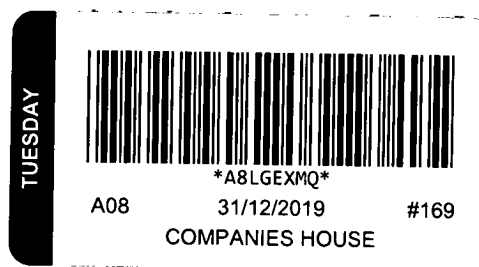

BERKMANN FAMILY HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



BERKMANN FAMILY HOLDINGS LIMITED

COMPANY INFORMATION

Directors	J K Berkmann - Chairman R A Berkmann P Haidacher E Smolinska Berkmann C Berkmann (appointed 24 May 2019)
Company secretary	N R Vimala-Raj
Registered number	00790103
Registered office	10-12 Brewery Road London N7 9NH
Independent auditors	Nexia Smith & Williamson Chartered Accountants & Statutory Auditor Portwall Place Portwall Lane Bristol BS1 6NA
Bankers	HSBC Bank plc 2nd Floor, Space One 1 Beadon Road Hammersmith London
Solicitors	Ingram Winter Green Bedford House 21A John Street London WC1N 2BF

BERKMANN FAMILY HOLDINGS LIMITED

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BERKMANN FAMILY HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their report and the financial statements for the year ended 31 March 2019.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £1,112,447 (2018 - £1,506,733).

A dividend of £216,000 (2018 - £216,000) was paid in the year.

Future developments

The Berkmann Family Holdings Group is committed to continuing to deliver a high quality service offering to its customers and investing in its staff and assets to ensure that this is achieved.

Directors

The Directors who served during the year were:

J K Berkmann - Chairman
R A Berkmann
P Haidacher
E Smolinska Berkmann

Directors' responsibilities statement

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

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

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

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

BERKMANN FAMILY HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Disclosure of Information to auditors

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

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

This information is given and should be interpreted in accordance with the provision of section 418 of the Companies Act 2006.

Auditors

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



R A Berkmann
Director

Date: 6/12/19

BERKMANN FAMILY HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Berkmann Wine Cellars is the largest family-owned and family-run wine importer in the UK. Selling wine to restaurants since 1964 with an expertise that has grown organically alongside its outstanding portfolio, the organisation provides support, advice and bespoke training to help restaurant, hotels and bars provide an unbeatable wine experience for their customers. By combining national buying power with local knowledge, Berkmann delivers competitive prices and unrivalled service across every region of the UK.

From our origins in the restaurant business, our scale and reach extends across all trade channels, bringing Berkmann service and on-trade flair into the retail environment. Berkmann is consistent in its approach to both the customers we supply and the producers we represent: to foster proactive, long-term partnerships and create sustainable mutual success.

Business review

The UK wine market is a challenging environment at best. Last year was particularly obstinate, with a deferred Brexit fuelling business uncertainty and a weakened pound. The suppressed economic growth forecasts impacted our core customer base, the on-trade, with fewer consumers dining out and significant cost increases impacting on staff and investment.

As part of our Brexit strategy the company instigated various measures to ensure stability of supply and continuity of pricing to our customers. We increased our stock holding by £4m and entered into several currency contracts to hedge our currency exposure. Despite the adverse market conditions we grew sales by 8% to £76m. By maintaining a focus on quality, service levels and delivering value, Berkmann has carved out a significant point of difference vs its competitor set. By continuing to invest in talent as well as a new ERP system, Berkmann has made significant strides to futureproof its infrastructure and improve its ability to offer added value, whilst meeting any future challenges the evolving market presents.

Two accounting adjustments affected our reported pre-tax profit figure this year. At year-end, we had to book a fair value loss of £254,089 on open currency contracts. Since the year-end, these currency contracts have so far performed better than their book value. Secondly, after a successful En Primeur campaign, the company deferred gross profit of £282,393 into next year in relation to sales agreed, but not delivered at 31 March 2019.

Principal risks and uncertainties

The execution of the group's strategies is subject to a number of risks including competition, stock availability, foreign exchange movements, employee retention and the challenging economic conditions.

Key performance indicators

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business, other than those disclosed above.

Financial risk management objectives and policies

The financial risk management objectives of the group are set by the board of directors with a view to minimising its exposure to price risk, credit risk, liquidity risk and cash flow risk. The use of forward foreign exchange contracts is considered to mitigate risks, subject to strict control of exposures.

This report was approved by the board on

6/12/19

and signed on its behalf.



B.A. Berkmann
Director

BERKMANN FAMILY HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BERKMANN FAMILY HOLDINGS LIMITED

Opinion

We have audited the financial statements of Berkmann Family Holdings Limited (the 'company') for the year ended 31 March 2019 which comprise the Group Statement of other comprehensive income, Group and Company Balance sheets, Group and Company Statement of changes in equity, Group Statement of cash flows 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 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

BERKMANN FAMILY HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BERKMANN FAMILY HOLDINGS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Directors' 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 their 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 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 1, 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.

BERKMANN FAMILY HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BERKMANN FAMILY HOLDINGS LIMITED (CONTINUED)

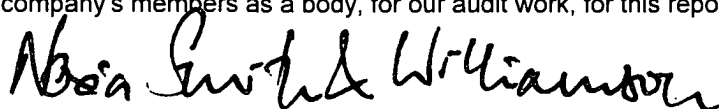
Auditor's responsibilities for the audit of the financial statements

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.



Carl Deane (Senior statutory auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants & Statutory Auditor

Portwall Place

Portwall Lane

Bristol

BS1 6NA

Date: 11/12/19

BERKMANN FAMILY HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Turnover	3	76,337,029	70,569,507
Cost of sales		(61,458,935)	(56,719,823)
Gross profit		14,878,094	13,849,684
Administrative expenses		(13,457,940)	(11,933,483)
Operating profit	4	1,420,154	1,916,201
Interest payable and expenses	7	(23,596)	(26,803)
Profit before taxation		1,396,558	1,889,398
Tax on profit	8	(265,880)	(350,640)
Profit and total comprehensive income for the financial year		1,130,678	1,538,758
Profit for the year attributable to:			
Non-controlling interests		18,231	32,025
Owners of the parent Company		1,112,447	1,506,733
		1,130,678	1,538,758

The notes on pages 14 to 31 form part of these financial statements.

BERKMANN FAMILY HOLDINGS LIMITED
REGISTERED NUMBER: 00790103

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	9	29,579	25,957
Tangible assets	10	4,496,776	4,412,550
Investments	11	250,000	250,000
		<u>4,776,355</u>	<u>4,688,507</u>
Current assets			
Stocks	12	14,295,052	10,282,902
Debtors: amounts falling due within one year	13	16,388,285	13,444,795
Cash at bank and in hand	14	618,398	441,327
		<u>31,301,735</u>	<u>24,169,024</u>
Creditors: amounts falling due within one year	15	(23,550,511)	(17,117,616)
Net current assets		<u>7,751,224</u>	<u>7,051,408</u>
Total assets less current liabilities		<u>12,527,579</u>	<u>11,739,915</u>
Creditors: amounts falling due after more than one year	16	(991,550)	(1,113,750)
Provisions for liabilities			
Deferred taxation	18	(110,097)	(79,911)
Net assets		<u>11,425,932</u>	<u>10,546,254</u>
Capital and reserves			
Called up share capital	19	1,000,000	1,000,000
Other reserves	20	147,936	147,936
Profit and loss account	20	10,081,046	9,164,037
Equity attributable to owners of the parent Company		<u>11,228,982</u>	<u>10,311,973</u>
Non-controlling interests		196,950	234,281
		<u>11,425,932</u>	<u>10,546,254</u>

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


R A Berkmann
 Director

6/12/19

The notes on pages 14 to 31 form part of these financial statements.

BERKMANN FAMILY HOLDINGS LIMITED
REGISTERED NUMBER: 00790103

COMPANY BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	10	52,042	52,042
Investments	11	2,711,481	2,676,481
		<u>2,763,523</u>	<u>2,728,523</u>
Creditors: amounts falling due within one year	15	(1,000,644)	(965,644)
Net current liabilities		<u>(1,000,644)</u>	<u>(965,644)</u>
Total assets less current liabilities		<u>1,762,879</u>	<u>1,762,879</u>
Net assets		<u>1,762,879</u>	<u>1,762,879</u>
Capital and reserves			
Called up share capital	19	1,000,000	1,000,000
Other reserves	20	210,490	210,490
Profit and loss account	20	552,389	552,389
		<u>1,762,879</u>	<u>1,762,879</u>

The profit after tax of the parent company for the year was £212,500 (2018: £211,500).

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


R. A. Berkmann
 Director

6/12/19

The notes on pages 14 to 31 form part of these financial statements.

BERKMANN FAMILY HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital £	Other reserves £	Profit and loss account £	Equity attributable to owners of parent Company £	Non- controlling interests £	Total equity £
At 1 April 2017	1,000,000	147,936	7,868,804	9,016,740	206,756	9,223,496
Profit for the year	-	-	1,506,733	1,506,733	32,025	1,538,758
Dividends: Equity capital	-	-	(211,500)	(211,500)	(4,500)	(216,000)
At 1 April 2018	1,000,000	147,936	9,164,037	10,311,973	234,281	10,546,254
Profit for the year	-	-	1,112,447	1,112,447	18,231	1,130,678
Purchase of non-controlling interest	-	-	17,062	17,062	(52,062)	(35,000)
Dividends: Equity capital	-	-	(212,500)	(212,500)	(3,500)	(216,000)
At 31 March 2019	1,000,000	147,936	10,081,046	11,228,982	196,950	11,425,932

The notes on pages 14 to 31 form part of these financial statements.

BERKMANN FAMILY HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
At 1 April 2017	1,000,000	210,490	552,389	1,762,879
Profit for the year	-	-	211,500	211,500
Dividends: Equity capital	-	-	(211,500)	(211,500)
At 1 April 2018	1,000,000	210,490	552,389	1,762,879
Profit for the year	-	-	212,500	212,500
Dividends: Equity capital	-	-	(212,500)	(212,500)
At 31 March 2019	1,000,000	210,490	552,389	1,762,879

The notes on pages 14 to 31 form part of these financial statements.

BERKMANN FAMILY HOLDINGS LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2019**

	At 1 April 2018 £	Cash flows £	At 31 March 2019 £
Cash at bank and in hand	441,327	177,071	618,398
Bank overdrafts	(6,212,983)	(1,170,286)	(7,383,269)
Debt due after 1 year	(1,113,750)	122,200	(991,550)
Debt due within 1 year	(165,000)	-	(165,000)
	<u>(7,050,406)</u>	<u>(871,015)</u>	<u>(7,921,421)</u>

The notes on pages 14 to 31 form part of these financial statements.

BERKMANN FAMILY HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	1,112,447	1,538,758
Adjustments for:		
Amortisation of intangible assets	(757)	6,626
Depreciation of tangible assets	187,927	152,901
Loss on disposal of tangible assets	-	11,996
Interest paid	23,596	26,803
Taxation charge	265,880	350,640
Increase in stocks	(4,012,150)	(483,666)
Increase in debtors	(2,927,572)	(1,169,218)
Increase in creditors	5,129,639	163,690
Net fair value losses recognised in P&L	254,089	-
Corporation tax paid	(354,500)	(481,567)
Net cash (used in)/generated from operating activities	(321,401)	116,963
Cash flows from investing activities		
Purchase of intangible fixed assets	(2,865)	-
Purchase of tangible fixed assets	(272,153)	(224,629)
Purchase of non-controlling interest	(35,000)	-
Net cash from investing activities	(310,018)	(224,629)
Cash flows from financing activities		
Repayment of loans	(122,200)	(165,000)
Dividends paid	(212,500)	(211,500)
Non controlling interest dividends paid	(3,500)	(4,500)
Interest paid	(23,596)	(26,803)
Net cash used in financing activities	(361,796)	(407,803)
Net decrease in cash and cash equivalents	(993,215)	(515,469)
Cash and cash equivalents at beginning of year	(5,771,656)	(5,256,187)
Cash and cash equivalents at the end of year	(6,764,871)	(5,771,656)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	618,398	441,327
Bank overdrafts	(7,383,269)	(6,212,983)

BERKMANN FAMILY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies

1.1 Basis of preparation of financial statements

Berkmann Family Holdings Limited is a private limited company incorporated in England and Wales. The address of the registered office is 10-12 Brewery Road, London, N7 9NH.

The financial statements have been prepared under the historical cost convention 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.

1.2 Basis of consolidation

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

The results of subsidiary Berkmann Wine Cellars Do Brasil Ltda are immaterial to the group and therefore have not been included in the consolidation.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 Intangible assets

Goodwill arising on company acquisitions made after 1 January 1998 is capitalised and amortised over its estimated useful life of up to 20 years.

Negative goodwill arising on the acquisition of Churchill Vintners Limited relates to the surplus of the fair value of assets acquired in excess of the purchase price. Negative goodwill is amortised through the Consolidated Statement of Comprehensive Income over its estimated useful economic life as defined above.

Trademarks are stated at cost and amortised in equal annual instalments over their estimated useful economic lives of 10 years.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	- over term of lease
Plant and equipment	- 10-25% straight line
Fixtures, fittings and office equipment	- 10% straight line

Works of art are not being depreciated in the financial statements. In the opinion of the directors, the useful economic life of these assets is so long that any depreciation charge would be insignificant. Regular impairment reviews are carried out on these assets and should any impairment in value occur, full provision will be made in the financial statements.

BERKMANN FAMILY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

1.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted 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 Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Cost represents purchase cost, inclusive of import duties, freight and handling charges where appropriate.

1.7 Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the company/group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company/group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and an invoice financing facility which is an integral part of the company/group's cash management.

Where material, derivative financial instruments are classified as other financial instruments. They are measured at fair value on initial recognition and at the end of each reporting period, with changes in fair value recognised in profit or loss.

Financial liabilities and equity instruments issued by the company/group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company/group after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

1.8 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

BERKMANN FAMILY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. Accounting policies (continued)

1.9 Finance costs

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

1.10 Dividends

Equity dividends are recognised when they become legally payable.

1.11 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

1.12 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

1.13 Provisions for liabilities

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

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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 Balance sheet.

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

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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 Balance sheet. Provisions are recognised within accruals.

BERKMANN FAMILY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

1.14 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet 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 balance sheet date.

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

The preparation of the Accounts in conformity with FRS 102 requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. The areas where the most judgement is required are highlighted below:

Impairment of Assets

Property, plant and equipment are reviewed for impairment where events or changes in circumstance indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations driven by assumptions and estimates surrounding future performance.

Stock Valuation

Stock is valued at the lower of cost and net realisable value. Where stock is considered to be impaired, it is written down to net realisable value which requires management to make an assessment of the projected retail value of that item together with the costs expected to be incurred in achieving the sale.

Debtor Valuation

Trade debtors are assessed periodically by management for recoverability. Where a debtor balance is not considered recoverable in full, an estimate of the projected recovery is required.

BERKMANN FAMILY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. Turnover

The whole of the turnover is attributable to the principal activity of the group.

Revenue due from En Primeur Sales to customers is recognised when the wine is made available to the customer. If this is in the subsequent year, the revenue is treated as deferred income on the balance sheet and the associated cost is accounted for as a supplier prepayment. At the point of availability, these balances are released to the profit and loss account.

In the directors' opinion, disclosure of the geographical analysis of turnover would be prejudicial to the group's interests and has therefore been omitted.

4. Operating profit

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation - tangible fixed assets	187,927	152,901
Amortisation - intangible fixed assets	(757)	8,753
Difference on foreign exchange	(112,095)	(304,199)
Auditors' remuneration	33,400	31,800
Auditors' remuneration - non-audit	13,985	14,580
Operating lease payments:		
- Vehicles	451,473	447,261
- other	38,084	40,641
- land & buildings	355,060	417,614

The difference on foreign exchange presented above includes a fair value loss of £254,089 on open forward exchange contracts at 31 March 2019.

BERKMANN FAMILY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

5. Employees

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

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Wages and salaries	8,174,278	7,792,967	-	-
Social security costs	730,620	756,788	-	-
Cost of defined contribution scheme	283,986	255,633	-	-
	<u>9,188,884</u>	<u>8,805,388</u>	<u>-</u>	<u>-</u>

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

	2019 No.	<i>2018 No.</i>
Sales and distribution	<u>197</u>	<u>205</u>

The Company has no employees other than the Directors, who did not receive any remuneration (2018 - £NIL) from the Company.

6. Directors' remuneration

	2019 £	<i>2018 £</i>
Directors' emoluments	709,878	508,004
Company contributions to defined contribution pension schemes	-	674
	<u>709,878</u>	<u>508,678</u>

The highest paid Director received remuneration of £316,130 (2018 - £195,255).

During the year, key management personnel received compensation, including social security and pension contributions of £1,936,953 (2018 - £1,647,213).

BERKMANN FAMILY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

7. Interest payable

	2019 £	2018 £
Bank interest payable	23,596	26,803

8. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	235,694	331,484
Adjustments in respect of previous periods	-	(4,652)
Total current tax	235,694	326,832
Deferred tax		
Origination and reversal of timing differences	31,886	24,305
Changes to tax rates	(1,700)	(497)
Total deferred tax	30,186	23,808
Taxation on profit on ordinary activities	265,880	350,640

BERKMANN FAMILY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (*2018 - lower than*) the standard rate of corporation tax in the UK of 19% (*2018 - 19%*). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,396,558</u>	<u>1,889,398</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (<i>2018 - 19%</i>)	265,346	358,986
Effects of:		
Expenses not deductible for tax purposes	15,721	10,020
Fixed asset differences	(11,662)	(10,331)
Other differences leading to a decrease in the tax charge	(3,525)	(8,035)
Total tax charge for the year	<u>265,880</u>	<u>350,640</u>

Factors that may affect future tax charges

Finance Act 2016, which received Royal Assent on 15 September 2016, includes legislation to reduce the main rate of corporation tax from 19% to 17% from 1 April 2020. Accordingly, deferred tax has been calculated at the tax rate of 17%.

BERKMANN FAMILY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

9. Intangible assets

Group

	Patents £	Goodwill £	Negative goodwill £	Total £
Cost				
At 1 April 2018	81,985	833,740	(88,040)	827,685
Additions	2,865	-	-	2,865
At 31 March 2019	<u>84,850</u>	<u>833,740</u>	<u>(88,040)</u>	<u>830,550</u>
Amortisation				
At 1 April 2018	50,488	833,740	(82,500)	801,728
Charge for the year	4,783	-	(5,540)	(757)
At 31 March 2019	<u>55,271</u>	<u>833,740</u>	<u>(88,040)</u>	<u>800,971</u>
Net book value				
At 31 March 2019	<u><u>29,579</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>29,579</u></u>
At 31 March 2018	<u><u>31,497</u></u>	<u><u>-</u></u>	<u><u>(5,540)</u></u>	<u><u>25,957</u></u>

BERKMANN FAMILY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

10. Tangible fixed assets

Group

	L/Term Leasehold Property £	Plant & machinery £	Furniture, fittings and office equipment £	Works of art £	Total £
Cost or valuation					
At 1 April 2018	3,799,758	795,541	157,910	105,542	4,858,751
Additions	-	160,717	105,436	6,000	272,153
At 31 March 2019	3,799,758	956,258	263,346	111,542	5,130,904
Depreciation					
At 1 April 2018	152,669	230,460	63,072	-	446,201
Charge for the year on owned assets	67,853	105,382	14,692	-	187,927
At 31 March 2019	220,522	335,842	77,764	-	634,128
Net book value					
At 31 March 2019	3,579,236	620,416	185,582	111,542	4,496,776
At 31 March 2018	3,647,089	565,081	94,838	105,542	4,412,550

BERKMANN FAMILY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

10. Tangible fixed assets (continued)

Company

	Works of art £
Cost and net book value	
At 1 April 2018	52,042
At 31 March 2019	52,042
Net book value	
At 31 March 2019	52,042
At 31 March 2018	52,042

11. Investments

Group

	Unlisted investments £
Cost or valuation	
At 1 April 2018	250,000
At 31 March 2019	250,000

BERKMANN FAMILY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

11. Investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2018	2,676,481
Additions	35,000
At 31 March 2019	<u>2,711,481</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares
Berkmann Wine Cellars Limited	Wine merchant and importer	Ordinary
T.M. Robertson & Son Limited	Dormant	Ordinary
Churchill Vintners Limited	Dormant	Ordinary
Spirit Cartel Limited	Dormant	Ordinary
Berkmann Wine Cellars Do Brasil Ltda	Wine merchant and importer	Ordinary

The aggregate of the share capital and reserves as at 31 March 2019 and the profit or loss for the year ended on that date for the subsidiary undertaking not subject to consolidation were as follows:

Name	Aggregate of share capital and reserves	Loss
Berkmann Wine Cellars Do Brasil Ltda	<u>(186,349)</u>	<u>(289,647)</u>

12. Stocks

	Group 2019 £	Group 2018 £
Goods for resale	<u>14,295,052</u>	<u>10,282,902</u>

BERKMANN FAMILY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

13. Debtors

	Group 2019 £	Group 2018 £
Trade debtors	12,903,340	11,572,830
Amounts owed by group undertakings	1,292,066	924,962
Other debtors	1,118,804	569,876
Prepayments and accrued income	1,074,075	377,127
	<u>16,388,285</u>	<u>13,444,795</u>

14. Cash and cash equivalents

	Group 2019 £	Group 2018 £
Cash at bank and in hand	618,398	441,327
Less: bank overdrafts	(7,383,269)	(6,212,983)
	<u>(6,764,871)</u>	<u>(5,771,656)</u>

BERKMANN FAMILY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

15. Creditors: Amounts falling due within one year

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Bank overdrafts	7,383,269	6,212,983	-	-
Bank loans	165,000	165,000	-	-
Trade creditors	11,841,429	7,490,030	-	-
Amounts owed to group undertakings	-	-	1,000,644	965,644
Corporation tax	44,204	163,010	-	-
Other taxation and social security	1,220,896	1,280,615	-	-
Other creditors	1,415	122,479	-	-
Accruals and deferred income	2,640,209	1,683,499	-	-
Financial instruments	254,089	-	-	-
	<u>23,550,511</u>	<u>17,117,616</u>	<u>1,000,644</u>	<u>965,644</u>

Bank loans and overdrafts are secured by fixed and floating charges over all assets of the group, a legal assignment of contract monies and a legal mortgage over the long term leasehold property.

The group was party to 4 (2018 - 12) forward exchange rate contracts at the year end. The fair value of these contracts at 31 March 2019 has been determined by the bank using a Monte Carlo valuation model and totalled £254,089 (2018 - £nil).

16. Loans

An analysis of the maturity of loans is given below:

	Group 2019 £	<i>Group 2018 £</i>
Amounts falling due within one year		
Bank loans	165,000	165,000
Amounts falling due 1-2 years		
Bank loans	991,550	1,113,750
	<u>1,156,550</u>	<u>1,278,750</u>

BERKMANN FAMILY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

17. Financial instruments

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Financial assets				
Financial assets measured at fair value through profit or loss	868,398	691,327	-	-
Financial assets that are debt instruments measured at amortised cost	15,314,210	13,067,668	-	-
	<u>16,182,608</u>	<u>13,758,995</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Derivative financial instruments measured at fair value through profit or loss	(254,089)	-	-	-
Financial liabilities measured at amortised cost	(22,236,216)	(16,787,741)	(1,000,644)	(965,644)
	<u>(22,490,305)</u>	<u>(16,787,741)</u>	<u>(1,000,644)</u>	<u>(965,644)</u>

18. Deferred taxation

Group

	2019 £	<i>2018 £</i>
At beginning of year	(79,911)	(56,103)
Charge for the year	(30,186)	(23,808)
At end of year	<u>(110,097)</u>	<u>(79,911)</u>

The provision for deferred taxation is made up as follows:

	Group 2019 £	<i>Group 2018 £</i>
Fixed asset differences	(115,374)	(83,488)
Short term timing differences	5,277	3,577
	<u>(110,097)</u>	<u>(79,911)</u>

BERKMANN FAMILY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,000,000 (2018 - 1,000,000) Ordinary shares of £1.00 each	<u>1,000,000</u>	<u>1,000,000</u>

20. Reserves

Other reserves

Other reserves relates to goodwill previously accounted for in reserves.

Profit & loss account

This reserve represents accumulated profit and losses less amounts distributed to shareholders or capitalised via a bonus issue of shares in the prior year.

21. Contingent liabilities

The group has a guarantee in favour of HM Customs and Excise which varies according to seasonal requirements. At 31 March 2019 this guarantee stood at £3,194,000 (2018 - £3,194,000).

22. Pension commitments

The pension cost charge represents contributions payable by the group to the fund and amounted to £283,986 (2018 - £255,633). Contributions totalling £47,846 (2018 - £44,394) were payable to the fund at the Balance Sheet date.

BERKMANN FAMILY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

23. Commitments under operating leases

At 31 March 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Land and building		
Not later than 1 year	160,500	209,263
Later than 1 year and not later than 5 years	452,250	497,625
Later than 5 years	5,189,250	5,300,250
	5,802,000	6,007,138
	Group 2019 £	Group 2018 £
Other		
Not later than 1 year	391,172	401,911
Later than 1 year and not later than 5 years	323,607	204,906
	714,779	606,817

The company had no commitments under operating leases at year end

BERKMANN FAMILY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

24. Related party transactions

Group

At 31 March 2019, £391,244 (2018: £NIL) was due from Latin American Rum Traders SA, the ultimate parent company, in respect of a loans advanced. Interest of £1,244 was charged on this loan during the year.

During the year ended 31 March 2019, sales of £362,544 (2018: £661,742) were made to companies related to the Group via common directorships. At 31 March 2019, the company was owed £44,959 (2018: £146,663) by these companies.

During the year ended 31 March 2019, £367,104 (2018: £315,208) of sales were made to Berkmann Wine Cellars Do Brasil Ltda. At the year end £1,292,066 (2018: £924,962) was owed to the group in respect of these transactions.

At 31 March 2019, £211,190 (2018: £88,496) was due from directors of the Holding company in respect of short term loans and expenses incurred by this company on the directors' behalf. Interest of £1,934 (2018: £NIL) was charged on these balances during the year.

Company

At 31 March 2019, the company owed £1,000,644 (2018: £965,644) to Berkmann Wine Cellars Limited in respect of monies paid on its behalf.

25. Controlling party

The ultimate parent company is Latin American Rum Traders SA, a company incorporated in Panama. Accounts for the ultimate parent company are not available.

Joseph Berkmann is the ultimate controlling party.