides up to \$60 million of additional borrowing secured against the stock holding of its US business. Naked Wines Fine Wine Bond PLC is a participant and guarantor of the credit facility.

At the time of the preparation of the consolidated Group annual report and accounts and the parent company report and accounts in June 2022, Group management forecasts prepared showed that whilst under a base case scenario the Group had sufficient liquidity over a twelve month time period, a severe but plausible downside resulted in the Group being unable to meet the profit convenient commitment of the credit facility. Accordingly at that time, the Group prepared its accounts on a going concern basis but recognised that there existed a material uncertainty which may have cast significant doubt on the Group's ability to continue as a going concern under a severe but plausible downside scenario.

On the 19 October 2022, the Group completed a renegotiation with its bank of the credit facility profit covenant commitment, replacing the previous repeat contribution profit covenant with a facility defined adjusted EBITDA covenant which the Directors believe provides the Group with an accessible credit facility in a wide range of economic circumstances.

On 20 October 2022, the Group announced a change in medium terms strategy which has resulted in significantly higher short and medium term profitability but which in the short term results in a higher working capital cash absorption.

As part of its strategic review announced in October 2022, Management of the Naked Wines Group prepared a new business forecast for the eighteen month period from October 2022 until March 2024 reflecting both the change in the credit facility profit covenant commitment and the impact of the change in the Group's operating strategy.

Evaluation of this forecast in both a base case and severe but plausible downside scenarios showed that the Group would be able to continue to trade in all the scenarios modelled. Furthermore, the Group retained headroom over all of its credit facility covenant commitments under the base case and downside scenarios and as such was able to continue to access the credit facility over the forecast period.

The PPT business forecast prepared by Management at the same time included cash flow forecasts extending for more than 12 months from the date of this report to assess the liquidity of the Company, including the modelling of the availability and utilisation of the Group's asset backed lending facility. The Directors of PPT etc have also scrutinized the Group forecast carefully and note that the Group forecast shows that it has sufficient resources to continue to meet its liabilities as they fall due in both the base case and severe but plausible downside scenarios.

On the basis of its own forecasts of more than 12 months from the signing of these accounts and examination of the forecasts prepared by the Group, the Directors of PPT have a reasonable expectation that the Company's ultimate parent company Naked Wines PLC has sufficient resources to be able to honour the obligations of its letter of support to the Company to be able to meet its liabilities as they fall due for a period of more than twelve months from the date of signature of these statutory accounts. Accordingly, these financial statements are prepared on going concern basis.

The strategic report sets out the principal risks and uncertainties facing the company.

Directors' liabilities

The company's ultimate parent, Naked Wines plc, maintains indemnity to all directors of its subsidiaries against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Events since the balance sheet

On 31 March 2022, the Naked Wines Group and Naked Wines Prepayments Trustee Company Limited as a participant and guarantor entered into a 36-month senior secured credit facility with Silicon Valley Bank as administrative agent and issuing lender for up to \$60 million of credit based on the inventory held by Nakedwines.com Inc, a sister group company to Naked Wines Prepayments Trustee Company Limited. The facility is secured against the assets of the Naked Wines Group. Interest payable on this facility is calculated on a margin above SOFR with a commitment fee on undrawn funds. As a guarantor, the company is not directly exposed to the financial impact of this facility. However, as an indicative impact of its financial effect across the entire group, using a representative current SOFR rate which cannot be predicted in the future and average facility margins which may not be representative of actual final applicable margins, a representative \$10 million of drawdown for 12 months would amount to a total interest and commitment fee payable of approximately £0.4 million.

On signing, the Company became guarantor to three substantive financial condition covenants in relation to this credit facility.

- a) A facility defined Group level minimum balance sheet current ratio test;
- b) A facility defined Group level minimum qualified cash balance of \$20m to be held with loan parties at all times;
- c) A Group level profit covenant calculated as a minimum repeat contribution level to be equal to or greater than facility defined quarterly contribution targets over the course of the agreement.

On the 19 October 2022, the Directors concluded a first amendment to the Group's asset backed lending facility where the original profit condition covenant was replaced by a new facility defined adjusted EBITDA profit test. This new covenant came into effect for periods beginning after 26 September 2022.

The introduction of the revised covenant has no financial effect on the operation of the credit agreement. However, the Directors believe that this new profit covenant test provides significantly greater latitude to the orderly operation of the facility across a wide range of economic circumstances.

There were no other events after the balance sheet date that had a material impact of the financial position and performance of the company.

Disclosure of information to the auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Reappointment of the auditor

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Deloitte LLP as auditor of the company.

Approved and authorised by order of the Board:



.....
Nick Devlin
Director

Date: 15 December 2022

Naked Wines Prepayments Trustee Company Limited
Directors' responsibilities statement
For the 52 weeks ended 28 March 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Independent Auditor's report to the members of Naked Wines Prepayments Trustee Company Limited
For the 52 weeks ended 28 March 2022

Independent auditor's report to the members of Naked Wines Prepayments Trustee Company Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Naked Wines Prepayments Trustee Company Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 28 March 2022 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 9.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and UK tax legislation etc; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the UK Bribery act.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Independent Auditor's report to the members of Naked Wines Prepayments Trustee Company Limited continued

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.



Paul Schofield FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, UK
Date: 15 December 2022

Naked Wines Prepayments Trustee Company Limited
Statement of comprehensive income
For the 52 weeks ended 28 March 2022

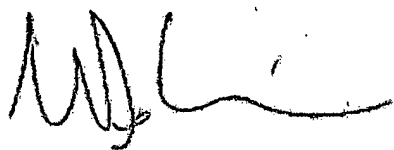
		2022	2021
		£'000	£'000
	Notes		
Operating profit		-	-
Profit before tax		-	-
Tax on profit		-	-
Profit for the financial year	3	-	-

There is no comprehensive income for the current or prior year.

Naked Wines Prepayments Trustee Company Limited
Balance sheet
As at 28 March 2022

	Notes	2022 £'000	2021 £'000
Current assets			
Trade and other receivables	5	26,418	25,477
		<u>26,418</u>	<u>25,477</u>
Current liabilities			
Trade and other receivables:	6	(26,428)	(25,487)
Net liabilities		<u>(10)</u>	<u>(10)</u>
Capital and reserves			
Share capital	7	-	-
Profit and loss account	7	(10)	(10)
Shareholders' deficit		<u>(10)</u>	<u>(10)</u>

The financial statements of Naked Wines Prepayments Trustee Company Limited (registered number 06748474) were approved by the board of directors and authorised for issue on 15 December 2022. They were signed on its behalf by:



Nick Devlin
Director

Naked Wines Prepayments Trustee Company Limited
Statement of changes in equity
For the 52 weeks ended 28 March 2022

	Share capital £'000	Retained earnings £'000	Total £'000
At 30 March 2020	-	(10)	(10)
Profit for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
At 29 March 2021	-	(10)	(10)
Profit for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
At 28 March 2022	-	(10)	(10)

1. General information

Naked Wines Prepayments Trustee Company Limited ("the company") is a private company, limited by shares and incorporated in the United Kingdom under the Companies Act 2006 (registration number 06748474). The company is domiciled in the United Kingdom and is registered in England and Wales. The company's registered office is The Union Building, 51-59 Rose Lane, Norwich, NR1 1BY. The company is a wholly owned subsidiary of Naked Wines International Limited, which itself is a wholly owned subsidiary within the Naked Wines Group plc ("the Group").

2. Accounting policies

Authorisation of financial statements and statement of compliance

The financial statements of Naked Wines Prepayments Trustee Company Limited have been prepared in compliance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and in accordance with the applicable accounting standards.

Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the 52 weeks ended 28 March 2022. The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - i. paragraph 79(a)(iv) of IAS 1;
 - ii. the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (b) the requirements of IAS 7 Statement of Cash Flows;
- (c) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (d) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (e) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (f) the requirements of IFRS 7, 'Financial instruments: Disclosures'; and
- (g) Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).

The financial statements have been prepared under the historical cost convention.

The financial year represents the 52 weeks to 28 March 2022 and the prior financial year, 52 weeks to 29 March 2021. The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Going concern

The Company has obtained a letter of support from its ultimate parent undertaking, Naked Wines plc, that it will continue to provide finance as necessary for the Company to meet its liabilities as they fall due for a period of at least 12 months following the date of approval of these financial statements. Accordingly, the financial statements continue to be prepared on a going concern basis.

In assessing the appropriateness of the going concern assumption, the Directors have considered (i) the cash requirements of the business to pursue its intended objectives and strategy, (ii) the sufficiency of the resources of its ultimate parent undertaking Naked Wines plc to be able to meet the obligations of the parent company letter of support to provide ongoing finance as necessary for the Company to meet its liabilities as they fall due, and (iii) potential variations in the cash requirements of the Company and the ultimate parent company taking into account severe yet plausible downside scenarios that appropriately reflect the current uncertain macroeconomic outlook.

As set out in note 8, events after the balance sheet date, the Company's parent Group entered into an Asset Backed Lending facility on 31 March 2022 which provides up to \$60 million of additional borrowing secured against the stock holding of its US business. Naked Wines Fine Wine Bond PLC is a participant and guarantor of the credit facility.

At the time of the preparation of the consolidated Group annual report and accounts and the parent company report and accounts in June 2022, Group management forecasts prepared showed that whilst under a base case scenario the Group had sufficient liquidity over a twelve month time period, a severe but plausible downside resulted in the Group being unable to meet the profit convenient commitment of the credit facility. Accordingly at that time, the Group prepared its accounts on a going concern basis but recognised that there existed a material uncertainty which may have cast significant doubt on the Group's ability to continue as a going concern under a severe but plausible downside scenario.

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On 20 October 2022, the Group announced a change in medium terms strategy which has resulted in significantly higher short and medium term profitability but which in the short term results in a higher working capital cash absorption.

As part of its strategic review announced in October 2022, Management of the Naked Wines Group prepared a new business forecast for the eighteen month period from October 2022 until March 2024 reflecting both the change in the credit facility profit covenant commitment and the impact of the change in the Group's operating strategy.

Evaluation of this forecast in both a base case and severe but plausible downside scenarios showed that the Group would be able to continue to trade in all the scenarios modelled. Furthermore, the Group retained headroom over all of its credit facility covenant commitments under the base case and downside scenarios and as such was able to continue to access the credit facility over the forecast period.

The PPT business forecast prepared by Management at the same time included cash flow forecasts extending for more than 12 months from the date of this report to assess the liquidity of the Company, including the modelling of the availability and utilisation of the Group's asset backed lending facility. The Directors of PPT etc have also scrutinized the Group forecast carefully and note that the Group forecast shows that it has sufficient resources to continue to meet its liabilities as they fall due in both the base case and severe but plausible downside scenarios.

On the basis of its own forecasts of more than 12 months from the signing of these accounts and examination of the forecasts prepared by the Group, the Directors of PPT have a reasonable expectation that the Company's ultimate parent company Naked Wines PLC has sufficient resources to be able to honour the obligations of its letter of support to the Company to be able to meet its liabilities as they fall due for a period of more than twelve months from the date of signature of these statutory accounts. Accordingly, these financial statements are prepared on going concern basis.

The strategic report sets out the principal risks and uncertainties facing the company.

2. Accounting policies (continued)

New standards, amendments and IFRIC interpretations

The following new amendments that are required to be adopted in annual periods beginning on 1 January 2022, do not have an impact on the financial statements of the company:

IFRS	Subject
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16	Interest Rate Benchmark Reform - Phase 2
Amendment to IFRS 16	Impact of the initial application of Covid-19-Related Rent Concessions

At the date of authorisation of these financial statements, the company has not applied the following new and revised IFRSs that have been issued but are not yet effective. The Directors do not expect that the adoption of the Standards listed above will have an impact on the financial statements of the company in future periods.

Effective date	IFRS	Subject
1 January 2022	Amendments to IFRS 3	Reference to the Conceptual Framework
	Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
	Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
	Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
1 January 2023	Amendments to IAS 1	Classification of Liabilities as Current or Non-current
	Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
	IFRS 17	Insurance Contracts
	Amendments to IAS 8	Definition of Accounting Estimates
	Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Effective date deferred indefinitely	Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Critical judgements and key sources of estimation uncertainty

In the process of applying the company's accounting policies the Directors consider there to be no critical accounting judgements that have a significant effect on the amounts recognised in the financial statements. The Directors also consider there to be no key sources of estimation uncertainty.

Significant accounting policies

The company's accounting policies, as set out below have been consistently applied during the year.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less any provision for impairment. A provision for impairment is established, based on an expected credit loss model.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Foreign currency transactions

Transactions in foreign currencies are translated at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income for the year.

The company financial statements are presented in sterling which is the company's functional and presentational currency.

3. Auditor's remuneration

	2022 £'000	2021 £'000
Audit of the financial statements	2	-

Audit fees of £2,000 (2021: £2,000) were borne by the ultimate parent company.

4. Employees and Directors

Directors were not remunerated for their services to the company. The company has no employees.

5. Trade and other receivables

	2022 £'000	2021 £'000
Amounts due from fellow subsidiary undertakings	26,418	25,477

The amounts due from Group undertakings are financing in nature, unsecured, have no fixed payment terms and are interest free and are expected to be settled within one year.

6. Trade and other payables

	2022 £'000	2021 £'000
Angels' funds held on account	(26,428)	(25,487)

The amounts due to Group undertakings are financing in nature, unsecured, have no fixed payment terms and are interest free.

Angels' funds held on account are repayable on demand and are subject to guarantee by Naked Wines plc.

Naked Wines Prepayments Trustee Company Limited
Notes to the financial statements continued
For the 52 weeks ended 28 March 2022

7. Share capital and profit and loss account

Share capital

	2022		2021	
	Number of	Value	Number of	Value
	shares	£'000	shares	£'000
Authorised, allotted and fully paid				
Ordinary share of £1	1	-	1	-

There has been no change to the company's authorised or allotted share capital during the year to 28 March 2022.

Profit and loss account

The profit and loss account represents cumulative profits or losses, and other adjustments.

8. Events since the balance sheet date

On 31 March 2022, the Naked Wines Group and Naked Wines Prepayments Trustee Company Limited as a participant and guarantor entered into a 36-month senior secured credit facility with Silicon Valley Bank as administrative agent and issuing lender for up to \$60 million of credit based on the inventory held by Nakedwines.com Inc, a sister group company to Naked Wines Prepayments Trustee Company Limited. The facility is secured against the assets of the Naked Wines Group. Interest payable on this facility is calculated on a margin above SOFR with a commitment fee on undrawn funds. As a guarantor, the company is not directly exposed to the financial impact of this facility. However, as an indicative impact of its financial effect across the entire group, using a representative current SOFR rate which cannot be predicted in the future and average facility margins which may not be representative of actual final applicable margins, a representative \$10 million of drawdown for 12 months would amount to a total interest and commitment fee payable of approximately £0.4 million.

On signing, the Company became guarantor to three substantive financial condition covenants in relation to this credit facility.

- d) A facility defined Group level minimum balance sheet current ratio test;
- e) A facility defined Group level minimum qualified cash balance of \$20m to be held with loan parties at all times;
- f) A Group level profit covenant calculated as a minimum repeat contribution level to be equal to or greater than facility defined quarterly contribution targets over the course of the agreement.

On the 19 October 2022, the Directors concluded a first amendment to the Group's asset backed lending facility where the original profit condition covenant was replaced by a new facility defined adjusted EBITDA profit test. This new covenant came into effect for periods beginning after 26 September 2022.

The introduction of the revised covenant has no financial effect on the operation of the credit agreement. However, the Directors believe that this new profit covenant test provides significantly greater latitude to the orderly operation of the facility across a wide range of economic circumstances.

There were no other events after the balance sheet date that had a material impact of the financial position and performance of the company.

9. Ultimate parent company

The company's immediate parent undertaking is Naked Wines International Limited, a company incorporated in the United Kingdom.

The ultimate parent undertaking and controlling party is Naked Wines plc which is the parent undertaking of the smallest and largest group to consolidate these financial statements and is incorporated in the United Kingdom.

The registered address for both the immediate parent undertaking and the ultimate parent undertaking is The Union Building, 51-59 Rose Lane, Norwich, NR1 1BY. Group Financial Statements are available upon request from the same address.