Gusbourne PLC

Report and financial statements
for the year ended 31 December 2023

Company Number 08225727

Contents

Financial Summary

Robust net revenue growth, up 13% at £7.1m, gross profit up 30% at £4.8m and Adjusted EBITDA loss narrowed to £0.7m, a 41% reduction from the prior period.

	2023 £'000	2022 £'000	Change %
Net revenue & adjusted EBITDA			
Net revenue [(1)]	7,052	6,243	13%
Gross profit	4,808	3,697	30%
Adjusted EBITDA [(2)]	(669)	(1,131)	41%
Gross profit %	68.2%	59.2%	
Statutory results			
Net revenue[(1)]	7,052	6,243	13%
Gross profit	4,808	3,697	30%
Fair value movement in biological produce	(46)	(239)	
Sales and marketing expenses	(3,565)	(3,479)	
Administrative expenses	(1,912)	(1,481)	
Depreciation	(661)	(601)	
Total Administrative expenses	(6,138)	(5,561)	
Operating profit/(loss)	(1,376)	(2,103)	35%
Reconciliation of operating profit/(loss) to adjusted EBITDA			
Operating profit/(loss)	(1,376)	(2,103)	
Add back;			
Depreciation	661	601	
Aborted planning and capital expenditure write-off	-	132	
Fair value movement in biological produce	46	239	
Adjusted EBITDA[(2)]	(669)	(1,131)	

[(1)] *Net revenue is revenue reported by the Group after excise duties payable*
[(2)] *Adjusted EBITDA means profit/(loss)from operations before aborted planning and capital expenditure write-off, fair value movement in biological produce, interest, tax, depreciation and amortisation.*

Highlights

Highlights of 2023 include:

- UK wine sales growth up by 16.5% to £4.9m (2022: £4.2m), maintaining strong double-digit sales growth across our direct to consumer ("DTC") and UK Trade sales channels, in spite of the challenging macroeconomic environment in the second half of 2023.

- Net revenue* up by 13.0% to £7.1m (2022: £6.2m) with strong growth across the Group's three main distribution channels:

    - UK Trade sales up by 13% (2022: 53%) to £3.5m (2022: £3.1m)
    - Direct to consumer ("DTC") net revenue which includes tours and related cellar door operations in Kent, was up by 18% to £2.0m (2022: £1.7m)
    - International sales up by 7% (2022: 78%) to £1.5m (2022: £1.4m)

- A five-year CAGR (compound annual growth rate) in net revenue of 41% (2022: 44%)

- Gross profit up by 30% to £4.1m (2022: £3.7m) with margin significantly improved at 68.2% (2022: 59.2%)

- Adjusted EBITDA** loss narrowed to £0.7m (2022: £1.1m)

- Ongoing success in international and UK wine competitions with an impressive number of awards for its wines, including a record number of gold medals

- Ongoing success in international and UK wine competitions with a record number of awards for its wines, including a record number of gold medals

* Net revenue represents Revenue after deducting excise duties

** Adjusted EBITDA means profit/(loss)from operations before aborted planning and capital expenditure write-off, fair value movement in biological produce, interest, tax, depreciation and amortisation.

Chairman's statement

The expansion of the global appetite for English fine wine has once again underpinned Gusbourne's robust revenue growth, with 2023 marking another year of good progress for the Group both at home and abroad. Since our first vines were planted almost twenty years ago, Gusbourne has focused on building strong foundations with a view to driving long-term value creation for stakeholders, striving from the outset to establish and maintain a premium product and market position, whilst achieving international brand recognition and pursuing multiple revenue streams. The world class quality of our products remains of critical importance and the latest milestone in this journey was marked by the launch of the second vintage of our prestige sparkling wine, Fifty One Degrees North, to notable critical acclaim worldwide.

All sales channels delivered growth during the year and our gross profit increased by a very pleasing 30% on higher margins. Our DTC net revenue grew by 18% to £2.0m, driven by cellar door operations in Kent as customers responded positively to an expanded product offering and increased Nest capacity, as well as sales online and via new membership programmes. Our UK Trade revenue grew by 13% to £3.5m as the industry continued to support wine produced in England and we opened many new accounts and listings. Our international revenue grew by 7% to £1.5m as we increased our presence across 33 export markets, with distribution in more new territories planned in 2024 and beyond.

Our strategy is firmly on track to deliver against previously announced scale and profitability ambitions. We remain fully committed to driving increasing revenue across a growing range of premium sparkling and still wine products combined with related experiential services which will help to further cement the brand's luxury positioning. Delivering EBITDA breakeven is a key priority for 2024.

The Board

We made several changes to our Board during the year to support Gusbourne's ongoing growth and execution of our detailed corporate strategy. We appointed Jonathan White as Chief Executive Officer in January 2024 after a rigorous search process. Jonathan has been at Gusbourne since 2018, most recently as Marketing Director. Simon Bradbury also joined the Board, as Chief Commercial Officer, previously our Global Sales Director. We said farewell to the retiring Paul Bentham and Andrew Weeber, to Matthew Clapp who stood down, as well as our previous Chief Executive and Head Winemaker Charlie Holland. I would like to thank them sincerely for their hard work and dedication in helping to establish Gusbourne as the leading fine wine producer in England.

The Gusbourne Team

I remain extremely proud of the hard work and commitment shown by the entire Gusbourne team who always show up with a winning attitude. It was rewarding for the Board to be able to make several internal promotions over the year, including Mary Bridges as Head Winemaker and Alastair Benham as Head of Wine Operations, alongside Jonathan and Simon being promoted to the Board.

Outlook

While the macro-economic outlook in the UK remains uncertain with consumer confidence still fragile, the Board remains confident in the future success of Gusbourne, who are well positioned as a leading light in the rapidly growing English fine wine market. We expect to continue to see good momentum in our D2C, Corporate, Global Travel Retail and International channels, while trade sales in the UK are likely to remain cautious in the short-term. We have all the key ingredients in place for long-term success with great product, great distribution, and a great team. I very much look forward to another exciting year ahead targeting further revenue growth and adjusted EBITDA breakeven.

Jim Ormonde
Chairman

Chief Executive's review

2023 was another year of significant financial, operational and strategic progress for Gusbourne. Since our foundation in 2004, Gusbourne has strived to create England's finest and most celebrated wines, by leveraging our core assets – an unrelenting focus on craft, detail and quality, an enhanced product portfolio and carefully curated distribution – and have taken advantage of the long-term investments made into land and plantings over the last 20 years. Combined with the ongoing global appetite for English wine, the result has been another year of double digit revenue growth. The Group reported £7.05m revenue, an increase of 13% compared to 2022, with all three distribution channels expanding the customer base both in the UK and overseas, reinforcing Gusbourne's brand as a leading light in the dynamic and fast growing English fine wine market.

Gross profit was up by 30% and the gross margin improved significantly to 68.2% (2022: 59.2%). This reflected an improvement in distribution channel and pricing mix (in part a result of lower growth in International sales, a lower margin channel) along with the impact of our new and wider product mix strategy. Operating costs, especially administration expenses, remain carefully managed. We continue to invest in the Gusbourne brand, with discretionary marketing investment to help support brand awareness and future sales growth. The combination of good cost discipline and significant top-line growth meant the Group achieved a material improvement in our cost to sales ratio. The Group narrowed its adjusted EBITDA loss for the year to £0.7m (2022: £1.1m EBITDA loss).

I was honoured to be appointed Chief Executive Officer of Gusbourne in January 2024 and am thrilled to be leading England's foremost fine wine brand. I have thoroughly enjoyed my five and half years with Gusbourne and am excited by the prospect of driving this great business forward into the future, implementing our vision and growth strategy.

The continued success of the Group is a testament to the diligent work of the entire Gusbourne team. Their dynamism, enthusiasm and dedication are the foundation of our business and I thank them all for their ongoing efforts and continued loyalty. I have been touched by the support and commitment the team has shown me since my appointment. I would also like to take this opportunity to thank Charlie Holland for preparing such a carefully thought out succession plan across the business. I also wish to recognise the integral role Charlie performed in establishing the world class reputation Gusbourne wines now command, as well as significantly growing our business, during his ten-year tenure with the Group.

Group vision and growth strategy

The Group's vision is to continue to produce premium quality vintage wines from grapes grown in our own vineyards and to promote Gusbourne as a luxury brand. This will be achieved through our ongoing dedication to excellence in all aspects, from vineyards to winemaking, customer service and support to marketing, branding and the development of our team. It will be enhanced by our prudently chosen commercial relationships and curated distribution channels.

Our growth strategy is based on three strategic pillars:

- **Protect premium position.** Gusbourne has a quality focus in everything we do, starting in the vineyard and continuing into our winemaking, distribution product range strategy and beyond. Our focus on fine wine quality has consistently been recognised by critics across the world, and resulted in a significant number of awards for our products. We are fiercely protective of our premium positioning and by nurturing and protecting it, we maintain our pricing and distribution power.
- **Strengthen brand awareness.** Closely associated with our premium position, is our increasing brand awareness. The strength of our brand opens up distribution opportunities and makes Gusbourne an attractive proposition for our international market partners. We have invested heavily in the Gusbourne

Chief Executive's review continued

brand and will continue to do so, through a very considered and controlled approach. We do everything we can to provide our guests at the Nest with a fantastic experience, so they become informal brand advocates and spread positive word about Gusbourne among their friends, family and professional networks. The strength of our brand, combined with the quality of our products, gives us pricing power, the ability to expand our product range and pricing hierarchy. This has underpinned the increase in our average selling price over time.

- **Drive multiple revenue streams.** Gusbourne has multiple levers to drive revenue growth both the UK and overseas. The expansion of our vineyards over the last decade, and maturing of the vines, has improved productivity of the estate. With significant investment in inventory, we are now well placed to service the growing demand for our products and have expanded our international distributor network and direct sales force in the UK accordingly. However, this is not just a volume growth story. We have consistently demonstrated the ability to improve our pricing and product mix enhancements through the introduction of limited edition and other new products to our range. We have a track record of driving Direct to Consumer business, our highest gross margin channel, through our digital marketing and eCommerce capabilities. Non-wine sales are also important, provided by the regular programme of tasting and tour experiences and events offered at the Nest. During 2023, we expanded our capacity, and have driven occupancy through the burgeoning corporate sales channel. We see further opportunities to expand the Nest in Kent and to create a second world-class customer experience at our Sussex vineyard in the future.

Land

The Gusbourne business was founded in 2004 by Andrew Weeber with the first vineyard plantings at Appledore in Kent. The first wines were released in 2010 to critical acclaim. In 2013 and 2015, additional vineyards were planted in both Kent and West Sussex. At the end of 2022, the group had 93 hectares of mature planted vineyards. The Group acquired a further 55 hectares in Kent during 2022, the majority of which we plan to plant in the next few years. We also plan to plant additional vineyards on existing land in Sussex and this would give a total of approximately 152 hectares of land under vine.

Products

Right from its beginning, Gusbourne's intention has always been to produce the finest English sparkling wines. Starting with carefully chosen sites, we use best practice in establishing and maintaining the vineyards and conduct green harvests to ensure we achieve the highest quality grapes for each vintage. A quest for excellence is at the heart of everything we do. For our sparkling wine, we blind taste hundreds of components before finalising our blends and even after the wines are bottled, they spend extended time on their lees to add depth and flavour. Once disgorged, extra cork ageing further enhances complexity. Our winemaking process remains traditional, but one that is open to innovation where appropriate. It takes four years to bring a vineyard into full production and a further three years to transform those grapes into Gusbourne's premium sparkling wine.

2022 saw the launch of the inaugural vintage of our prestige sparkling wine, Fifty One Degree's North, a wine that represents the pinnacle of the Gusbourne range and is positioned alongside the world's finest sparkling wines. The response from the wine critics has been extremely positive and in 2023 we released the second vintage, the 2016 during the year to further rave review.

Gusbourne also produce a growing range of premium vintage English still wines which continue to win prestigious international awards and are so sought after, that they are only available to customers on strict allocations. We anticipate further expanding the range and supply of our still wines, which along with other comparable still fine wines produced around the world, are commercially released with less ageing in our cellars.

Recent awards

Gusbourne has received a number of awards, gold medals and trophies for its wines. Pleasingly, the breadth of awards extends across our range of still and sparkling wines, and across multiple vintages too, highlighting the continued and consistent excellence of our winemaking over many years. Highlights include:

- Five trophies including World Champion Classic Rose Brut at the 2023 Champagne and Sparkling Wine World Championships
- A Best in Show award for Blanc de Blancs at the 2023 Decanter World Wine Awards
- Four trophies, including Top Still Wine as well as retaining Estate Winery of the Year, at the 2023 Wine GB awards
- Six further medals, including gold, at the 2023 Decanter World Wine Awards
- Eleven further medals, including 5 gold, at the 2023 Wine GB Awards
- A Judges' Selection, Platinum and Gold awards at the Texsom Awards 2023 in the USA

We were also thrilled that the Nest was recognised as UK Cellar Door of the year at the Decanter Retailer Awards during 2023 and ' was awarded 'Top Winery of the Year Great Britain by the Real Review.

In May 2024 Gusbourne was honoured with a King's Award for Enterprise. Gusbourne was one of 252 organisations nationally to be recognised, with the prestigious award recognising Gusbourne's excellence in International Trade.

Distribution: Three sales channels

Gusbourne has three main sales channels, UK Trade, International and Direct to Consumer, which have all delivered significant growth during the year.

- **UK Trade**
  UK Trade continued its strong progress with net revenue up by 13% (2022: 53%). The Group has established new trade accounts across premium hotels and restaurants, further strengthening its already high penetration to Michelin star restaurants and 5-star hotels.

- **International**
  Our wines were distributed to 33 countries around the world in 2023 as we grew the Gusbourne brand globally, working with specialist distribution partners. International sales have continued to expand and grew by 7% (2022: 78%). The brand has seen particularly strong momentum in the Nordics, Japan and the USA. Continued investment in sales and marketing has enabled us to develop and grow existing markets and expand into exciting new territories with significant growth potential. The Group expects to add further countries in 2024 and beyond.

- **Direct to Consumer**

  Both wine sales and tour and tasting events based on our cellar door operations in Kent have continued to deliver strong growth, with net revenue up 18% for 2023 compared to 2022.

  DTC wine sales grew by 26% reflecting our ongoing investment in digital marketing through the creation of rich and engaging content, compelling wine offers and new and exciting product releases. DTC remains a key strategic direction for Gusbourne as we continue to develop our digital and physical

Chief Executive's review continued

presence. Tour and tasting events at Gusbourne's successful cellar door facility in Kent (the Nest), are now in their seventh full year of operation. Situated amongst our vineyards and winery operations in Kent, this facility offers an immersive experience allowing us to fully engage with our customers, encouraging them to enjoy the vineyards, visit the winery and taste our wines in a beautiful setting. We continue to improve and expand these services, having carried out reconfiguration of space at the Nest, providing capacity for more visitors to have a unique and unforgettable experience. During 2023 we also launched two new membership programmes which we expect to thrive in 2024 and beyond.

2023 Harvest

In 2023 we harvested our biggest yield to date. Following the warm growing season of 2022, the vines emerged from winter in great health. Good weather during the flowering period led to an abundance of fruit and the team's careful management of the vines throughout the summer, which included a rigorous quality-controlling green harvest, meant that the fruit quality and quantity was very good. Harvest was completed under sunny skies and earlier than in typical years, before the wet weather of autumn arrived. Chardonnay, Pinot Noir and Pinot Meunier grapes show fine expressiveness and are expected to produce some outstanding wines, which will be bottled during the summer of 2024, further adding to our inventory levels for sale in future years.

The English Wine market

The English wine market remains highly dynamic and has continued to see significant growth, in terms of supply, demand by UK consumers and demand in international markets. This is an exciting time for English wines, with brands like Gusbourne at the forefront of the creation of a fine wine market and establishing wines from the UK on the global stage.

Data from WineGB, the industry body for the English wine trade, reports plantings have increased by 70% over the last five years, with Chardonnay, Pinot Noir and Pinot Meunier the most significant varietals. Sparkling wines account for approximately 70% of total production and still wines 30%.

Sales of UK wine in the UK market are over nine million bottles, with a growing presence of UK wines in the exports markets. Key exports markets for the industry are Norway, USA, Sweden, Japan and Hong Kong. Gusbourne has a strong presence in all of these markets, with significant further growth potential ahead.

Current trading and outlook

The macro-economic environment remains complex with consumer confidence still affected by inflationary pressures and causing hesitancy in many markets. At the same time, consumer interest in Gusbourne wine and English wine generally continues to grow across the globe. Against this backdrop, we remain confident about Gusbourne's future prospects and expect to deliver another year of good growth across all our distribution channels. Gusbourne has the benefit of increased supply and inventories from the expansion of the land planted in recent years, maturity of the vines and the ongoing expansion of its international presence, with two new markets already opened in 2024. The planned increased revenue base combined with anticipated improvement in gross margin and cost discipline is expected to deliver EBITDA breakeven for the current financial year. Longer-term, increases in production from new vineyards are expected to drive further revenue growth and margin improvement through scale.

Jonathan White
Chief Executive

Chief Financial Officer's review

Key performance indicators

Net revenue and adjusted EBITDA - 5 year summary

Years ended 31 December	2019 £'000	2020 £'000	2021 £'000	2022 £'000	2023 £'000
Net revenue*	**1,653**	**2,109**	**4,191**	**6,243**	**7,052**
Cost of sales	(735)	(879)	(1,847)	(2,546)	(2,244)
Gross profit	**918**	**1,230**	**2,344**	**3,697**	**4,808**
Sales and marketing expenses	(1,389)	(1,478)	(2,460)	(3,479)	(3,565)
Administration expenses **	(814)	(1,073)	(1,336)	(1,349)	(1,912)
Adjusted EBITDA (loss)/profit*	**(1,285)**	**(1,321)**	**(1,452)**	**(1,131)**	**(669)**
Aborted planning and capital expenditure write-off	-	-	-	(132)	-
Fair value movement in biological produce	(172)	(221)	(704)	(239)	(46)
EBITDA******	**(1,457)**	**(1,542)**	**(2,156)**	**(1,502)**	**(715)**
Net revenue annual growth %	**31.1%**	**27.6%**	**98.7%**	**49.0%**	**13.0%**
Net revenue 5 year CAGR	**30.7%**	**34.8%**	**45.6%**	**44.3%**	**41.1%**
Gross profit %	**55.5%**	**58.3%**	**55.9%**	**59.2%**	**68.2%**
Sales and marketing %	**84%**	**70%**	**59%**	**56%**	**51%**
Administration expenses %	**49%**	**51%**	**32%**	**22%**	**27%**
Adjusted EBITDA (loss)/profit %	**-78%**	**-63%**	**-35%**	**-18%**	**-9%**

* Net revenue represents revenue after deducting excise duties

** Excluding depreciation

** Adjusted EBITDA means profit/(loss)from operations before aborted planning and capital expenditure write-off, fair value movement in biological produce, interest, tax, depreciation and amortisation.

**** EBITDA means profit from operations/(loss from operations) before interest, tax, depreciation and amortisation.

Chief Financial Officer's review continued

Net revenue by distribution channel - 5 year summary

Years ended 31 December	2019 £'000	2020 £'000	2021 £'000	2022 £'000	2023 £'000	2023 % Growth	2022 % Growth
Net revenue							
Direct to Consumer (DTC)*	299	586	1,016	1,185	1,489	25.7	16.5
UK Trade	934	721	1,997	3,058	3,454	12.9	53.2
UK Wine Sales	**1,233**	**1,307**	**3,013**	**4,243**	**4,943**	**16.5**	**40.8**
International	292	634	781	1,391	1,494	7.4	78.0
Net wine sales	**1,525**	**1,941**	**3,795**	**5,634**	**6,437**	**48.5**	**48.5**
Tour and related income (DTC)*	71	90	309	525	525	0.0	69.9
Other Income	57	78	87	84	90	7.5	-3.4
Total net revenue	**1,653**	**2,109**	**4,191**	**6,243**	**7,052**	**13.0**	**49.0**
Percentages of total net revenue							
Direct to Consumer (DTC)	22.4%	32.1%	31.6%	27.4%	28.6%		
UK Trade	56.5%	34.2%	47.6%	49.0%	49.0%		
International	17.7%	30.1%	18.6%	22.3%	21.2%		
Other Income	3.4%	3.7%	2.1%	1.3%	1.3%		
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**		

*DTC total net revenue £2,014,000 (2022: £1,710,000), 18% growth versus prior year (2022: 29%)

Net revenue

Net revenue for the year was up by 13% (2022: 49%) to £7.1m (2022: £6.2m, 2021: £4.2m, 2020: £2.1m and 2019: £1.7m), reflecting continued robust sales growth across our three main distribution channels:

- UK Trade sales grew by 13% to £3.5m. UK Trade sales represent 49% (2022: 49%) of net revenue. The Company continues to establish new trade accounts across premium hotels and restaurants and open new business through the fast growing corporate and partnerships channel;
- Direct to consumer net revenue which includes tours and related cellar door operations in Kent grew by 18% to £2.0m DTC represents 29% (2022: 27%) of net revenue for the year. DTC wine sales grew by 26%, the strong growth was driven by investment in digital marketing and direct wine sales arising from our tour and experience; and
- International sales grew by 7% (2022: 78%) to £1.5m (2022: £1.4m) and represented 21% of total net revenue (2022: 22%).

Gross profit

The gross profit increased by 30% to £4.1m (2022: £3.7m), with gross profit margin on net revenue up to 68.2% (2022: 59.2%), largely due to distribution channel and pricing mix factors. Gross profit margin is one of the main KPI's of the Group which it aims to maintain and enhance, and which derives from a number of key variables:

- The historic cost of wine inventories, based on production costs up to four years prior to sale;

- The sales distribution mix, with DTC generally at higher margins at gross profit level than the other two main channels;
- The product distribution mix with more premium product offerings now being introduced and further enhancing overall gross margins;
- Selected inflationary price adjustments to recover the Group's own increasing costs, where and when appropriate; and
- Direct distribution costs

These variables are monitored and optimized as part of the Group's forward planning to maintain and enhance its gross profit margins.

Adjusted EBITDA loss

The Group narrowed its adjusted EBITDA operating loss for the year to £0.7m (2022: £1.1m). This was after charging sales and marketing expenses of £3.6m (2022: £3.5m) and administrative expenses of £1.9m (2022: £1.3m).

Administrative expenses have increased by over £0.5m due to inflationary increases and planned discretionary spend. Sales and marketing expenses have remained consistent with the previous year and continue to include key planned elements of discretionary investment spend to support the ongoing brand development and the potential longer-term sales growth of the Group.

Sales and marketing costs as a percentage of net revenue has continued to decline in recent years and represented 51% of net revenue for the year, down from 56% in 2022. It is expected that these costs will continue to decline as a percentage of net revenue over the coming years.

Finance expenses

Finance expenses for the year amounted to £1.6m (2022: £0.5m) and reflect the interest expense on the Group's long-term secured debt from PNC of £1.1m (2022: £0.5m), together with the full amortisation of bank transaction costs, £0.5m (2022 £0.0m), following the notice given to PNC to end the agreement.

Tax

The Group reported a tax credit of £38,000 (2022: £74,000) relating to research and development tax credits. At 31 December 2023, the Group had tax loses available to carry forward of £23.2m (2022: £20.7m).

Earnings per share

The Group reported a basic loss per share of 4.89 pence (2022: 4.17 pence).

Chief Financial Officer's review continued

Balance Sheet assets* - 5 year summary

Years ended 31 December	2019 £'000	2020 £'000	2021 £'000	2022 £'000	2023 £'000
Assets					
Freehold land and buildings	6,383	6,263	6,134	7,830	7,937
Right of use assets	2,068	2,022	1,976	1,930	2,587
Vineyards	3,144	3,004	2,858	2,712	2,569
Plant, machinery and other equipment	1,636	1,504	1,375	1,726	1,772
Other receivables	90	38	32	16	-
Total non current assets	**13,321**	**12,831**	**12,375**	**14,214**	**14,865**
Inventories	7,463	9,325	10,638	12,579	15,546
Trade and other receivables	707	869	1,275	1,291	1,836
Trade and other payables	(752)	(769)	(1,118)	(1,500)	(1,880)
Working capital	**7,418**	**9,425**	**10,795**	**12,370**	**15,502**
Total operating assets	**20,739**	**22,256**	**23,170**	**26,584**	**30,367**
Cash	1,009	262	3,128	269	71
Goodwill	1,007	1,007	1,007	1,007	1,007
Total assets	**22,755**	**23,525**	**27,305**	**27,860**	**31,445**

* Net of trade and other payables

Balance Sheet liabilities and equity*

Years ended 31 December	2019 £'000	2020 £'000	2021 £'000	2022 £'000	2023 £'000
Debt					
PNC Business Credit (Asset finance facilities)	-	6,613	9,326	12,373	16,627
Other bank debt	2,058	-	-	-	-
Deep discount bonds	3,001	5,132	-	-	-
Short term debt	3,379	544	-	-	1,500
Lease liabilities	2,123	2,108	2,094	2,078	2,763
Total debt	**10,561**	**14,397**	**11,420**	**14,451**	**20,890**
Equity	**12,194**	**9,128**	**15,885**	**13,409**	**10,555**
Total liabilities	**22,755**	**23,525**	**27,305**	**27,860**	**31,445**

* Excluding trade and other payables

Balance Sheet

The Group's balance sheet reflects the long-term nature of the sparkling wine industry and the important investments that have already been made to support the long-term growth ambitions of the Group. The production of premium quality wine from new vineyards is, by its very nature, a long-term project of at least ten years. It takes around two years to select and prepare optimal vineyard sites and order the appropriate vines for planting. It takes a further four years from planting to bring a vineyard into full production and a further four years to transform these grapes into Gusbourne's premium sparkling wine. This requires capital expenditure on vineyards and related property, plant and equipment as well as significant working capital to support inventories over the long production cycle.

The total assets employed in the business at 31 December 2023 was £31.4m (2022: £27.9m) represented by the following principle operating assets:

Fixed assets

- 196 hectares of Freehold land and buildings of £7.9m (2022: £7.8m) – with buildings at cost less depreciation
- 93 hectares of mature vineyards of £2.6m (2022: £2.7m) – at cost less depreciation
- Plant, machinery and other equipment of £1.8m (2022: £1.7m) – at cost less depreciation
- Right of use assets (under IFRS 16) of £2.6m (2022: £1.9m)

Inventories

Inventories at 31 December 2023 at the lower of cost and net realisable value amounted to £15.5m (2022: £12.6m). These inventories represent wine in its various stages of production from wine in tank from the last harvest to the finished products which take around four years to produce from the time of harvest. These additional four years reflect the time it takes to transform our high-quality grapes into Gusbourne's premium sparkling wine. An important point to note is that these wine inventories already include the wine (at its various stages of production) to support sales planned for at least the next four years. The anticipated underlying surplus of net realisable value over the cost of these wine inventories, which is not reflected in these accounts, will become an increasingly significant factor of the Group's asset base as these inventories continue to grow.

Cash flow

The Group's operating cash outflow flow for the year was £3.5m (2022: £2.9m) This represented an Adjusted EBITDA loss of £0.7m (2022: £1.1m loss) and net working capital outflows (mostly an increase in wine inventories) of £2.9m (2022: £1.8m).

Capital expenditure was £1.5m for 2023 (2022: £2.5m) and included the additional lease in the right to use asset (£0.8m) purchase of plant and machinery (£0.4m) and building improvements (£0.3m). The capital expenditure was financed by the Group's own cash resources and the working capital was financed by additional drawings from the PNC facility.

Chief Financial Officer's review continued

Financing and net debt

At 31 December 2023 the Group's total assets of £31.4m (2022: £27.9m) were financed by:

- Shareholder's equity of £10.6m (2022: £13.4m)
- Secured debt from PNC of £16.6m (2022: £12.4m). The PNC facilities are provided on a revolving basis over a minimum period of 5 years to 12 August 2027 and allow flexible drawdown and repayments in line with the Group's working capital requirements. On 15 August 2022 these asset -based lending facilities were extended by an additional £6.0m from the existing £10.5m to £16.5m. The interest rate is at the annual rate of 2.50% per cent over Bank of England Base Rate). Further details are shown in Notes. The Group gave notice to terminate the agreement in 2023 and therefore the £16.6m creditor is £16.3m debt and £0.3m accelerated loan cost amortisation.
- Short term unsecured debt of £1.5m (2022: £0.0m).
- Lease liabilities under IFRS 16 of £2.7m (2022: £2.1m).

At 31 December 2023, the Group's net debt (PNC facility less Cash, excluding IFRS16 lease liabilities) amounted to £18.1m (2022: £12.1m)

In January 2024 the Group subsequently issued a Deep Discount Bond for £20.0m, repaid the PNC facility and the short-term loan of £1.5m.

Katharine Berry
Chief Financial Officer

Principal risks and uncertainties

Financing

The Group plans to raise further equity and/or debt funds in the future to fund the Group's growth strategy over the coming years, through the issue of Gusbourne PLC shares and/or the raising of debt finance. Such funding may not be achieved, and additional shares may have a dilutive effect on existing shareholders.

Mitigation: The Group's senior management team has carefully developed its long-term business planning processes in support of any such new investment and the Group benefits from a loyal and supportive shareholder base.

Climate change

The Directors believe that climatic conditions in the South of England in recent years have generally been favourable to the growing of grapes used in sparkling wine production. However grape yields can be affected by certain adverse weather patterns such as late frosts and lack of sunshine during the flowering period. These climatic impacts can be quite localised. Please also refer to the paragraph ("Crop disease") below.

Mitigation: The Group's strategy to mitigate this risk is to monitor the micro climate in its existing vineyards through the use of temperature loggers and weather stations, with particular regard to late frosts, so that appropriate action can be promptly taken with the use of specialist frost prevention equipment. The Group has also mitigated this risk by planting vines on carefully selected sites in both West Sussex and Kent which are each subject to separate climatic conditions.

Crop disease

Commercial viticulture is a farming system prone to disease pressures. The relatively cool climate of the UK can exacerbate these pressures. While there is no significant pressure from fatal diseases threatening vine growing in the UK at present, there are certain diseases which may reduce yield under adverse climatic circumstances.

Mitigation: These risks can be mitigated through good husbandry and management practices. Please also refer to the paragraph "Climate change" above.

Competition

With the anticipated continuing growth in vineyard plantings in the South of England, the supply of English sparkling wine is likely to continue to increase and provide increased competition from other suppliers. This may adversely affect retail prices of English sparkling wine and the assumed levels of pricing in the Group's growth strategy may not be achieved. The English sparkling wine industry may also face stronger competition from similar overseas products, which could also adversely affect the retail prices of the Gusbourne wines.

Mitigation: The Group's strategy remains to produce the highest quality products and develop the Gusbourne brand with related support to attract and retain customer loyalty. The Group's strategy to develop International sales as a significant contribution to sales will also mitigate this competitive risk in the UK market.

Principal risks and uncertainties continued

Political and economic environment

There continues to be political and economic uncertainty arising from the Ukrainian conflict, rising inflationary pressures and cost of living issues which may impact demand for the Group's products and services and also increase the cost of producing the Group's products.

Mitigation: The Group is mindful of the inflationary pressures that are being seen across all areas of the business but believe it is in a position to mitigate these pressures through its sales and product strategies and increased business efficiencies through scale and careful cost management. The Group has set out its mitigation plans associated with worsening economic conditions as part of its Going Concern consideration shown on pages 46 to 47.

Section 172 statement

This section serves as our s172 statement and should be read in conjunction with the whole Strategic Report. The Directors are required by the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote success of the Group for the benefit of its shareholders as a whole and in doing so are required to have regard for the following:

- The likely long term consequences of any decision;
- The interests of the Group's employees;
- The impact of the Group's operations on the community and the environment;
- The need to foster the Group's business relationships with suppliers, customers and others;
- The desirability of the Group maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Group.

In 2019 the Group adopted the Corporate Governance Code for Small and Mid-Size Quoted Companies from the Quoted Companies Alliance (the "QCA Code"). The Board's view is that the QCA Code is an appropriate code of conduct for the Group. There are details of how the Group applies the ten principles of the QCA Code on pages 24 to 28 of the Director's report.

The Chairman's, Chief Executive Officer's and Chief Financial Officer's statements describe the Group's activities, strategy and future prospects, including the considerations for long term decision making on pages 6 to 16.

The Board considers that its major stakeholders are its employees, customers, lenders and shareholders. When making decisions, the interests of these stakeholders is considered informally as part of the Board's group discussions.

The Board maintains a good relationship with the Group's employees. The Board has constructive dialogue with employees through the Executive Directors. Appropriate remuneration and incentive schemes including bonuses and commissions are implemented to align employees' objectives with those of the Group.

The Board ensures that the Group maintains good relationships with its suppliers by contracting on their standard business terms and paying them promptly, within agreed and reasonable terms.

Major customers are engaged with regularly. The Board receives regular reports on progress with customer relationships to ensure that their decision making takes into account the needs of the customer base.

The Board does not believe that the Group has a significant impact on the environments within which it operates. The Board recognises that the Group has a duty to be responsible and is conscious that its business processes minimise harm to the environment, and that it contributes as far as is practicable to the local communities in which it operates.

The Board recognises the importance of maintaining high standards of business conduct. The Group operates appropriate policies on business ethics and provides mechanisms for whistle blowing and complaints which all employees are aware of.

The Board aims to maintain good relationships with its shareholders and treats them equally. Further details of the how the Board communicates with its shareholders are shown on page 24.

Section 172 statement continued

As required by section 414CZA(1) of The Companies Act 2006 (Miscellaneous Reporting Regulations) we include below how the Directors have had regard to the matters set out in section 172(1) on the principal decisions taken in the 2023 financial year.

The strategic report on pages 4 to 20 has been approved by the Board and signed on its behalf by:

Jonathan White
Chief Executive Officer

Board of Directors
As at 31 December 2023

James ‘Jim’ Ormonde, Non-Executive Chairman

A member of the Audit, Remuneration and Nomination Committees.

Jim is a former newspaper and BBC journalist who left broadcasting to build Cardsave, one of the UK’s largest independent card payment companies, now owned by WorldPay/FIS. Since selling Cardsave, he has served on several private and public boards whilst providing strategic advice to numerous large corporates and private equity firms. He recently founded a multi-family office in New York and London.

Mike Paul, Non-Executive Deputy Chairman

A member of the Audit, Remuneration and Nomination Committees.

Mike has worked in the wine industry for over thirty years. Having received a postgraduate Diploma in Business Studies, he became the Managing Director of the premium wine agency Percy Fox, representing a number of luxury wine brands. In 1990 Mike became European Director responsible for the development of Southcorp’s business in Europe. He led Southcorp to become a major player in the UK wine market with brands such as Penfolds and Lindemans. In 2002 Mike was appointed Managing Director of Western Wines (UK), a leading importer of South African, Chilean and Italian wines, and owner of the leading South African brand, Kumala. He is closely involved with Wine GB, the organisation that represents UK wine producers.

Jonathan White, Chief Executive Officer – appointed 19 January 2024

Jonathan is a strategically focussed business leader with a strong background in marketing and commerce. Over the past 15 years, he has worked within the wine industry, gaining considerable knowledge and experience. Prior to joining Gusbourne in October 2018, Jonathan held senior Marketing positions with prominent wine distributor Armit Wines, and world-renowned wine & spirits merchant, Berry Bros. & Rudd. During his tenure at Gusbourne, Jonathan has been instrumental in the careful development and global expansion of the Gusbourne brand and establishment of a market-leading cellar door and direct to consumer sales channel. He assumed the role of Chief Executive Officer in January 2024.

Katharine Berry, Chief Financial Officer & Chief Operating Officer

Katharine joined Gusbourne in September 2023. She is responsible for Finance and Human Resources, working with Charlie Holland, Jon Pollard and other members of the executive team in running the business.

Katharine is a fellow of the Institute for Chartered Accountants of England and Wales and holds a degree in Biology from the University of Manchester. She has held a number of senior positions as a Finance Director, with her previous role being in a fast growth Drinks business, prior to joining Gusbourne.

Board of Directors continued

Simon Bradbury, Chief Commercial Officer – appointed 19 January 2024

With over 30 years of experience in the wine industry Simon has a wealth of commercial knowledge acquired from several senior positions within the drinks trade. Notably as Sales & Marketing Director at Amathus Drinks and Managing Director (UK & Ireland) at Codorníu Raventós. Simon's early sales career includes senior positions at Enotria and Guy Anderson Wines as well as various roles across Scottish & Newcastle, where he managed portfolios of national and international accounts and was responsible for sales performance of wine category.

Lord Arbuthnot PC, Non-Executive Director

A member of the Audit, Remuneration (Chairman) and Nomination (Chairman) Committees.

James Arbuthnot was a Conservative MP for 28 years and served as Minister for Defence Procurement, Chief Whip and Chairman of the Defence Select Committee. He was appointed to the House of Lords in 2015.

James is the Chairman of the Nuffield Trust for the Forces of the Crown, and of the Airey Neave Trust, and a member of the Advisory Board of the Royal United Services Institution (RUSI) and of Montrose Associates.

He is chairman of the Advisory Panel of the defence company Thales (UK) and Chairman of Electricity Resilience Ltd.

Mark Hallas, Non-Executive Director – appointed 29 November 2023

A member of the Audit, Remuneration and Nomination Committees.

Following a full 30-year Army career in intelligence and security, Mark took on the role of Chief Executive of the independent charity, Crimestoppers in 2013. He has recently revamped the charity's strategy focussing on providing wider support to all beneficiaries, across the UK, with an emphasis on financial sustainability. Mark works closely with Directors, Trustees and Volunteers to ensure Crimestoppers is as effective a service as possible. This includes fostering key relationships with Police and Crime Commissioners, Chief Constables, Home Office Ministers and Senior Civil Servants, as well as partners in the Commercial and Third Sector. He is also a Non-Executive Director of Carlisle Support Services and Shutdown Maintenance Services Limited providing input on a wide range of issues.

Ian Robinson BA FCA, Non–Executive Director

A member of the Audit (Chairman), Remuneration and Nomination Committees.

Ian is currently a non-executive on the Board of Jaywing PLC, an AIM listed agency and consulting business specialising in data science. He is also a director of a number of privately-owned businesses.

He has held other senior financial appointments both in the UK and overseas. He is a Fellow of the Institute of Chartered Accountants in England & Wales and holds an honours degree in economics from The University of Nottingham.

Report of the Directors
for the year ended 31 December 2023

The Directors present their report together with the audited financial statements for the year ended 31 December 2023.

As a Company whose shares are traded on the AIM market of the London Stock Exchange, the Company complies with the Quoted Companies Alliance ('QCA') Corporate Governance Code ('the Code') and its Statement of Compliance with the same can be found on the Company website www.gusbourne.com/investors.

Results and dividends

The consolidated statement of comprehensive income is set out on page 42 and shows the result for the year. No dividend was declared (December 2022: £Nil).

Principal activities

The principal activities of Gusbourne PLC ("the Company") and its subsidiaries ("the Group") comprise the production, sale and distribution of premium vintage English sparkling wine.

Review of the business and future developments

A review of the business together with an indication of future developments is given in the Chairman's statement on page 6, in the Chief Executive's review on pages 7 to 10 and in the Chief Financial Officer's review on pages 11 to 16. Principal risks and uncertainties are shown on pages 17 and 18.

Subsequent events

Details of post balance sheet events are shown in note 24 to the financial statements.

Directors

The Directors of the Company during the year were as follows:
James Ormonde (Non-Executive Chairman)
Mike Paul (Non-Executive Deputy Chairman)
Charlie Holland (Chief Executive Officer), resigned 6 September 2023
Jonathan White (Chief Executive Officer), appointed 19 January 2024
Katharine Berry (Chief Financial Officer and Chief Operating Officer), appointed 21 March 2023
Simon Bradbury (Chief Commercial Officer), appointed 19 January 2024
Jon Pollard (Chief Operating Officer), resigned 21 March 2023
Lord Arbuthnot PC (Non-Executive Director)
Ian Robinson (Non-Executive Director)
Mark Hallas (Non-Executive Director), appointed 29 November 2023
Matthew Clapp (Non-Executive Director), resigned 29 November 2023
Paul Bentham (Non-Executive Director), resigned 21 March 2023
Andrew Weeber (Non-Executive Director), resigned 21 March 2023

Report of the Directors continued

The beneficial interest of Directors who held office at 31 December 2023 in the share capital of the Company is shown below:

	Ordinary shares of 1 pence each			
	December 2023		December 2022	
	Number	Percentage	Number	Percentage
Ian Robinson	562,753	0.92%	542,753	0.89%
Jim Ormonde	319,788	0.53%	300,000	0.49%
Mike Paul	171,413	0.28%	160,806	0.26%
Lord Arbuthnot PC	118,705	0.20%	111,360	0.18%
Mark Hallas	-	-	-	-
Katharine Berry	-	-	-	-

Corporate governance statement

The Board of Gusbourne PLC have adopted the Quoted Companies Alliance (QCA) Corporate Governance Code in line with the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code from 28 September 2018. Our report sets out in broad terms how we presently comply with this code. We will also provide annual updates on our compliance with the code.

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

Please refer to the Chief Executive's review on pages 7 to 10.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Company remains committed to listening and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood.

The AGM is the main forum for dialogue with retail shareholders and the Board. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. The chairs of the Board and all committees, together with all other Directors, routinely attend the AGM and are available to answer questions raised by shareholders. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. The results of the AGM are subsequently published via RNS.

The Board as a whole is kept informed of the views and concerns of major shareholders. Members of the Board are available to meet with major shareholders if required to discuss issues of importance to them.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success.

Engaging with our stakeholders, including shareholders, suppliers, customers and employees, strengthens our relationships and helps the Board to understand the issues that matter most to them and our business and enables us to make better business decisions and deliver on our commitments.

Feedback from our stakeholders is continually monitored and reviewed by the Board with appropriate actions taken as necessary.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The principal risks and uncertainties facing the Group are set out on pages 17 and 18. This section also details how these risks are mitigated. They are also subject to regular review by the Audit Committee.

Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair

The Board comprises the Non-Executive Chairman, two (one at 31 December 2023, three from 19 January 2024) Executive Directors and four Non-Executive Directors. The Board maintains a suitable balance between independence and knowledge of the Company and its market, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, both operational and strategic. The Company believes stability of the Board is essential to the execution of long-term strategic plans.

The Board considers the Non-Executive Director's of the Group to be independent. The Board notes that Ian Robinson and Matthew Clapp (prior to resignation) are associated with the Company's major shareholder which could appear to impair their independence for the purposes of the Code. However, the Board considers that both Ian Robinson and Matthew Clapp are able to bring an independent view to bear on all matters dealt with by the Board and its various Committees. Independence is a board judgement.

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

Further information on the board's skill set, including biographies of each director and their relevant expertise can be found on pages 21 to 22.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience for the market in which the Company operates together with the financial and general management skills, including accounting practices and broader PLC governance experience, to deliver the necessary input to and oversight of the different opportunities and threats the Company faces.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

Both the Chairman, James Ormonde and the Deputy Chairman, Mike Paul assess the individual contributions of each of the members of the team to ensure that they are committed:

- Their contribution is relevant and effective
- That they are committed
- Where relevant, they have maintained their independence

Over the next 12 months we intend to review the performance of the team as a unit to ensure that the members of the board collectively function in an efficient and productive manner. This will be done by surveying the Company's senior leadership team, as well as through other stakeholder engagement.

Report of the Directors continued

The make-up of the Board and succession planning is reviewed periodically to ensure the Company is not unduly exposed to either the loss of members of the Board or poor performance. Board members are re-elected every three years.

Principle 8: Promote a culture that is based on ethical values and behaviours

The Board aims to lead by example and do what is in the best interests of the Company. Our culture is highly collaborative in what remains a relatively flat organisation, with employees from across the business encouraged to work closely together, value the contribution that each person makes and always act in the best interests of the customer.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

- **Board programme**
  The Board meets at least four times each year where it sets direction for the Company.

  A schedule of dates is compiled before the beginning of each financial year for that year's six Board meetings, aligned as optimally as possible with the Company's financial and trading calendars, while also ensuring an appropriate spread of meetings across the financial year. This may be supplemented by additional meetings as and when required.

  Before each meeting, a formal agenda is produced, and the Board and its Committees receive relevant papers several days before meetings take place. Each matter is discussed, and any Director may challenge Company proposals, after which decisions are taken democratically. Should any Director have any concern that remains unresolved, they may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. The Board or relevant Committee may agree actions, which are then followed up by the Company's management.

- **Roles of the Board, Chairman and Chief Executive Officer**
  The Board is responsible for the long-term success of the Company. There is a formal schedule of matters reserved to the Board. It is responsible for overall Group strategy; approval of major investments (whether Capex or Opex); approval of the annual and interim results; annual budgets; dividend policy; and Board structure. It monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries, their annual budgets and their performance in relation to those budgets. There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction. The Chief Executive Officer is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Company through the Executive Team.

  All Directors regularly receive relevant and timely information on the Group's operational and financial performance in advance of meetings. The business reports monthly on its headline performance against its agreed budget, and prior year performance and the Board reviews the monthly update on performance with any significant variances reviewed at each meeting. Where appropriate, senior executives below Board level may attend Board meetings to present business updates.

- **Executive Team**
  The Executive Team consists of Jonathan White (Chief Executive Officer), Katharine Berry (Chief Financial Officer), Simon Bradbury (Chief Commercial Officer) and three non-directors, with input from the divisional managers and teams. They are responsible for formulation of the proposed strategic focus for submission to the Board, the day-to-day management of the Group's businesses and its overall trading, operational and financial performance in fulfilment of that strategy, as well as plans and budgets approved by the Board of Directors. It also manages and oversees key risks, management development and corporate responsibility programmes. The Chief Executive Officer reports to the PLC Board on issues, progress and recommendations for change.

- **Board committees**
  The Board is supported by the Audit, Remuneration and Nomination committees. Each committee has access to any resources, information and advice it deems necessary, at the cost of the Company, to enable the committee to discharge its duties. The terms of reference of each committee are available on the Gusbourne PLC investors' website.

  The Remuneration Committee comprises Lord Arbuthnot PC (Chairman), James Ormonde, Ian Robinson and Mike Paul and meets at least twice a year and at such other times as the Chairman of the Committee requires. The Committee considers all material elements of the remuneration policy to ensure that remuneration is sufficient to attract, retain and motivate Executive Directors and senior management of the quality required to manage the Group successfully. This is performed with reference to independent remuneration research and professional advice. The Committee recommends to the Board the framework for the remuneration packages of the individual Executive Directors. The Board is then responsible for implementing the recommendations although no Director is involved in deciding his own remuneration. The Directors are not permitted to vote on their own terms and conditions of remuneration.

  The Audit Committee comprises Ian Robinson (Chairman), James Ormonde, Lord Arbuthnot PC, and Mike Paul and meets at least twice a year and at such other times as the Chairman of the Committee requires. The external auditors attend for part or all of each meeting. The Committee is responsible for reviewing a wide range of matters, including half-year and annual results before their submission to the Board, and for monitoring the controls that are in force to ensure the integrity of information reported to shareholders. The Committee advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature, scope and results of the audit with the external auditors. The Committee keeps under review the cost effectiveness and the independence and objectivity of the external auditors. The Audit Committee is further responsible for ensuring that the ethical and compliance commitments of management and employees are understood throughout the Group.

  The Committee has considered that in light of the present size of the Group that a separate internal audit function is not currently required. The Committee's position on the internal audit function is reviewed regularly, at least once a year.

  The Nomination Committee comprises Lord Arbuthnot (Chairman), James Ormonde, Mark Hallas, Ian Robinson and Mike Paul and meets at least twice a year. The Committee is responsible for reviewing the composition and structure of the Board and for making recommendations to the Board for its consideration and approval.

Report of the Directors continued

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, RNS and RNS Reach for significant developments, the Annual General Meeting (AGM) and one-to-one meetings with large existing or potential new shareholders. A range of corporate information, including all Company announcements, is also available to shareholders, investors and the public on the Company's investor website, www.gusbourneplc.com.

The Board receives regular updates on the views of shareholders through briefings and reports from other members of the Board and the Company's brokers. The Company regularly seeks feedback from employees through a number of mechanisms. This information is used to improve service in general as well as addressing any specific concerns.

Substantial shareholdings

Current shareholdings in excess of 3%:

Shareholder	Shareholding	
	Number	Percentage
Lord Ashcroft KCMG PC	40,328,009	66.26 %
Andrew Weeber	2,722,221	4.47 %
Paul Bentham	1,835,630	3.02 %

At 31 December 2023 the ultimate controlling party of the Company is Lord Ashcroft KCMG PC by virtue of his shareholding in the Company.

Charitable and political donations

During the year, the Group made charitable and political donations of £Nil (December 2022: £Nil).

Directors' third party indemnity provisions

The Group maintains appropriate insurance to cover Directors' and Officers' liability. The Group provides an indemnity in respect of all the Group's Directors. Neither the insurance nor the indemnity provides cover where the Director has acted fraudulently or dishonestly.

Financial risk management

The Group's objectives and policies relating to financial risk management are fully explained in Note 3 on pages 55 to 57.

Directors' responsibilities

The Directors are responsible for preparing the strategic report, director's 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 financial statements and the Company financial statements in accordance with United Kingdom adopted International Accounting Standards (IAS).

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 and Company and of the profit or loss of the Group for that year.

The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group and the Company financial statements have been prepared in accordance with UK adopted IAS, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Report of the Directors continued

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

A resolution to reappoint Kreston Reeves LLP as auditors will be proposed at the next annual general meeting.

By order of the Board

Katharine Berry

Secretary and Director

Date: 22 May 2024

Report of the independent auditors
for the year ended 31 December 2023

Opinion

We have audited the financial statements of Gusbourne PLC (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the Consolidated statement of comprehensive income, Consolidated and Company statements of financial position, Consolidated statement of cash flows, Consolidated and Company statements of changes in equity and notes to the financial statements, including a summary of significant Group accounting policies. The financial reporting framework that has been applied in their preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (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 December 2023 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the Group and Parent company's ability to continue to adopt the going concern basis of accounting including the following:

- Gained an understanding of the systems and controls around managements' going concern assessment, including for the preparation and review process for forecasts and budgets.
- Gained an understanding of the systems and controls around managements' going concern assessment, including for the preparation and review process for forecasts and budgets.

Report of the independent auditors
for the year ended 31 December 2023 continued

- Analysed the financial strength of the business at the year end date and considered key trends in balance sheet strength and business performance over the last three years.
- Testing the mechanical integrity of forecast model by checking the accuracy and completeness of the model, including challenging the appropriateness of estimates and assumptions with reference to empirical data and external evidence.
- Based on our above assessment we performed our own sensitivity analysis in respect of the key assumptions underpinning the forecasts.
- We performed stress-testing analysis on the core cash generating units of the business to confirm cash inflow levels needed to maintain minimal liquidity required to meet liabilities as they fall due.
- We considered post year end performance of the business, comparing this to budget.
- The group's banking facility documentation was reviewed to ensure sufficient resource was available.
- We reviewed the adequacy and completeness of the disclosure included within the financial statements in respect of going concern.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's or Parent company's ability to continue as a going concern.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Our application of materiality

	Group financial statements	Parent company financial statements
Materiality	£505,000 (2022: £300,000)	£435,900 (2022: £153,000)
Basis for determining materiality	~1.5% of gross assets (2022: ~ 1% of gross assets)	~1.5% of gross assets (2022: ~ 1% of gross assets)
Rationale for benchmark applied	The group's principal activity is that of growing and selling wine. Whilst currently in a development phase, trade is still in its infancy. Therefore, a benchmark for materiality based on the gross assets of the group, predominantly inventory and tangible fixed assets, is considered to be appropriate.	The company's principal activity is that of a holding company for the group and as such has no direct trade. It does hold investments balances with subsidiaries. Therefore, a benchmark for materiality based on the gross assets of the company is considered to be appropriate.
Performance materiality	£354,000 (2022: £225,000)	£305,000 (2022: £115,000)
Basis for determining performance materiality	70% of materiality (2022: 75% of materiality)	70% of materiality (2022: 75% of materiality)
Rationale for performance materiality applied	On the basis of our risk assessments, together with our assessment of the Group's overall control environment and the business being listed on the AIM market our judgement was that performance materiality was 70% of our planning materiality. In assessing the appropriate level, we consider the nature, the number and impact of the audit differences identified in the previous year's audit.	On the basis of our risk assessments, together with our assessment of the company's overall control environment and the group being listed on the AIM market, our judgement was that performance materiality was 70% of our planning materiality. In assessing the appropriate level, we consider the nature, the number and impact of the audit differences identified in the previous year's audit.
Triviality threshold	£25,300 (2022: £15,000)	£21,800 (2022: £7,650)
Basis for determining triviality threshold	5% of materiality	5% of materiality

We reported all audit differences found in excess of our triviality threshold to the directors and the management board.

For each Group company within the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across each Group company was between £501,000 and £435,900. The scope of our audit was influenced by our application of materiality as we set certain quantitative thresholds for performance materiality and use these thresholds as a consideration tool to help to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Report of the independent auditors
for the year ended 31 December 2023 continued

Coverage overview

	Group revenue	Group loss before tax	Group net assets
Totals at 31 December 2023:	£7,052,000	£3,003,000	£10,555,000
Full statutory audit (Kreston Reeves)	£7,052,000 (100%)	£3,003,000 (100%)	£10,555,000 (100%)

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the parent company, the accounting processes and controls, and the industry in which they operate.

Our scoping considerations for the Group audit were based both on financial information and risk. The below table summarises for the parent company, and its subsidiaries, in terms of the level of assurance gained:

Group component	Level of assurance
Gusbourne PLC	Full statutory audit (Kreston Reeves)
Gusbourne Estate Limited	Full statutory audit (Kreston Reeves)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<table>
<tr><td colspan="2">Revenue recognition:</td></tr>
<tr><td>Significance and nature of key risk
Revenue recognition gives rise to a risk of material misstatement due to fraud.</td><td>How our audit addressed the key risk
Sales of wine in the period were tested from the trigger point of the sale to the point of recognition in the financial statements, corroborating this to contract sales where applicable and the recognition stages detailed in IFRS 15.
Revenue streams were further analytically reviewed via comparison to our expectations.
Cut-off of revenue was reviewed by analysing sales recorded during the period just before and after the financial year end and determining if the recognition applied was appropriate.
Walkthrough testing was performed to ensure that key systems and controls in place around the revenue cycle operated as designed.
The accuracy of revenue disclosures in the accounts were confirmed to be consistent with the revenue cycle observed and audited. The completeness of these disclosures was confirmed by reference to the full disclosure requirements as detailed in IFRS 15.</td></tr>
<tr><td colspan="2">Key observations communicated to the Audit Committee
We have no concerns over the material accuracy of revenue recognised in the financial statements.</td></tr>
<tr><td colspan="2">Valuation / impairment of investment:</td></tr>
<tr><td>Significance and nature of key risk
The parent company has a significant investment in its subsidiary. Given the trading infancy of the subsidiary and the relative uncertainty surrounding its future activities, there is the risk that this investment could require significant impairment.</td><td>How our audit addressed the key risk
We reviewed the supporting documentation associated with the investment to ensure that an accurate costing was originally included within the financial statements.
The market cap of the group was obtained directly from third party investment exchanges and recalibrated to present a reasonable fair value of the underlying trading subsidiary.
Both present and future financial data was obtained and considered for potential indicators of impairment. The key assumptions made within these reports were reviewed and considered for reasonableness, including sensitivity analysis. We have further performed our own impairment considerations to consider if events/factors in place at year end present material impairment indicators.</td></tr>
<tr><td colspan="2">Key observations communicated to the Audit Committee
We have no concerns over the material accuracy of investment in subsidiary values recognised in the financial statements.</td></tr>
</table>

Report of the independent auditors
for the year ended 31 December 2023 continued

<table>
<tr><td colspan="2">Going concern:</td></tr>
<tr><td>Significance and nature of key risk
The Group has reported an operating loss from continued operations in the year to 31 December 2023 of £1,376k (2022: loss of £2,103k).
The Consolidated statement of financial position shows a net asset position of £10,555k (2022: £13,409k) with cash at bank of £71k (2022: £269k).
In light of the historic loss-making position of the Group, the uncertain economic climate and the dependence on financing facilities to support the potential liquidity issues facing the Group, going concern was considered to be a key audit risk area.</td><td>How our audit addressed the key risk
We reviewed the Group's results and financial position and assessed the ability of the Group to meet its future financial obligations based upon its available resources.
We obtained the Directors' trading and cash flow forecasts which covered the periods to 31 December 2025, and which support their assessment of the Group's ability to continue as a going concern.
Our audit work on the forecasts included checking their mathematical accuracy, assessing the reasonableness of assumptions used and carrying out sensitivity analysis primarily on differing levels of revenue to assess the impact on the forecasts and considering the accuracy of previously prepared forecasts to actual results achieved.
We reviewed the post balance sheet date financial information associated with the entity to ensure that there are sufficient plans in place to support the budgeted future operational activity. As disclosed within the Post Balance Sheet Events, the new financing arrangements are considered to have a key part in securing the future success of the Group.</td></tr>
<tr><td colspan="2">Key observations communicated to the Audit Committee
We have no concerns over the material accuracy of the going concern disclosures in the financial statements.</td></tr>
</table>

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Group and 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 (set out on page 29), 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 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report of the independent auditors
for the year ended 31 December 2023 continued

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journals to increase revenue, reduce expenditure or overstate the true and fair value of the balance sheet. Audit procedures performed by the group engagement team included:

- Discussions with management and assessment of known or suspected instances of fraud, review of the reports made by management, and review of reports made by external parties to the Group; and
- Assessment of identified fraud risk factors; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Reading minutes of meetings of those charged with governance; and
- Performing integrity testing to verify the legitimacy of banking records obtained from management; and
- Physical inspection of tangible assets and inventories susceptible to fraud or irregularity; and
- Identifying and testing journal entries, in particular any manual entries made at the year-end for financial statement preparation.

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.

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 on the effectiveness of the Group'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 Group's or the parent 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.
- 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.

Other matters which we are required to address

We were appointed by the audit committee in the year to audit the financial statements. Our total uninterrupted period of engagement is 1 year, covering the year ended 31 December 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Report of the independent auditors
for the year ended 31 December 2023 continued

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 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.

Stephen Tanner BSc(Econ) FCA
(Senior Statutory Auditor)

For and on behalf of

Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
London

Date: 22 May 2024

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Revenue	4	**7,665**	6,858
Excise duties	4	**(613)**	(615)
Net revenue	4	**7,052**	6,243
Cost of sales		**(2,244)**	(2,546)
Gross profit		**4,808**	3,697
Fair value movement in biological produce	13	**(46)**	(239)
Administrative expenses		**(6,138)**	(5,561)
Loss from operations	5	**(1,376)**	(2,103)
Finance expenses	8	**(1,627)**	(496)
Loss before tax		**(3,003)**	(2,599)
Tax credit	9	**38**	74
Loss and total comprehensive loss for the year attributable to owners of the parent		**(2,965)**	(2,525)
Loss per share attributable to the ordinary equity holders of the parent:			
Basic (pence)	10	**(4.89)**	(4.17)
Diluted (pence)	10	**(4.88)**	(4.15)

The notes on pages 46 to 71 form part of these financial statements

Consolidated statement of financial position

at 31 December 2023

	Note	31 December 2023 £'000	31 December 2022 £'000
Assets			
Non-current assets			
Intangibles	11	**1,007**	1,007
Property, plant and equipment	12	**14,865**	14,198
Other receivables	15	**-**	16
		15,872	15,221
Current assets			
Biological Produce	13	**-**	-
Inventories	14	**15,546**	12,579
Trade and other receivables	15	**1,836**	1,291
Cash and cash equivalents	19	**71**	269
		17,453	14,139
Total assets		**33,325**	29,360
Liabilities			
Current liabilities			
Trade and other payables	16	**(1,880)**	(1,500)
Lease liabilities	18	**(251)**	(84)
Loans and borrowings	17	**(18,127)**	-
		(20,258)	(1,584)
Non-current liabilities			
Loans and borrowings	17	**-**	(12,373)
Lease liabilities	18	**(2,512)**	(1,994)
		(2,512)	(14,367)
Total liabilities		**(22,770)**	(15,951)
Net assets		**10,555**	13,409

Company Number 08225727

	Note	31 December 2023 £'000	31 December 2022 £'000
Issued capital and reserves attributable to owners of the parent			
Share capital	20	**12,192**	12,191
Share premium	21	**21,190**	21,144
Merger reserve	21	**(13)**	(13)
Share option reserve	21	**71**	7
Retained earnings	21	**(22,885)**	(19,920)
Total equity		**10,555**	13,409

Company Number 08225727

The financial statements were approved and authorised for issue by the Board of Directors on 22 May 2024 and were signed on its behalf by:

James Ormonde
Non-Executive Chairman

Jonathan White
Chief Executive Officer

The notes on pages 46 to 71 form part of these financial statements

Consolidated statement of cash flows

for the year ended 31 December 2023

	Note	31 December 2023 £'000	31 December 2022 £'000
Cash flows from operating activities			
Loss for the year before tax		**(3,003)**	(2,599)
Adjustments for:			
Depreciation of property, plant and equipment	12	**661**	601
Sale of property, plant and equipment	12	**(14)**	(28)
Finance expense	8	**1,627**	496
Fair value movement in biological produce	13	**46**	239
Equity share options issued		**64**	7
(Decrease)/Increase in trade and other receivables		**(491)**	74
Increase in inventories		**(2,742)**	(2,049)
Increase in trade and other payables		**380**	385
Cash outflow from operations		**(3,472)**	(2,874)
Investing activities			
Purchases of property, plant and equipment, excluding vineyard establishment	12	**(1,485)**	(2,502)
Sale of property, plant and equipment	12	**16**	28
Net cash used in investing activities		**(1,469)**	(2,474)
Financing activities			
Revolving facility repayments		**(4,829)**	(4,547)
Revolving facility drawdowns		**8,570**	7,620
Financing Agreements entered into		**792**	-
Loan issue costs		**-**	(66)
Repayment of lease liabilities		**(223)**	(101)
Issue of short term loan facility		**1,500**	-
Interest paid		**(1,114)**	(456)
Issue of ordinary shares	20	**52**	46
Share issue expense		**(5)**	(7)
Net cash from financing activities		**4,743**	2,489
Net increase/(decrease) in cash and cash equivalents		**(198)**	(2,859)
Cash and cash equivalents at the beginning of the year	19	**269**	3,128
Cash and cash equivalents at the end of the year	19	**71**	269

The notes on pages 46 to 71 form part of these financial statements

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share option reserve £'000	Retained earnings £'000	Total attributable to equity holders of parent £'000
1 January 2022	**12,190**	**21,103**	**(13)**	**-**	**(17,395)**	**15,885**
Comprehensive loss for the year	-	-	-	-	(2,525)	(2,525)
Share issue	1	48	-	-	-	49
Share issue expenses	-	(7)	-	-	-	(7)
Equity share options issued	-	-	-	7	-	7
31 December 2022	**12,191**	**21,144**	**(13)**	**7**	**(19,920)**	**13,409**
1 January 2023	**12,191**	**21,144**	**(13)**	**7**	**(19,920)**	**13,409**
Comprehensive loss for the year	-	-	-	-	(2,965)	(2,965)
Share issue	1	51	-	-	-	52
Share issue expenses	-	(5)	-	-	-	(5)
Equity share options issued	-	-	-	64	-	64
31 December 2023	**12,192**	**21,190**	**(13)**	**71**	**(22,885)**	**10,555**

The notes on pages 46 to 71 form part of these financial statements

Notes forming part of the financial statements

for the year ended 31 December 2023

1 Accounting policies

Gusbourne PLC (the "Company") is a company incorporated and domiciled in the United Kingdom and quoted on the London Stock Exchange's AIM market. The consolidated financial statements of the Group for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group").

Basis of preparation

The Group's consolidated financial statements and the Company's financial statements have been prepared in accordance with UK adopted international accounting standards. The Company's financial statements are presented on pages 72 to 78.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

The financial statements are presented in pounds sterling. They have been prepared on the historical cost basis except that biological produce is stated at fair value.

Going concern

The consolidated financial statements have been prepared on a going concern basis in accordance with UK adopted international accounting standards.

In coming to their conclusion the Directors have considered the Group's loss and cash flow based on the Group's approved 3 year plans for the period of at least 12 months from the date these financial statements were approved.

The Group's major shareholder proposed in 2023, to replace the existing PNC borrowing facility with a new and enlarged facility on very similar terms and conditions to the PNC borrowing facility. The Group gave notice to close down the PNC facility in December 2023. In January 2024 the Group issued a Deep Discount Bond for £20.0m, repaid the PNC facility and the short-term loan of £1.5m.

The Directors have considered a scenario in which the only cash available is from the new agreed facility and planned but not yet committed capital expenditure is deferred. As at 31 December 2023 £18.0m was available to the Group, of which £0.3m was unutilised; represented by cash in hand and at bank of £0.1m and undrawn funds from the Group's asset-based lending facility of £0.2m. In January 2024 the PNC debt and short-term loan were replaced with a Deep Discount Bond for £20.0m. Under this scenario the available lending facilities and cash held at bank, cover working capital requirements without the need for an increased lending facility.

1 Accounting policies (continued)

In coming to their going concern conclusion, and in the light of the uncertainty due to current economic conditions, the Directors have also run various downside "stress test" scenarios. These scenarios assess the impact of potential worsening economic conditions on the Group over the next 12 months and in particular a reduction of 10% of gross sales from that included within the Group 3-year plan. These stress tests indicate the Group can withstand this ongoing adverse impact on revenues and cashflow for at least the next 12 months. Under this scenario the directors have modelled the impact of certain additional cost mitigation actions, in relation to variable and discretionary costs. The directors believe that sufficient cost savings could be achieved from reducing sales and marketing and administrative costs; no expansion of winery and vineyard costs and reducing capital expenditure to enable the Group to continue as a going concern for the next 12 months. Under this scenario, the Group could continue to operate within the available lending facilities and cash held at bank without the need for an increased lending facility.

IFRS 16 Leases

The Group has entered into a number of long term leases in respect of land and buildings in West Sussex on which the Group has planted vineyards. The leases have a remaining life of 41 and 46 years. In 2023 the Group entered into a long term lease agreement on a storage building, the lease has a remaining life of 5 years.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case The Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Right-of-use assets are initially measured at the amount of the lease liability.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the leases. When the Group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value

of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Notes forming part of the financial statements continued

1 Accounting policies (continued)

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and its subsidiary undertakings. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities and the ability to use its power over the investee to affect the amounts of the Group's returns and which generally accompanies interest of more than one half of the voting rights. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The results of any subsidiaries sold or acquired are included in the Group income statement up to, or from, the date control passes. Intra-Group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's separable, identifiable assets and liabilities existing at the date of acquisition are recorded at their fair values reflecting their condition at that date. On disposal of a subsidiary, the consideration received is compared with the carrying cost at the date of disposal and the gain or loss is recognised in the income statement. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets is recorded as goodwill. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Subsidiaries' results are amended where necessary to ensure consistency with the policies adopted by the Group.

The financial statements are presented in pounds sterling, rounded to the nearest thousand.

Revenue

The majority of the group's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when the goods are dispatched by the Group or delivered either to the port of departure or port of arrival, depending on specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the group no longer has physical possession, usually will have a present right to payment and retains none of the significant risks and rewards of the goods in question.

All of the Group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

For all contracts there is a fixed unit price for each product sold. Therefore, there is no judgement involved allocating the contract price to each unit ordered in such contracts (it is the number of units multiplied by the fixed unit price for each product sold). Where a customer orders more than one product line, the Group is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

Revenue from vineyard tours and tastings is recognised on the date on which the tour or tasting takes place.

1 Accounting policies (continued)

Net revenue is revenue less excise duties. The Group incurs excise duties in the United Kingdom and is a production tax which becomes payable once the Group's products are removed from bonded premises and are not directly related to the value of revenue. It is not included as a separate item on invoices issued to customers. Where a customer fails to pay for the Group's products the Group cannot reclaim the excise duty. The Group therefore recognises excise duty as a cost of the Group.

Financial assets

Debt instruments at amortised cost

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The financial assets meet the SPPI test and are held in a 'hold to collect' business model and therefore classified at amortised cost.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for trade receivables. The historical loss rates are adjusted for current and forward looking information relevant to the Group's customers.

For trade receivables, which are reported net, such expected credit losses are recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Financial liabilities

Borrowings

Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the loan. They are subsequently measured at amortised cost with interest charged to the statement of comprehensive income based on the effective interest rate of the borrowings.

Warrants

Warrants issued to shareholders as part of an equity fund raise are accounted for as equity instruments. Details of Warrants are shown in note 20.

Notes forming part of the financial statements continued

1 Accounting policies (continued)

Trade and other payables

Comprises trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

1 Accounting policies (continued)

Intangible Assets

Goodwill

Goodwill arises where a business is acquired and a higher amount is paid for that business than the fair value of the assets and liabilities acquired. Transaction costs attributable to acquisitions are expensed to the income statement.

Goodwill is recognised as an asset in the statement of financial position and is not amortised but is subject to an annual impairment review. Impairment occurs when the carrying value of goodwill is greater than the recoverable amount which is the higher of the value in use and fair value less disposal costs. The present value of the estimated future cash flows from the separately identifiable assets, termed a 'cash generating unit' is used to determine the fair value less cost of disposal to calculate the recoverable amount. The Group prepares and approves formal long term business plans for its operations which are used in these calculations.

Brand

Brand names acquired as part of acquisitions of businesses are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

Brand names have been assessed as having an indefinite life and are not amortised but are subject to an annual impairment review. Impairment occurs when the carrying value of the brand name is greater than the present value of the estimated future cash flows.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Freehold land is not depreciated.

Vineyard establishment represents the expenditure incurred to plant and maintain new vineyards until the vines reach productivity. Once the vineyards are productive the accumulated cost is transferred to mature vineyards and depreciated over the expected useful economic life of the vineyard. Vineyard establishment is not depreciated.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold buildings	4% per annum straight line
Plant, machinery and motor vehicles	5-33% per annum straight line
Computer equipment	33% per annum straight line
Mature vineyards	4% per annum straight line

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Notes forming part of the financial statements continued

1 Accounting policies (continued)

Biological assets and produce

Agricultural produce is accounted for under IAS 41 Agriculture. Harvesting of the grape crop is ordinarily carried out in October. The grapes are therefore measured at fair value less costs to sell in accordance with IAS 41 with any fair value gain or loss shown in the consolidated statement of comprehensive income. The fair value of grapes is determined by reference to estimated market prices at the time of harvest. Generally there is no readily obtainable market price for the Group's grapes because they are not sold on the open market, therefore management set the values based on their experience and knowledge of the sector including past purchase transactions. This measurement of fair value less costs to sell is the deemed cost of the grapes that is transferred into inventory upon harvest.

Under IAS 41, the agricultural produce is also valued at the end of each reporting period, with any fair value gain or loss shown in the consolidated statement of comprehensive income. Bearer plants are accounted for under IAS 16 and are held at cost.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs, including depreciation on right of use assets and interest on lease liabilities, incurred in bringing the inventories to their present location and condition. Grapes grown in the Group's vineyards are included in inventory at fair value less costs to sell at the point of harvest which is the deemed cost for the grapes.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

Leased assets

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets and leases with an expected full term of 12 months or less.

Lease liabilities are measured at the present value of the unpaid contractual payments over the expected lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. On initial recognition, the carrying value of the lease liability also includes amounts expected to be payable under any residual value guarantee; the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option; and any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease and initial direct costs incurred.

1 Accounting policies (continued)

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease and initial direct costs incurred.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at a revised discount rate that is implicit in the lease for the remainder of the lease term. The carrying value of lease liabilities is similarly revised if any variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining lease term.

Right-of-use assets are reviewed regularly to ensure that the useful economic life of the asset is still appropriate based on the usage of the asset. Where the asset has reduced in value the Group considers the situation on an asset-by-asset basis and either treats the reduction as an acceleration of depreciation or as an impairment under IAS 36 'Impairment of Assets'. An acceleration of depreciation occurs in those cases where there is no opportunity or intention to utilise the asset before the end of the lease.

Exceptional items

Exceptional items are those which, by virtue of their nature, size or incidence, either individually or in aggregate, need to be disclosed separately to allow full understanding of the underlying performance of the Group.

Share based payments

The Group has issued share options to certain employees, in return for which the Group receives services from employees. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense, the Group recognise the options at their fair value at the grant date to establish the relevant fair values for PSP & CSOP options.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions (for example the Group's share price) but excluding the impact of any service or non-market performance vesting conditions (for example the requirement of the grantee to remain an employee of the Group).

Non-market vesting conditions are included in the assumptions regarding the number of options that are expected to vest. The total expense is recognised over the vesting period. At the end of each period the Group revises its estimates of the number of options expected to vest based on the non-market vesting conditions. It recognises the impact of any revision in the income statement with a corresponding adjustment to equity.

Notes forming part of the financial statements continued

1 Accounting policies (continued)

Changes to International Financial Reporting Standards

The following standards have been amended and adoption is mandatory for periods beginning on or after 1 January 2023, with early adoption permitted, none of these standards would materially affect the Annual Report and Accounts: IFRS 17 Insurance Contracts; Amendments to IFRS 17 – Initial Application of IFRS 17 & IFRS 9 - Comparative Information; Amendments to IAS 1 and IFRS Practice Statement 2 – Making Materiality Judgements - Disclosure of Accounting Policies; Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates; Amendments to IAS 12 – Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction; Amendments to IAS 12 – Income Taxes - International Tax Reform – Pillar Two Model Rules.

2 Critical accounting policies

Estimates and judgements

The Group makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate are set out below.

There were no areas of judgement in the year. Where estimates and assumptions have been used these are outlined below.

Fair value of biological produce

The Group's biological produce is measured at fair value less costs to sell at the point of harvest. The fair value of grapes is determined by reference to estimated market prices at the time of harvest. Generally there is no readily obtainable market price for the Group's grapes because they are not sold on the open market, therefore management set the values based on their experience and knowledge of the sector including past purchase transactions. Refer to note 13 which provides information on sensitivity analysis around this.

Impairment reviews

The Group is required to test annually whether goodwill and brand names have suffered any impairment. The recoverable amount is determined based on fair value less costs of disposal calculations, which requires the estimation of the value and timing of future cash flows and the determination of a discount rate to calculate the present value of the cash flows. Further information is set out in note 11. Management does not believe that any reasonably possible change in a key assumption would result in impairment.

2 Critical accounting policies (continued)

Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

- Biological Produce (Note 13)

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

3 Financial instruments - risk management

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

Bank loans
Trade receivables
Cash and cash equivalents
Finance leases
Trade and other payables

In addition, at the Company level: Intercompany loans.

The carrying amounts are a reasonable estimate of fair values because of the short maturity of such instruments or their interest bearing nature.

Notes forming part of the financial statements continued

3 Financial instruments - risk management (continued)

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The liquidity risk of the Group is managed centrally by the group treasury function. Budgets are set and agreed by the board in advance, enabling the Group's cash requirements to be anticipated.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

At 31 December 2022	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	1,146	354	-	-	-	1,500
Loans and borrowings	201	603	804	14,317	-	15,925
Lease liabilities	25	74	99	298	3,887	4,383
Total	**1,372**	**1,031**	**903**	**14,615**	**3,887**	**21,808**

At 31 December 2023	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	1,413	467	-	-	-	1,880
Loans and borrowings	16,627	1,500	-	-	-	18,127
Lease liabilities	71	214	285	733	3,787	5,090
Total	**18,111**	**2,181**	**285**	**733**	**3,787**	**25,097**

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and increase or decrease debt.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions and the risk of default by these institutions. The Group reviews the creditworthiness of such financial institutions on a regular basis to satisfy itself that such risks are mitigated. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the cash and cash equivalents as shown in the consolidated statement of financial position.

3 Financial instruments - risk management (continued)

Credit risk also arises from credit exposure to trade customers included in trade and other receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period to the period end. Trade receivable balances are monitored on an ongoing basis to ensure that the Group's bad debts are kept to a minimum. The maximum trade credit risk exposure at 31 December 2023 in respect of trade receivables is £1,167,000 (2022: £957,000) and due to the prompt payment cycle of these trade receivables, the expected credit loss is negligible at £13,000 (2022: £8,000).

Further disclosures regarding trade and other receivables are provided in note 15.

Interest rate risk

The Group's main debt is exposed to interest rate fluctuations. The Group considers that the risk is not significant in the context of its business plans. The Group moved to a fixed interest rate with the issue of the Deep Discount Bond in January 2024.

4 Revenue and segmental information

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Wine Sales	**6,437**	5,634
Other income	**615**	609
Net revenue	**7,052**	6,243
Excise duties	**613**	615
Revenue	**7,665**	6,858

The Directors consider the Group to have only one operating segment. Details of the sole operating segment are shown in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows.

The analysis by geographical area of the Group's revenue is set out as below:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
UK	**5,558**	4,852
USA	**117**	231
Other	**1,377**	1,160
Net revenue	**7,052**	6,243

The Directors do not consider the Group places reliance on any major customers.

Notes forming part of the financial statements continued

5 Loss from operations

Loss from operations has been arrived at after charging:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Depreciation of owned property, plant and equipment	**661**	601
Loss/(profit) on disposal of fixed assets	**14**	(28)
Staff costs expensed to consolidated statement of income	**2,610**	1,770

6 Auditor's remuneration

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Auditor's remuneration		
- Audit: consolidation and parent	**40**	65
- Audit: subsidiaries	**20**	20
	60	85

7 Staff costs

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Staff costs (including Directors) comprise:		
Wages and salaries	**3,571**	2,492
Social security contributions and similar taxes	**338**	261
Pension contributions	**136**	106
Share based payment	**65**	7
	4,110	2,866

£1,435,000 (2022: £1,089,000) of the staff costs shown in the table above have been included in crop growing costs for the year as shown in note 13.

The average number of employees of the Group, including Directors, during the year was 112 (2022: 96). The average monthly number of employees, including the directors, during the period was as follows:

	Year ended 31 December 2023 No.	Year ended 31 December 2022 No.
Directors	7	7
Production	**45**	39
Administration	**60**	49
	112	95

7 Staff costs (continued)

Directors' remuneration was as follows:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
The total emoluments of all Directors during the year was:		
Emoluments (including benefits)	**451**	312
Contributions to defined contribution pension plans	**17**	13
Total	**468**	325

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Total emoluments for all directors excluding pension contributions:		
J Ormonde	**61**	59
A Weeber	**-**	-
M Paul	**44**	48
K Berry	**132**	-
J Pollard	**86**	77
C Holland	**128**	116
Lord Arbuthnot PC	**-**	-
M Clapp	**-**	12
I Robinson	**-**	-
Total	**451**	312

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Pension contributions:		
K Berry	**6**	-
J Pollard	**6**	6
C Holland	**5**	7
Total	**17**	13

The emoluments of the highest paid Director during the year were:	**138**	123

The total emoluments for K Berry, J Pollard and C Holland include benefits to the value of £nil (2022: £nil), £1,000 (2022: £1,000) and £2,000 (2022: £1,000) respectively.

Notes forming part of the financial statements continued

7 Staff costs (continued)

The Directors are considered to be key management

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Key management personnel costs were as follows:		
Short term employment benefits	**451**	312
Social security contributions	**41**	26
Contributions to defined contribution pension plans	**17**	13
	509	351

8 Finance expenses

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Finance expenses		
Interest payable on borrowings	**1,114**	456
Amortisation of bank transaction costs	**513**	40
Discount expense on deep discount bond	**-**	-
Total finance expenses	**1,627**	496

9 Taxation

There is no current or deferred tax charge for the year (2022: £nil).

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Loss on ordinary activities before tax	**(3,003)**	(2,599)
Loss on ordinary activities at the standard rate of corporation tax in the UK for the year of 23.52% (December 2022: 19%)	**(706)**	(493)
Effects of:		
Expenses not deductible for tax purposes	**(45)**	134
Unprovided deferred tax movements on short term temporary differences	**54**	(158)
Unrecognised losses carried forward	**697**	517
Research & development	**(38)**	(74)
Tax charge/(credit) for the year	**(38)**	(74)

9 Taxation (continued)

No deferred tax asset has been recognised on unutilised taxable losses due to the lack of certainty over the taxable profits being available against which deductible temporary differences can be utilised. The unutilised tax losses carried forward are £23,245,000 (December 2022: £20,654,000).

Tax credit of £38,000 (2022: £74,000) relating to research and development tax credits for the years ended 31 December 2023 (2022: years ended 31 December 2020 and 2021).

10 Loss per share

Basic earnings per ordinary share are based on a loss of £2,965,000 (December 2022: £2,525,000) and ordinary shares 60,637,465 (December 2022: 60,595,919) of 1 pence each, being the weighted average number of shares in issue during the year.

	Loss £'000	Weighted average number of shares	Loss per Ordinary share pence
Year ended 31 December 2023	**(2,965)**	**60,637,465**	**(4.89)**
Year ended 31 December 2022	(2,525)	60,595,919	(4.17)

Diluted earnings per share are based on a loss of £2,965,000 and ordinary shares of 60,637,465 and no dilutive warrant options.

	Loss £'000	Diluted number of shares	Loss per Ordinary share pence
Year ended 31 December 2023	**(2,965)**	**60,637,465**	**(4.89)**
Year ended 31 December 2022	(2,525)	60,595,919	(4.17)

11 Intangibles

	Goodwill £'000	Brand £'000	Total £'000
Cost			
At 1 January 2023 and 31 December 2023	777	230	1,007
Impairment losses			
At 1 January 2023 and 31 December 2023	-	-	-
Net book value			
At 31 December 2022 and 31 December 2023	**777**	**230**	**1,007**

Notes forming part of the financial statements continued

11 Intangibles (continued)

The carrying value of goodwill and the brand is allocated to the following cash-generating units:

	December 2023 £'000	December 2022 £'000
Gusbourne Estate	**1,007**	1,007

The brand value is the fair value of the brand name acquired as part of the acquisition of Gusbourne Estate in September 2013, and separately identified as an intangible.

Goodwill is the premium paid to acquire the Gusbourne Estate business over the fair value of its net assets.

Given the long term nature of vineyard establishment and wine production the Group's management prepare long term cash flow forecasts for up to 5 years, and then apply a discount rate to determine the present value of the future cash flows of the cash-generating unit to arrive at the fair value less costs of disposal. Where this amount is lower than the carrying value of the brand and goodwill allocated to the cash-generating unit an impairment charge is made. The discount rate used is 12.4% (December 2022: 12.6%) based on the Group's estimated weighted cost of capital. A growth rate of 2.5% has been applied over the term of the long term cash flow forecasts. The growth rate used is based on the long term average growth rate of the UK economy.

The discount rate would need to increase to 24.9% (December 2022: 21.7%) to result in an impairment of the Goodwill.

The fair value of intangibles is categorised as a level 3 recurring fair value measurement.

12 Property, plant and equipment

	Freehold Land and Buildings £'000	Plant, machinery and motor vehicles £'000	Right of use asset £'000	Mature Vineyards £'000	Computer equipment £'000	Total £'000
Cost						
At 1 January 2022	6,896	3,611	2,114	3,637	118	16,376
Additions	1,824	645	-	-	33	2,502
Disposals	-	(65)	-	-	-	(65)
At 31 December 2022	**8,720**	**4,191**	**2,114**	**3,637**	**151**	**18,813**
At 1 January 2023	8,720	4,191	2,114	3,637	151	18,813
Additions	249	370	812	5	49	1,485
Disposals	-	(26)	-	-	(2)	(28)
At 31 December 2023	**8,969**	**4,535**	**2,926**	**3,642**	**198**	**20,270**

12 Property, plant and equipment (continued)

	Freehold Land and Buildings £'000	Plant, machinery and motor vehicles £'000	Right of use asset £'000	Mature Vineyards £'000	Computer equipment £'000	Total £'000
Accumulated depreciation						
At 1 January 2022	762	2,269	138	779	85	4,033
Depreciation charge for the year	128	311	46	146	16	647
Depreciation on disposals	-	(65)	-	-	-	(65)
At 31 December 2022	**890**	**2,515**	**184**	**925**	**101**	**4,615**
At 1 January 2023	890	2,515	184	925	101	4,615
Depreciation charge for the year	142	353	155	148	18	816
Depreciation on disposals	-	(26)	-	-	-	(26)
At 31 December 2023	**1,032**	**2,842**	**339**	**1,073**	**119**	**5,405**
Net book value						
At 31 December 2022	7,830	1,676	1,930	2,712	50	14,198
At 31 December 2023	**7,937**	**1,693**	**2,587**	**2,569**	**79**	**14,865**

Right of use assets comprise land leases on which vines have been planted and property leases from which vineyard operations are carried out. These assets have been created under IFRS 16 – Leases.

Depreciation on right of use assets is included in the cost of inventory, therefore £155,000 (2022: £46,000) transferred into stock in the year.

13 Biological produce

The fair value of biological produce was:

	December 2023 £'000	December 2022 £'000
At 1 January	-	-
Crop growing costs	1,934	1,830
Fair value of grapes harvested and transferred to inventory	(1,888)	(1,591)
Fair value movement in biological produce	(46)	(239)
At 31 December	**-**	**-**

The fair value of grapes harvested is determined by reference to estimated market prices less cost to sell at the time of harvest. The estimated market price for grapes used in respect of the 2023 harvest is £2,800 per tonne (2022: £3,000 per tonne).

Notes forming part of the financial statements continued

13 Biological produce (continued)

A 10% increase in the estimated market price of grapes to £3,080 per tonne would result in an increase of £199,000 (2022: £159,000) in the fair value of the grapes harvested in the year. A 10% decrease in the estimated market price of grapes to £2,520 per tonne would result in a decrease of £199,000 (2022: £159,000) in the fair value of the grapes harvested in the year.

A fair value loss of £46,000 (2022: £239,000 loss) was recorded during the year and included within the consolidated statement of comprehensive income. This measurement of fair value less costs to sell is the deemed cost of the grapes that is transferred into inventory upon harvest.

14 Inventories

	December 2023 £'000	December 2022 £'000
Finished goods	925	1,249
Work in progress	14,621	11,330
Total inventories	**15,546**	**12,579**

During the year £1,678,000 (December 2022: £1,858,000) was transferred to cost of sales.

15 Trade and other receivables

	December 2023 £'000	December 2022 £'000
Non current assets		
Other receivables	-	16
	-	**16**
Current assets		
Trade receivables	1,167	957
Prepayments	595	113
Other receivables	74	147
Total trade and other receivables	**1,836**	**1,291**

Trade and other receivables are due within 1 year apart from £nil (December 2022: £16,000) included within other receivables which is due in more than 1 year.

The Group undertakes a credit check on any new customers and also monitors the credit worthiness of existing customers. If a customer fails the credit checking process then they are required to make payment up front for any goods or services. At 31 December 2023 the lifetime expected loss provision for trade receivables is 1.14%, £13,000 (2022: 0.75%, £8,000). This is based on expected credit losses from previous losses incurred by the Group.

16 Trade and other payables

	December 2023 £'000	December 2022 £'000
Trade payables	**956**	833
Accruals	**723**	501
Other payables	**40**	68
Other payables - tax and social security payments	**161**	98
Total trade and other payables	**1,880**	1,500

Book values are approximate to fair value at 31 December 2023 and 31 December 2022.

17 Loans and borrowings

	December 2023 £'000	December 2022 £'000
Current liabilities		
Bank loans	**16,627**	-
Short-term Loan	**1,500**	-
Total current liabilities	**18,127**	-
Non current liabilities		
Bank loans	**-**	12,541
Unamortised bank transaction costs	**-**	(168)
Total non current loans and borrowings	**-**	12,373

The bank loan of £16,627,000 with PNC Business Credit shown above includes early repayment fees and associated costs of £336,000.

In August 2022 the Group entered into an amended and restated agreement with PNC Financial Services UK Limited with a total £16.5 million asset-based lending facilities. These PNC facilities have been made available to the Group for a minimum period of 5 years to 12 August 2027. The interest rate is at the annual rate of 2.50% (2022: 2.50%) over Bank of England Base Rate. In December 2023 the Group gave notice to PNC Financial Services UK Limited to repay the balance in January 2024. The PNC facilities are secured by way of first priority charges over the Group's inventory, receivables and freehold property as well as an all assets debenture.

The Group decided to replace the existing PNC borrowing facility with a new and enlarged facility on very similar terms and conditions to the PNC borrowing facility. The Group gave notice to close down the PNC facility in December 2023.

In November 2023 the Group entered into a short-term unsecured loan facility of £1.5m with Moongate Holdings Group Limited. The term of the loan was one year and the interest rate is at the annual rate of 2.50% over Bank of England Base Rate.

In January 2024 the Group subsequently issued a Deep Discount Bond for £20.0m, repaid the PNC facility and the short-term loan of £1.5m.

Notes forming part of the financial statements continued

17 Loans and borrowings (continued)

An analysis of the maturity of loans and borrowings is given below:

	December 2023 £'000	December 2022 £'000
Bank and other loans:		
Within 1 year	**18,127**	-
1-2 years	**-**	-
2-5 years	**-**	12,373

18 Lease liability

During the period the Group accounted for seven (2022: six) leases under IFRS 16. The lease contracts provide for payments to increase each year by inflation or at a fixed rate and on others to be reset periodically to market rental rates. The leases also have provisions for early termination. The weighted average Incremental Borrowing Rate used to calculate the lease liability was 4.25% and for new 2023 lease 6.68%.

	Land & Buildings £'000
Net carrying value – 1 January 2023	2,078
New Lease	792
Interest	116
Payments	(223)
Net carrying value – 31 December 2023	**2,763**

	December 2023 £'000	December 2022 £'000
The lease payments under long term leases liabilities fall due as follows:		
Current lease liabilities	251	84
Non current lease liabilities	2,512	1,994
Total liabilities	**2,763**	2,078

During the period an interest charge of £116,000 (2022: £85,000) arose on the lease liability in respect of land and property leases (2022: only land leases). This interest cost has been added to growing crop costs and wine stocks on the basis that the lease liability solely relates to the production of grapes and wine.

The Groups leases include break clauses. On a case-by-case basis, the Group will consider whether the absence of a break clause exposes the Group to excessive risk. Typically factors considered in deciding to negotiate a break clause include:

18 Lease liability (continued)

- The length of the lease term;
- The economic stability of the environment in which the property is located; and
- Whether the location represents a new area of operations for the Group.

At both 31 December 2023 and 2022 the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising break clauses because on both dates it was considered reasonably certain that the Group would not exercise its right to exercise any right to break the lease.

19 Note supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	December 2023 £'000	December 2022 £'000
Cash at bank available	70	267
Cash on hand	1	2
	71	269

Changes in financing activities are shown in the reconciliation of liabilities from financing transactions below:

	Cash £'000	Current loans and borrowings £'000 (Note 17)	Non-current loans and borrowings £'000 (Note 17)	Current lease liabilities £'000 (Note 18)	Non-current lease liabilities £'000 (Note 18)
At 1 January 2022	3,128	-	9,326	89	2,005
Cash flows	(2,859)	-	2,551	-	(101)
Non cash flows					
- Interest accruing in period	-	-	456	-	85
- Loans and borrowings classified as non-current at 31 December 2021 becoming current during 2022	-	-	-	(5)	5
- Amortisation of bank transaction costs	-	-	40	-	-
At 31 December 2022	**269**	**-**	**12,373**	**84**	**1,994**

Notes forming part of the financial statements continued

19 Note supporting statement of cash flows (continued)

	Cash £'000	Current loans and borrowings £'000 (Note 17)	Non-current loans and borrowings £'000 (Note 17)	Current lease liabilities £'000 (Note 18)	Non-current lease liabilities £'000 (Note 18)
At 1 January 2023	269	-	12,373	84	1,994
Cash flows	(198)	1,500	2,627	-	569
Non cash flows					
- Interest accruing in period	-	-	1,114	-	116
- Loans and borrowings classified as non-current at 31 December 2022 becoming current during 2023	-	-	-	167	(167)
- Amortisation of bank transaction costs	-	-	513	-	-
At 31 December 2023	**71**	**1,500**	**16,627**	**251**	**2,512**

20 Share capital

	Deferred shares of 49p each Number	Ordinary shares of 1p each Number	£'000
Issued and fully paid			
At 1 January 2022	23,639,762	60,731,705	12,190
Issued in the year	-	42,282	1
At 31 December 2022	**23,639,762**	**60,773,987**	**12,191**
Issued in the year	-	71,306	1
At 31 December 2023	**23,639,762**	**60,845,293**	**12,192**

The Deferred shares of 49 pence each have no rights attached to them.

On 16 January 2023 the Company issued 2,174 new ordinary shares of 1p each pursuant to an exercise of Warrants. All Warrants were exercised at 75p per share.

On 1 September 2023 the Company issued 7,838 new ordinary shares of 1p each pursuant to an exercise of Warrants. All Warrants were exercised at 75p per share.

On 3 November 2023 the Company issued 61,294 new ordinary shares of 1p each pursuant to an exercise of Warrants. All Warrants were exercised at 75p per share.

20 Share capital (continued)

Unexercised Warrants at 31 December 2023 amounted to 3,888,671 (2022: 3,959,977) Ordinary Shares of 1 pence each. The warrants have a final exercise date of 16 December 2024 at 75p per Ordinary Share. The warrants are accounted for as a derivative financial liability measured on inception at fair value through the profit or loss. On inception, the fair value of the warrants was deemed to be £nil and thus no fair value was recognised.

21 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	The share premium account arose on the issue of shares by the Company at a premium to their nominal value. Expenses of share issues are charged to this account.
Merger reserve	The merger reserve arose on the business combination and is the difference between the nominal value of the shares issued and the market value of the shares acquired.
Share Option	The share option reserve represents the cumulative amounts charged in respect of employee share option arrangements where the scheme has not yet been settled by means of an award of shares to an individual.
Retained earnings	The retained earnings represent cumulative net gains and losses recognised in the Group's statement of consolidated income.

22 Related party transactions

Deacon Street Partners Limited is considered a related party by virtue of the fact that Lord Ashcroft KCMG PC, the Company's ultimate controlling party, is also the ultimate controlling party of Deacon Street Partners Limited. During the year Deacon Street Partners Limited charged the Company £35,000 (December 2022 - £70,000) in relation to management services. There was £40,000 due to Deacon Street Partners Limited as at 31 December 2023 (December 2022 - £44,000).

Jaywing PLC is considered a related party by virtue of the fact that Ian Robinson, a director of Gusbourne PLC is also a Non-Executive Director of Jaywing PLC. During the year Jaywing PLC charged the Company £103,000 (December 2022: £108,000) in relation to marketing services and £359,000 in relation to third party digital advertising (December 2022: £352,000). There was £76,000 due to Jaywing PLC as at 31 December 2023 (December 2022: £36,000).

On 18 June 2018, the company lent £50,000 to a director as an interest free loan, repayable by instalments from July 2019. The loan was repaid in September 2023. The balance due from the director as at 31 December 2023 was £nil (December 2022 - £22,000).

Notes forming part of the financial statements continued

22 Related party transactions (continued)

Details of related parties who subscribed for the warrants are shown in the table below:

Warrants exercisable at 75 pence each

Name	Held as at 31 December 2023 Number	Held as at 31 December 2022 Number
Lord Ashcroft KCMG PC*	2,660,158	2,660,158
Andrew Weeber	179,566	179,566
Paul Bentham**	121,083	121,083
Ian Robinson	15,801	35,801
Jim Ormonde	-	19,788
Mike Paul	-	10,607
Lord Arbuthnot PC	-	7,345
Matthew Clapp	4,816	4,816
Jon Pollard	3,171	3,171
Charlie Holland	2,770	2,770
	2,987,365	3,045,105

* via Belize Finance Limited, a related party of Lord Ashcroft KCMG PC
**via Franove Holdings Limited, a related party of Paul Bentham

23 Share based payments

The Company operates two equity-settled share based remuneration schemes for employees: a company share option scheme (CSOP) and a performance share plan (PSP) for executive directors and certain senior management. Under the PSP and CSOP, options over ordinary shares of 1 pence each in the Company may be granted at the discretion of the remuneration committee.

Vesting of the PSP Options is subject to the following performance criterion: the volume-weighted average mid-market closing price of a Share as derived from the AIM Appendix to the Daily Official List ("VWAP") over a period of forty five business days is equal to or greater than the agreed vesting price.

The performance period for PSP Options granted under the PSP will typically be four years commencing from the date of grant of the relevant PSP Options. Except in the event of a change of control of the Company and in certain 'good leaver' scenarios, no PSP Options may be exercised prior to the expiry of the performance period and unless the relevant performance criterion is met. PSP Options shall be granted under the PSP with an exercise price of 1 pence per Share (being equal to the nominal value of a Share). Shares acquired on exercise of PSP Options shall be subject to a two-year holding period.

Vesting of the CSOP Option is subject to the following performance criterion: the VWAP over a period of forty five business days is equal to or greater than 100 pence. The performance period of the CSOP Options shall be three years from the date of grant. Except in the event of a change of control of the Company and in certain 'good leaver' scenarios, no CSOP Options may be exercised prior to the expiry of the performance period and unless the performance criterion is met. Shares acquired on exercise of the CSOP Options shall be subject to a holding period of one year.

23 Share based payments (continued)

Details of the share options granted are shown in the table below:

Scheme	PSP	CSOP
Number of options at 1 January 2022	-	-
Number of options granted (20 December 2022)	734,483	209,790
Number of options at 31 December 2022	**734,483**	**209,790**
Share price at grant date	71.50p	71.50p
Minimum vesting price	150.00p	100.00p
Expense for year ended 31 December 2022	£5,233	£1,505
Number of options at 1 January 2023	734,483	209,790
Number of options granted (24 October 2023)	-	120,805
Number of options cancelled (19 September 2023)	(475,862)	(41,958)
Number of options at 31 December 2023	**258,621**	**288,637**
Share price at grant date		74.50p
Minimum vesting price	150.00p	100.00p
Expense for year ended 31 December 2023	£42,356	£22,199

24 Post balance sheet events

On 19 January 2024, the Group entered into an agreement with a company associated with Lord Ashcroft (Moongate Holdings Group Limited) for the issue of a new £20.0m long-term secured deep discount bond ("DDB") to support the Company's working capital and ongoing growth.

The subscription price of the DDB was £20m. The subscription proceeds of £20.0m were used to repay the existing PNC Facility amounting to £16.3m, repay the short-term unsecured Loan of £1.5m, related fees and expenses of £0.6m and the remaining proceeds will be used for working capital and to support the ongoing growth strategy of the Company.

The DDB was issued at a discount of 7.75% per annum on quarterly rests. The nominal amount is £26.3m which is payable on the final redemption date of 12 August 2027. The DDB is secured over land, properties and stock, with a full fixed and floating security over the assets of both the Company and Gusbourne Estate Limited.

Company financial statements

Company balance sheet
at 31 December 2023

	Note	December 2023 £'000	December 2022 £'000
Assets			
Non-current assets			
Investments	3	**21,600**	21,600
Other receivables	4	**7,447**	6,040
Current assets			
Trade and other receivables	4	**50**	159
Cash and cash equivalents		**4**	116
Total assets		**29,101**	27,915
Current liabilities			
Trade and other payables	5	**(267)**	(228)
Loans and borrowings	6	**(1,500)**	-
Total liabilities		**(1,767)**	(228)
Net assets		**27,334**	27,687
Issued capital and reserves attributable to owners			
Share capital	7	**12,192**	12,191
Share premium	8	**21,190**	21,144
Share option reserve	8	**71**	7
Retained earnings	8	**(6,119)**	(5,655)
Total equity		**27,334**	27,687

In accordance with Section 408 of the Companies Act 2006, the Company has not presented its own income statement in these financial statements. The Company results for the year include a loss after tax and before dividends payable of £464,000 (2022: £416,000) which is dealt with in the consolidated financial statements of the Group.

The financial statements were approved and authorised for issue by the Board on 22 May 2024 and were signed on its behalf by Katharine Berry.

Katharine Berry
Secretary and Director

The notes on pages 75 to 78 form part of these financial statements

Company statement of changes in equity
for the year ended 31 December 2023

	Share capital £'000	Share premium £'000	Share option reserve £'000	Retained earnings £'000	Total attributable to equity holders £'000
1 January 2021	**12,191**	**21,105**	**-**	**(5,239)**	**28,057**
Comprehensive loss for the year	-	-	-	(416)	(416)
Contributions by and distributions to owners:					
Share issue	-	46	-	-	46
Share issue expenses	-	(7)	-	-	(7)
Equity share options issued	-	-	7	-	7
31 December 2022	**12,191**	**21,144**	**7**	**(5,655)**	**27,687**
1 January 2023	**12,191**	**21,144**	**7**	**(5,655)**	**27,687**
Comprehensive loss for the year	-	-	-	(464)	(464)
Contributions by and distributions to owners:					
Share issue	1	51	-	-	52
Share issue expenses	-	(5)	-	-	(5)
Equity share options issued	-	-	64	-	64
31 December 2023	**12,192**	**21,190**	**71**	**(6,119)**	**27,334**

The notes on pages 75 to 78 form part of these financial statements.

Notes forming part of the company financial statements

for the year 31 December 2023

1 Accounting policies

Gusbourne PLC (the "Company") is a company limited by shares and registered in England and Wales with the registered number 08225727. The Company's registered office is Gusbourne, Kenardington Road, Appledore, Ashford, Kent, TN26 2BE.

The following principal accounting policies have been applied:

Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 ("FRS 101") issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 "Reduced Disclosure Framework" as issued by the Financial Reporting Council.

Disclosure exemptions adopted In preparing these financial statements

The company has taken advantage of certain disclosure exemptions conferred by FRS 101 and has not provided:

- Additional comparative information as per IAS 1 Presentation of Financial Statements paragraph 38 in respect of a reconciliation of the number of shares outstanding at the start and end of the prior period.
- the requirements of IAS 7 Statement of Cash Flows;
- A statement of compliance with IFRS (a statement of compliance with FRS 101 is provided instead).
- Additional comparative information for narrative disclosures and information, beyond IFRS requirements.
- Disclosures in relation to the objectives, policies and process for managing capital.
- Disclosure of the effect of future accounting standards not yet adopted.
- The remuneration of key management personnel.
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

In addition, and in accordance with FRS 101, further disclosure exemptions have been applied because equivalent disclosures are included in the consolidated financial statements. These financial statements do not include certain disclosures in respect of:

Share based payments – details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined as per paragraphs 45(b) and 46 to 52 of IFRS 2 Share-Based Payment. The Company's accounting policies are aligned with the Group's accounting policies as described in note 1 of the Group's consolidated financial statements. Additional accounting policies are noted below.

The financial statements have been prepared on a going concern basis in accordance with UK adopted international accounting standards.

Investment in subsidiaries

The company has an investment in two subsidiaries. Investments are valued at cost, less allowances for impairment. Impairment reviews are performed annually.

Notes forming part of the company financial statements continued

2 Directors and employees

The average number of staff employed by the Company during the year (comprising solely of Directors) was 7 (2022 - 9).

Details of the emoluments of the Directors can be found in note 7 of the consolidated financial statements.

3 Investments

The following were the subsidiary undertakings at the end of the year:

Name	Country of incorporation	Proportion of ownership interest at 31 December 2023
Gusbourne Estate Limited	England and Wales	100%
Gusbourne Wines Limited	England and Wales	100%

Gusbourne Estate Limited is involved in the production, sale and distribution of English sparkling wine. Gusbourne Wines Limited is dormant.

The registered address of Gusbourne Estate Limited and Gusbourne Wines Limited is Kenardington Road, Appledore, Kent TN26 2BE.

4 Trade and other receivables

	December 2023 £'000	December 2022 £'000
Non-current assets		
Trade and other receivables	-	16
Amounts due from group undertakings	**7,447**	6,024
Total non current assets	**7,447**	6,040
Current assets		
Trade and other receivables	**8**	117
Prepayments and accrued income	**42**	42
Total current assets	**50**	159
	7,497	6,199

Included in trade and receivables is an amount due from a director of £nil (2022: £22,000).

5 Trade and other payables

	December 2023 £'000	December 2022 £'000
Current liabilities		
Trade payables	**117**	69
Accruals and deferred income	**150**	159
	267	228

6 Loans & Borrowings

	December 2023 £'000	December 2022 £'000
Current liabilities		
Trade payables	**1,500**	-

In November 2023 the Group entered into a short-term unsecured loan facility of £1.5m with Moongate Holdings Group Limited. The term of the loan was one year and the interest rate is at the annual rate of 2.50% over Bank of England Base Rate.

7 Share Capital

Details of the share capital of the Company are included in note 20 to the Group's financial statements.

8 Reserves

Details of the nature and purpose of each reserve within equity are shown in note 21 to the Group's financial statements.

9 Ultimate controlling party

In the opinion of the Directors the ultimate controlling party at 31 December 2023 is Lord Ashcroft KCMG PC.

10 Related party transactions

Deacon Street Partners Limited is considered a related party by virtue of the fact that Lord Ashcroft KCMG PC, the Company's ultimate controlling party, is also the ultimate controlling party of Deacon Street Partners Limited. During the year Deacon Street Partners Limited charged the Company £35,000 (December 2022 - £70,000) in relation to management services. There was £40,000 due to Deacon Street Partners Limited as at 31 December 2023 (December 2022 - £44,000).

On 18 June 2018, the company lent £50,000 to a director as an interest free loan, repayable by instalments from July 2019. The loan was repaid in September 2023. The balance due from the director as at 31 December 2023 was £nil (December 2022 - £22,000).

Details of related parties who subscribed for warrants are included in note 22 to the Group's financial statements.

11 Share based payments

The Company operates two equity-settled share based remuneration schemes for employees: a company share option scheme (CSOP) and a performance share plan (PSP) for executive directors and certain senior management. Under the PSP and CSOP, options over ordinary shares of 1 pence each in the Company may be granted at the discretion of the remuneration committee.

Notes forming part of the company financial statements continued

11 Share based payments (continued)

Details of the share options granted are shown in the table below:

Scheme	PSP	CSOP
Number of options at 1 January 2022	-	-
Number of options granted (20 December 2022)	734,483	209,790
Number of options at 31 December 2022	**734,483**	**209,790**
Share price at grant date	71.50p	71.50p
Minimum vesting price	150.00p	100.00p
Expense for year ended 31 December 2022	£5,233	£1,505

Number of options at 1 January 2023	734,483	209,790
Number of options granted (24 October 2023)	-	120,805
Number of options cancelled (19 September 2023)	(475,862)	(41,958)
Number of options at 31 December 2023	**258,621**	**288,637**
Share price at grant date		74.50p
Minimum vesting price	150.00p	100.00p
Expense for year ended 31 December 2023	£42,356	£22,199

12 Post balance sheet events

On 4 January 2024, the Company issued 14,048 new ordinary shares of 1 pence each in the capital of the Company ("Ordinary Shares") pursuant to an exercise of warrants by certain investors in the Company.

On 19 January 2024, the Group entered into an agreement with a company associated with Lord Ashcroft (Moongate Holdings Group Limited) for the issue of a new £20.0m long-term secured deep discount bond ("DDB") to support the Company's working capital and ongoing growth.

The subscription price of the DDB was £20m. The subscription proceeds of £20.0m were used to repay the existing PNC Facility amounting to £16.3m, repay the short-term unsecured Loan of £1.5m, related fees and expenses of £0.6m and the remaining proceeds will be used for working capital and to support the ongoing growth strategy of the Company.

The DDB was issued at a discount of 7.75% per annum on quarterly rests. The nominal amount is £26.3m which is payable on the final redemption date of 12 August 2027. The DDB is secured over land, properties and stock, with a full fixed and floating security over the assets of both the Company and Gusbourne Estate Limited.

Company information

Country of incorporation of parent company

England and Wales

Legal form

Public limited company

Directors

J Ormonde (Non-Executive Chairman)
M A K Paul (Non-Executive Deputy Chairman)
C E Holland (Chief Executive Officer), resigned 6 September 2023
J White (Chief Executive Officer), appointed 19 January 2024
K D Berry (Chief Financial Officer & Chief Operating Officer), appointed 21 March 2023
S Bradbury (Chief Commercial Officer), appointed 19 January 2024
J Pollard (Chief Operating Officer), resigned 21 March 2023
Lord Arbuthnot PC (Non-Executive Director)
I G Robinson (Non-Executive Director)
M Hallas (Non-Executive Director), appointed 29 November 2023
M D Clapp (Non-Executive Director), resigned 29 November 2023
P Bentham (Non-Executive Director), resigned 21 March 2023
A Weeber (Non-Executive Director) , resigned 21 March 2023

Secretary and registered office

K D Berry
Gusbourne
Kenardington Road
Appledore
Ashford
Kent
TN26 2BE

Company number

08225727

Auditors

Kreston Reeves LLP
2nd Floor, 168 Shoreditch High Street,
London
E1 6RA

Nominated adviser and Joint Broker

Panmure Gordon (UK) Limited
40 Gracechurch Street
London
EC3V 0BT

Solicitors

Fieldfisher LLP
17th Floor
No 1 Spinningfields,
1 Hardman Square,
Manchester M3 3EB

Bankers

Barclays Bank PLC
30 Tower View
Kings Hill
Kent
ME19 4WA

Registrars

Link Market Services Limited
10th Floor, Central Square
29 Wellington Street
Leeds
LS1 4DL