

Financial Statements

Campden BRI (Nutfield)

For the year ended 31 December 2018



Registered number: 02690377

Campden BRI (Nutfield)

(A company limited by guarantee)

Company Information

Directors

C L Allen (to 31 May 2018)
J C G Davies (from 19 June 2018)
C Ikpeme (from 3 January 2019)
S J Walker

Company secretary

C L Allen (to 31 May 2018)
C Ikpeme (from 3 January 2019)

Registered number

02690377

Registered office

c/o Campden BRI
Station Road
Chipping Campden
Gloucestershire
GL55 6LD

Independent auditor

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

Campden BRI (Nutfield)
(A company limited by guarantee)

Contents

	Page
Strategic report	1 – 3
Directors' report	4 – 6
Independent auditor's report	7 – 8
Statement of comprehensive income	9
Statement of changes in equity	10
Statement of financial position	11
Notes to the financial statements	12 – 25

Campden BRI (Nutfield)

(A company limited by guarantee)

Strategic report (continued)

For the year ended 31 December 2018

Introduction

The principal activity of the Campden BRI Group is the practical application of technical excellence for the food and drink supply chain. This is achieved through the provision of a broad portfolio of services to member companies and to commercial and Government clients. These activities are focused under five key business platforms:

Membership
Research and innovation
Analysis and testing
Operational support
Knowledge management

These platforms are described in more detail in the financial statements of Campden BRI.

Business review

Turnover decreased from £3,956,923 last year to £3,947,240 and loss before tax reduced from £338,418 to £249,864. A trading review for the Group is set out in the accounts of Campden BRI.

In 2018 the Company recognised estimated pension past service costs of £50,000, in respect of the requirement to equalise Guaranteed Minimum Pension (GMP) benefits accrued between 1990 and 1997 from contracting out of the State Earnings Related pension Scheme. The estimate is consistent with the principles outlined in the judgement of the 'Lloyds Bank' High Court case in October 2018 but the actual impact may be different.

Key performance indicators

Campden BRI Group monitors the health of the business through a range of measures: financial performance; health and safety, staff investment; infrastructure and capital investment; standards of service; marketing and communications, client feedback, and business development. These are reviewed and monitored by the senior management team on a regular basis and reported to the non-Executive Board as required.

The Group has comprehensive monthly financial management reporting to help ensure effective review of the business.

	2018	2017
	No. / %	No. / %
Health and safety		
RIDDOR accidents	0	2
Reportable accidents*	2	4
Near misses to accidents ratio	5.4:1	7.1:1
Marketing and communication		
Visits to website	376,448	350,853
Online news monitoring	412	404
Member Interest Group attendees	882	922
Staff investment		
Staff turnover as a % of average workforce	17.39%	20.40%
Training hours as a % of total hours	4.80%	4.70%
Sickness hours as a % of total hours	2.59%	2.15%

Campden BRI (Nutfield)

(A company limited by guarantee)

Strategic report (continued)

For the year ended 31 December 2018

*Notified individually to the board of directors

Principal risks and uncertainties

The Company is part of the Campden BRI Group of companies. The principal risks of the Company correspond to those of the Group, and therefore the statements below refer to the Group.

Commercial

In 2018 a formal Commercial Directorate was created, incorporating the existing functions of Membership & Training and Marketing and Communications with new roles of Business Development and Service Management, including Enquiry Handling. The key appointments have been made and an improved Customer Relationship Management system designed. This Directorate will work closely with the Centre of Technical Excellence Directorate to improve the commerciality of the business, help drive business development and improve customer service.

Risk management

The management of the business has identified a number of risks in the execution of the Group's strategy. The breadth of the Group's business and its reputation means that there are no direct competitors for the business as a whole although there are a number of businesses who compete directly in certain defined areas of the Group's business. A strategic business transformation programme is underway, aligned to the delivery of a three-year plan to 2020. The improvement plan includes the formation of a governance, risk and compliance team to manage risk and improve efficiency in health and safety, quality and legal processes.

Market and commercial risks

The strong and active membership helps ensure that Campden BRI remains close to its core client base, allowing it to respond effectively and efficiently to their changing needs in both the short and medium term. In 2018 we published Scientific and Technical Needs of the Food and Drink Supply Chain following very extensive consultations with the members on their requirements. This is the largest consultation of its type. It directly shapes the nature of the activities and services offered and ensures that they are aligned to the stated needs of the industry. Campden BRI has actively reduced its reliance on UK Government funding, as they continue to face budget challenges and increased uncertainty. Although tenders are reviewed for appropriateness, income is derived mainly from Membership fees (16%) and Commercial contracts (79%).

Operational risks

Business management practices and performance are detailed in a comprehensive business management system which is a constituent part of a comprehensive governance, risk and compliance regime overseen by a fully qualified Business Systems Quality Manager. The Group is also externally audited and accredited to ISO 9001 (Campden and Nutfield sites) and ISO 17025 (Campden and Nutfield sites). The Non-Exec Board has continued to appoint and get feedback from two Independent Scientific Advisers who reviewed the activities of Campden BRI, particularly in relation to the use of the Members fees and formal engagement with members. A detailed system for assessing and reporting health and safety is in place and reviewed regularly.

Financial instruments and risks

The Group is exposed to the usual credit and cash flow risks associated with selling on credit and manages these risks through credit control procedures. The nature of its financial instruments means that the price and liquidity risks are minimised by the predetermination of the Group's funding facilities and terms. Monthly accounts are used to aid management.

The Group participates in four defined benefit pension schemes which results in a significant financial risk. As part of a derisking strategy, the Group's participation has been actively managed. The Campden RA Pension Scheme was closed to future accrual of benefits from the end of 2010, the British Beer & Pub Association (BBPA) Group Pension Scheme in 2011 and the Flour Milling and Baking Research and Association (FMBRA) Scheme in 2012.

Campden BRI (Nutfield)

(A company limited by guarantee)

Strategic report (continued)

For the year ended 31 December 2018

The eligibility criteria for joining the Universities Superannuation Scheme (USS) have been amended in 2013, which limits additional future exposure.

In 2018 the Group recognised estimated pension past service costs of £1,250,000, in respect of the requirement to equalise Guaranteed Minimum Pension (GMP) benefits accrued between 1990 and 1997 from contracting out of the State Earnings Related Pension Scheme. The estimate is consistent with the principles outlined in the judgment of the 'Lloyds Bank' High Court case in October 2018 but the actual impact may be different.

The Group also recognises the risks attached to the need to provide adequate profits to maintain investments in facilities, staff and equipment. Capital investment by the Company in 2018 was £27,799 (£198,523 in 2017) focused on laboratory and pilot plant equipment.

The Board constantly monitors the Group's trading results and revised projections as appropriate to ensure that the Group can meet its future obligations as they fall due. The Board does not consider there to be any significant risk to the financial position of the Group as a result of fluctuations on foreign exchange rates deflating or inflating the Group's foreign currency assets and liabilities.

The Board assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. The Board make this assessment in respect of a period of one year from the date of approval of the financial statements. The Board have prepared forecasts that they believe are prudent and anticipate that the Group will be able to continue to operate for at least the next 12 months from signing of its balance sheet. The forecasts assume that the pension scheme trustees do not insist upon payment of the deficit in full or materially increase the deficit repayment plan. The Directors have therefore prepared the Financial Statements on a going concern basis.

This report was approved by the board on 28 May 2019 and signed on its behalf.

S.J Walker
Director



Campden BRI (Nutfield)

(A company limited by guarantee)

Directors' report

For the year ended 31 December 2018

The Directors present their report and the financial statements for the year ended 31 December 2018.

Results

The loss for the year, after taxation, amounted to £249,864 (2017 – loss of £338,418).

Directors

The Directors who served during the year were:

C L Allen (to 31 May 2018)

J C G Davies (from 19 June 2018)

S J Walker

Future outlook

As part of its strategy to develop the business, the Group has created and is now delivering a three-year business improvement programme. This was approved by the Board in 2017. The resultant projects will deliver new structures and operating models, to ensure the business becomes financially sustainable, a great place to work and the partner of choice for the food and drink industry.

Government funding for the agrifood sector will continue to be challenging and be compounded by the uncertainty created following the UK referendum in June 2016 leading to “Brexit.” Whilst UK Government recognises the importance of the agri-food sector, it is not anticipated that there will be significant additional income from this in the next 12 months.

Employees

The Group places great emphasis on recruiting, training and retaining high quality staff in order to minimise staff turnover and this has been reinforced by the BTP and its deliverables.

The Group has continued its practice of keeping employees informed of matters affecting them as employees, and the financial and economic factors affecting the performance of the Group. This is achieved through full staff meetings, consultations with union representatives, the intranet and emails to all staff. These Group activities are supported by Directorate and Departmental meetings with staff.

The Group is committed to staff training and development in order to meet business objectives. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees. The Leadership development programme, a Management development programme and Supervisors' programme continue. These are supported by a range of bespoke technical and skills training.

Applicants for employment, including those with disabilities, are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. The Group's policy is to consider the recruitment of disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Campden BRI (Nutfield)

(A company limited by guarantee)

Directors' report (continued)

For the year ended 31 December 2018

Directors' insurance

The Company maintains insurance policies on behalf of all the Directors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law); including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies 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 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.

Disclosure of information to auditor

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

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that 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 auditor is aware of that information.

Campden BRI (Nutfield)

(A company limited by guarantee)

Directors' report (continued)

For the year ended 31 December 2018

Auditor

The auditor, Hazlewoods LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 May 2019 and signed on its behalf.

S. J Walker
Director

A handwritten signature in black ink, appearing to read 'S. J. Walker', written in a cursive style.

Campden BRI (Nutfield)

(A company limited by guarantee)

Independent auditor's report to the members of Campden BRI (Nutfield)

Opinion

We have audited the financial statements of Campden BRI (Nutfield) for the year ended 31 December 2018, which comprise the statement of comprehensive income, the statement of change in equity, the statement of financial position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 matter 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' report have been prepared in accordance with applicable legal requirements.

Campden BRI (Nutfield)

(A company limited by guarantee)

Independent auditor's report to the members of Campden BRI (Nutfield) (continued)

Matters on which we are required to report by exception

In the light of our 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 5, 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 relating 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.

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 the Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scott Lawrence
Senior Statutory Auditor
for and on behalf of Hazlewoods LLP
Statutory Auditor
Cheltenham
Date: 3 June 2019



Campden BRI (Nutfield)**(A company limited by guarantee)****Statement of comprehensive income****For the year ended 31 December 2018**

	Note	2018 £	2017 £
Turnover	2	3,947,240	3,956,923
Cost of sales		<u>(2,751,137)</u>	<u>(2,779,193)</u>
Gross profit		1,196,103	1,177,730
Administrative expenses - normal		(1,406,767)	(1,532,748)
Administrative expenses - exceptional	12	<u>(50,000)</u>	<u>-</u>
Operating loss	3	(260,664)	(355,018)
Interest payable and similar charges	6	-	(9,000)
Other finance income	7	<u>10,800</u>	<u>25,600</u>
Loss on ordinary activities before taxation		(249,864)	(338,418)
Tax on loss on ordinary activities	8	<u>-</u>	<u>-</u>
Loss for the financial year		(249,864)	(338,418)
Other comprehensive income			
Gains and losses on defined benefit pension obligations	12	<u>(555,494)</u>	<u>363,000</u>
Total comprehensive income for the year attributable to the parent's owners		<u>(805,358)</u>	<u>24,582</u>

All amounts relate to continuing operations.

The notes on pages 12 to 25 form part of these financial statements.

Campden BRI (Nutfield)

(A company limited by guarantee)

Statement of changes in equity

For the year ended 31 December 2018

	Retained earnings £
At 1 January 2017	<u>70,213</u>
Loss for the year	(338,418)
Gains and losses on defined benefit pension obligations	<u>363,000</u>
Total comprehensive income for the period	<u>24,582</u>
Balance as at 31 December 2017	<u>94,795</u>

	Retained earnings £
At 1 January 2018	<u>94,795</u>
Loss for the year	(249,864)
Gains and losses on defined benefit pension obligations	<u>(555,494)</u>
Total comprehensive income for the period	<u>(805,358)</u>
Balance as at 31 December 2018	<u>(710,563)</u>

The notes on pages 12 to 25 form part of these financial statements.

Statement of financial position

As at 31 December 2018

		2018	2017
	Note	£	£
Fixed assets			
Property, plant and equipment	9	2,220,971	2,386,451
Current assets			
Debtors	10	567,595	216,239
Cash in hand		<u>1,747</u>	<u>1,897</u>
		569,342	218,136
Creditors: amounts falling due within one year	11	<u>(2,665,154)</u>	<u>(2,287,564)</u>
Net current liabilities		<u>(2,095,812)</u>	<u>(2,069,428)</u>
Total assets less current liabilities		125,159	317,023
Defined benefit pension scheme liability	12	<u>(835,722)</u>	<u>(222,228)</u>
Net (liabilities)/assets including pension scheme liabilities		<u>(710,563)</u>	<u>94,795</u>
Capital and reserves			
Profit and loss account		<u>(710,563)</u>	<u>94,795</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 May 2019.

S. J Walker
Director



The notes on pages 12 to 25 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by certain financial assets being measured at fair value through profit and loss.

Campden BRI (Nutfield) ('the Company') is a company limited by guarantee registered and domiciled in England and Wales. The registered company number is 02690377 and the registered office is Station Road, Chipping Campden, Gloucestershire, GL55 6LD. These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

The principal activity of the Company is the practical application of technical excellence for the food and drink chain.

The financial statements are presented in Sterling, the functional and presentational currency of the Company.

1.2 Cash flow

The Company, being a member of a Group that prepares publicly available consolidated financial statements which give a true and fair view, has taken advantage of the exemption available to qualifying entities under FRS 102, "Reduced disclosures for subsidiaries (and ultimate parents)" from preparing a cash flow statement.

1.3 Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Estimates

Revenue recognition

The recognition of revenue on long term contracts is subject to estimates in respect of the stage of project completion and the overall profitability of the contract. Details of the methodology applied can be found in the accounting policies set out in note 1.4.

Valuation of freehold property

The freehold land and buildings are carried in the financial statements at cost of £2,665,314. Management believe that fair value is not materially different to historic net book value.

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.3 Significant judgements and estimates (continued)

Estimates (continued)

Defined benefit pension schemes

The measurement of obligations under defined benefit pension scheme arrangements is subject to a number of highly sensitive assumptions, details of which are given in note 12 of the financial statements. The carrying value of amounts recognised in the financial statements in respect of defined benefit pension obligations are £835,722 (2017: £222,228). Where the fair value of pension scheme assets exceed the present value of pension scheme obligations, the surplus is only recognised to the extent that the company is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. At 31 December 2018, a surplus of £nil (2017: £nil) has not been recognised.

Judgements

Deferred tax

The company is subject to UK corporation tax and judgement is required in determining the provision for income and deferred taxation. The company recognises taxation assets and liabilities based upon estimates and assessments of many factors including judgements about the outcome of future events. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. At 31 December 2018 the company has not recognised a deferred tax asset in respect of defined benefit pension scheme obligations or losses (2017: £nil) due to uncertainty over future recovery.

1.4 Turnover

Turnover is the total amount receivable by the Company for services provided, excluding VAT and trade discounts. Turnover comprises work done on research projects together with amounts receivable in respect of members' subscriptions and other income. It is recognised on a systematic basis as the conditions relating to the revenue are met.

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1.5 Grant income

Government grants are recognised in revenue on a systematic basis over the life of the grant as the conditions related to the grant are met. Government grants become repayable when the conditions of the grant are not met.

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.6 Property, plant and equipment

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:

Freehold property	-	50 years
Plant and equipment	-	3 to 10 years
Motor vehicles	-	4 years

1.7 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using tax rates and laws that have been enacted or substantively enacted.

A deferred tax asset or liability is recognised for tax recoverable or payable in future periods in respect of transactions and events recognised in the financial statements of current and previous periods.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. Timing differences result from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date apart from certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing differences.

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the statement of financial position date or if appropriate at the forward contract date. Non-monetary assets denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of acquisition of the asset. Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All revaluation differences are taken to the income statement.

1.9 Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price less attributable transaction costs. All are payable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.10 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

Defined Benefit Pension Schemes

The Company also operates two defined benefit schemes providing benefits based on final pensionable pay.

Universities Superannuation Scheme

The assets of the scheme are held separately from those of the Company, being invested by the scheme's investment managers. Contributions to the scheme are paid by the Company.

It is not possible to identify the Company's share of the underlying assets and liabilities in the Scheme. Therefore, under FRS 102, with the exception of the obligations arising under deficit funding agreements, the scheme is accounted for as if it were a defined contribution scheme with employer contributions payable in the period expensed in the income statement. Differences

Campden BRI (Nutfield)

(A company limited by guarantee)

Notes to the financial statements (continued)

between contributions payable in the period and contributions paid are shown either as accruals or prepayments in the Statement of financial position.

The Company and other participating employers have entered into a deficit funding agreement with the USS. The present values of the Company's commitments under this agreement have been recognised as a liability in the Statement of financial position. The discount rate used reflects that used in the valuation of the British Beer & Pub Association Scheme as set out below. The obligation recognised represents an employer contribution of 2.4% to 9.5% (total employer contribution 18% increasing gradually to 24.2%) to be made until 30 June 2034, in accordance with the scheme schedule of contributions.

British Beer & Pub Association Group Pension Fund

The assets of the scheme are held separately from those of the Company, being invested through investment management companies. Contributions to the scheme are paid by the company. Full actuarial valuations, by a professionally qualified actuary are obtained at least every three years, and updated to reflect current conditions at each statement of financial position date. The date of the last full actuarial valuation was 30 September 2017.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis and are discounted at the appropriate high quality corporate bond rates.

The net surplus or deficit, adjusted for deferred tax where appropriate is presented separately from other net assets on the Statement of financial position as part of the Company's pension scheme liability. A net surplus is recognised only to the extent that it is recoverable by the Company.

The current service cost and costs from settlements and curtailments are charged to the income statement. Interest on the scheme liabilities and on scheme assets are included in other finance costs. Actuarial gains and losses, and the expected return on scheme assets, are reported in other comprehensive income.

Campden BRI (Nutfield)**(A company limited by guarantee)****Notes to the financial statements (continued)****2. Turnover**

A geographical analysis of turnover is as follows:

	2018	2017
	£	£
United Kingdom	2,876,498	2,780,355
Rest of European Union	639,817	703,949
Rest of world	430,925	472,619
	<u>3,947,240</u>	<u>3,956,923</u>

3. Operating loss

The operating loss is stated after charging:

	2018	2017
	£	£
Depreciation – tangible fixed assets owned	174,603	176,825
Auditor's remuneration	<u>7,579</u>	<u>8,140</u>

4. Staff costs

Staff costs, including Directors' remuneration, during the year were as follows:

	2018	2017
	£	£
Wages and salaries	1,590,341	1,721,453
Social security costs	161,277	175,028
Current service costs under FRS 102 (Note 12)	40,000	65,000
Other pension costs	180,724	124,557
	<u>1,972,342</u>	<u>2,086,038</u>

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

	2018	2017
	No.	No.
Administration and support	4	5
Research and development	69	68
	<u>73</u>	<u>73</u>

Campden BRI (Nutfield)**(A company limited by guarantee)****Notes to the financial statements (continued)****5. Directors' remuneration**

	2018	2017
	£	£
Remuneration (including Benefits in Kind)	-	129,383
Contributions to DB Scheme	-	8,656

During the year retirement benefits were accruing to no Director (2017- 1) in respect of defined benefit pension schemes.

The directors are considered to be the only key management personnel.

6. Interest payable

	2018	2017
	£	£
Interest payable to group companies	-	-
Interest on pension scheme liabilities	-	9,000
	-	9,000

7. Other finance income

	2018	2017
	£	£
Interest receivable from group companies	10,800	25,600
Interest on pension scheme assets	-	-
	10,800	25,600

8. Taxation

Recognised in the income statement	2018	2017
	£	£
Current tax:		
UK corporation tax charge on loss for the year	-	-
Total current tax	-	-
Deferred tax:		
Amounts charged to the income statement in respect of defined benefit pension scheme obligations	-	-
Change in tax rates	-	-
Total deferred tax	-	-
Total tax in income statement	-	-

Notes to the financial statements (continued)

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 – 19.25%). The differences are explained below:

	2018	2017
	£	£
Loss on ordinary activities before tax	<u>(249,864)</u>	<u>(338,418)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 – 19.25 %)	(47,474)	(65,145)

Reconciliation of tax charge

Effects of:

Expenses not deductible for tax purposes	355	9,488
Fixed asset differences	33,175	-
Short term timing differences	-	-
Deferred tax not recognised	19,569	55,657
Changes in tax rate	2,303	-
Adjustments in respect of prior periods	<u>(7,928)</u>	-
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

At the balance sheet date, legislation has been enacted which will reduce the main rate of corporation tax to 17% from 1 April 2020. This reduction has been reflected in the calculation of the Company's deferred tax assets and liabilities.

There is a deferred tax asset not recognised of £1,148,756 (2017 - £1,118,596) on the basis that the timing of its recoverability cannot be assessed with any certainty. The deferred tax asset largely relates to tax losses of £6,493,981 (2017 - £6,074,539) which are available to carry forward against future tax profits.

Campden BRI (Nutfield)**(A company limited by guarantee)****Notes to the financial statements (continued)****9. Property, plant and equipment**

	Freehold property £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2018	2,665,314	1,530,266	38,365	4,233,945
Additions	-	27,799	-	27,799
Disposals	-	(83,473)	-	(83,473)
At 31 December 2018	2,665,314	1,474,592	38,365	4,178,271
Depreciation				
At 1 January 2018	1,136,662	672,467	38,365	1,847,494
Charge for the year	53,306	121,297	-	174,603
Disposals	-	(64,797)	-	(64,797)
At 31 December 2018	1,189,968	728,967	38,365	1,957,300
Net book value				
At 31 December 2018	1,475,346	745,625	-	2,220,971
At 31 December 2017	1,528,652	857,799	-	2,386,451

The land element included within the carrying value of freehold land and buildings cannot be separately identified.

The freehold land and buildings fair value is not materially different to the historical net book value as set out above in the opinion of the directors.

10. Debtors

	2018 £	2017 £
Amounts owed by Group undertakings	452,044	97,944
Prepayments and accrued income	6,134	7,620
Amounts recoverable on long term contracts	109,417	110,675
	567,595	216,239

Notes to the financial statements (continued)

11. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Payments received on account	49,823	18,910
Amounts owed to Group undertakings	2,517,936	2,147,555
Other taxation and social security	40,141	38,042
Other payables	813	841
Accruals and deferred income	56,441	82,216
	<u>2,665,154</u>	<u>2,287,564</u>

12. Pension commitments**Defined contribution pension scheme**

The Company operates a defined contribution scheme for certain of its Directors and employees. The assets of the scheme are held separately from those of the Company in independently administered funds.

Contributions are charged to the Statement of comprehensive income as they become payable in accordance with the rules of the scheme.

Defined benefit pension schemes

The Company operates two defined benefit schemes providing benefits based on final pensionable pay.

Universities Superannuation Scheme

The assets of the scheme are held separately from those of the Company, being invested by the scheme's investment managers. Contributions to the scheme are paid by Campden BRI (Nutfield).

It is not possible to identify the Company's share of the underlying assets and liabilities in the scheme. Therefore, under FRS 102, with the exception of the obligations arising under deficit funding agreements, the scheme is accounted for as if it were a defined contribution scheme with employer contributions payable in the period expensed in the Statement of comprehensive income. Differences between contributions payable in the period and contributions paid are shown either as accruals or prepayments in the Statement of financial position.

The Company and other participating employers have entered into a deficit funding agreement with the Universities Superannuation Scheme Limited. The present values of the Company's commitments under this agreement have been recognised as a liability in the Statement of financial position. The discount rate used reflects that used in the valuation of the British Beer & Pub Association Scheme as set out below. The obligation recognised represents an employer contribution of between 2.4% and 9.5% (total employer contributions 18% increasing to 24.2%) to be made until 30 June 2034, in accordance with the scheme schedule of contributions.

Campden BRI (Nutfield)

(A company limited by guarantee)

Notes to the financial statements (continued)

12. Pension commitments (continued)

The last formal actuarial valuation of the Universities Superannuation Scheme was as at 31 March 2017. The valuation was carried out using the projected unit method. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the past service liabilities was £67.5 billion indicating a deficit of assets of £7.5 billion, being 89% cover of benefits.

Surpluses or deficits which arise in future valuations may impact on the Company's future contribution commitment. The next formal triennial actuarial valuation is due as at 31 March 2020. The contribution rate will be reviewed as part of each valuation.

British Beer & Pub Association Group Pension Fund

Campden BRI (Nutfield) is a participating employer in the British Beer & Pub Association Group Pension Fund ("the scheme"). The assets of the Scheme are held in a separate trustee administered fund. The Scheme closed to future accrual on 1 December 2011. A schedule of contributions is agreed between the Company and the trustees after each comprehensive actuarial valuation.

The most recent comprehensive actuarial valuation took place as at 30 September 2017 and this showed that Campden BRI (Nutfield)'s share of the Schemes liabilities was 19%. These disclosures have been prepared on the basis that Campden BRI (Nutfield)'s share of Scheme's assets is 19%.

The amounts recognised in the Statement of financial position are as follows:

	2018 £	2017 £
Present value of funded obligations under the British Beer & Pub Association Group Pension Scheme	(382,000)	(94,000)
Present value of deficit funding obligations to the Universities Superannuation Scheme	(835,722)	(222,228)
Deficit in scheme	(1,217,722)	(316,228)
Surplus not recognised	382,000	94,000
Deficit included in Statement of financial position	(835,722)	(222,228)
Related deferred tax asset	-	-
Net liability	(835,722)	(222,228)

No surplus has been recognised in respect of the British Beer & Pub Association Group Pension Fund, as the surplus is not recoverable by the Company.

Campden BRI (Nutfield)**(A company limited by guarantee)****Notes to the financial statements (continued)****12. Pension commitments (continued)**

The aggregate amounts recognised in the income statement are as follows:

	2018 £	2017 £
Universities Superannuation Scheme:		
Interest on deficit obligation	-	-
Other defined benefit schemes:		
Scheme expenses	(40,000)	(65,000)
Past service cost	(50,000)	-
Net interest on obligation and scheme assets	-	(9,000)
	<u>(90,000)</u>	<u>(74,000)</u>

Exceptional expenditure in the year relates to past service costs relating to Guaranteed Minimum Pension (GMP) equalisation.

Movements in the present value of the British Beer and Pub Association Group Pension Fund defined benefit obligation were as follows:

	2018 £	2017 £
Opening defined benefit obligation	3,837,000	3,500,000
Interest cost	99,000	101,000
Actuarial (gains)/losses	(572,000)	256,000
Past service cost	50,000	-
Benefits paid	(29,000)	(20,000)
Closing defined benefit obligation	<u>3,385,000</u>	<u>3,837,000</u>

Changes in the fair value of scheme assets were as follows:

	2018 £	2017 £
Fair value of scheme assets at the start of the year	3,931,000	3,186,000
Interest income on scheme assets	102,000	92,000
Return on scheme assets, excluding interest income	(229,000)	713,000
Scheme administrative costs	(40,000)	(65,000)
Contributions by employer	32,000	25,000
Benefits paid	(29,000)	(20,000)
Fair value of scheme assets at end of year	<u>3,767,000</u>	<u>3,931,000</u>

Notes to the financial statements (continued)

12. Pension commitments (continued)

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

	2018	2017
Discount rate at 31 December	3.0%	2.6%
Future pension increases	3.3%	3.3%
Inflation assumption	2.4%	2.4%

The assumptions used in determining the overall expected return of the scheme's assets have been set with reference to yields available on government bonds and appropriate risk margins, in accordance with the requirements of FRS 102.

The assets in the scheme were:

	2018	2017
	£	£
Equity	1,730,000	1,957,000
Gilts	1,413,000	1,425,000
Corporate bonds	502,000	532,000
Cash and other	122,000	17,000
	<u>3,767,000</u>	<u>3,931,000</u>

The actual return on assets over the period was:	<u>(127,000)</u>	<u>805,000</u>
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Present value of funded obligations	3,385,000	3,837,000
Fair value of scheme assets	<u>3,767,000</u>	<u>3,931,000</u>
Surplus in funded scheme	382,000	94,000

Irrecoverable surplus	<u>(382,000)</u>	<u>(94,000)</u>
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Net liability in the Statement of financial position	<u>-</u>	<u>-</u>
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13. Financial risk management

The Group is exposed to the usual credit and cash flow risks associated with selling on credit and manages these risks through credit control procedures. The nature of its financial instruments means that the price and liquidity risks are minimised by the predetermination of the Group's funding facilities and terms. Monthly accounts are used to aid management.

14. Company status

The Company is a private company limited by guarantee and consequently does not have share capital. The Company's sole member is liable to contribute an amount not exceeding £1 towards the assets of the Company in the event of liquidation.

Notes to the financial statements (continued)

15. Capital commitments

The Company had no capital commitments as at 31 December 2018 or 31 December 2017.

16. Contingent liabilities

The Company is bound by an unlimited multilateral cross company guarantee arrangement with Campden BRI and Campden BRI (Chipping Campden) Limited. The guarantee is secured by a fixed charge over the freehold land and property at Station Road, Chipping Campden and covers the Group's facility.

17. Ultimate parent undertaking and controlling party

The Company is controlled by its sole member Campden BRI. The results of Campden BRI (Nutfield) are included in the consolidated accounts of Campden BRI. Copies of the consolidated accounts, including the Group's accounting policy for the merger, may be obtained from the Company Secretary, Campden BRI, Chipping Campden, Gloucestershire, GL55 6LD.