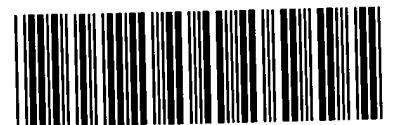


Registered number: 00120002

J E BEALE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

FRIDAY



A39 *A7FF6FZZ* #104
28/09/2018
COMPANIES HOUSE

J E BEALE PLC

COMPANY INFORMATION

Directors	Andrew Perloff Simon Peters Anthony Brown
Company secretary	Teian Dallaway
Registered number	00120002
Registered office	36 Old Christchurch Road Bournemouth Dorset BH1 1LJ
Trading Address	36 Old Christchurch Road Bournemouth Dorset BH1 1LJ
Independent auditors	Nexia Smith & Williamson Chartered Accountants & Statutory Auditor Cumberland House 15 - 17 Cumberland Place Southampton SO15 2BG
Bankers	Santander Corporate and Commercial Banking 17 Ulster Terrace Regent's Park London NW1 4PJ
Solicitors	Blake Morgan LLP New Kings Court Tollgate Chandler's Ford SO53 3LG

J E BEALE PLC

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3
Directors' Responsibilities Statement	4
Independent Auditors' Report	5 - 7
Income Statement	8
Statement of Comprehensive Income	9
Statement of Financial Position	10 - 11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 41

J E BEALE PLC

STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2018

Introduction

The directors present the Strategic Report of the Company for the period ended 31 March 2018.

Business review and future developments

The directors are pleased to report that despite a challenging environment the loss for the year excluding exceptionals is 56% lower than the previous year.

The first Beales departmental store started trading in Bournemouth in 1881. Since then J E Beale plc ("the Company") has expanded to include 21 departmental stores at other locations across England and one in Perth, Scotland. The stores have on offer a wide range of both own bought and concession goods ranging from fashion and cosmetics through to housewares and furniture.

As with all retailers we face challenging times driven by extreme weather (the beast from the east) and the more recent heatwave. The actions taken over the last 2 years to reduce costs and close loss making stores and the actions being taken to improve productivity and reduce costs will allow us to minimize the impact of any downturn.

During the last 12 months we have reviewed all our costs and have made cost savings. We continue to review central costs and expect to make more savings over the coming 24 months as we implement a wide ranging productivity improvement strategy which we expect to deliver significant savings across stores and head office.

As reported in our last statement we have re-launched our loyalty card with a new service provider, this allows us to better understand our customers and therefore to range our stores to suit our customer profiles.

We have launched our transactional web site which is meeting our initial expectations, we will continue to enhance the site alongside our concession partners in tandem with opening a small fulfillment center to expand our own brought presence on the site.

We are trialling a central distribution process on our linens department and to date we have seen margin improvements, better availability and improved productivity at store level. It is our intention to roll this out to other product categories.

Our trading strategy is now starting to show signs of positive growth which we expect to continue as we concentrate on high margin promotional activity to deliver a profitable business. Our supplier base remains very supportive and we continue to rebuild stronger relationships with them. Our suppliers are encouraged by our recent performance, we reported industry leading Christmas sales increases.

We have concentrated on improving our aged stock position and we are happy to report considerable progress has been made, improving our margins and reducing markdowns.

J E BEALE PLC

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2018**

Post balance sheet events

Investment in new servers

As identified in the group risk assessment we have made considerable investments in IT replacing aging servers, we will continue the investment to support productivity improvements at store level.

Going concern

The working capital requirements of the business have been funded by Wells Fargo. They are aware of the seasonality of the business and are supportive of the business. The loans are partly underwritten by collateral provided by Portnord Limited and also on security provided from the Company's freehold properties and on its trading stocks. The current asset-based facility with Wells Fargo was renewed for a further 3 year to May 2021 at an increased level of £16m. The Company has credit arrangements in place with its major suppliers including AIS and concessionaires which the Board believe will continue.

For these reasons, the directors have prepared the financial statements in this report on a going concern basis.

Principal risks and uncertainties

The principal risks and uncertainties of J E Beale plc are performance risk, internal control risk and cashflow risk. Trading performance may fail to achieve forecast due to external or internal factors. Internal controls and computer systems, designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained and acted upon, may give rise to risk through malfunction or human error. Cashflow risk arises if the Company's available cash resources fall short through poor trading, reduced credit or loss of financing support.

Financial key performance indicators

The directors consider the key performance indicators for the Company to be the standard retail KPIs such as sales per square foot, average transaction value, gross profit percentage, operating profit, cash generation and staff turnover. These and other indicators are constantly monitored as the Company works towards its objective of returning the group to profitability.

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

Anthony Brown
Director



Date:

28-9-18

J E BEALE PLC

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2018**

The Directors present their report and the financial statements for the period ended 31 March 2018.

Results and dividends

The loss for the period, after taxation, amounted to £982k (2017 - loss £590k).

Directors

The Directors who served during the period were:

Stuart Lyons CBE (resigned 26 May 2017)
Andrew Perloff
Simon Peters
Anthony Brown (appointed 2 May 2017)

Employee involvement

Store staff receive information about the Company and store through daily meetings held by their store directors. Company results and announcements are posted on noticeboards or on the company website.

Disabled employees

The Company's policy is to ensure that no disabled applicant or staff member will receive less favourable treatment or be disadvantaged by unreasonable job requirements or conditions. Where appropriate, re-training or job adjustments are made to assist staff members who become disabled.

Disclosure of information to auditors

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

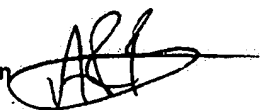
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors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

Auditors

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

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

Anthony Brown
Director



Date:

26-09-18

J E BEALE PLC

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2018**

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

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF J E BEALE PLC

Opinion

We have audited the financial statements of J E Beale plc (the 'company') for the period ended 31 March 2018 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF J E BEALE PLC (CONTINUED)

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF J E BEALE PLC (CONTINUED)


Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Edmonds (Senior Statutory Auditor)

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants
Statutory Auditor

Cumberland House
15 - 17 Cumberland Place
Southampton
SO15 2BG

Date: 26 September 2018

J E BEALE PLC

**INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2018**

		Continuing operations	Discontinued operations	Total	<i>Continuing operations</i>	<i>Discontinued operations</i>	<i>Total</i>
		31 March 2018 £000	31 March 2018 £000	31 March 2018 £000	<i>1 April 2017 £000</i>	<i>1 April 2017 £000</i>	<i>1 April 2017 £000</i>
	Note						
Turnover	4	48,723	-	48,723	47,115	7,846	54,961
Cost of sales		(23,704)	-	(23,704)	(22,952)	(4,232)	(27,184)
Gross profit		25,019	-	25,019	24,163	3,614	27,777
Administrative expenses		(26,658)	-	(26,658)	(26,386)	(3,818)	(30,204)
Exceptional administrative expenses		(125)	-	(125)	1,369	-	1,369
Other operating income	6	899	-	899	984	-	984
Operating loss	7	(865)	-	(865)	130	(204)	(74)
Interest payable and similar expenses	9	(317)	-	(317)	(293)	-	(293)
Loss before tax		(1,182)	-	(1,182)	(163)	(204)	(367)
Tax on loss	10	200	-	200	(223)	-	(223)
Loss for the financial period		(982)	-	(982)	(386)	(204)	(590)

The notes on pages 13 to 41 form part of these financial statements.

J E BEALE PLC

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2018**

	Note	31 March 2018 £000	1 April 2017 £000
Loss for the financial period		(982)	(590)
Other comprehensive income			
Actuarial gain on defined benefit schemes		1,178	(748)
Movement on deferred tax relating to pension gains		(200)	157
Other comprehensive income for the period		978	(591)
Total comprehensive income for the period		(4)	(1,181)

The notes on pages 13 to 41 form part of these financial statements.

J E BEALE PLC
REGISTERED NUMBER:00120002

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

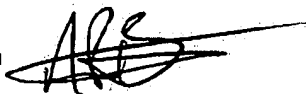
		31 March 2018 £000	1 April 2017 £000
	Note		
Fixed assets			
Intangible assets	12	184	219
Tangible assets	13	7,252	7,348
Investments	14	149	149
		<u>7,585</u>	<u>7,716</u>
Current assets			
Stocks	15	9,442	10,482
Debtors: amounts falling due within one year	16	1,289	1,255
Cash at bank and in hand		138	133
		<u>10,869</u>	<u>11,870</u>
Creditors: amounts falling due within one year	17	(21,094)	(21,069)
Net current liabilities		<u>(10,225)</u>	<u>(9,199)</u>
Total assets less current liabilities		<u>(2,640)</u>	<u>(1,483)</u>
Creditors: amounts falling due after more than one year	18	(10,486)	(10,084)
Provisions for liabilities			
Deferred tax	20	(405)	(405)
		<u>(405)</u>	<u>(405)</u>
Pension asset		2,781	1,226
Net liabilities		<u>(10,750)</u>	<u>(10,746)</u>
Capital and reserves			
Called up share capital	21	1,030	1,030
Revaluation reserve	22	1,402	1,411
Capital redemption reserve	22	188	188
Profit and loss account	22	(13,370)	(13,375)
		<u>(10,750)</u>	<u>(10,746)</u>

J E BEALE PLC
REGISTERED NUMBER:00120002

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2018

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

Anthony Brown
Director



Date: 26-09-14

The notes on pages 13 to 41 form part of these financial statements.

J E BEALE PLC

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2018**

	Capital redemption reserve £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2016	188	1,420	(12,203)	(10,595)
Loss for the period	-	-	(590)	(590)
Actuarial losses on pension scheme	-	-	(591)	(591)
Transfer to/from profit and loss account	-	(9)	9	-
At 2 April 2017	188	1,411	(13,375)	(11,776)
Loss for the period	-	-	(982)	(982)
Actuarial gains on pension scheme	-	-	978	978
Transfer to/from profit and loss account	-	(9)	9	-
At 31 March 2018	188	1,402	(13,370)	(11,780)

The notes on pages 13 to 41 form part of these financial statements.

J E BEALE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

1. General information

J E Beale plc is a public company, limited by shares, incorporated in the United Kingdom under the Companies Act. The address of its registered office is 36 Old Christchurch Road, Bournemouth, BH1 1LJ.

Under the provisions of s400 of the Companies Act 2006, the Company is exempt from the obligation to prepare and deliver Group accounts as it is included in the consolidated accounts of Beale Limited incorporated in Great Britain which are made up to 31 March 2018. Beale Limited registered office is 36 Old Christchurch Road, Bournemouth, BH1 1LJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The Company has taken advantage of the following exemptions available under FRS 102:

- the exemption from preparing a statement of cash flows;
- the exemption from disclosing key management personnel compensation;
- the exemption from disclosing the financial instrument disclosures required under FRS 102 paragraphs 11.39 to 11.48A as the information is provided within the consolidated financial statements of the group in which the entity is consolidated and the relevant disclosures are included;
- the exemption from disclosing related party transactions between group companies.

The following principal accounting policies have been applied:

2.2 Going concern

Management forecasts for the year ending 31 March 2019 and the following year have been reviewed and accepted by the Board. These forecasts anticipate a modest increase in sales and well controlled costs. They show a small negative EBITDA for the year to March 2019 and a positive EBITDA for the following year and the Board anticipates that this will continue.

The company is reliant on the continued support of Wells Fargo Capital Finance (UK), its immediate parent company Beale Limited and ultimate parent company Portnard Limited, and for the continued trading performance of the company as noted in the Strategic Report. On the basis of the projected trading performance and the indications of ongoing support that have been received, the Directors consider that it is appropriate for the accounts to be prepared on a going concern basis.

J E BEALE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.3 Revenue

Revenue represents the amount receivable by the Company arising from the supply of goods and services to customers net of VAT, discounts and estimated returns and includes the profit contribution earned on agency sales (including concession departments) and interest on customers' accounts.

Revenue is recognised when goods are delivered and title has passed. Gross sales reflect revenue inclusive of concession sales and VAT.

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Income Statement over its useful economic life being the lease period of the store acquired.

2.5 Tangible fixed assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Short Leasehold Property	- over the term of the lease
Fixtures & fittings	- 10 - 25% straight line

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.6 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Income Statement unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.7 Valuation of Investments

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Income Statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.8 Stocks

Stock is stated at the lower of cost and net realisable value. Cost comprises purchase price including any rebates and, where applicable, those costs that have been incurred in bringing the stocks to their present location and condition. Net realisable value represents the estimated selling price. Advertising and promotional stock is expensed at the time of purchase. The value of stock in the financial statements is reduced by provisions for stock loss and stock ageing. The provision against stock reduces the value below cost and is therefore subject to the judgement of the directors. Changes in customer demand can give rise to future changes in the value of stock held.

2.9 Debtors

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

2.10 Cash and cash equivalents

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

J E BEALE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

2.12 Creditors

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

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2.14 Finance costs

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

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.15 Operating leases, lease incentives and escalation clauses

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.16 Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessor. All other leases are classified as operating leases.

Assets funded through finance leases are capitalised as fixed assets and depreciated on a straight line basis over the shorter of their useful economic life and the lease term.

2.17 Interest income

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

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.18 Pensions

Defined contribution pension plan

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

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

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.19 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.20 Borrowing costs

All borrowing costs are recognised in the Income Statement in the period in which they are incurred.

2.21 Provisions for liabilities

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

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

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

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.22 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.23 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

J E BEALE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, which are described in Note 2, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also discussed below:

Retirement benefits

Retirement benefits are accounted for under section 28 of FRS 102. For defined benefit plans, obligations are measured at discounted present value whilst plan assets are recorded at fair value.

Because of changing market and economic conditions, the expenses and liabilities actually arising under the plans in the future may differ materially from the estimates made on the basis of these actuarial assumptions. The plan assets are partially comprised of equity and fixed-income instruments. Therefore, declining returns on equity markets and markets for fixed-income instruments could require additional contributions to the plans in order to cover future pension obligations. Also, higher or lower withdrawal rates or longer or shorter life of participants may have an impact on the amount of pension income or expense recorded in the future.

Pension and other post-retirement benefits are inherently long term, and future experience may differ from the actuarial assumptions used to determine the net charge for 'pension and other post-retirement charges'. Note 23 to the financial statements describes the principal discount rate, earnings increase, and pension retirement benefit obligation assumptions that have been used to determine the pension and post-retirement charges in accordance with FRS 102. The calculation of any charge relating to 'retirement benefits' is clearly dependent on the assumptions used, which reflects the exercise of judgment. The assumptions adopted are determined by directors and are based on prior experience, market conditions and the advice of scheme actuaries. At 31 March 2018, the Company's net pension surplus was £2.8m (1 April 2017: £1.2m). Further details of the accounting policy on retirement benefits are provided in the pensions note (note 23).

Impairment of stores' property, plant and equipment and goodwill

Stores' property, plant and equipment and goodwill are reviewed for impairment on an annual basis, and whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Such circumstances or events could include: a pattern of losses involving the store asset; a decline in the market value for a particular store asset; and an adverse change in the business or market in which the store asset is involved. Determining whether impairment has occurred typically requires various estimates and assumptions, including determining what cash flow is directly related to the potentially impaired asset, the useful life over which cash flows will occur and their amount and the asset's residual value, if any. Estimates of future cash flows and the selection of appropriate discount rates relating to particular assets or groups of assets and goodwill involve the exercise of a significant amount of judgment.

J E BEALE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

3. Judgments in applying accounting policies (continued)

Provisions and reserves

Provisions and reserves are made in respect of legal and other matters. Provisions are recognised when management can make a reliable estimate and are satisfied that the liability is probable. However, such liabilities depend on the actions of third parties and on the specific circumstances pertaining to each obligation, neither of which is fully controllable by the Company. There is a degree of uncertainty when determining stock provisions. Various dilapidation provisions are in the financial statements, these are also subject to uncertainty.

The revenue figure in the accounts is affected by certain provisions. A provision is made at year end for all loyalty points earned but not converted as at the year end date. This provision is based on latest conversion data. The Company also has a provision for refunds, which is calculated by reviewing refund data post year end. There is a degree of uncertainty in the final outcome of such provisions.

Property valuation

Property valuations conform to international valuation standards and are based on recent market transactions on arm's length terms for similar properties. The estimate is susceptible to market conditions and hence increased uncertainty arises in periods where the market is less active and the general economic conditions more challenging.

Inventory valuation

Inventories are stated at the lower of cost and net realisable value, as set out in the accounting policies. Provisions against inventory reduce the value below cost and are therefore subject to the judgments of the directors. Changes in customer demand could give rise to future changes in the value of the inventory held.

4. Turnover

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

	31 March 2018 £000	1 April 2017 £000
Own bought sales	41,648	46,000
Concession sales	7,075	8,961
	<u>48,723</u>	<u>54,961</u>

All turnover arose within the United Kingdom.

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

5. Gross turnover

	31 March 2018 £000	1 April 2017 £000
Gross turnover - continuing operations	85,453	85,895
Gross turnover - discontinued operations	-	14,430
	85,453	100,325

6. Other operating income

	31 March 2018 £000	1 April 2017 £000
Other operating income	885	956
Sundry income	14	28
	899	984

7. Operating loss

The operating loss is stated after charging:

	31 March 2018 £000	1 April 2017 £000
Tangible fixed assets - depreciation	925	1,023
Profit on disposal of fixed assets	(15)	(1)
Amortisation of intangible assets, including goodwill	35	31
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	72	80
Property operating lease rental	3,674	4,002
Plant & equipment operating lease rentals	184	171
Defined contribution pension cost	162	180
Defined benefit pension cost	252	211

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

8. Employees

Staff costs were as follows:

	31 March 2018 £000	1 April 2017 £000
Wages and salaries	12,083	12,738
Social security costs	691	697
Cost of defined benefit scheme	252	211
Cost of defined contribution scheme	162	180
	13,188	13,826

The directors are remunerated for their services to both Beale Limited and J E Beale plc. The directors consider that it is not practicable to allocate the remaining remuneration between J E Beale plc and Beale Limited.

The average monthly number of employees, including the Directors, during the period was as follows:

	31 March 2018 No.	1 April 2017 No.
Full time	354	346
Part time	741	687
	1,095	1,033

9. Interest payable and similar expenses

	31 March 2018 £000	1 April 2017 £000
Interest payable to other group companies	2	33
Parent Company loan repayable within 5 years	262	259
Finance leases and hire purchase contracts	-	1
Other interest payable	53	-
	317	293

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

10. Taxation

	31 March 2018 £000	1 April 2017 £000
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Adjustment in respect of current period	(200)	220
Adjustment in respect of prior period	-	3
Total deferred tax	<u>(200)</u>	<u>223</u>
Taxation on (loss)/profit on ordinary activities	<u>(200)</u>	<u>223</u>

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	31 March 2018 £000	1 April 2017 £000
Profit on ordinary activities before tax	<u>(1,182)</u>	<u>(367)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	(225)	(73)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	44	52
Adjustments to tax charge in respect of prior periods	-	3
Group relief surrendered	138	-
Impact of deferred tax not recognised	(181)	123
Deferred tax rate change	24	118
Total tax charge for the period	<u>(200)</u>	<u>223</u>

Factors that may affect future tax charges

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

10. Taxation (continued)

A reduction in the UK corporation tax rate from 21% to 20% was effected on 1 April 2015. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the budget on 16 March 2016 and substantively enacted on 6 September 2016. Deferred tax at 1 April 2017 has been calculated based on these rates.

11. Exceptional items

	31 March 2018 £000	1 April 2017 £000
Release of lease incentive creditors	123	(1,703)
Other exceptional items	2	(159)
Staff restructuring	-	493
	<u>125</u>	<u>(1,369)</u>

During the 2016 financial year, the Company entered into a landlord-only Company Voluntary Arrangement ("CVA") which was approved by shareholders and creditors in March 2016. This provided the opportunity for Beales to occupy the affected properties at 30 per cent of the rent under the lease, including a 5 per cent buy-out of dilapidation liabilities, until 25 January 2017, during which time the Company or the landlord could choose to exit the leases. As part of this agreement, the Company was able to release a significant percentage of its lease incentive creditors and the associated credit is shown above.

At the same time, the Company also undertook a strategic restructure; the costs of which are shown in the table above.

On 25 January 2017, the Company exited the CVA which consequently led to the closure of several stores. This resulted in the release of several lease incentive creditors in the prior year.

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

12. Intangible assets

	Goodwill £000
Cost	
At 2 April 2017	860
At 31 March 2018	860
Amortisation	
At 2 April 2017	641
Charge for the year	35
At 31 March 2018	676
Net book value	
At 31 March 2018	184
At 1 April 2017	219

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

13. Tangible fixed assets

	Freehold property £000	Short Leasehold Property £000	Fixtures & fittings £000	Total £000
Cost or valuation				
At 2 April 2017	4,400	825	24,426	29,651
Additions	-	-	974	974
Disposals	(150)	(32)	-	(182)
At 31 March 2018	<u>4,250</u>	<u>793</u>	<u>25,400</u>	<u>30,443</u>
Depreciation				
At 2 April 2017	83	625	21,595	22,303
Charge for the period on owned assets	34	47	844	925
Disposals	(5)	(32)	-	(37)
At 31 March 2018	<u>112</u>	<u>640</u>	<u>22,439</u>	<u>23,191</u>
Net book value				
At 31 March 2018	<u>4,138</u>	<u>153</u>	<u>2,961</u>	<u>7,252</u>
At 1 April 2017	<u>4,317</u>	<u>200</u>	<u>2,831</u>	<u>7,348</u>

Cost or valuation at 31 March 2018 is as follows:

	Land and buildings £000
At cost	793
At valuation:	
1 November 2014	<u>4,250</u>
	<u><u>5,043</u></u>

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

13. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	31 March 2018 £000	1 April 2017 £000
Cost	4,033	4,113
Accumulated depreciation	(1,163)	(1,090)
Net book value	<u>2,870</u>	<u>3,023</u>

J E BEALE PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

14. Fixed asset investments

	Investments in subsidiary companies £000	Unlisted investments £000	Total £000
Cost or valuation			
At 2 April 2017	109	40	149
At 31 March 2018	109	40	149
Net book value			
At 31 March 2018	109	40	149
At 1 April 2017	109	40	149

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
J.E. Beale (Stores) Limited	Ordinary	100 %	Dormant
John Elmes Beale Trust Company Limited	Ordinary	100 %	Dormant
Grant-Warden Limited	Ordinary	100 %	Dormant
I M S Finance Limited	Ordinary	100 %	Dormant

The company's shareholding in IMS Finance is held indirectly via Grant-Warden Limited.

All subsidiary undertakings of the Company were incorporated in the United Kingdom. The registered address for all of the subsidiaries is: 36 Old Christchurch Road, Bournemouth, England, BH1 1LJ.

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

15. Stocks

	31 March 2018 £000	1 April 2017 £000
Finished goods for resale	9,442	10,482
	9,442	10,482

Stock recognised in cost of sales during the period as an expense was £23,704k (2017 - £27,184k).

Finished goods for resale are stated after deducting a stock ageing and loss provision of £1,142k (2017: £1,516k). All finished goods for resale are disclosed at the lower of cost and net realisable value. Stock having a carrying value of £9,442k (2017: £10,482k) secure banking facilities granted to the Group.

16. Debtors

	31 March 2018 £000	1 April 2017 £000
Other debtors	416	550
Prepayments and accrued income	873	705
	1,289	1,255

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

17. Creditors: Amounts falling due within one year

	31 March 2018 £000	1 April 2017 £000
Bank overdrafts	478	473
Group loans	7,500	7,500
Other loans	569	531
Trade creditors	6,659	6,287
Amounts owed to group undertakings	2,489	1,851
Other taxation and social security	495	437
Accruals and deferred income	2,904	3,990
	<u>21,094</u>	<u>21,069</u>

Interest is charged on Other loans quarterly in arrears at a rate of 4% per annum over the applicable LIBOR rate, increasing to 6% per annum over LIBOR in the event of a default. The directors view 4% over LIBOR as being market rate, based on all the terms of this loan. The average effective rate of interest on the loan during the year was approximately 4.25% (2017: 4.5%)

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

	31 March 2018 £000	1 April 2017 £000
Group loans	9,000	9,000
Other creditors	1,486	1,084
	<u>10,486</u>	<u>10,084</u>

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

19. Loans

Analysis of the maturity of loans is given below:

	31 March 2018 £000	1 April 2017 £000
Amounts falling due within one year		
Group loans	7,500	7,500
Other loans	569	531
	8,069	8,031
Amounts falling due 1-2 years		
Group loans	9,000	9,000
	9,000	9,000
	17,069	17,031

20. Deferred taxation

	2018 £000	2017 £000
At beginning of year	(405)	(339)
Charged to profit or loss	200	(223)
Charged to other comprehensive income	(200)	157
At end of year	(405)	(405)

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

20. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	31 March 2018 £000	1 April 2017 £000
Accelerated capital allowances	(200)	(171)
Short term timing differences	200	171
Capital gains/(losses)	405	405
	<u>405</u>	<u>405</u>

21. Share capital

	31 March 2018 £000	1 April 2017 £000
Allotted, called up and fully paid		
1,023,254 Ordinary shares of £1 each	1,023	1,023
141,960 Management shares of £0.05 each	7	7
	<u>1,030</u>	<u>1,030</u>

Management shares carry a fixed, non-cumulative dividend at the rate of 5% per annum. On winding up, holders are entitled to repayment in priority to ordinary shares. Management shares have one vote per share.

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

22. Reserves

Share premium account

The share premium account represents the excess over nominal value paid for equity.

Revaluation reserve

The revaluation reserve represents the excess of fixed asset valuation over cost. The revaluation reserve is shown net of deferred tax. The Company freeholds held were revalued at 1 November 2014.

Capital redemption reserve

The capital redemption reserve results from a previous purchase and cancellation of shares in 1983.

Profit & loss account

The retained earnings represent the Company's accumulated undistributed earnings.

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

23. Pension commitments

The Company operates a Group Personal Pension plan, set up with Scottish Widows and the People's Pension. Company contributions to this plan in the twelve months to 31 March 2018 totalled £162k (2017: £180k). The amount owed at the year end was £nil (2017: £nil).

The Company operates two defined benefit pension schemes.

The two schemes, the Beales Pension Scheme and the Denners Pension Scheme, are for current and former employees. The assets of the plans are held in separate trustee administered funds and are independent of the Company's finances.

The defined benefit plans expose the Company to a number of risks, such as longevity, investment risk, interest rate risk and inflation risk.

The Company contributes to the plans in accordance with the rules of the plans and the recommendations of independent actuarial advisors, approved by the trustees and agreed by them with the Company.

The estimated amount of contributions paid to the Beales and Denners plans during the twelve month period to 31 March 2018 in respect of final salary benefits is £545k (2017: £500k). As at 31 March 2018 there is a contribution creditor within the defined benefit plans of £41k (2017: £41k).

The pension information below is a combination of both the Beales Pension Scheme and the Denners Pension Scheme due to the similarity in the profiles of the 2 schemes. As at 31 March 2018 the Beales Pension Scheme had a surplus of £1,951k (2017: £435k) and the Denners Pension Scheme had a surplus of £830k (2017: £791k). The Beales and Denners pensions schemes' surpluses are treated as an asset, as on wind up of any pension scheme, either surplus is repayable to the Company.

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

23. Pension commitments (continued)

Company Defined Benefit Pension Scheme

The Company operates a Defined Benefit Pension Scheme.

Beales Pension Scheme

The defined benefit section to the Beales Pension Scheme was closed to new entrants on 6 April 1997 and was closed to further accrual on 30 April 2009. The scheme provides pension benefits based on final salary at retirement or leaving.

The most recent triennial valuation of the Beales Pension Scheme for funding purposes was performed as at 31 October 2016 and showed a funding deficit of £7.85m. The Company will monitor funding levels annually and the funding schedule will be reviewed between the Company and the trustees every three years, taking account of actuarial valuations.

Denners Pension Scheme

The Denners Pension Scheme was closed to accrual of benefits on 30 June 1999.

The most recent triennial valuation of the Denners Pension Scheme for funding purposes was performed as at 1 November 2014 and showed a funding surplus. The valuation as at October 2017 is in the process of being finalised. The Company will monitor funding levels annually and the funding schedule will be reviewed between the Company and the trustees every three years, taking account of actuarial valuations. The next triennial valuation is due as at October 2017.

The results of the last formal actuarial valuations were updated to the accounting date by an independent qualified actuary in accordance with FRS 102. As required by FRS 102, the value of the defined benefit obligation and current service cost has been measured using the Projected Unit Credit Method.

Composition of plan liabilities:

	31 March 2018 £000	1 April 2017 £000
Value of scheme liabilities	(49,519)	(51,992)
Total plan liabilities	<u>(49,519)</u>	<u>(51,992)</u>

Composition of plan assets:

	31 March 2018 £000	1 April 2017 £000
Value of scheme assets	52,300	53,218
Total plan assets	<u>52,300</u>	<u>53,218</u>

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

23. Pension commitments (continued)

	31 March 2018 £000	1 April 2017 £000
Pension asset	2,781	1,226
Net pension scheme asset	2,781	1,226

The amounts recognised in profit or loss are as follows:

	31 March 2018 £000	1 April 2017 £000
Interest expense	(1,272)	(1,570)
Interest income	1,307	1,634
Losses on curtailments and settlements	(173)	(231)
Total	(138)	(167)

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

23. Pension commitments (continued)

Reconciliation of fair value of plan liabilities were as follow:

	31 March 2018 £000	1 April 2017 £000
Opening defined benefit obligation	(51,992)	(45,029)
Interest cost	(1,272)	(1,570)
Effect of change in demographic assumptions	339	1,323
Effect of change in financial assumptions	1,071	(8,975)
Effect of change in experience adjustments	137	(620)
Benefits paid	2,198	2,879
Closing defined benefit obligation	<u>(49,519)</u>	<u>(51,992)</u>

Reconciliation of fair value of plan assets were as follows:

	31 March 2018 £000	1 April 2017 £000
Opening fair value of scheme assets	53,218	46,670
Interest income on plan assets	1,307	1,634
Administrative expenses	(203)	(231)
Contributions by employer	545	500
Return on plan assets	(336)	7,479
(Decrease)/increase in secured pensioners value due to scheme experience	(33)	45
Benefits paid	(2,198)	(2,879)
	<u>52,300</u>	<u>53,218</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £1,178k (2017 - £748k).

The Company expects to contribute £490k to its Defined Benefit Pension Scheme in 2019.

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

23. Pension commitments (continued)

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2018	2017
	%	%
Discount rate	2.65	2.5
Future salary increases	1.9	2.1
Consumer Prices Index (CPI) inflation	1.9	2.1
Retail Prices Index (RPI) inflation	2.95	3.1
Mortality rates (years)		
- for a male aged 65 now	22.9	22.9
- at 65 for a male aged 50 now	23.8	23.8
- for a female aged 65 now	24.6	24.6
- at 65 for a female member aged 50 now	25.7	25.7

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2018	2017
	£000	£000
Defined benefit obligation	(49,519)	(51,992)
Scheme assets	52,300	53,218
Surplus	2,781	1,226

J E BEALE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

24. Commitments under operating leases

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	31 March 2018 £000	1 April 2017 £000
Not later than 1 year	3,286	3,390
Later than 1 year and not later than 5 years	13,541	13,505
Later than 5 years	27,536	30,962
	44,363	47,857

25. Related party transactions

The company rents premises from entities of common control, these entities own 12 (2017: 11) of the freeholds where the company is a tenant. Rent paid during the period totalled £896k (2017: £816k). The company also made purchases from those entities during the period totalling £448k (2017: £407k). At the year end there was a balance owing of £1,061k (2017: 671k).

The company has an ongoing loan agreement with third party Pension Funds related through common control. At the year end the balance outstanding on this loan was £569k (2017: £531). Interest of £38k (2017: £33k) was payable and the company repaid £nil (2017: 344k) of the loan during the period

26. Controlling party

The Company's immediate parent company is Beale Limited. The consolidated financial statements can be obtained from 36 Old Christchurch Road, Bournemouth, England, BH1 1LJ.

The Directors consider Portnard Limited to be the ultimate parent company. There is no one controlling party.