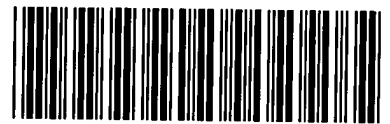


**Speciality Drinks Limited**  
**Financial Statements**  
**30 June 2020**

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COMPANIES HOUSE

Shah Dodhia & Co  
Chartered Accountants & Statutory Auditor  
173 Cleveland Street  
London  
W1T 6QR

# Speciality Drinks Limited

## Financial Statements

Year ended 30 June 2020

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# Speciality Drinks Limited

## Strategic Report

Year ended 30 June 2020

The directors present their strategic report for the group for the year ended 30 June 2020.

### Business Review

The principal activity of Speciality Drinks Limited (the company) and its subsidiaries (the group) during the year was that of wholesalers and retailers of whiskies, spirits, champagnes and wines. Its additional activities include blending and bottling of fine spirits, whisky auctioneers and hosting public events linked to the company's trade, for example, the Whisky Show, London Cocktail Week, etc. The group is currently in the process of obtaining planning consent to build a whisky distillery in Scotland.

The group's online sales showed a substantially increased demand during the lockdown measures brought in by the UK government as a result of the Covid-19 pandemic and thereafter continue to remain buoyant.

The group added a third retail shop during the year which opened in the last week of January 2020. Unfortunately, this shop, together with the other two, had to close on 23 March 2020 due to the lockdown measures put in place by the UK government as a result of the Covid-19 pandemic. The shops gradually started opening from the end of June 2020 and remain open during the second lockdown in the UK imposed on 5<sup>th</sup> November 2020. Due to the closure of these shops for more than a quarter of the year, there was a significant reduction in turnover and sales which remain depressed as there are few tourists coming to UK due to the travel restrictions worldwide and there are fewer people working in central London. The directors remain hopeful about the long term outlook for these shops once the restrictive pandemic measures are over.

In addition to the retail sales from the shops, the wholesale supplies to trade, including pubs, bars, restaurants and hotels were significantly down for the last quarter of the year as all these businesses had to close during the lockdown. Whilst there has been some pick up in trade since August, most of these businesses have had to close again from 5<sup>th</sup> November 2020.

Export sales also showed a decline in the year, as sales to the US were affected by the hike in import duties from October 2019 and the Covid-19 pandemic affected sales in the last quarter. In October 2020, the group stopped all online sales to EU countries due to the burden of VAT compliance. These will be resumed when compliance issues have been resumed. Overall EU sales were not significant for the group's business.

The directors are confident that once all the sectors affected by Covid-19 become fully operational, there would be growth in sales in those sectors.

Whilst there is increased competition in the market, the experience of the group directors in the products sold, including new products which they source and market and in bottling and branding of the group's own products, and increasing the ease of online shopping by continuing investment in their website development, has enabled the group to thrive and remain competitive.

### Results and performance

The group turnover for the year was £72.13 million (2019 - £71.58 million) an increase of 0.8%.

An analysis of the turnover into the various activities or on geographical basis is considered commercially sensitive by the directors and hence is not included here.

The group gross profit increased by 0.9% (2019 – 7.8%) from £24.87 million in 2019 to £25.09 million.

Profit before tax, excluding gain of a group trading property in 2019 decreased by 2% (2019 – 4%).

### Business environment

The group enjoys multiple sources of demand for its products as described in the Business Review above. The group faces strong competition in online sales from large competitors such as Amazon, however, because of the premium nature of the business and its specialist range of goods it can offer, it is able to compete successfully.

# Speciality Drinks Limited

## Strategic Report *(continued)*

Year ended 30 June 2020

### Strategy

The group personnel have expertise in the industry and therefore are able to purchase and supply a wide range of products to suit varying demands from trade and retail sales. The group further continues to enhance its websites to improve online sales.

### Key performance indicators

The directors review the business performance on a quarterly basis and compare to available data for similar businesses. The directors believe the business performs well in its category.

### Principal risks and uncertainties

The Companies Act 2006 requires that the strategic report contains a description of the principal risks and uncertainties facing the Group. The Board is responsible for the group's system of internal control and risk management, and for reviewing its effectiveness. This section describes some of the risks that the directors consider could materially affect the group's business. Some risks are not yet known to the Group and some that it does not currently believe to be material could later turn out to be material. All such risks could materially affect the Group's business, revenue, operating profit, earnings, net assets and liquidity and/or capital resources.

The group carries substantial stocks of specialised products and is reliant on its expertise in demand and marketing of these products. The group monitors the product range on a regular basis to ensure such products do not become obsolete.

The group has substantial borrowings which require servicing of interest and capital repayments and are only available if the financial covenants in the facilities are complied with. The lenders may demand the repayment of the borrowings if the covenants are not complied with. Further, the borrowings are based on LIBOR and therefore subject to fluctuation in the LIBOR rates. The loan is secured by guarantees and fixed and floating charges over the assets of the company and its subsidiaries.

Covid-19 had a substantial negative impact on the group's retail business at the shops which were closed in line with UK government requirements. Any future lockdowns due to pandemics could have similar impact on the business carried out in the shops. However, overall, the online business is expected to increase during lockdowns, thus mitigating the effect to some degree on a group basis.

### Research and development

The group continues to invest in its web development for its online sites to remain competitive and innovative to enable it to increase its sales and market share.

### Future developments

The group is constantly on the lookout for quality new products to enhance its range of products to increase sales and profitability. The group is also planning to build its own distillery to complement the current business carried on by it.

# Speciality Drinks Limited

## Strategic Report *(continued)*

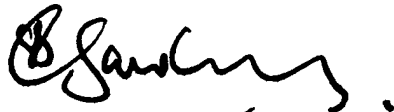
Year ended 30 June 2020

### Statement required under S172 Companies Act 2006

The table below lists the group policies which the board of directors consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the following matters:

S 172 requirement	How the board's discussions and decision making has taken this into account
(a) the likely consequences of any decision in the long term	The group continues to explore new products to bring to the market and bottle and market its own products to remain a specialist supplier of such products. The expertise of the directors in old and rare whiskies and other similar products which they source and market continues to support the premium specialist positioning of the group in the market.
(b) the interests of the Company's employee	The group has regular team building events to promote staff collaboration and their education of the group's products.
(c) the need to foster the Company's business relationships with suppliers, customers and others	The directors and key employees maintain a close relationship with customers and suppliers and hold regular events for customers and suppliers to introduce the group's range of products.
(d) the impact of the Company's operations on the community and the environment	The group holds regular charity events to support the community locally and globally. During the lockdown due to Covid-19, with monetary contribution of supplies from a supplier, it purchased, packed and distributed wellness packages containing food and other essential supplies to individuals affected by the lockdown in the drinks industry. It also contributed to Covid-19 measures by certain charities supplying food packages to certain local hospitals. The group also ensures that customers drink responsibly at events organised by it. The participation of the group with the community and on environmental issues remains important to the board.
(e) the desirability of the Company maintaining a reputation for high standards of business conduct	The group considers itself to be a supplier of premium products and is able to secure its range of products due to its reputation in the market, which is of prime importance to the board. It therefore advocates high standard of business conduct at all levels by its directors and employees.
(f) the need to act fairly as between members of the Company	The group is owned and controlled by close knit family members who all participate in the business of the group to ensure its success.

By order of the Board:



Sukhinder Singh Sawhney  
Director

### Registered office:

Elixir House  
Whitby Avenue,  
Park Royal  
London NW10 7SF

16 March 2021

# Speciality Drinks Limited

## Directors' Report

Year ended 30 June 2020

The directors present their report and the financial statements of the group for the year ended 30 June 2020.

### Directors

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

Sukhinder Singh Sawhney  
Rajbir Singh Sawhney

### Dividends

Dividends of £3,250,000 (2019: £3,261,000) were paid during the year. The directors do not recommend any further dividends.

### Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 group's and parent company and of their profit or loss of the group for that year.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations or have no realistic alternative but to so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

# Speciality Drinks Limited

## Directors' Report *(continued)*

Year ended 30 June 2020

### Disclosure of information to auditor

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

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

### Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR)

covering energy use and associated greenhouse emissions relating to gas, electricity and transport, intensity ratio and information relating to energy efficiency actions:

Energy Source	Consumption	Emissions
Total organisational Energy Consumption	865,941 kWh	181.72 tCO <sub>2</sub> e
Electricity	535,795 kWh	124.92 tCO <sub>2</sub> e
Combustible Fuel	50,336 kWh	9.26 tCO <sub>2</sub> e
Fleet Transport	279,810 kWh	47.55 tCO <sub>2</sub> e
Intensity Ratio		0.0020 tCO <sub>2</sub> e per sq ft

The energy consumption has been sourced from supplier invoices.

The total Intensity Ratio is total gross emissions in metric tonnes CO<sub>2</sub>e per square foot of area at the company's premises, including its warehouse, office and retail units.

Year on year comparison will be included in future reports.

### Energy efficiency actions

As a business, we are committed to responsible energy management and will practice energy efficiency throughout our organisation, wherever it is cost effective.

### Measures introduced in the year:

Upgraded lighting to LED and fitted light sensors in warehouse, office and retail units.

Other lighting upgraded as necessary

### Measures identified for consideration:

Air Conditioning Comfort Zone Locking for office and retail unit

Door closure policy at retail units

Upgrade loft insulation in the offices

Electrification of commercial van fleet

### Other information

An indication of the likely future developments in the business have been included in the Strategic report on pages 1 and 2.

# Speciality Drinks Limited

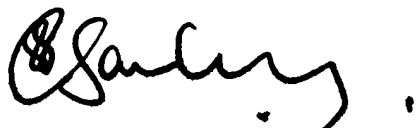
## Directors' Report *(continued)*

Year ended 30 June 2020

### Auditor

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on **16 March 2021** and signed on behalf of the board by:



Sukhinder Singh Sawhney  
**Director**

### Registered office:

Elixir House  
Whitby Avenue  
Park Royal  
London  
NW10 7SF



# **Independent Auditor's Report to the Members of Speciality Drinks Limited**

**Year ended 30 June 2020**

## **Opinion**

We have audited the financial statements of Speciality Drinks Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2020 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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

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

# **Independent Auditor's Report to the Members of Speciality Drinks Limited**

*(continued)*

**Year ended 30 June 2020**

## **Strategic Report and Directors' Report**

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statement audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in these reports for the financial year is consistent with the financial statements; and
- in our opinion these reports have been prepared in accordance with the Companies Act 2006.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

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

**Independent Auditor's Report to the Members of Speciality Drinks Limited**  
(continued)

**Year ended 30 June 2020**

**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 fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**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.



Satish Shah (Senior Statutory Auditor)  
For and on behalf of  
Shah Dodhia & Co  
Chartered Accountants & Statutory Auditors  
173 Cleveland Street  
London  
W1T 6QR

Date: ~~24~~ March 2021

**Speciality Drinks Limited**  
**Consolidated Income Statement**  
**Year ended 30 June 2020**

		2020	2019
	Note	£'000	£'000
<b>Turnover</b>	<b>4</b>	<b>72,127</b>	<b>71,576</b>
Cost of sales		<b>(47,034)</b>	<b>(46,703)</b>
<b>Gross profit</b>		<b>25,093</b>	<b>24,873</b>
Distribution costs		<b>(1,267)</b>	<b>(1,570)</b>
Administrative expenses		<b>(12,842)</b>	<b>(12,103)</b>
Other operating income	<b>5</b>	<b>564</b>	<b>661</b>
<b>Operating profit</b>	<b>6</b>	<b>11,548</b>	<b>11,861</b>
Profit on sale of tangible fixed assets		<b>23</b>	<b>3,639</b>
Interest receivable and similar income	<b>10</b>	<b>60</b>	<b>50</b>
Interest payable and similar expenses	<b>11</b>	<b>(228)</b>	<b>(245)</b>
<b>Profit before taxation</b>		<b>11,403</b>	<b>15,305</b>
Tax on profit	<b>12</b>	<b>(2,645)</b>	<b>(2,204)</b>
<b>Profit for the financial year</b>		<b>8,758</b>	<b>13,101</b>
Profit for the financial year attributable to:			
The owners of the parent company		<b>8,652</b>	<b>13,129</b>
Non-controlling interests		<b>106</b>	<b>(28)</b>
		<b>8,758</b>	<b>13,101</b>

All the activities of the group are from continuing operations.

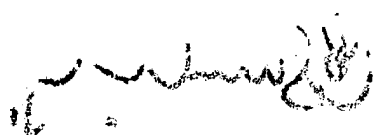
The notes on pages 17 to 34 form part of these financial statements.

# Speciality Drinks Limited

## Consolidated Statement of Comprehensive Income

Year ended 30 June 2020

	2020 £'000	2019 £'000
Profit for the financial year	8,758	13,101
Other comprehensive income for the year	—	—
Total comprehensive income for the year	<u>8,758</u>	<u>13,101</u>
Total comprehensive income for the year attributable to:		
The owners of the parent company	8,652	13,129
Non-controlling interests	<u>106</u>	<u>(28)</u>
	<u>8,758</u>	<u>13,101</u>

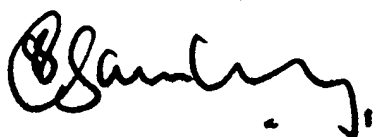


The notes on pages 17 to 34 form part of these financial statements.

**Speciality Drinks Limited**  
**Consolidated Statement of Financial Position**  
**30 June 2020**

	Note	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Intangible assets	14	6	77
Tangible assets	15	<u>12,861</u>	<u>11,579</u>
		<b>12,867</b>	<b>11,656</b>
<b>Current assets</b>			
Stocks	17	47,691	42,534
Debtors	18	7,318	9,412
Cash at bank and in hand		<u>6,022</u>	<u>8,680</u>
		<b>61,031</b>	<b>60,626</b>
<b>Creditors: amounts falling due within one year</b>	20	<u>(9,772)</u>	<u>(13,042)</u>
<b>Net current assets</b>		<b>51,259</b>	<b>47,584</b>
<b>Total assets less current liabilities</b>		<b>64,126</b>	<b>59,240</b>
<b>Creditors: amounts falling due after more than one year</b>	21	<b>(7,200)</b>	<b>(7,800)</b>
<b>Provisions</b>	22	<u>(35)</u>	<u>-</u>
<b>Net assets</b>		<b><u>56,891</u></b>	<b><u>51,440</u></b>
<b>Capital and reserves</b>			
Called up share capital	26	-	-
Equity distribution	27	(207)	(156)
Profit and loss account	27	<u>56,983</u>	<u>51,581</u>
<b>Equity attributable to the owners of the parent company</b>		<b>56,776</b>	<b>51,425</b>
<b>Non-controlling interests</b>		<b>115</b>	<b>15</b>
		<b><u>56,891</u></b>	<b><u>51,440</u></b>

These financial statements were approved by the board of directors and authorised for issue on **16 March 2021**, and are signed on behalf of the board by:



Sukhinder Singh Sawhney  
Director

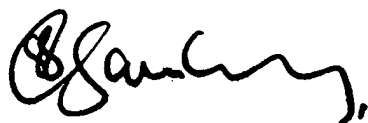
Company registration number: 04449145

The notes on pages 17 to 34 form part of these financial statements.

**Speciality Drinks Limited**  
**Company Statement of Financial Position**  
**30 June 2020**

	Note	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Intangible assets	14	2	72
Tangible assets	15	10,206	10,444
Investments	16	588	852
		<u>10,796</u>	<u>11,368</u>
<b>Current assets</b>			
Stocks	17	44,043	39,533
Debtors	18	15,171	14,907
Cash at bank and in hand		5,315	7,268
		<u>64,529</u>	<u>61,708</u>
<b>Creditors: amounts falling due within one year</b>	20	<u>(9,313)</u>	<u>(12,465)</u>
<b>Net current assets</b>		<u>55,216</u>	<u>49,243</u>
<b>Total assets less current liabilities</b>		<u>66,012</u>	<u>60,611</u>
<b>Creditors: amounts falling due after more than one year</b>	21	(7,200)	(7,800)
<b>Provisions</b>	22	-	(1,254)
<b>Net assets</b>		<u>58,812</u>	<u>51,557</u>
<b>Capital and reserves</b>			
Called up share capital	26	-	-
Revaluation reserve	27	588	852
Equity distribution	27	(207)	(156)
Profit and loss account	27	58,431	50,861
<b>Shareholders funds</b>		<u>58,812</u>	<u>51,557</u>

These financial statements were approved by the board of directors and authorised for issue on **16 March 2021**, and are signed on behalf of the board by:



Sukhinder Singh Sawhney  
Director

Company registration number: 04449145

The notes on pages 17 to 34 form part of these financial statements.

**Speciality Drinks Limited**  
**Consolidated Statement of Changes in Equity**  
**Year ended 30 June 2020**

		Called up share capital £'000	Equity distribution £'000	Profit and loss account £'000	Equity attributable to the owners of the parent company £'000	Non- controlling interests £'000	Total £'000
<b>At 1 July 2018</b>	<b>Note</b>	-	(75)	41,713	<b>41,638</b>	106	<b>41,744</b>
Profit/(Loss) for the year		-	-	13,129	13,129	(28)	13,101
<b>Total comprehensive income for the year</b>		-	-	13,129	13,129	(28)	13,101
Fair value movement on interest free loan to a director		-	(81)	-	(81)	-	(81)
Dividends paid	<b>13</b>	-	-	(3,261)	(3,261)	(63)	(3,324)
<b>Total investments by and distributions to owners</b>		-	(81)	(3,261)	(3,342)	(63)	(3,405)
<b>At 30 June 2019</b>		-	(156)	51,581	<b>51,425</b>	15	<b>51,440</b>
Profit/(Loss) for the year		-	-	8,652	<b>8,652</b>	106	<b>8,758</b>
<b>Total comprehensive income for the year</b>		-	-	8,652	<b>8,652</b>	106	<b>8,758</b>
Fair value movement on interest free loan to a director		-	(51)	-	(51)	-	(51)
Dividends paid	<b>13</b>	-	-	(3,250)	(3,250)	(6)	(3,256)
<b>Total investments by and distributions to owners</b>		-	(51)	(3,250)	<b>(3,301)</b>	<b>(6)</b>	<b>(3,307)</b>
<b>At 30 June 2020</b>		-	(207)	56,983	<b>56,776</b>	<b>115</b>	<b>56,891</b>

The notes on pages 17 to 34 form part of these financial statements.



**Speciality Drinks Limited**  
**Company Statement of Changes in Equity**  
**Year ended 30 June 2020**

	<u>Note</u>	Called up share capital £'000	Revaluation reserve £'000	Equity distribution £'000	Profit and loss account £'000	<b>Total £'000</b>
<b>At 1 July 2018</b>		-	1,024	(75)	41,654	<b>42,603</b>
Profit for the year		-	-	-	12,468	12,468
Other comprehensive income for the year	<b>25</b>	-	(172)	-	-	(172)
<b>Total comprehensive income for the year</b>		-	(172)	-	12,468	12,296
Fair value movement on interest free loan to a director	<b>25</b>	-	-	(81)	-	(81)
Dividends paid	<b>13</b>	-	-	-	(3,261)	(3,261)
<b>Total investments by and distributions to owners</b>		-	-	(81)	(3,261)	(3,342)
<b>At 30 June 2019</b>		-	852	(156)	50,861	<b>51,557</b>
Profit for the year		-	-	-	10,820	10,820
Other comprehensive income for the year	<b>25</b>	-	(264)	-	-	(264)
<b>Total comprehensive income for the year</b>		-	(264)	-	10,820	<b>10,556</b>
Fair value movement on interest free loan to a director	<b>25</b>	-	-	(51)	-	(51)
Dividends paid	<b>13</b>	-	-	-	(3,250)	(3,250)
<b>Total investments by and distributions to owners</b>		-	-	(51)	(3,250)	<b>(3,301)</b>
<b>At 30 June 2020</b>		-	588	(207)	58,431	<b>58,812</b>

The notes on pages 17 to 34 form part of these financial statements.

**Speciality Drinks Limited**  
**Consolidated Statement of Cash Flows**  
**Year ended 30 June 2020**

	Note	2020 £'000	2019 £'000
<b>Cash flows from operating activities</b>			
Profit for the financial year		8,758	13,101
<i>Adjustments for:</i>			
Depreciation of tangible assets		693	624
Amortisation of intangible assets		71	121
Other interest receivable and similar income		(51)	(50)
Bank interest received		(9)	-
Interest payable and similar expenses		221	235
Tax on profit		2,645	2,204
Profit on sale of tangible assets		(23)	(3,639)
<i>Changes in:</i>			
Stocks		(5,157)	(8,563)
Trade and other debtors		2,064	416
Trade and other creditors		(2,963)	(670)
Cash generated from operations		6,249	3,779
Interest paid		(221)	(235)
Interest received		9	-
Tax paid		(2,887)	(2,663)
Net cash from operating activities		<u>3,150</u>	<u>881</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible assets		(1,975)	(1,364)
Purchase of intangible assets		-	(6)
Dividends paid to minority shareholders		(6)	(63)
Net proceeds from sale of tangible assets		23	6,860
Net cash (used in)/from investing activities		<u>(1,958)</u>	<u>5,427</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	2,000
Repayment of borrowings		(600)	(600)
Dividends paid		(3,250)	(3,261)
Net cash used in financing activities		<u>(3,850)</u>	<u>(1,861)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,658)</b>	4,447
<b>Cash and cash equivalents at beginning of year</b>		<b>8,680</b>	4,233
<b>Cash and cash equivalents at end of year</b>	<b>19</b>	<u><b>6,022</b></u>	<u><b>8,680</b></u>

The notes on pages 17 to 34 form part of these financial statements.

# Speciality Drinks Limited

## Notes to the Financial Statements Year ended 30 June 2020

### 1. General information

Speciality Drinks Ltd (the "company") is a private company limited by shares and incorporated in and domiciled in the UK. The address of the registered office is Elixir House, Whitby Avenue, Park Royal, London, NW10 7SF.

### 2. Statement of compliance

These group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

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

### 3. Accounting policies

#### Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities.

The Group has considered the Triennial Review 2017 Amendments in preparation of these financial statements and its implication on its policy on the cashflow statement. There is no impact of these changes to the group policies or the group financial statements.

#### Going concern

The Group meets its day-to-day working capital requirements from operating activities.

The group projections for the period to March 2022 indicate the group will generate sufficient cashflows from operations to enable it to meet its liabilities as and when they fall due.

COVID-19 has not had a significant impact on the group overall though its retail shops were impacted significantly and continue to be impacted by the closures during lockdowns and reduced footfall whilst the COVID-19 measures remain in force. The group's online business, which is its primary source of business, increased and continues to trade well during the time Covid-19 measures remain in force and are expected to show some growth for the foreseeable future. Management has determined that there is no material uncertainty that casts doubt on the group's ability to continue as a going concern. It expects that COVID-19 might have some impact, though not significant, for example, in relation to expected future performance in part of the group's business or the effects on some future asset valuations. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

#### Consolidation

The financial statements consolidate the financial statements of Speciality Drinks Limited and all of its subsidiary undertakings. The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

# Speciality Drinks Limited

## Notes to the Financial Statements *(continued)* Year ended 30 June 2020

### 3. Accounting policies *(continued)*

#### **Non-controlling interests**

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgement:

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Provision of slow moving and obsolete stock - The directors have used their experience and expertise in assessing the provision for slow moving stock which as at 30 June 2020 was £2.24 million (2019: £2.53 million).

#### **Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

#### **Taxation**

Tax on the profit and 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 the deferred tax relating to those items 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.

# Speciality Drinks Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2020

### 3. Accounting policies *(continued)*

#### **Taxation** *(continued)*

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### **Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

#### **Goodwill and other intangible assets**

##### *Goodwill*

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its useful economic life. Goodwill is amortised over its estimated useful economic life of 5 years. Useful economic lives are reviewed at the end of each reporting period and revised if necessary. The carrying amount at the date of revision is depreciated over the revised estimate of remaining useful economic life.

##### *Other Intangible assets*

Intangible assets comprise of trademarks and intellectual property. These are initially recorded at cost and amortised on a straight line basis over their estimated useful life, which is considered to be 5 years.

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

# Speciality Drinks Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2020

### 3. Accounting policies *(continued)*

#### **Research and development expenditure – website development**

The group carries on most of its business through its various websites and continues to enhance these websites to provide innovative improvements to ensure superior customer experience resulting in customer retention and satisfaction. As these are internally generated expenses, the group policy is to expense the cost incurred in the year it is expended.

#### **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Tangible assets include assets under construction. It includes assets acquired for development for future operating activities during their development phase, until they are virtually completed and their fair values can be measured. These assets are not depreciated until they are complete and allocated to operating assets.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its residual value, on a straight-line basis, over the useful economic life of that asset as follows:

Land included in freehold property is not depreciated.

Freehold Buildings	-	25 years
Short Leasehold Properties	-	Over term of the lease
Plant and Machinery & Fixtures	-	5 years
Motor Vehicles	-	4 years

#### **Impairment excluding stocks and deferred tax assets**

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

# Speciality Drinks Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2020

### 3. Accounting policies *(continued)*

#### Non-financial assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

#### Stocks

Stock comprises of bottled stocks of wines and spirits, including rare and fine spirits, and spirits held in casks for ageing and bottling. Certain stock is held in bonded warehouses.

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition. Cost is calculated using the First In First Out basis.

#### Basic financial instrument

##### *Trade and other debtors/creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition, debtors and creditors payable or receivable within one year are measured at the undiscounted amount of the cash expected to be paid or received, net of impairment losses in the case of debtors.

##### *Investments in subsidiaries*

Investments in subsidiary companies by the parent company are stated at the net asset values of the subsidiary companies, which is considered to be their fair values, unless the net asset value is negative, in which case the investment's carrying value is considered to be nil. Differences between the net asset value and historical cost are recognised in other comprehensive income (OCI) in accordance with FRS 102.17.15.E-F, with net revaluation gains recognised in OCI and net revaluation losses in profit and loss to the extent that these are not reversals of previous revaluation gain.

##### *Interest-bearing borrowings classified as basic financial instruments*

Borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### Government Grants

Government grants received in respect of furloughed employees is accounted for on an accruals basis.

# Speciality Drinks Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2020

### 3. Accounting policies *(continued)*

#### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### **Defined contribution plans**

The group operates a defined contribution pension scheme for employees. The assets of the schemes are held separately from those of the group. The annual contributions payable are charged to the profit and loss account.

#### **Borrowing costs**

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

#### **Leased assets**

##### *Operating leased assets*

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

##### *Lease incentives*

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

#### **Related party transactions**

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

### 4. Turnover

Turnover represents amounts receivable in respect of the wholesale and retail sale of spirits, liqueurs and wines and operating whisky auctions and drinks events.

Turnover arises from:

	2020	2019
	£'000	£'000
Sale of goods, event tickets and auction fees receivable	<u>72,127</u>	<u>71,576</u>

A geographical analysis of turnover between the UK and Overseas has not been disclosed as in the opinion of the directors this information would be seriously prejudicial to the group.



# Speciality Drinks Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2020

### 5. Other operating income

	2020 £'000	2019 £'000
Management income from related undertaking	103	124
Government grants – received for furloughed employees	204	-
Miscellaneous income	150	226
Donations received	-	225
Foreign exchange gains	107	86
	<u>564</u>	<u>661</u>

### 6. Operating profit

Operating profit is stated after charging/(crediting):

#### Group

	2020 £'000	2019 £'000
Amortisation of intangible assets	71	121
Depreciation of tangible assets	693	624
Operating lease rentals	297	201
Foreign exchange gains	<u>(107)</u>	<u>(86)</u>

#### Company

The company made a profit of £7,570,000 (2019: £9,207,000) after dividend payment of £3,250,000 (2019: £3,261,000).

### 7. Auditor's remuneration

	2020 £'000	2019 £'000
Fees payable for the audit of the financial statements		
- Company	72	49
- Subsidiaries	<u>28</u>	<u>33</u>

Fees payable to the company's auditor and its associates for other services:

Other non-audit services		
- Company	44	71
- Subsidiaries	<u>-</u>	<u>6</u>

# Speciality Drinks Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2020

### 8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2020 No.	2019 No.
Administrative staff	149	63
Operation, Sales & Marketing	76	150
	<u>225</u>	<u>213</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020 £'000	2019 £'000
Wages and salaries	6,771	6,017
Social security costs	681	590
Other pension costs	189	198
	<u>7,641</u>	<u>6,805</u>

### 9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2020 £'000	2019 £'000
Remuneration	186	183
Company contributions to defined contribution pension plans	-	20
	<u>186</u>	<u>203</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2020 No.	2019 No.
Defined contribution plans	<u>2</u>	<u>2</u>

### Key Management Personnel

The directors are the key management personnel and their remuneration is as disclosed above.

### 10. Interest receivable and similar income

	2020 £'000	2019 £'000
Notional Interest on Directors loan	51	50
Bank interest	9	-
	<u>60</u>	<u>50</u>

# Speciality Drinks Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2020

### 11. Interest payable and similar expenses

	2020 £'000	2019 £'000
Interest on bank loans	221	235
Interest payable on late payment of corporation tax	2	5
Arrangement fees	5	5
	<u>228</u>	<u>245</u>

### 12. Tax on profit

#### Major components of tax expense

	2020 £'000	2019 £'000
<b>Current tax:</b>		
UK current tax expense	2,417	2,269
Under/(over) provision in prior years	163	(83)
Total current tax	<u>2,580</u>	<u>2,186</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	65	18
<b>Tax on profit</b>	<u>2,645</u>	<u>2,204</u>

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £'000	2019 £'000
Profit on ordinary activities before taxation	<u>11,403</u>	<u>15,305</u>
Profit on ordinary activities by rate of tax	2,167	2,908
Difference in tax rate and other adjustments	-	(2)
Effect of expenses not deductible for tax purposes	42	28
Capitalised interest deductible for tax purpose	(10)	-
Gain on sale of tangible fixed asset rolled over	-	(691)
Under/(over) provision in prior years	163	(83)
Effect of consolidation adjustments re intercompany trading	283	44
Tax on profit	<u>2,645</u>	<u>2,204</u>

#### Factors that may affect future tax expense

Legislation to reduce the standard rate of corporation tax to 17% from 1 April 2020 was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The rate of 19% has been used in calculating deferred tax liabilities at the Balance Sheet date (2019: 17%).

# Speciality Drinks Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2020

### 13. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2020 £'000	2019 £'000
Dividends on equity shares	<u>3,250</u>	<u>3,261</u>

### 14. Intangible assets

Group	Goodwill £'000	Trademarks and Intellectual Property £'000	Total £'000
<b>Cost</b>			
At 1 July 2019 and 30 June 2020	<u>206</u>	<u>465</u>	<u>671</u>
<b>Amortisation</b>			
At 1 July 2019	201	393	594
Charge for the year	<u>1</u>	<u>70</u>	<u>71</u>
<b>At 30 June 2020</b>	<u>202</u>	<u>463</u>	<u>665</u>
<b>Carrying amount</b>			
At 30 June 2020	<u>4</u>	<u>2</u>	<u>6</u>
At 30 June 2019	<u>5</u>	<u>72</u>	<u>77</u>

Company	Trademarks and Intellectual Property £'000
<b>Cost</b>	
At 1 July 2019 and 30 June 2020	<u>429</u>
<b>Amortisation</b>	
At 1 July 2019	357
Charge for the year	<u>70</u>
<b>At 30 June 2020</b>	<u>427</u>
<b>Carrying amount</b>	
At 30 June 2020	<u>2</u>
At 30 June 2019	<u>72</u>

# Speciality Drinks Limited

## Notes to the Financial Statements (continued)

### Year ended 30 June 2020

#### 15. Tangible assets

Group	Freehold properties £'000	Assets under construction £'000	Short leasehold properties £'000	Plant and Machinery and Fixtures £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
At 1 July 2019	10,221	460	259	4,411	321	<b>15,672</b>
Additions	-	1,125	120	704	26	<b>1,975</b>
Disposals	-	-	-	(12)	(90)	<b>(102)</b>
<b>At 30 June 2020</b>	<b>10,221</b>	<b>1,585</b>	<b>379</b>	<b>5,103</b>	<b>257</b>	<b>17,545</b>
<b>Depreciation</b>						
At 1 July 2019	594	-	43	3,265	191	<b>4,093</b>
Charge for the year	87	-	21	531	54	<b>693</b>
Eliminated on disposal	-	-	-	(12)	(90)	<b>(102)</b>
<b>At 30 June 2020</b>	<b>681</b>	<b>-</b>	<b>64</b>	<b>3,784</b>	<b>155</b>	<b>4,684</b>
<b>At 30 June 2020</b>	<b>9,540</b>	<b>1,585</b>	<b>315</b>	<b>1,319</b>	<b>102</b>	<b>12,861</b>
At 30 June 2019	<b>9,627</b>	<b>460</b>	<b>216</b>	<b>1,146</b>	<b>130</b>	<b>11,579</b>

Company	Freehold properties £'000	Plant and Machinery and Fixtures £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At 1 July 2019	10,209	3,622	321	<b>14,152</b>
Additions	-	138	27	<b>165</b>
Disposals	-	-	(90)	<b>(90)</b>
<b>At 30 June 2020</b>	<b>10,209</b>	<b>3,760</b>	<b>258</b>	<b>14,227</b>
<b>Depreciation</b>				
At 1 July 2019	594	2,923	191	<b>3,708</b>
Charge for the year	87	261	55	<b>403</b>
Eliminated on disposal	-	-	(90)	<b>(90)</b>
<b>At 30 June 2020</b>	<b>681</b>	<b>3,184</b>	<b>156</b>	<b>4,021</b>
<b>Carrying amount</b>				
<b>At 30 June 2020</b>	<b>9,528</b>	<b>576</b>	<b>102</b>	<b>10,206</b>
At 30 June 2019	<b>9,615</b>	<b>699</b>	<b>130</b>	<b>10,444</b>

# Speciality Drinks Limited

## Notes to the Financial Statements *(continued)*

### Year ended 30 June 2020

#### 15. Tangible assets *(continued)*

The freehold properties are shown in the accounts at cost.

The directors have considered the carrying value of the freehold properties and in their opinion no impairment adjustment is required.

Freehold property with a carrying value of £8,511,000 (2019: £8,598,000) has been pledged to secure group borrowings.

#### 16. Investments

The group has no investment assets.

Company	Investment in subsidiary undertakings £'000
<b>Cost/Valuation</b>	
At 1 July 2019 and 30 June 2020	852
<b>Impairment</b>	
At 30 June 2020	(264)
<b>Carrying amount</b>	
At 30 June 2020	588
At 30 June 2019	852

The investments in subsidiary undertakings are valued at their net book value, which is considered to be their fair value, at the Balance sheet date.

At 30 June 2020, the company had the following subsidiary undertakings:

	Class of Shares	% of Shares held	Activity
ABV Global Ltd	Ordinary	80	Event organisation
Elixir Distillers Ltd *	Ordinary	100	Dormant
Elixir House Ltd	Ordinary	100	Development of drinks websites
Islay Distillery Co Ltd *	Ordinary	100	Distillery development
The Whisky Experience Ltd	Ordinary	75	Retail wines and spirits
Whisky Auction Ltd	Ordinary	100	Whisky auctions

\*Elixir Distillers Ltd changed its name to Islay Distillery Co Ltd and Islay Distillery Co Ltd changed its name to Elixir Distillers Ltd on 27 July 2020.

Elixir House Ltd ceased operating in October 2019.

# Speciality Drinks Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2020

### 17. Stocks

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Stocks	<u>47,691</u>	<u>42,534</u>	<u>44,043</u>	<u>39,533</u>

### 18. Debtors

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade debtors	2,778	4,994	2,775	4,850
Amounts owed by group undertakings	-	-	8,025	5,819
Prepayments and accrued income	1,363	1,311	1,160	1,128
Directors current accounts	-	1	-	1
Directors loan accounts	1,449	1,449	1,449	1,449
Other debtors	1,728	1,627	1,722	1,626
Deferred tax asset (Note 22)	-	30	40	34
	<u>7,318</u>	<u>9,412</u>	<u>15,171</u>	<u>14,907</u>

Other debtors include an interest free loan of £150,000 to a charity for a term of 20 years to assist it in acquiring a property. The company holds a second legal charge on the property acquired by the charity. The total amount of loan outstanding at 30 June 2020 was £150,000 (2019: £187,000).

#### Company

Debtors include £1,743,000 (2019: £2,410,000) due from group undertakings after more than one year.

### 19. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2020	2019
	£'000	£'000
<b>Group</b>		
Cash at bank and in hand	<u>6,022</u>	<u>8,680</u>
<b>Company</b>		
Cash at bank and in hand	<u>5,315</u>	<u>7,268</u>

# Speciality Drinks Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2020

### 20. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	600	600	600	600
Trade creditors	4,917	6,993	4,744	6,868
Amounts owed to group undertakings	-	-	-	-
Amounts owed to related undertakings	594	302	594	310
Directors' current account	6	-	6	-
Accruals and deferred income	1,403	1,710	984	1,220
Corporation tax	622	929	747	1,059
Social security and other taxes	1,344	610	1,398	586
Other creditors	286	1,898	240	1,822
	<u>9,772</u>	<u>13,042</u>	<u>9,313</u>	<u>12,465</u>

### 21. Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	<u>7,200</u>	<u>7,800</u>	<u>7,200</u>	<u>7,800</u>

The bank loan is secured by a first legal charge over one of the company's freehold properties together with a debenture and cross guarantees given by the company and all its subsidiaries and related undertaking, excluding a dormant subsidiary.

### 22. Provisions

Group	Deferred tax (note 23) £'000
At 1 July 2019	(30)
Additions	65
<b>At 30 June 2020</b>	<b><u>35</u></b>

Company	Deferred tax (note 23) £'000
At 1 July 2019	(34)
Additions	(6)
<b>At 30 June 2020</b>	<b><u>(40)</u></b>

#### Company – Other provision

	2020 £'000	2019 £'000
Irrecoverable group loan	<u>-</u>	<u>1,254</u>



# Speciality Drinks Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2020

### 23. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Included in provisions (note 22)	<u>35</u>	<u>(30)</u>	<u>(40)</u>	<u>(34)</u>

The deferred tax account consists of the tax effect of timing differences in respect of accelerated capital allowances.

### 24. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £189,000 (2019: £198,000).

### 25. Analysis of other comprehensive income

#### Group

The group had no other comprehensive income.

#### Company

	Revaluation reserve £'000	Total £'000
<b>Year ended 30 June 2020</b>		
Revaluation of Investments	<u>(264)</u>	<u>(264)</u>
<b>Year ended 30 June 2019</b>		
Revaluation of Investments	<u>(172)</u>	<u>(172)</u>

### 26. Called up share capital

#### Issued, called up and fully paid

	2020		2019	
	No.	£'000	No.	£'000
Ordinary shares of £1 each	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>

There were no movements in number of shares during the year. There is a single class of ordinary shares and each share carries one vote. All the issued shares have equal rights to dividends, voting and capital participation in a winding up.

# Speciality Drinks Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2020

### 27. Reserves

Revaluation reserve - This reserve in the Company's own Balance Sheet records the value of revaluation of shares in group undertakings and fair value movements on these assets recognised in other comprehensive income.

Equity distribution - this reserve records the fair value movement on interest free loan to the director.

Profit and loss account - This reserve records retained earnings and accumulated losses

Non-controlling interests - This reserve records the share of profits/(losses) attributable to the minority interests.

### 28. Analysis of changes in net debt

	At 1 Jul 2019	Cash flows	At 30 Jun 2020
	£'000	£'000	£'000
Cash at bank and in hand	8,680	(2,658)	6,022
Debt due within one year	(600)	-	(600)
Debt due after one year	(7,800)	600	(7,200)
	<u>280</u>	<u>(2,058)</u>	<u>(1,778)</u>

### 29. Reconciliation of net cash flow to movement in net debt

	2020	2019
	£'000	£'000
(Decrease) / Increase in cash and cash equivalents in the year	(2,658)	4,446
Proceeds from borrowings	-	(2,000)
Repayment of borrowings	600	600
Change in net debt	<u>(2,058)</u>	<u>3,046</u>
Net debt at 1 July 2019	<u>280</u>	<u>(2,766)</u>
Net debt at 30 June 2020	<u>(1,778)</u>	<u>280</u>

### 30. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and (credits) with the company and its subsidiary undertakings:

#### Directors' current account balance

	2020			
	Balance brought forward	Advances/ (credits) to the directors	Amounts repaid	Balance outstanding
	£'000	£'000	£'000	£'000
Sukhinder Singh Sawhney and Rajbir Singh Sawhney	<u>1</u>	<u>154</u>	<u>(161)</u>	<u>(6)</u>

**Speciality Drinks Limited**  
**Notes to the Financial Statements** *(continued)*

**Year ended 30 June 2020**

**30. Directors' advances, credits and guarantees** *(continued)*

	2019			
	Balance brought forward £'000	Advances/ (credits) to the directors £'000	Amounts repaid £'000	Balance outstanding £'000
Sukhinder Singh Sawhney and Rajbir Singh Sawhney	<u>96</u>	<u>1</u>	<u>(96)</u>	<u>1</u>

**Director's loan account balance**

	2020			
	Balance brought forward £'000	Advances/ (credits) to the directors £'000	Amounts repaid £'000	<b>Balance outstanding £'000</b>
Sukhinder Singh Sawhney	<u>1,449</u>	<u>-</u>	<u>-</u>	<u>1,449</u>

	2019			
	Balance brought forward £'000	Advances/ (credits) to the directors £'000	Amounts repaid £'000	<b>Balance outstanding £'000</b>
Sukhinder Singh Sawhney	<u>1,479</u>	<u>(30)</u>	<u>-</u>	<u>1,449</u>

**-31. Guarantees**

- (i) The company has given a bank guarantee to HMRC in respect of excise duties which is secured by a charge over bank balance held of £125,000.
- (ii) The company has also given a guarantee in respect of Letter of Credit facilities for SEK 75,000 and EUR 20,000.
- (iii) The company has given a guarantee for the leases of three retail properties owned by one of the subsidiaries, the total commitments under this guarantee are as stated in note 32.

**32 Capital and Other Commitments**

The group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Payments due	2020	2019
	£'000	£'000
Not later than one year	302	205
Later than one year and not later than five years	1,211	821
Later than five years	<u>690</u>	<u>499</u>
	<u><b>2,203</b></u>	<u><b>1,525</b></u>

# Speciality Drinks Limited

## Notes to the Financial Statements *(continued)*

### Year ended 30 June 2020

#### 33. Related party transactions

##### Group

The group was under the joint control of both the directors throughout the current and previous year.

At the Balance Sheet date, the company owed the directors £6,000 (2019: directors owed £523). The maximum debit balance outstanding during the period was £166,000 (2019: £206,000).

The company has advanced a loan of £1.5 million to a director, Sukhinder Singh Sawhney. The loan is interest free and is available until 30 June 2021. The loan balance is stated at its Net Present Value using a discount rate of 3.5% p.a. which is considered to be the market rate of interest. The total loan outstanding at the Balance Sheet Date was £1,449,000 (2019: £1,449,000).

The group buys from and sells its products to a company under common control. As at 30 June 2020, the group had a balance of £594,000 (2019: £302,000) payable to that company.

The group purchased goods net of vat amounting to £1,963,000 during the year from this company (2019: £2,171,000)

The group sold goods net of vat amounting to £421,000 during the year to this company (2019: £410,000)

##### Company

The company sells goods for resale to a 75% owned subsidiary. The minority interest of 25% is held by parties associated with the directors of the company. At 30 June 2020, the total amount outstanding in respect of this from the subsidiary was £6,029,000 (2019: £3,035,000). In addition, the company has advanced a loan to its subsidiary. The loan is repayable on demand. The total amount of loan outstanding at the Balance Sheet Date was £135,000 (2019: £435,000). The company has given a guarantee for the leases of three retail properties owned by this subsidiary, as disclosed in Note 31. The Company also supplies goods to this subsidiary. The total value of sales net of vat to the subsidiary for the year was £5,145,000K (2019: £5,360,000)

The company advanced a loan to an 80% owned subsidiary. The total amount of loan outstanding at 30 June 2020 was £99,000 (2019: £298,000). The loan is available until June 2021, at a variable rate of interest. The interest received on the loan for the year was £5,000 (2019: £18,000).

During the year the following dividends were paid to related parties:

Sukhinder Singh Sawhney (Director)	£812,500	(2019: £815,000)
Jasveen Sawhney	£812,500	(2019: £815,000)
Rajbir Singh Sawhney (Director)	£812,500	(2019: £815,000)
Jasmine Sawhney	£812,500	(2019: £815,000)

Other than the transactions disclosed above and in Note 9, the Company's other related party transactions were with wholly owned subsidiaries.

#### 34. Controlling party

The company is owned by the two directors and their spouses, each holding 25% of the shares in the company. Accordingly, there is no one controlling party, however, the two directors are considered to be jointly controlling the company.

#### 35. Subsequent events

On 1<sup>st</sup> July 2020, all of the Company's shares were acquired by Elixir Group Holdings Ltd, a company incorporated in England and Wales in a share for share exchange with the Company's shareholders. Following that, the shares held by the Company in all its subsidiaries were transferred to Elixir Group Holdings Ltd.