
BERKMANN WINE CELLARS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



BERKMANN WINE CELLARS LIMITED

COMPANY INFORMATION

Directors	J K Berkmann - Founder President R A Berkmann - Managing Director W P Lowe - Chairman N R Vimala-Raj - Finance Director M Canard D Chagela A J Hunt C E Marshall B Richard E W J Martin F J McGuire (appointed 1 November 2019)
Company secretary	S J Clark
Registered number	02190816
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 WX1N 2BF

BERKMANN WINE CELLARS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Strategic report	3
Independent auditors' report	4 - 6
Statement of income and retained earnings	7
Balance sheet	8
Statement of cash flows	9
Analysis of net debt	10
Notes to the financial statements	11 - 27

BERKMANN WINE CELLARS 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 for the year and dividends

The profit for the year, after taxation, amounted to £1,001,449 (2018 - £1,416,532).

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

Directors

The Directors who served during the year were:

J K Berkmann - Founder President
R A Berkmann - Managing Director
W P Lowe - Chairman
N R Vimala-Raj - Finance Director
M Canard
D Changela
A J Hunt
C E Marshall
B Richard
E W J Martin

Directors' responsibilities statement

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 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 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.

BERKMANN WINE CELLARS 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'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

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 on

6/12/19

and signed on its behalf.


.....
R. A. Berkmann - Managing Director
Director

BERKMANN WINE CELLARS LIMITED

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.

Key performance indicators

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

Principal risks and uncertainties

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

Financial risk management objectives and policies

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

This report was approved by the board on

6/12/19

and signed on its behalf.



R A Berkmann
Director

BERKMANN WINE CELLARS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERKMANN WINE CELLARS LIMITED

Opinion

We have audited the financial statements of Berkmann Wine Cellars Limited (the 'company') for the year ended 31 March 2019 which comprise the Statement of income and retained earnings, Balance sheet, 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 its 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 WINE CELLARS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERKMANN WINE CELLARS 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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters 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 WINE CELLARS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERKMANN WINE CELLARS LIMITED
(CONTINUED)**

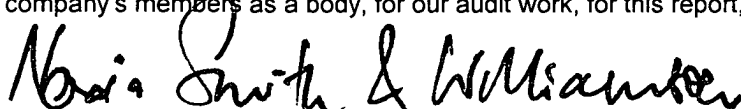
Auditor's responsibilities for the audit of the financial statements

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 WINE CELLARS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
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		(13,587,169)	(12,055,709)
Operating profit	4	1,290,925	1,793,975
Interest payable and expenses	7	(23,596)	(26,803)
Profit before tax		1,267,329	1,767,172
Tax on profit	8	(265,880)	(350,640)
Profit after tax		1,001,449	1,416,532
Retained earnings at the beginning of the year		9,359,620	8,159,088
Profit for the year		1,001,449	1,416,532
Dividends declared and paid		(216,000)	(216,000)
Retained earnings at the end of the year		10,145,069	9,359,620

The notes on pages 11 to 27 form part of these financial statements.

BERKMANN WINE CELLARS LIMITED
REGISTERED NUMBER: 02190816

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible fixed assets	10	895,397	1,021,004
Tangible fixed assets	11	4,444,734	4,360,508
Investments	12	250,003	250,003
		<u>5,590,134</u>	<u>5,631,515</u>
Current assets			
Stocks	13	14,295,052	10,282,902
Debtors: amounts falling due within one year	14	17,065,956	14,087,466
Cash at bank and in hand	15	618,398	441,327
		<u>31,979,406</u>	<u>24,811,695</u>
Creditors: amounts falling due within one year	16	(23,562,824)	(17,129,929)
Net current assets		<u>8,416,582</u>	<u>7,681,766</u>
Total assets less current liabilities		<u>14,006,716</u>	<u>13,313,281</u>
Creditors: amounts falling due after more than one year		(991,550)	(1,113,750)
Provisions for liabilities			
Deferred tax	18	(110,097)	(79,911)
Net assets		<u><u>12,905,069</u></u>	<u><u>12,119,620</u></u>
Capital and reserves			
Called up share capital	19	2,160,000	2,160,000
Share premium account	20	100,000	100,000
Other reserves	20	500,000	500,000
Profit and loss account	20	10,145,069	9,359,620
		<u><u>12,905,069</u></u>	<u><u>12,119,620</u></u>

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


R A Berkmann - Managing Director
 Director

 6/12/19
N R Vimala-Raj - Finance Director
 Director

The notes on pages 11 to 27 form part of these financial statements.

BERKMANN WINE CELLARS LIMITED

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

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	1,001,449	1,416,532
Adjustments for:		
Amortisation of intangible assets	128,472	130,979
Depreciation of tangible assets	187,927	152,899
Loss on disposal of tangible assets	-	11,998
Interest paid	23,596	26,803
Taxation charge	265,880	350,640
Increase in stocks	(4,012,150)	(483,666)
Increase in debtors	(2,980,803)	(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	(356,401)	119,090
Cash flows from investing activities		
Purchase of intangible fixed assets	(2,865)	(2,127)
Purchase of tangible fixed assets	(272,153)	(224,629)
Net cash from investing activities	(275,018)	(226,756)
Cash flows from financing activities		
Repayment of loans	(122,200)	(165,000)
Dividends paid	(216,000)	(216,000)
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 WINE CELLARS LIMITED

**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 11 to 27 form part of these financial statements.

BERKMANN WINE CELLARS 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 Wine Cellars 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 in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The directors continue to be confident that the company has adequate resources to continue operations for the foreseeable future. For this reason they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

At the end of the year the company was under control of its parent company, incorporated in the United Kingdom, which prepares consolidated financial statements. As a result, in accordance with section 400 of the Companies Act 2006, the company is not required to produce, and has not produced consolidated financial statements.

The financial statements present information about Berkmann Wine Cellars Limited as an individual undertaking and not about its group.

The Company has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Berkmann Family Holdings Limited as at 31 March 2019 and these financial statements may be obtained from 10-12 Brewery Road, London, N7 9NH.

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.

BERKMANN WINE CELLARS LIMITED

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

1. Accounting policies (continued)

1.4 Intangible assets

Goodwill arising on the acquisition of a business is capitalised as an intangible asset.

Amortisation is calculated so as to write off the cost of the asset, less its estimated residual value, over its economic life as follows:

Goodwill	- over 15 years
Trademarks	- over 10 years

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided on the following basis:

L/Term Leasehold Property	- over term of lease
Plant & equipment	- 10 - 25% straight line
Furniture, 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.

1.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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 Statement of income and retained earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

1.7 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 costs, inclusive of import duties, freight and handling charges where appropriate.

BERKMANN WINE CELLARS LIMITED

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

1. Accounting policies (continued)

1.8 Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the company 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 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's cash management.

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 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 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.

1.9 Finance costs

Finance costs are charged to the Statement of income and retained earnings 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 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.

1.11 Dividends

Equity dividends are recognised when they become legally payable.

1.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

BERKMANN WINE CELLARS LIMITED

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

1. Accounting policies (continued)

1.13 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 Statement of income and retained earnings 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 Company in independently administered funds.

1.14 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 Statement of income and retained earnings in the year that the Company 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.

1.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, 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 operates and generates 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.

BERKMANN WINE CELLARS LIMITED

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

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

The preparation of the financial statements 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, and goodwill 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.

3. Turnover

The turnover and results before tax are attributable to the principal activity of the company.

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 geographic analysis of turnover would be prejudicial to the company's interests and has therefore been omitted.

BERKMANN WINE CELLARS LIMITED

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

4. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation - tangible fixed assets	187,927	152,901
Amortisation - intangible fixed assets	128,472	130,980
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.

5. Employees

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

	2019 £	2018 £
Wages and salaries	8,174,278	7,795,545
Social security costs	730,620	756,788
Cost of defined contribution pension scheme	283,986	253,055
	9,188,884	8,805,388

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

	2019 No.	2018 No.
Sales, distribution and administration	197	205

BERKMANN WINE CELLARS LIMITED

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

6. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	1,180,130	1,284,935
Company contributions to defined contribution pension schemes	67,964	80,348
	<u>1,248,094</u>	<u>1,365,283</u>

During the year retirement benefits were accruing to 6 Directors (2018 - 7) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £208,516 (2018 - £219,106).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2018 - £NIL).

7. Interest payable

	2019 £	2018 £
On bank loans and overdrafts	<u>23,596</u>	<u>26,803</u>

BERKMANN WINE CELLARS LIMITED

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

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	30,186	24,305
Changes to tax rates	-	(497)
Total deferred tax	30,186	23,808
Taxation on profit on ordinary activities	265,880	350,640

BERKMANN WINE CELLARS 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 - *higher 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>1,267,329</u>	<u>1,767,172</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	240,793	335,763
Effects of:		
Expenses not deductible for tax purposes	15,721	10,020
Adjustments to tax charge in respect of prior periods	26	(4,652)
Fixed asset differences	12,892	12,892
Other differences leading to a decrease in the tax charge	(3,552)	(3,383)
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%.

9. Dividends

	2019 £	2018 £
Dividends paid on equity capital	<u>216,000</u>	<u>216,000</u>

BERKMANN WINE CELLARS LIMITED

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

10. Intangible fixed assets

	Trademarks £	Goodwill £	Total £
Cost			
At 1 April 2018	81,985	2,466,865	2,548,850
Additions	2,865	-	2,865
	<hr/>	<hr/>	<hr/>
At 31 March 2019	84,850	2,466,865	2,551,715
	<hr/>	<hr/>	<hr/>
Amortisation			
At 1 April 2018	50,488	1,477,358	1,527,846
Charge for the year	4,783	123,689	128,472
	<hr/>	<hr/>	<hr/>
At 31 March 2019	55,271	1,601,047	1,656,318
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2019	29,579	865,818	895,397
	<hr/>	<hr/>	<hr/>
At 31 March 2018	31,497	989,507	1,021,004
	<hr/>	<hr/>	<hr/>

BERKMANN WINE CELLARS LIMITED

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

11. Tangible fixed assets

	L/Term Leasehold Property £	Plant & equipment £	Furniture, fittings and office equipment £	Works of art £	Total £
Cost or valuation					
At 1 April 2018	3,799,758	795,541	157,910	53,500	4,806,709
Additions	-	160,717	105,436	6,000	272,153
At 31 March 2019	<u>3,799,758</u>	<u>956,258</u>	<u>263,346</u>	<u>59,500</u>	<u>5,078,862</u>
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	<u>220,522</u>	<u>335,842</u>	<u>77,764</u>	<u>-</u>	<u>634,128</u>
Net book value					
At 31 March 2019	<u>3,579,236</u>	<u>620,416</u>	<u>185,582</u>	<u>59,500</u>	<u>4,444,734</u>
At 31 March 2018	<u>3,647,089</u>	<u>565,081</u>	<u>94,838</u>	<u>53,500</u>	<u>4,360,508</u>

BERKMANN WINE CELLARS LIMITED

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

12. Investments

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 April 2018	3	250,000	250,003
At 31 March 2019	3	250,000	250,003

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Spirit Cartel Limited	Dormant	Ordinary	100%
T.M. Robertson & Son Limited	Dormant	Ordinary	100%
Churchill Vintners Limited	Dormant	Ordinary	100%

The original cost of the investments amounted to £1,855,326. This value was transferred to goodwill in 2012 and is being amortised over the useful life of the related trade.

13. Stocks

	2019 £	2018 £
Goods for resale	14,295,052	10,282,902

14. Debtors

	2019 £	2018 £
Trade debtors	12,903,340	11,572,830
Amounts owed by group undertakings	2,292,710	1,890,606
Other debtors	795,831	246,903
Prepayments and accrued income	1,074,075	377,127
	17,065,956	14,087,466

BERKMANN WINE CELLARS LIMITED

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

15. Cash and cash equivalents

	2019 £	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>

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
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	10,000	12,313
Corporation tax	44,204	163,010
Other taxation and social security	1,220,896	1,280,615
Other creditors	3,728	122,479
Accruals and deferred income	2,640,209	1,683,499
Financial instruments	254,089	-
	<u>23,562,824</u>	<u>17,129,929</u>

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

The company 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).

BERKMANN WINE CELLARS LIMITED

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

17. Loans

An analysis of the maturity of bank loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Bank loans	165,000	165,000
Amounts falling due 2-5 years		
Bank loans	991,550	1,113,750
	<u>1,156,550</u>	<u>1,278,750</u>

18. Deferred taxation

	2019 £	2018 £
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:

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

19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
2,160,000 (2018 - 2,160,000) Ordinary shares shares of £1.00 each	<u>2,160,000</u>	<u>2,160,000</u>

BERKMANN WINE CELLARS LIMITED

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

20. Reserves

Share premium account

The share premium account is used to record the aggregate value of premiums paid when the company's shares are issued at an amount in excess of nominal value.

Other reserves

The other reserve account is a capital redemption reserve created on repurchase of own shares.

Profit & loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

21. Contingent liabilities

The company 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 company 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 WINE CELLARS LIMITED

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

23. Operating lease commitments

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

	2019	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
	2019	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

BERKMANN WINE CELLARS LIMITED

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

24. Related party transactions

At 31 March 2019 non-trading balances of £10,000 (2018: £12,313) were due to dormant subsidiary undertakings.

At 31 March 2019, £1,000,644 (2018: £965,644) was due from Berkmann Family Holdings Limited, the parent undertaking, in respect of a general non-trading account.

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

At 31 March 2019, £391,244 (2018: £Nil) was due from Latin American Rum Traders SA, the ultimate parent company, in respect of loans advanced. Interest of £1,244 (2018: £3,966) 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 by common directorship. At 31 March 2019, £44,959 (2018: £146,663) was owed to Berkmann Wine Cellars Limited by these companies.

Dividends paid to Berkmann Family Holdings Limited totalled £212,500 (2018: £211,500). Dividends of £3,500 (2018: £4,500) were paid to directors of the company.

At 31 March 2019, £211,190 (2018: £88,496) was due from directors of this company and its immediate parent 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.

25. Ultimate parent undertaking and controlling party

The company is controlled by Berkmann Family Holdings Limited. The ultimate parent company is Latin-America Rum Traders SA, a company incorporated in Panama. Copies of the group financial statements on Berkmann Family Holdings Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ. Financial statements for the ultimate parent company are not available.

Joseph Berkmann is considered to be the ultimate controlling party.