
HEDONISM DRINKS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
AMENDED**

FOR THE YEAR ENDED 31 JULY 2021



HEDONISM DRINKS LIMITED

COMPANY INFORMATION

Directors	T Artemev (resigned 15 June 2022) E Chichvarkin T Fokina
Registered number	07306044
Registered office	5 White Horse Street London W1J 7LQ
Independent auditors	BKL Audit LLP Chartered Accountants & Statutory Auditor 35 Ballards Lane London N3 1XW

HEDONISM DRINKS LIMITED

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HEDONISM DRINKS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2021

Introduction

Hedonism Drinks Ltd's ("the Company") principal activity remains the retail of alcoholic beverages in the UK and across the globe through its retail unit located in the United Kingdom and its website, whilst our subsidiaries 85 Piccadilly Ltd and 5 White Horse Ltd are within the hospitality industry. Together the Company and its subsidiaries are referred to as "the Group".

Business review

The board of directors reviews the Group's performance on a regular basis and compares its own results to similar businesses within the same industry, to ensure that the Company is performing well within its chosen line(s) of business.

The Group has enjoyed strong trading over the past financial year with pent up demand post-covid having a significant impact on sales throughout 2021 and indeed into the 2022 financial year. The return of international business clientele together with constantly increasing demand has led to an increase in YOY revenue of 2% for the Group and 7% for the Company. The directors hold the view that the business will continue to grow at the current rate through the coming year. The group has reported a pre-tax profit of £1,897,481, compared to £1,644,149 profit in 2019-20.

HEDONISM DRINKS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2021

Principal risks and uncertainties

Business Environment

The drinks industry is a highly competitive environment with numerous retail outlets and online businesses offering similar products as we do. We therefore as a business ensure that we maintain a broad and unique product range, and offer excellent customer service which is second to none to enable us stay ahead of all our competitors.

Sales Strategy

The retail space from which we vend our products remains unique in the industry and attracts customers not only from United Kingdom and Europe but from all around the world. Our product range (collection) is extremely broad to meet the needs of a wide variety of customers from across the globe and our pricing structure is constantly being monitored and reviewed to ensure competitiveness in the market.

The business lays absolute emphasis on customer service and has consistently provided outstanding customer service to its customers since its inception. Now in our tenth year of trading our unrivalled customer service includes but is not limited to the fact that the products which we offer for sale are readily available to be delivered to customers at short notice and in addition to this we offer a quality guarantee on every product on our stock list giving our clients complete peace of mind.

The sales team has grown in the past year by 25% in order to better accommodate demand in the market – our team of fine wine & rare spirits experts is made up of some of the industry's most knowledgeable and respected individuals with many years of experience, who have an in-depth knowledge of the products we sell and can provide valuable advice to customers.

Purchasing Strategy

The business has an expansive spectrum of suppliers in both primary and secondary markets and a vast collection of products which promotes its excellent turnover results. This however comes with its own risks and logistical challenges. In order to mitigate the risks mentioned above we have put in place an extremely robust supply chain management system and employ some of the industry's most experienced professionals to be part of our buying and logistics team.

Administration

At the administrative level, the business employs excellent support staff and qualified professionals to run the finance and administrative functions of the business.

HEDONISM DRINKS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2021

Financial key performance indicators

The board of directors reviews the business performance on a monthly basis and on an annual basis compares our Group results to similar business within the same industry. With current gross profit margin of 35% (Company) and 42% (Group) the directors hold the view that the business is performing well within its industry.

Risk

As per the Companies Act 2006; we are required to disclose principal risks which the business is exposed to and steps taken to mitigate these risks. Our board of directors is responsible for developing the Group's strategy on managing risks and enforcing controls. The board regularly reviews the risks and in the subsequent paragraphs, the key risks of the Group are discussed along with steps taken to mitigate the risks.

Foreign exchange

The business sources its products from across the world which exposes it to foreign currency risks. To mitigate this risk the Company uses financial instruments such as forwards. We are also constantly on the lookout to use foreign exchange dealers who offer the markets most favourable rates so as to improve our product margins. All sales prices both in our retail outlet and online are denominated in Sterling. This strategy completely eliminates any risk of losses, from foreign exchange movements, on transactions generated by customers purchasing from outside the United Kingdom.

Subsidiary

85 Piccadilly Ltd T/A Hide our fine dining restaurant in central Mayfair was awarded its first Michelin star just six months after opening and has been named Restaurant of the year by GQ magazine 2019, amongst other accolades. With a well know chef Ollie Dabbous' menu, views over green park, a stunning interior and the largest wine list in Europe, it is a popular dining destination for local residents, businesses and tourists alike.

The task to deliver Michelin standard cuisine on this scale is a challenging task, the directors of the business are taking every opportunity to increase turnover and reduce the overheads of the business.

The future outlook is therefore a vast improvement in profitability in the short term, with a steady and consistent return in the medium to long term. The Parent Company will continue to support the restaurant business, until such a time when it becomes a profitable venture in its own right.

In April 2021, the Company's second subsidiary, 5 White Horse Ltd, opened trading as a wine bar in London W1. Supported by the kitchen infrastructure of Hide close by and offering a world-class selection of wines supplied by Hedonism. The White Horse is fast becoming a popular wine bar and private event destination.

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

T Fokina

T Fokina
Director

Date: 18/10/2022

HEDONISM DRINKS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2021

The directors present their report and the audited financial statements for the year ended 31 July 2021.

Directors' responsibilities statement

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

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

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £906,358 (2020 - £1,284,365).

Directors

The directors who served during the year were:

T Artemev (resigned 15 June 2022)
E Chichvarkin
T Fokina

Future developments

The business continues to look out for opportunities to increase its turnover, gross profit and net profit margins across the group.

HEDONISM DRINKS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021**

Disclosure of information to auditors

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

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

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

On 17 March 2022 James Cowper Kreston LLP resigned as auditors for Hedonism Drinks Limited. Berg Kaprow Lewis LLP were appointed in their stead.

On 31 March 2022, Berg Kaprow Lewis LLP transferred its audit business to a new LLP, BKL Audit LLP. The directors consented to treating the appointment of Berg Kaprow Lewis LLP as extending to BKL Audit LLP with effect from 1 April 2022.

Under section 487 (2) of the Companies Act 2006, BKL Audit LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

T Fokina

**T Fokina
Director**

Date: 18/10/2022

HEDONISM DRINKS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEDONISM DRINKS LIMITED

Opinion

We have audited the financial statements of Hedonism Drinks Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 July 2021, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 July 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates that the Company is reliant on its ultimate owner for ongoing financial support. As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

HEDONISM DRINKS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEDONISM DRINKS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 set out on page 4, 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.

HEDONISM DRINKS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEDONISM DRINKS LIMITED (CONTINUED)

Auditors' 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 Auditors' 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 Group financial statements.

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

- Enquiring of management and those charged with governance around actual and potential litigation and claims;
- Enquiring of staff to identify any instances of non-compliance with laws and regulations;
- Reviewing the general ledger in detail for all transactions with related parties;
- Performing walkthrough testing to ensure systems and controls are operating as recorded where appropriate;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

HEDONISM DRINKS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEDONISM DRINKS LIMITED (CONTINUED)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Company's directors, 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 directors those matters we are required to state to them in an Auditors' 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 directors, as a body, for our audit work, for this report, or for the opinions we have formed.

M Neville

Myfanwy Neville (FCA) (Senior Statutory Auditor)

for and on behalf of
BKL Audit LLP

Chartered Accountants
Statutory Auditor

London

Date: 18/10/2022

HEDONISM DRINKS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021**

	Note	2021 £	As restated 2020 £
Turnover	4	33,895,539	33,267,333
Cost of sales		(19,585,084)	(17,867,536)
Gross profit		14,310,455	15,399,797
Administrative expenses		(13,253,489)	(14,349,412)
Other operating income	5	1,046,244	840,645
Operating profit	6	2,103,210	1,891,030
Interest receivable and similar income	10	129	1,179
Interest payable and similar expenses	11	(205,858)	(228,060)
Profit before taxation		1,897,481	1,664,149
Tax on profit	12	(991,123)	(379,784)
Profit for the financial year		906,358	1,284,365
 Total comprehensive income for the year		 906,358	 1,284,365
Profit for the year attributable to:			
Owners of the parent Company		906,358	1,284,365
		906,358	1,284,365

The notes on pages 18 to 36 form part of these financial statements.

HEDONISM DRINKS LIMITED
REGISTERED NUMBER: 07306044

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2021

	Note	2021 £	As restated 2020 £
Fixed assets			
Tangible assets	14	16,074,697	16,627,408
		<u>16,074,697</u>	<u>16,627,408</u>
Current assets			
Stocks	16	14,153,653	15,739,183
Debtors: amounts falling due within one year	17	3,637,269	3,436,805
Cash at bank and in hand	18	2,077,028	2,617,350
		<u>19,867,950</u>	<u>21,793,338</u>
Creditors: amounts falling due within one year	19	<u>(26,480,270)</u>	<u>(33,840,604)</u>
Net current liabilities		<u>(6,612,320)</u>	<u>(12,047,266)</u>
Total assets less current liabilities		<u>9,462,377</u>	<u>4,580,142</u>
Creditors: amounts falling due after more than one year	20	(5,750,685)	(2,415,931)
Provisions for liabilities			
Deferred taxation	22	(1,742,353)	(1,101,230)
		<u>(1,742,353)</u>	<u>(1,101,230)</u>
Net assets excluding pension asset		<u>1,969,339</u>	<u>1,062,981</u>
Net assets		<u>1,969,339</u>	<u>1,062,981</u>
Capital and reserves			
Called up share capital	23	1	1
Profit and loss account		1,969,338	1,062,980
Equity attributable to owners of the parent Company		<u>1,969,339</u>	<u>1,062,981</u>
		<u>1,969,339</u>	<u>1,062,981</u>

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

T Fokina *T Fokina*
Director

Date: 18/10/2022

The notes on pages 18 to 36 form part of these financial statements.

HEDONISM DRINKS LIMITED
REGISTERED NUMBER: 07306044

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2021

		2021 £	<i>As restated</i> 2020 £
Fixed assets	Note		
Tangible assets	14	3,403,900	3,493,691
Investments	15	2	1
		<u>3,403,902</u>	<u>3,493,692</u>
Current assets			
Stocks	16	14,032,627	15,625,033
Debtors: amounts falling due within one year	17	19,847,453	19,456,521
Cash at bank and in hand	18	2,009,359	1,896,653
		<u>35,889,439</u>	<u>36,978,207</u>
Creditors: amounts falling due within one year	19	(15,608,407)	(23,321,422)
Net current assets		<u>20,281,032</u>	<u>13,656,785</u>
Total assets less current liabilities		<u>23,684,934</u>	<u>17,150,477</u>
Creditors: amounts falling due after more than one year	20	(5,750,685)	(2,415,931)
Provisions for liabilities			
Deferred taxation	22	(415,921)	(108,579)
		<u>(415,921)</u>	<u>(108,579)</u>
Net assets		<u><u>17,518,328</u></u>	<u><u>14,625,967</u></u>
Capital and reserves			
Called up share capital	23	1	1
Profit and loss account brought forward		14,625,966	11,611,689
Profit for the year		2,892,361	3,014,277
		<u>17,518,327</u>	<u>14,625,966</u>
Profit and loss account carried forward		<u><u>17,518,328</u></u>	<u><u>14,625,967</u></u>

HEDONISM DRINKS LIMITED
REGISTERED NUMBER: 07306044

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 JULY 2021

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

T Fokina *T Fokina*
Director

Date: 18/10/2022

The notes on pages 18 to 36 form part of these financial statements.

HEDONISM DRINKS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2021**

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 August 2019 (as previously stated)	1	398,521	398,522	398,522
Prior year adjustment (as restated)	-	(619,906)	(619,906)	(619,906)
At 1 August 2019 (as restated)	1	(221,385)	(221,384)	(221,384)
Comprehensive income for the year				
Profit for the year	-	1,284,365	1,284,365	1,284,365
Total comprehensive income for the year	-	1,284,365	1,284,365	1,284,365
At 1 August 2020	1	1,062,980	1,062,981	1,062,981
Comprehensive income for the year				
Profit for the year	-	906,358	906,358	906,358
Total comprehensive income for the year	-	906,358	906,358	906,358
At 31 July 2021	1	1,969,338	1,969,339	1,969,339

The notes on pages 18 to 36 form part of these financial statements.

HEDONISM DRINKS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 August 2019 (as previously stated)	1	11,457,789	11,457,790
Prior year adjustment	-	153,900	153,900
	1	11,611,689	11,611,690
At 1 August 2019 (as restated)			
Comprehensive income for the year			
Profit for the year	-	3,014,277	3,014,277
	-	3,014,277	3,014,277
Total comprehensive income for the year			
	1	14,625,966	14,625,967
At 1 August 2020			
Comprehensive income for the year			
Profit for the year	-	2,892,361	2,892,361
	-	2,892,361	2,892,361
Total comprehensive income for the year			
	1	17,518,327	17,518,328

The notes on pages 18 to 36 form part of these financial statements.

HEDONISM DRINKS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	906,358	1,284,365
Adjustments for:		
Depreciation of tangible assets	1,219,155	1,368,087
Government grants	(846,381)	(768,839)
Interest paid	205,858	228,060
Interest received	(129)	(1,179)
Taxation charge	991,123	409,673
Decrease in stocks	1,585,528	3,361,039
(Increase)/decrease in debtors	(199,850)	137,339
(Increase)/decrease in amounts owed by groups	(610)	-
(Decrease)/increase in creditors	(7,399,068)	1,381,391
Increase in amounts owed to groups	182	-
Increase in amounts owed to joint ventures	1,638,603	-
Corporation tax (paid)/received	(426,000)	-
Net cash generated from operating activities	(2,325,231)	7,399,936
Cash flows from investing activities		
Purchase of tangible fixed assets	(666,444)	(69,260)
Government grants received	846,381	768,839
Purchase of fixed asset investments	(1)	-
Interest received	129	1,179
Net cash from investing activities	180,065	700,758

HEDONISM DRINKS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021

	2021 £	2020 £
Cash flows from financing activities		
New secured loans	1,810,702	(5,798,841)
Interest paid	(205,858)	(228,060)
Net cash used in financing activities	1,604,844	(6,026,901)
Net (decrease)/increase in cash and cash equivalents	(540,322)	2,073,793
Cash and cash equivalents at beginning of year	2,617,350	543,557
Cash and cash equivalents at the end of year	2,077,028	2,617,350
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,077,028	2,617,350
	2,077,028	2,617,350

The notes on pages 18 to 36 form part of these financial statements.

HEDONISM DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

1. General information

Hedonism Drinks Ltd's ("the Company") principal activity remains the retail of alcoholic beverages in the UK and across the globe through its retail unit located in the United Kingdom and its website, whilst our subsidiaries 85 Piccadilly Ltd and 5 White Horse Ltd are within the hospitality industry. Together the Company and its subsidiaries are referred to as "the Group".

The Company is a private company limited by shares and is incorporated in England and Wales.

The Registered Office address is 5 White Horse Street, London, England, W1J 7LQ.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

HEDONISM DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

2. Accounting policies (continued)

2.3 Going concern

The Company financial statements show a profit for the year before tax of £2,892,361 (2020: £3,014,277) and net assets of £17,518,328 (2020: £14,625,967). The Group showed a profit after tax of £906,358 (2020: £1,284,365) and had net assets as at 31 July 2021 of £1,969,339 (2020: £1,062,981). As at 31 July 2021, Mr Chichvarkin, a director and the ultimate controlling owner, was owed £14,692,584 (2020: £19,905,092). Mr Chichvarkin has pledged his ongoing support for the Company and Group and has confirmed that he will not seek repayment of any amounts due to him if it would prejudice the company to make the repayments.

The directors have reviewed forecasts and trading in the period since the year end and in light of this review are confident that the group has adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to continue to use the going concern basis for the preparation of these financial statements. The financial statements have therefore been prepared on the going concern basis.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

HEDONISM DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from the sale of goods is recognised when the goods are made available to the customer. For in-store purchases this is upon payment and for online purchases, this is when the goods are shipped to the customer.

Revenue arising from the sale of food and drink is net of value added tax and income arising as a result of service charges relating to the sale of this food and drink.

Revenue is recognised when food and drink is provided to the customer.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term.

2.7 Coronavirus Jobs Retention Scheme

Furlough income is receivable as compensation for salary expenses already incurred and to give immediate financial support to the Company with no future related costs. This income is recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.9 Finance costs

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

HEDONISM DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

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

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

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

HEDONISM DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	-	5%
Plant and machinery	-	33%
Fixtures and fittings	-	33%
Computer equipment	-	33%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

2.15 Debtors

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

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

HEDONISM DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

2. Accounting policies (continued)

2.17 Creditors

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

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.19 Financial instruments

The company only enters into basic financial instruments that result in the recognition of financial assets and liabilities, like trade and other debtors and creditors, and loans to and from related parties.

(i) Financial assets

Basic financial assets, including trade and other debtors, 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 the Consolidated Statement of Comprehensive Income.

(ii) Financial liabilities

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors 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

HEDONISM DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

2. Accounting policies (continued)

2.19 Financial instruments (continued)

obligation is discharged, cancelled or expires.

3. Judgements in applying accounting policies 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 for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values may vary depending on a number of factors.

Fixed assets are considered for impairment when events or circumstances indicate that there may be adjustments required to their carrying value. This review requires an assessment of the recoverable amount of the asset, and where the carrying value exceeds its estimated recoverable amount, the asset is written down to that value. The recoverable amount is the greater of its fair value less costs to sell and value in use.

The outcome of such an assessment is subjective and the result is sensitive to the assumed future cashflows for the value in use.

HEDONISM DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Online and store sales	27,154,014	24,836,492
Restaurant sales	6,741,525	8,430,841
	<u>33,895,539</u>	<u>33,267,333</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	26,439,478	25,889,068
Rest of Europe	3,173,688	3,697,973
Rest of the world	4,282,373	3,680,292
	<u>33,895,539</u>	<u>33,267,333</u>

5. Other operating income

	2021 £	2020 £
Rental income	199,863	71,806
Government grants receivable	846,381	768,839
	<u>1,046,244</u>	<u>840,645</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation	1,220,170	1,368,087
Exchange differences	28,880	24,636
Other operating lease rentals	1,488,200	1,552,352
	<u></u>	<u></u>

HEDONISM DRINKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

7. Auditors' remuneration

	2021	2020
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	26,000	26,000
	<u>26,000</u>	<u>26,000</u>
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	3,500	6,500
	<u>3,500</u>	<u>6,500</u>
	<u>3,500</u>	<u>6,500</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group	Group	Company	Company
	2021	2020	2021	2020
	£	£	£	£
Wages and salaries	6,535,460	7,082,228	3,112,711	3,014,013
Social security costs	652,318	696,877	361,039	361,998
Cost of defined contribution scheme	109,289	117,077	55,612	56,312
	<u>7,297,067</u>	<u>7,896,182</u>	<u>3,529,362</u>	<u>3,432,323</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021	2020
	No.	No.
Employees	183	223
	<u>183</u>	<u>223</u>

HEDONISM DRINKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

9. Directors' remuneration

	2021	2020
	£	£
Directors' emoluments	353,000	434,020
	353,000	434,020

The highest paid director received remuneration of £353,000 (2020 - £434,020).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2020 - £NIL).

10. Interest receivable

	2021	2020
	£	£
Other interest receivable	129	1,179
	129	1,179

11. Interest payable and similar expenses

	2021	2020
	£	£
Bank interest payable	205,858	228,060
	205,858	228,060

HEDONISM DRINKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	350,000	316,646
	<u>350,000</u>	<u>316,646</u>
Total current tax	<u>350,000</u>	<u>316,646</u>
Deferred tax		
Origination and reversal of timing differences	641,123	63,138
Total deferred tax	<u>641,123</u>	<u>63,138</u>
Taxation on profit on ordinary activities	<u>991,123</u>	<u>379,784</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19 %). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>1,897,481</u>	<u>1,664,149</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19 %)	368,123	316,188
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	76,556	10,030
Capital allowances for year in excess of depreciation	(5,327)	42,711
Income not taxable	(35,060)	-
Short term timing differences	-	10,855
Movement in deferred tax not recognised	203,131	-
Remeasurement of deferred tax for change in tax rates	383,700	-
Total tax charge for the year	<u>991,123</u>	<u>379,784</u>

HEDONISM DRINKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

12. Taxation (continued)**Factors that may affect future tax charges**

The UK Government announced its intention to increase the rate of UK corporation tax from 19% to 25% with effect from 1 April 2023. The increase in the rate of UK corporation tax was enacted in the Finance Act 2021 which received Royal Assent on 10 June 2021.

13. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £2,892,361 (2020 - £3,014,277).

14. Tangible fixed assets**Group**

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 August 2020	20,928,660	100,673	1,855,879	257,607	23,142,819
Additions	382,764	82,884	200,796	-	666,444
At 31 July 2021	<u>21,311,424</u>	<u>183,557</u>	<u>2,056,675</u>	<u>257,607</u>	<u>23,809,263</u>
Depreciation					
At 1 August 2020	4,694,373	79,141	1,532,154	209,743	6,515,411
Charge for the year	938,706	23,954	210,241	46,254	1,219,155
At 31 July 2021	<u>5,633,079</u>	<u>103,095</u>	<u>1,742,395</u>	<u>255,997</u>	<u>7,734,566</u>
Net book value					
At 31 July 2021	<u>15,678,345</u>	<u>80,462</u>	<u>314,280</u>	<u>1,610</u>	<u>16,074,697</u>
At 31 July 2020	<u>16,234,287</u>	<u>21,532</u>	<u>323,725</u>	<u>47,864</u>	<u>16,627,408</u>

HEDONISM DRINKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

14. Tangible fixed assets (continued)**Company**

	Long-term leasehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 August 2020	6,417,757	910,159	7,327,916
Additions	149,514	151,720	301,234
At 31 July 2021	<u>6,567,271</u>	<u>1,061,879</u>	<u>7,629,150</u>
Depreciation			
At 1 August 2020	3,056,120	778,105	3,834,225
Charge for the year	354,347	36,678	391,025
At 31 July 2021	<u>3,410,467</u>	<u>814,783</u>	<u>4,225,250</u>
Net book value			
At 31 July 2021	<u>3,156,804</u>	<u>247,096</u>	<u>3,403,900</u>
At 31 July 2020	<u>3,361,637</u>	<u>132,054</u>	<u>3,493,691</u>

HEDONISM DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 August 2020	1
Additions	1
At 31 July 2021	<u>2</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
85 Piccadilly Limited	5 White Horse Street, London, England, W1J 7LQ	Ordinary	100%
5 White Horse Limited	5 White Horse Street, London, England, W1J 7LQ	Ordinary	100%

16. Stocks

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Finished goods and goods for resale	14,153,653	15,739,183	14,032,627	15,625,033
	<u>14,153,653</u>	<u>15,739,183</u>	<u>14,032,627</u>	<u>15,625,033</u>

HEDONISM DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

17. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	11,561	75,819	11,561	85,276
Amounts owed by group undertakings	610	-	16,906,228	16,558,373
Other debtors	1,735,020	1,743,991	1,380,485	1,377,506
Prepayments and accrued income	1,890,078	1,616,995	1,549,179	1,435,366
	<u>3,637,269</u>	<u>3,436,805</u>	<u>19,847,453</u>	<u>19,456,521</u>

18. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	2,077,028	2,617,350	2,009,359	1,896,653
	<u>2,077,028</u>	<u>2,617,350</u>	<u>2,009,359</u>	<u>1,896,653</u>

19. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	1,693,754	3,217,806	1,693,754	3,217,806
Trade creditors	4,755,193	2,922,666	3,830,721	2,560,365
Amounts owed to group undertakings	182	-	53,980	14,575
Amounts owed to joint ventures	1,638,603	-	1,638,603	-
Corporation tax	573,902	649,902	573,902	649,902
Other taxation and social security	1,348,053	2,175,663	227,405	1,040,485
Other creditors	15,032,045	23,225,335	6,358,703	14,411,647
Accruals and deferred income	1,438,538	1,649,232	1,231,339	1,426,642
	<u>26,480,270</u>	<u>33,840,604</u>	<u>15,608,407</u>	<u>23,321,422</u>

Amounts included within other creditors that are due to the director / owner are interest free with no fixed repayment terms.

HEDONISM DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

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

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Bank loans	5,750,685	<i>2,415,931</i>	5,750,685	<i>2,415,931</i>
	<u>5,750,685</u>	<i><u>2,415,931</u></i>	<u>5,750,685</u>	<i><u>2,415,931</u></i>

21. Loans

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Amounts falling due within one year				
Bank loans	1,693,754	<i>3,217,806</i>	1,693,754	<i>3,217,806</i>
	<u>1,693,754</u>	<i><u>3,217,806</u></i>	<u>1,693,754</u>	<i><u>3,217,806</u></i>
Amounts falling due 1-2 years				
Bank loans	1,908,043	<i>2,415,931</i>	1,908,043	<i>2,415,931</i>
	<u>1,908,043</u>	<i><u>2,415,931</u></i>	<u>1,908,043</u>	<i><u>2,415,931</u></i>
Amounts falling due 2-5 years				
Bank loans	3,842,642	<i>-</i>	3,842,642	<i>-</i>
	<u>7,444,439</u>	<i><u>5,633,737</u></i>	<u>7,444,439</u>	<i><u>5,633,737</u></i>

There are three separate bank loans on which interest is accruing at a rate of between 4% and 5.75%. The loans are being repaid in monthly instalments with the latest repayment date in 2027.

The bank hold a fixed and floating charge over the property and assets of the Group.

HEDONISM DRINKS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

22. Deferred taxation

Group

	2021 £
At beginning of year	(1,101,230)
Charged to profit or loss	(641,123)
At end of year	(1,742,353)

Company

	2021 £
At beginning of year	(108,579)
Charged to profit or loss	(307,342)
At end of year	(415,921)

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Accelerated capital allowances	(1,946,398)	(1,241,134)	(491,295)	(152,217)
Tax losses carried forward	131,964	97,244	-	-
Short term timing differences	72,081	42,660	75,374	43,638
	(1,742,353)	(1,101,230)	(415,921)	(108,579)

HEDONISM DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

23. Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
1 (2020 - 1) Ordinary share of £1.00	1	1

24. Prior year adjustment

A prior year presentational adjustment has been made in one of the subsidiaries of the Group with regards to £71,106 rental income that was previously included in turnover. This has been reclassified to other operating income as this income arose as the result of surplus office space being sublet. This does not form part of the main operating turnover of the Company. This has no impact on the net profit previously reported.

An additional prior year presentational adjustment has been made in the same subsidiary with regards to £56,984 service charge income that was previously offset against administration expenses. This has been reclassified to turnover as it forms part of the main operating turnover of the Company. This has no impact on the net profit previously reported.

A prior year adjustment has been made to recognise an increased deferred tax liability brought forward in relation to fixed assets additions made in previous years in the same subsidiary company. The impact of this adjustment is an increase to the deferred tax liability previously stated of £773,806 and a reduction in the profit and loss reserve and an increase in the net liability by the same amount.

A prior year adjustment has been made in the Company's brought forward reserves in relation to an incentive to lease which should have been recognised on commencement of the lease. The impact of this is an decrease to the Company and the Group's brought forward reserves of £825,000 and of both the Company and Group's net assets as previously reported at 31 July 2020.

25. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The total pension cost for the Company was £55,612 (2020: £56,312). Contributions totalling £9,320 (2020: £8,792) were payable to the fund at the balance sheet date.

HEDONISM DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

26. Commitments under operating leases

At 31 July 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Not later than 1 year	1,409,500	1,385,000	1,409,500	1,385,000
Later than 1 year and not later than 5 years	6,006,000	5,245,000	6,006,000	5,245,000
Later than 5 years	10,083,343	12,108,343	10,083,343	12,108,343
	<u>17,498,843</u>	<u>18,738,343</u>	<u>17,498,843</u>	<u>18,738,343</u>

The following changes in lease payments arising from rent concessions occurring as a direct consequence of the COVID-19 pandemic have been recognised as a reduction in expense in profit or loss.

	Group 2021 £	Group 2020 £
Changes in lease payments arising from COVID-19 related rent concessions	<u>267,975</u>	<u>189,063</u>

Lessor:

At 31 July 2021 the Group and the Company had future minimum lease payments receivable under non-cancellable operating leases of £Nil (2020: £145,000) [amounts due no later than 1 year] and £Nil (2020: £60,417) [amounts due later than 1 year but no later than 5 years].

27. Related party transactions

Included in creditors is a balance of £14,692,584 (2020: £19,905,092) owed to E Chichvarkin.

The amounts due to the director/owner is an interest free loan to the group. There is no fixed repayment date attached to the loan.

28. Controlling party

The ultimate controlling party is E Chichvarkin.