

HALEWOOD SALES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the period ended 30 June 2022

Previous company name: City of London Distillery Ltd

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Annual report and financial statements 2022

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Company information

Directors	S A Hainsworth J A Stocker L A Tayburn J H T Kennedy (Appointed 6 March 2023) K PILLAY (Appointed 12 July 2022) EP Williamson (Appointed 12 July 2022) A W Robinson (Resigned 31 January 2022)
Registered office	22-24 Bride Lane London EC4Y 8DT
Registered number	07963963
Bankers	HSBC Bank Plc 210 High Holborn London WC1V 7HD Investec Bank PLC 30 Gresham Street London EC2V 7QP

Directors' report

The directors present their annual report and financial statements for the period ended 30 June 2022.

PRINCIPAL ACTIVITIES

The principal activities of the company during the period continued to be that of a gin distillery and bar.

RESULTS AND DIVIDENDS

The loss for the period after taxation amounted to £ 219k (2021: £147k). No dividends were declared or paid during or after the period (2021: £nil).

DIRECTORS

The present directors of the company who served throughout the period and thereafter, unless otherwise stated, are set out on page 1.

GOING CONCERN

The directors have considered the going concern assumption and continue to adopt the going concern basis in preparing the annual report and financial statements, as documented in note 1 to the financial statements.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 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 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 steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

APPROVAL

The Directors' Report was approved by the Board on 28 March 2023 and signed on its behalf by:



J H T Kennedy
Director

Profit and loss account

For the period ended 30 June 2022

		Period ended 30 June 2022 £'000	Total 52 weeks ended 26 June 2021 £'000
	Note		
Turnover	4	531	305
Cost of sales		(297)	(166)
Gross Profit		234	139
Administrative expenses		(532)	(330)
Other operating income		127	47
Operating profit	5	(171)	(144)
Interest payable and similar charges	8	(33)	(15)
Profit before taxation		(204)	(159)
Tax on loss	9	(15)	12
Profit/(loss) for the financial period		(219)	(147)
Statement of comprehensive income			
Total comprehensive income/(expense) for the period		(219)	(147)

The company's activities derive from continuing operations.

The company has no recognised gains and losses other than those included in the results above.

The notes on pages 6 - 16 form an integral part of the financial statements.

Balance sheet

At 30 June 2022

		30 June 2022 £'000	26 June 2021 £'000
	Note		
Fixed assets			
Tangible assets	10	536	427
Investments		-	5
Amounts due from related parties		-	757
		<u>536</u>	<u>1,189</u>
Current assets			
Stock	11	10	10
Debtors	12	175	116
Cash at bank and in hand		8	52
		<u>193</u>	<u>178</u>
Creditors: amounts falling due within one year	13	(60)	(43)
		<u></u>	<u></u>
Net current assets		133	135
		<u></u>	<u></u>
Total assets less current liabilities		669	1,324
Creditors: amounts falling due after more than one year	14	(414)	(852)
Provision for liabilities	15	(3)	-
		<u></u>	<u></u>
Net assets		252	471
		<u></u>	<u></u>
Capital and reserves			
Called up share capital	16	-	-
Share premium		100	100
Profit and loss account		152	371
		<u></u>	<u></u>
Shareholders' funds		252	471
		<u></u>	<u></u>

HALEWOOD SALES LIMITED
Previous company name: City of London Distillery Ltd

The notes on pages 6 – 16 form an integral part of the financial statements.

The financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

For the period ended 26 June 2021, the company was entitled to exemption under section 479A of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the period ended 30 June 2022 in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements of Halewood Sales Limited, previous company name City of London Distillery Ltd, registered number 07963963, were approved by the board of directors on 28 March 2023 and signed on its behalf by:



J H T Kennedy
Director

Statement of changes in equity

For the period ended 30 June 2022

	Called-up share capital £'000	Called-up share capital £'000	Profit and loss account £'000	Total £'000
Balance as at 27 June 2020	-	100	518	618
Loss for the period and total comprehensive expense	-	-	(147)	(147)
Balance as at 26 June 2021	-	100	371	471
Profit for the period and total comprehensive expense	-	-	(219)	(219)
Balance as at 30 June 2022	-	100	152	252

Notes to the financial statements

For the period ended 30 June 2022

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding period.

General information and basis of preparation

Halewood Sales Limited, previous company name City of London Distillery Ltd, is a private limited company limited by shares and is incorporated in England. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Directors Report on page 2. The financial statements have been prepared under the historical cost convention and in accordance with applicable law and United Kingdom accounting standards. The functional currency of Halewood Sales Limited, previous company name City of London Distillery Ltd, is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the available exemptions to not disclose:

- A statement of cash flows;
- Certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the group in which the company is consolidated; and
- Key management personnel compensation in total.

Going concern

The company meets its day-to-day working capital requirements through loans from its parent undertaking and fellow subsidiary companies. The company's forecasts and projections, taking account of possible changes in trading performance, show that the company is expected to be able to operate within the level of funding available.

In carrying out their duties in respect of going concern, the directors have carried out a review of the company's financial position and cash flow forecast for a period of 12 months from the date of signing these financial statements. These have been based on a comprehensive review of revenue, expenditure and cash flows, taking into account specific business risks and the uncertainties brought about by the current economic environment and remaining impact of Covid 19. Management regularly perform sensitivity analysis on forecasts, and have identified no specific risks relating to breach of bank covenants.

The company has been monitoring, assessing and reacting to the issues that COVID-19 has created for the employees, business operations and financial performance. Procedures have been put in place during the financial year to ensure the safety of employees including implementation of extensive cleaning regimes, temperature check stations, availability of hand sanitiser, and signs reminding employees and visitors of the need to wash hands regularly and maintain social distancing.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided evenly on the cost (or valuation where appropriate) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down would be charged to operating profit unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of comprehensive income. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

- | | |
|-------------------------|---------------------------------------|
| • Freehold buildings | 2% straight line on cost or valuation |
| • Fixtures and fittings | 15% to 25% straight line on cost |
| • Plant and machinery | 5% to 25% straight line on cost |
| • Motor vehicles | 5% to 25% straight line on cost |

Notes to the financial statements (continued)

For the period ended 30 June 2022

1. ACCOUNTING POLICIES (continued)

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

- *Financial assets*

Basic financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

- *Financial liabilities*

Basic financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, there are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes any expenses incurred in bringing each product to its present location and condition using a first in, first out (FIFO) basis. Net realisable value is based on estimated selling price less further costs of disposal.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Notes to the financial statements (continued)

For the period ended 30 June 2022

2. STATEMENT OF COMPLIANCE

The financial statements of Halewood Sales Limited, previous company name City of London Distillery Ltd, have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), and the Companies Act 2006.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical judgements in applying the company's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Stock provision

Non-moving, slow moving and short dated stocks are assessed at the balance sheet date and if it is deemed that there is a material risk that some or all of the stock cannot be sold, then a provision is made.

Recoverability of trade debtors

The risk of debtor default is assessed by reference to overdue amounts and recent payment history. If there is a deemed material risk of non-payment, a provision is made.

Key accounting estimates and assumptions

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Impairment of investments in subsidiaries

The carrying value of investments in subsidiaries are reviewed for impairment on annual basis. The recoverable amount is determined based on value in use which requires the determination of appropriate assumptions (which are sources of estimation uncertainty) in relation to the cash flows over a five-year forecast period, the long term growth rate to be applied beyond this five-year period and the risk-adjusted pre-tax discount rate used to discount the assumed cash flows to present value.

Impairment of goodwill and intellectual

Goodwill and intellectual property are tested for impairment annually and at times when such indicators exist. This requires management to estimate the expected future cash flows of the cash generating unit, and apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to forecast gross margins, growth rates and discount rates used. If the expectation differs from the estimations, such different will impact the carrying value of the goodwill or intellectual property.

Marketing provision

Future promotional payments to customers are assessed at the balance sheet date. A provision will be made to deduct from the initial revenue any future promotional payments to customers unless it is highly probable that they will not be incurred.

4. TURNOVER

All turnover derives from the principal activity and arises from the United Kingdom. Turnover by origin and destination are not materially different.

Notes to the financial statements (continued)

For the period ended 30 June 2022

5. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is arrived at after charging/ (crediting):

	Period ended 30 June 2022 £'000	Total 52 weeks ended 26 June 2021 £'000
Depreciation of tangible fixed asset - owned	110	94
Operating lease rental	71	65
Other operating income	(127)	(47)
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Other operating income in the prior year relates to UK government grants received under the Job Support Scheme, introduced during the COVID-19 pandemic.

6. EMPLOYEES

Staff costs during the period were as follows:

	Period ended 30 June 2022 £'000	Total 52 weeks ended 26 June 2021 £'000
Wages and salaries	166	111
Social security costs	10	31
Pensions	1	6
	<hr/>	<hr/>
	177	148
	<hr/>	<hr/>

The average monthly number of employees during the period was made up as follows:

	2022	2021
Administration & selling	6	4
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Notes to the financial statements (continued)

For the period ended 30 June 2022

7. DIRECTORS' EMOLUMENTS

No directors were employed during the current or preceding period.

8. INTEREST PAYABLE

	Period ended 30 June 2022 £'000	Total 52 weeks ended 26 June 2021 £'000
Interest payable and similar charges	33	15

9. TAX CHARGE/ (CREDIT) ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	Period ended 30 June 2022 £'000	Total 52 weeks ended 26 June 2021 £'000
Deferred Tax		
Origination and reversal of timing differences	(2)	(13)
Adjustment in respect of prior years	17	5
Effect of changes in tax rates	(1)	(4)
Roundings	1	-
Total deferred tax charge	15	(12)
Total tax on loss	15	(12)

The UK corporation tax rate for the year ended 30 June 2022 is 19% which has been effective since 1 April 2017. Legislation increasing the corporation tax rate to 25% with effect from 1 April 2023 was substantively enacted on 24 May 2021. Deferred taxes for the period ended at 30 June 2022 have been measured using this enacted tax rate and reflected in these financial statements.

Notes to the financial statements (continued)

For the period ended 30 June 2022

TAX CHARGE/ (CREDIT) ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

	Period ended 30 June 2022 £'000	Total 52 weeks ended 26 June 2021 £'000
Loss before taxation	(206)	(159)
	<hr/>	<hr/>
Tax on loss at standard UK corporation tax rate of 19% (2020: 19%)	(39)	(30)
Effects of:		
- Expenses not deductible	14	1
- Effects of group tax relief	23	18
- Tax rate change	(1)	(4)
- Adjustment from previous periods	17	5
- Roundings	1	(2)
	<hr/>	<hr/>
Total tax charge / (credit) for the period	15	(12)
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Notes to the financial statements (continued)

For the period ended 30 June 2022

10. TANGIBLE FIXED ASSETS

	Land & Buildings £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Computer & Software £'000	Motor Vehicles £'000	Total £'000
Cost						
At 26 June 2021	487	392	-	-	-	879
Asset category reclassification*	5	(62)	58	3	39	43
At 26 June 2021	492	330	58	3	39	922
Adjustment	-	-	-	-	-	-
Additions	58	159	-	2	-	219
At 30 June 2022	550	489	58	5	39	1,141
Accumulated Depreciation						
At 26 June 2021	133	319	-	-	-	452
Asset category reclassification*	21	(67)	56	-	34	44
At 26 June 2021	154	252	56	-	34	496
Charge for the period	95	13	2	-	-	110
Adjustment	(1)	-	-	-	-	(1)
Additions	-	-	-	-	-	-
At 30 June 2022	248	265	58	-	34	605
Net book value						
At 30 June 2022	302	224	-	5	5	536
At 26 June 2021	354	73	-	-	-	427

*During the prior period tangible assets were presented in one category, whereas on the current period, assets categories reclassification is presenting them in the appropriate section in accordance to company's accounting policy.

Notes to the financial statements (continued)

For the period ended 30 June 2022

11. STOCK

	30 June 2022 £'000	26 June 2021 £'000
Finished goods	10	10
	<hr/>	<hr/>

12. DEBTORS

	30 June 2022 £'000	26 June 2021 £'000
Other debtors	104	39
Prepayments	61	-
Deferred tax assets	-	16
Other taxes and social security	-	2
Vat receivable	10	38
	<hr/>	<hr/>
	175	95
	<hr/>	<hr/>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2022 £'000	26 June 2021 £'000
Corporation tax payable	-	28
Other creditors	46	12
Accruals	14	-
Other taxes and social security	-	3
	<hr/>	<hr/>
	60	43
	<hr/>	<hr/>

Notes to the financial statements (continued)

For the period ended 30 June 2022

14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	30 June 2022 £'000	26 June 2021 £'000
Amount due to fellow subsidiary undertakings	414	852

Amounts due to subsidiaries and related parties are repayable on demand. There is no interest charged on amount due to subsidiaries and related parties within 12 months

15. PROVISION FOR LIABILITY:

DEFERRED TAXATION

	30 June 2022 £'000	26 June 2021 £'000
Opening deferred tax liability	(16)	(4)
Adjustment in respect of prior years	17	4
Deferred tax charged to income statement for the year	(2)	(16)
Other adjustment	(2)	-
	<hr/>	<hr/>
Closing deferred tax liability	(3)	(16)

	30 June 2022 £'000	26 June 2021 £'000
Deferred tax is analysed as follows:		
Fixed asset timing differences	(1)	-
Accelerated capital allowance		(16)
Other adjustment	(2)	-
	<hr/>	<hr/>
	(3)	(16)

Notes to the financial statements (continued)

For the period ended 30 June 2022

16. SHARE CAPITAL

	30 June 2022	26 June 2021
Allotted, called-up and fully paid		
100 ordinary shares of £1 each	100	100

17. OPERATING LEASE COMMITMENTS

At 30 June 2022 the company had future minimum commitments under non-cancellable operating leases as follows:

	30 June 2022 £'000	26 June 2021 £'000
Land and buildings operating leases which expire:		
Within one year	65	65
Between 2 and 5 years	234	260
After more than 5 years	780	750

18. PENSION ARRANGEMENTS

The company operates a defined contribution schemes for which the pension cost charge for the period amounted to £1k (2021: £6k), which represented contributions to these schemes. The assets of this scheme are held separately from those of the company in independently administered funds. At 30 June 2022 the amount outstanding to the pension scheme was £1K (2021: £Nil)

19. CONTINGENT LIABILITY

The company is party to group borrowings facilities under which the various UK companies in the group have unlimited cross-guaranteed in respect of the others' bank borrowings. At 30 June 2022 these borrowings amounted to £2,642k (2021: £6,166k).

20. RELATED PARTY TRANSACTIONS

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned as permitted by FRS 102 Section 33.

21. ULTIMATE PARENT AND CONTROLLING PARTY

The immediate parent undertaking is Halewood Artisanal Spirits (UK) Limited, a company registered in England.

The ultimate parent company and parent undertaking of the largest and smallest group which includes the company is Halewood Artisanal Spirits PLC a company registered in England. Group accounts for Halewood Artisanal Spirits PLC are available to the public, from Companies registration Office, Great Portland Street, London, England, W1W 5PA.

In the opinion of the directors, the Estate of Mr J E Halewood, and members of his close family control the company as a result of holding a majority share of the issued share capital and attached voting rights.

22. POST BALANCE SHEET EVENTS

No material post balance events noted.