

BB&R SPIRITS LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2016



BB&R SPIRITS LIMITED

3, St. James's Street, London, SW1A 1EG

DIRECTORS

S.G.F. BERRY
N.E. TENNENT
D.A. JAGO

SECRETARY

J.A. IMPEY

AUDITORS

ERNST & YOUNG LLP
1 More London Place,
London,
SE1 2AF

Registered in England No. 0379553

BB&R SPIRITS LIMITED

STRATEGIC REVIEW

Principal Activities

The business of the Company, BB&R Spirits Limited, is and will continue to be that of spirit merchants.

Transition to FRS 102

This is the first year that the Company has presented financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31st March 2015 and the date of transition was therefore 1st April 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard. Further details are given in note 20.

Analysis of Key Performance Indicators

The Company judges its performance based on certain key performance indicators. These include, but are not limited to: Turnover, Gross Profit, and Loss on ordinary activities before taxation.

	2016 £000	2015 £000	% Change
Turnover	18,135	18,906	(4.1%)
Gross Profit	5,222	4,781	9.2%
Loss on ordinary activities before taxation	(82)	(1,605)	94.9%

Business Review

Turnover during the period amounted to £18,135,000 (2015: £18,906,000) and the loss for the year before taxation was £82,000 (2015: loss of £1,605,000).

The Company's brands The Glenrothes, No. 3 Gin, The King's Ginger and Pink Pigeon Rum have continued to perform successfully during the year ended 31st March 2016. The Company has continued to pursue the long term objectives of consolidating the position of its brands and growing its markets both in the UK and overseas.

Although turnover has declined slightly year on year due to challenging trading conditions in certain markets, Gross Profit has increased and remains healthy, due in part to strong margins on Berrys' Own Selection spirits.

In March 2016, the Company elected to bring UK distribution of its products in-house.

Principal Risks & Uncertainties

Financial risk management

The Company has various financial instruments such as trade debtors and trade creditors arising directly from its operations. The main risks arising from the Company's financial instruments are discussed below.

- **Credit risk**

There is a risk that third parties will default on their trade debtor balances for which the Company has extended credit, causing the Company to incur a financial loss. The Company trades with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts has not been significant.

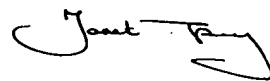
- **Liquidity risk**

There is a risk that an entity will encounter difficulty in raising funds to meet commitments associated with liabilities as they fall due and payable. The Company has in place a multi-currency pooling banking facility to meet its cash requirements during key trading periods.

- **Currency risk**

There is a risk that future cash flows will fluctuate on settlement of trade debtors and trade creditors denominated in foreign currencies, resulting in financial exposure to the Company. The Company trades with a number of international customers and suppliers and is therefore subject to fluctuations in foreign exchange rates.

By Order of the Board



J.A. IMPEY
Secretary

3, St. James's Street, London, SW1

20 October, 2016

BB&R SPIRITS LIMITED

REPORT OF THE DIRECTORS

The Directors submit their Report with the Financial Statements of the Company for the year ended 31st March, 2016.

Directors

The present Directors and those who served during the year and up to the date of approval of the accounts are listed below:

S.G.F. Berry
J.W. Parsons (Resigned 31st May 2016)
N.E. Tennent
D.A. Jago (Appointed 31st May 2016)

Directors' Insurance and Indemnities

The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. In accordance with Section 236 of the Companies Act 2006, qualifying third-party indemnity provisions are in place for the directors in respect of liabilities incurred as a result of their office to the extent permitted by law. Both the insurance and indemnities applies throughout the financial year ended 31st March, 2016 and through to the date of this report.

Employment Policies

- ***Diversity and inclusion***

The Company takes a very inclusive approach to diversity. As a business, we value people of all cultures, nationalities, races, religion and ethnicities, regardless of characteristics such as gender, gender identity and/or expression, age, disability or sexual orientation. BB&R Spirits Limited is keen to attract, develop and reward the most talented and skilled individuals, regardless of background. The Company encourages its employees to work across functions and locations to enhance understanding and create a collaborative supported business environment. As the Company continues to grow globally, it is building on its long-term commitment to diversity and inclusion – embracing the cultures of all the countries where we do business. BB&R Spirits Limited is committed to making the necessary adjustments to support the employment of people with disabilities. In a situation where an employee becomes disabled during their employment, the Company will endeavour to assist the employee by offering additional training, adapting the job if appropriate or by offering a transfer to another position.

- ***Health and Safety***

The Company has an approved health and safety policy.

- ***Employee Communication***

The Company believes that employee communication is important in building strong relationships with, and in motivating and retaining, employees. The Company makes use of various methods and channels, all of which are implemented globally, including face-to-face briefings, open discussion forums with senior management, email and a corporate intranet.

Going Concern

The Company's business activities, financial position, and management of credit, liquidity and currency risks are described in the Strategic Report. The Company has sufficient financial resources together with well-established and diverse relationships with customers and suppliers across different geographic areas. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

The Directors have reviewed the Company's forecasts and projections for the period to 30th September 2017. These include assumptions about the Company's products and markets, expenditure commitments, expected cash flows and borrowings.

The Company currently relies for financing on an uncommitted group overdraft facility of £17m. The group overdraft facility is due for annual renewal within the going concern assessment period.

Given the positive relationship with the bank maintained by the Berry Bros. & Rudd Limited group, the directors believe there is no reason why the bank will not continue to provide the bank overdraft. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors' statement as to disclosure of information to auditors

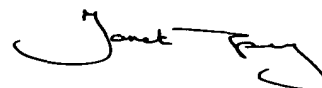
In accordance with Section 418(2) of the Companies Act 2006, each of the Company's Directors in office as at the date of this report confirms that:

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

Auditors

As an Elective Resolution is in force to dispense with the obligation to appoint auditors annually, Ernst & Young LLP are automatically re-appointed as auditors.

By Order of the Board



J.A. IMPEY
Secretary

3, St. James's Street, London, SW1

20 October, 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BB&R SPIRITS LIMITED

We have audited the financial statements of BB&R Spirits Limited for the year ended 31st March, 2016 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March, 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BB&R SPIRITS LIMITED (*continued*)

Matters on which we are required to report by exception

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.

Ernst & Young LLP

*Andy Glover (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London*

21 October, 2016

PROFIT AND LOSS ACCOUNT

for the year ended 31st March, 2016

		31.03.16 £000s	31.03.15 £000s
Turnover	(Note 2)	18,135	18,906
Cost of Sales		<u>(12,913)</u>	<u>(14,125)</u>
Gross Profit		5,222	4,781
Administration and other expenses		(4,636)	(5,522)
Distribution costs		(84)	(157)
Other income	(Note 5)	<u>359</u>	<u>328</u>
Operating Profit/(Loss)		861	(570)
Exceptional item	(Note 4)	(177)	-
Interest receivable	(Note 6)	195	233
Interest payable	(Note 6)	(711)	(683)
Loss on revaluation of investment properties		<u>(250)</u>	<u>(585)</u>
Loss on ordinary activities before taxation		(82)	(1,605)
Taxation credit	(Note 7)	<u>-</u>	<u>1,717</u>
(Loss)/Profit for the year after tax		<u>(82)</u>	<u>112</u>

All amounts relate to continuing activities.

The notes referred to are on Pages 18 to 20.

BB&R SPIRITS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31st March, 2016

		31.03.16 £000s	31.03.15 £000s
(Loss)/Profit on ordinary activities for the year		(82)	112
Actuarial gain/(loss) in respect of retirement benefit schemes	(Note 16)	3,213	(6,205)
Deferred taxation charge relating to retirement benefit schemes	(Note 14)	-	(3,520)
Gain on revaluation of freehold property	(Note 9)	-	68
Total recognised gain/(loss) for the year		3,131	(9,545)

The notes referred to are on Pages 22 to 27.

BALANCE SHEET

31st March, 2016

		31.03.16 £000s	31.03.15 £000s
Fixed Assets			
Intangible Assets	(Note 8)	6,704	6,952
Tangible Assets	(Note 9)	10,991	11,272
Investments	(Note 10)	232	186
		<u>17,927</u>	<u>18,410</u>
Current Assets			
Stocks	(Note 11)	26,558	26,460
Debtors – falling due within one year	(Note 12)	6,541	8,549
Debtors – falling due after more than one year	(Note 12)	7,486	7,486
Short-term deposits and cash		1,932	391
		<u>42,517</u>	<u>42,886</u>
Creditors – falling due within one year	(Note 13)	<u>(15,441)</u>	<u>(16,374)</u>
Net Current Assets		27,076	26,512
Total Assets less Current Liabilities before retirement benefit schemes deficit		<u>45,003</u>	<u>44,922</u>
Retirement benefit schemes deficit	(Note 16)	<u>(12,334)</u>	<u>(15,385)</u>
Total Assets less Liabilities		<u><u>32,669</u></u>	<u><u>29,537</u></u>
Capital and Reserves			
Called-up share capital	(Note 15)	250	250
Revaluation reserve		68	68
Profit and loss account		<u>32,351</u>	<u>29,219</u>
Shareholders' Funds		<u><u>32,669</u></u>	<u><u>29,537</u></u>



S.G.F. BERRY
Director

20 October, 2016

The notes referred to are on Pages 21 to 27.

BB&R SPIRITS LIMITED

STATEMENT OF CHANGES IN EQUITY

As at 31st March 2016

	Share Capital	Revaluation Reserve	Profit & Loss Account	Total Shareholder Funds
	£000s	£000s	£000s	£000s
As previously reported at 31st March, 2014	250	-	37,264	37,514
Changes on transition to FRS 102 (Note 20)	-	-	1,569	1,569
As restated at 31st March, 2014	250	-	38,833	39,083
Profit for the financial year	-	-	112	112
Actuarial loss on retirement benefit schemes	-	-	(6,205)	(6,205)
Deferred taxation charge relating to the retirement benefit schemes	-	-	(3,520)	(3,520)
Gain on revaluation of freehold property	-	68	-	68
At 31st March, 2015	250	68	29,220	29,538
Loss for the financial year	-	-	(82)	(82)
Actuarial gain on retirement benefit schemes	-	-	3,213	3,213
At 31st March, 2016	250	68	32,351	32,669

NOTES ON THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and to the preceding year. The Company transitioned from previously extant UK GAAP to Financial Reporting Standard 102 (FRS 102) as at 1st April, 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 20.

General information and basis of preparation

BB&R Spirits Limited is a limited liability company by shares, incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and principal activities are set out in the Strategic Report.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 20.

The functional currency of BB&R Spirits Limited is considered to be the pound sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are presented in pounds sterling and rounded to the nearest £'000.

BB&R Spirits Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken exemptions in relation to presentation of a cash flow statement and remuneration of management personnel.

Going Concern

The Company's business activities, financial position, and management of credit, liquidity and currency risks are described in the Strategic Report. The Company has sufficient financial resources together with well-established and diverse relationships with customers and suppliers across different geographic areas. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

The Directors have reviewed the Company's forecasts and projections for the period to 30th September 2017. These include assumptions about the Company's products and markets, expenditure commitments, expected cash flows and borrowings.

The Company currently relies for financing on an uncommitted group overdraft facility of £17m. The group overdraft facility is due for annual renewal within the going concern assessment period.

Given the positive relationship with the bank maintained by the Berry Bros. & Rudd Limited group, the Directors believe there is no reason why the bank will not continue to provide the bank overdraft. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

NOTES ON THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET *(continued)*

1. ACCOUNTING POLICIES *(continued)*

Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when title passes to the buyer. Revenue is measured at the fair value of the consideration received or receivable, excluding returns, discounts, rebates, VAT and other sales taxes and duty.

Rental income

Rental income on the Company's sub-let properties is recognised on a straight line over the lease.

Interest income

Interest income is recognised as it accrues.

Intangible Assets - Brands

Intangible assets, comprising of brands, are capitalised at the lower of cost and fair value. Intangible assets are amortised on a straight line basis over their useful economic life. They are reviewed for impairment at the end of the first full financial year following their acquisition and in other periods if events or changes in circumstance indicate that the carrying value may not be recoverable.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation.

Depreciation is provided on all tangible fixed assets, other than on certain freehold land and buildings, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:-

Fixtures and fittings	-	5%, 10% or 20% per annum on a straight line basis
Plant and machinery	-	10% or 20% per annum on a straight line basis
Computer equipment	-	33% per annum on a straight line basis
Motor vehicles	-	20% per annum on a straight line basis

The carrying values of tangible fixed assets are reviewed for impairment in financial periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation is not charged on certain freehold land and buildings as it would be immaterial.

Revaluation of Properties

Freehold properties are revalued to fair value every year with the change on book value being transferred to the revaluation reserve.

Investment Properties

Investment properties are measured at fair value with any change recognised in the profit and loss account.

1. ACCOUNTING POLICIES *(continued)*

Investments

Fixed asset investments are recognised at historical cost. The carrying values of fixed asset investments are reviewed for impairment in financial periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:-

Raw materials, consumables and goods for re-sale - purchase cost on a first-in, first-out basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying a monthly exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Profit and Loss account.

Leasing and hire purchase agreements

Rentals paid under operating leases are charged to income on a straight line basis over the lease term. Income from operating leases is recognised as it is earned.

Pension and other post-employment benefits

The Company operates a defined benefit pension scheme for its employees and a post-retirement healthcare scheme. The assets of the pension scheme are held separately from those of the Company.

Pension scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Pension scheme assets are measured using market values at the balance sheet date.

The pension scheme deficit is recognised in accordance with FRS 17 on the Balance Sheet. The deferred tax relating to a defined benefit liability is offset against the defined benefit liability and not included with other deferred tax assets or liabilities.

Increases in the present value of the scheme liabilities expected to arise from employee service in the period are charged to Operating Profit. The expected return on scheme assets less the increase in the present value of scheme liabilities arising from the passage of time are shown as Net Finance Cost in respect of Defined Benefit Pension Scheme on the face of the Profit and Loss account. Actuarial gains and losses are recognised in the Statement of Total Recognised Gains and Losses.

NOTES ON THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET (*continued*)

1. ACCOUNTING POLICIES (*continued*)

Pension and other post-employment benefits (*continued*)

Entry to the post-retirement healthcare scheme is on a discretionary basis and subject to certain qualifying criteria. The annual premium for providing cover is determined by BUPA. This information is taken by qualified actuaries who then assess the reserve required to provide this benefit for the participants' future lifetimes, using FRS 17 assumptions. The liability for new entrants is recognised through the profit and loss account in the period in which the benefit is granted. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in full directly in the Statement of Total Recognised Gains and Losses.

Taxation

Current tax including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted and substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to the sale of the asset.

Where items recognised in the Statement of Total Recognised Gains and Losses or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends to either settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: (a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities are expected to be settled or recovered.

1. ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in administration expenses.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. In the process of applying the Company's accounting policies the Directors consider there to be no critical accounting judgements that have a significant effect on the amounts recognised in the financial statements. The following are the Company's key sources of estimation uncertainty:

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates. Further details are given in note 15.

Goodwill and other intangible assets

The Company establishes a reliable estimate of the useful economic life of goodwill and other intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business and the expected usual life of the cash generating units to which the goodwill is attributed.

Taxation

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 13.

BB&R SPIRITS LIMITED

NOTES ON THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET (*continued*)

1. ACCOUNTING POLICIES (*continued*)

Judgements and key sources of estimation uncertainty (*continued*)

Revaluation of investment property and freehold property

The Company carries its investment property and freehold property at fair value with changes recognised in profit and loss and equity respectively. The Company engaged independent valuation specialists at 31st March, 2016. The valuer used a valuation technique based on open market value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors.

2. TURNOVER

Turnover is stated after deducting discounts and allowances and excluding VAT. Turnover by geographical market area is not disclosed as, in the opinion of the Directors, such disclosure would be detrimental to the interests of the Company. The company's turnover is solely derived from the sale of goods.

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation arrived at after charging:

	31.03.16	31.03.15
	£000s	£000s
Foreign exchange (gain)/loss	(221)	38
Depreciation of owned fixed tangible assets	36	49
Amortisation of intangible assets	248	248
Operating lease rentals - land & buildings	149	158
Cost of stock recognised as expense	8,552	9,408

Auditors' remuneration for both audit and non-audit services is paid and borne by Berry Bros. & Rudd Limited, the parent company of BB&R Spirits Limited.

Directors' and Employees' Remuneration	31.03.16	31.03.15
	£000s	£000s
Directors' remuneration:-		
Aggregate remuneration for qualifying services	178	378
Pension contributions	24	2
	202	380

Three Directors of BB&R Spirits Limited were paid by its parent company, Berry Bros. & Rudd Limited for services relating to that company in the year. Retirement benefits are accruing to one Director (2015: one) under a defined benefit pension scheme.

	31.03.16	31.03.15
	£000s	£000s
Remuneration of highest paid Director		
Aggregate remuneration excluding pension contributions	178	368

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION *(continued)*

The accrued annual pension at the year-end under the defined benefit pension scheme for the highest paid Director was £23,719 (2015: £28,147).

	31.03.16 £000s	31.03.15 £000s
Employment costs amounted to:		
Wages and salaries	1,704	2,147
Social security costs	168	240
Pension costs	251	172
	<u>2,123</u>	<u>2,559</u>
	No.	No.
Average monthly number of employees during the year	<u>22</u>	<u>22</u>

4. EXCEPTIONAL ITEM

	31.03.16 £000s	31.03.15 £000s
Recognised below operating profit:-		
Restructuring costs	<u>(177)</u>	<u>-</u>
	<u>(177)</u>	<u>-</u>

The tax effect in the profit and loss account relating to the exceptional items recognised below operating profit is:

	31.03.16 £000s	31.03.15 £000s
Tax effect on exceptional items	<u>(35)</u>	<u>-</u>
	<u>(35)</u>	<u>-</u>

During the year the Company commenced a restructuring programme. Costs associated with this, such as redundancy costs and office closure, have been included in the exceptional item above.

5. OTHER INCOME

	31.03.16 £000s	31.03.15 £000s
Management fees	33	35
Rent receivable	326	293
	<u>359</u>	<u>328</u>

BB&R SPIRITS LIMITED

NOTES ON THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET *(continued)*

6. INTEREST

	31.03.16 £000s	31.03.15 £000s
Receivable		
Interest receivable on Deferred Consideration	-	61
Interest receivable on loan to group company	195	172
	195	233
Payable		
Bank interest	244	338
Net finance cost in respect of retirement benefit schemes	467	345
	711	683

7. TAXATION

(A) The taxation credit is made up as follows:-

	31.03.16 £000s	31.03.15 £000s
Deferred Tax		
Origination and reversal of timing differences	-	(1,627)
Effect of changes in tax rates	-	(90)
Total deferred taxation	-	(1,717)
Total tax credit for the year	-	(1,717)

(B) Factors affecting the total tax credit for the year:-

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015: 21%)	31.03.16 £000s	31.03.15 £000s
The differences are explained below:-		
Loss on ordinary activities before tax	82	1,605
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 21%)	(16)	(337)
<i>Effects of:-</i>		
Non-deductible expense	80	146
Effects of group relief	(96)	(101)
Tax rate changes	32	(90)
De-recognition of previously recognised deferred tax	-	(1,627)
Movement in unrecognised deferred tax	-	292
Total tax for the year	-	(1,717)

7. TAXATION (continued)

(C) Factors which may affect future tax charges:-

Finance Act 2014 was enacted on 17th July 2014 and introduced a reduction in the rate of corporation tax to 20% from 1 April 2015. Finance Act 2015 was enacted on 18th November 2015 and introduced a reduction in the rate of corporation tax to 19% from 1st April 2017 and to 18% from 1st April 2020. Therefore, the company's deferred tax balances are stated based on the tax rates which the deferred tax balances are expected to unwind.

The UK Budget announced in March 2016 further reduces the corporation tax rate to 17% from 1st April 2020. This reduction was not substantively enacted at the balance sheet date and the reduction is not expected to have a material impact on these financial statements.

Details of the Company's unrecognised deferred tax assets are contained in note 14.

8. INTANGIBLE ASSETS

Cost	<u>Brand</u> <u>£000s</u>
At 1 st April, 2015 and 31 st March, 2016.	<u>9,000</u>
Amortisation	
At 1 st April, 2015	2,048
Amount provided in year	248
At 31 st March, 2016	<u>2,296</u>
Net book value	
At 31 st March, 2016	<u>6,704</u>
At 31 st March, 2015	<u>6,952</u>

On 1st April, 2010, the Company acquired the brand The Glenrothes. The total consideration paid and the fair value was £9,000,000 which is being amortised over its estimated remaining economic life of 27 years.

BB&R SPIRITS LIMITED

NOTES ON THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET *(continued)*

9. TANGIBLE FIXED ASSETS

	Investment Properties	Freehold Land and Buildings £000s	Leasehold Land and Buildings £000s	Plant, Equipment & Motor Cars £000s	Total £000s
Cost/valuation					
At 1 st April, 2015	10,500	620	91	429	11,640
Additions	-	-	-	6	6
Disposals	-	-	-	(76)	(76)
Revaluation	(250)	-	-	-	(250)
At 31 st March, 2016	<u>10,250</u>	<u>620</u>	<u>91</u>	<u>359</u>	<u>11,320</u>
Accumulated depreciation					
At 1 st April, 2015	-	-	20	349	369
Amount provided in year	-	-	14	22	36
Disposals	-	-	-	(76)	(76)
At 31 st March, 2016	<u>-</u>	<u>-</u>	<u>34</u>	<u>295</u>	<u>329</u>
Net book value					
At 31 st March, 2016	<u>10,250</u>	<u>620</u>	<u>57</u>	<u>64</u>	<u>10,991</u>
At 31 st March, 2015	<u>10,500</u>	<u>620</u>	<u>71</u>	<u>80</u>	<u>11,271</u>

Depreciation is not charged on certain freehold and leasehold land and buildings as it would be immaterial.

Freehold land and buildings

The freehold properties were valued by Fletcher King as at 31st March 2016, on the basis of open market value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. The historical cost of freehold properties included at valuation as at 1st April, 2015 and 31st March, 2016 was £552,176.

9. TANGIBLE FIXED ASSETS (continued)

Investment properties

Investment properties, which are all freehold, were revalued to fair value at 31st March, 2016, based on a valuation undertaken by Fletcher King on the basis of open market value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. The historical cost of investment properties included at valuation as at 1st April, 2015 and 31st March, 2016 was £9,502,000.

At the balance sheet date the Company had contracted with tenants for the following total future minimum lease income:

	31.03.16	31.03.15
	£000s	£000s
On leases expiring:		
Within one year	199	20
In the second to fifth years inclusive	206	325
After five years	859	992
Total	1,264	1,337

10. INVESTMENTS

Cost	31.03.16	31.03.15
	£000s	£000s
Joint Venture		
The Indian Ocean Rum Company Limited		
1 st April	186	126
Addition	46	60
At 31 st March	232	186
Total Investments	232	186

On the 28th October, 2010, the Company acquired 50% of the share capital of The Indian Ocean Rum Company Limited.

On 24th May, 2013 the Company acquired a further 50,000 shares of The Indian Ocean Rum Company Limited for a consideration of £111,136. The joint venture partner acquired a similar holding and the portion held by the Company remains at 50%.

At 31st March 2014, the value of the investment in The Indian Ocean Rum Company Limited was impaired to its net book value.

BB&R SPIRITS LIMITED

NOTES ON THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET *(continued)*

10. INVESTMENTS *(continued)*

On 25th September, 2014 the Company acquired a further 30,000 shares of The Indian Ocean Rum Company Limited for a consideration of £60,253. The joint venture partner acquired a similar holding and the portion held by the Company remains at 50%.

On 26th June, 2015 the Company acquired a further 25,000 shares of The Indian Ocean Rum Company Limited for a consideration of £46,093. The joint venture partner acquired a similar holding and the portion held by the Company remains at 50%.

Details of the principal investments held by the Company are as follows:-

Name	Country of Registration	Holding	Proportion Held	Nature of Business
Joint Venture Company				
The Indian Ocean Rum Company Limited	Mauritius	505,000 Ordinary Shares	50%	Premium rum production, sales and marketing. Year End: 30 th June

11. STOCKS

	31.03.16 £000s	31.03.15 £000s
Bulk Stocks	24,845	24,529
Bottled Stocks	1,016	1,168
Other	697	763
	26,558	26,460

Stocks are valued at the lower of cost and net realisable value including all direct expenditure. The difference between the purchase price of stocks and their replacement cost is not material.

12. DEBTORS

	31.03.16 £000s	31.03.15 £000s
Amounts falling due within one year:		
Trade debtors	4,298	3,621
Other debtors	255	353
Amounts due from group undertakings	1,674	4,194
Prepayments and accrued income	314	381
	6,541	8,549
Amounts falling due after more than one year:		
Amounts due from group undertakings	7,486	7,486
	7,486	7,486

13. CREDITORS

	31.03.16 £000s	31.03.15 £000s
Amounts falling due within one year:		
Bank Overdraft	8,131	6,536
Trade Creditors	783	1,060
Amounts due to group undertakings	3,236	6,172
Accruals and deferred income	3,114	2,464
Other Creditors	119	84
Corporation Tax	58	58
	<u>15,441</u>	<u>16,374</u>

14. DEFERRED TAXATION

	31.03.16 £000s	Not Recognised 31.03.15 £000s
Decelerated capital allowances	(53)	(75)
Tax Losses	(1,322)	(1,138)
Short term timing differences	(2,222)	(3,163)
Change in basis	-	40
Total deferred tax asset not recognised in the financial statements	<u>(3,597)</u>	<u>(4,336)</u>

15. CALLED-UP SHARE CAPITAL AND RESERVES

	Authorised		Issued and Fully Paid	
	31.03.16 £000s	31.03.15 £000s	31.03.16 £000s	31.03.15 £000s
Amount classified as equity				
Ordinary Shares of £1 each	<u>300</u>	<u>300</u>	<u>250</u>	<u>250</u>
	<u>300</u>	<u>300</u>	<u>250</u>	<u>250</u>

The Company's other reserves are as follows:

- The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings which are revalued to fair value at each reporting date.
- The profit and loss account reserve represents cumulative profits or losses including unrealized profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

BB&R SPIRITS LIMITED

NOTES ON THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET *(continued)*

16. RETIREMENT BENEFIT SCHEMES

The Company operates a defined benefit pension scheme and a post-retirement healthcare scheme. The amounts carried in the balance sheet are as follows:

	2016			2015		
	Defined benefit pension scheme £000s	Post- retirement healthcare scheme £000s	Total £000s	Defined benefit pension scheme £000s	Post- retirement healthcare scheme £000s	Total £000s
Fair value of scheme assets	35,994	-	35,994	37,102	-	37,102
Present value of scheme liabilities	(47,954)	(374)	(48,328)	(51,610)	(877)	(52,487)
Net scheme liability	<u>(11,960)</u>	<u>(374)</u>	<u>(12,334)</u>	<u>(14,508)</u>	<u>(877)</u>	<u>(15,385)</u>

(a) Defined Benefit Pension Scheme

The pension scheme provides benefits based on final pensionable salary. The assets of the scheme are held in a separate trustee-administered fund. The most recent actuarial valuations of scheme assets and the present value of defined benefit obligation were carried out at 31st March, 2016 by Xafinity Consulting Ltd.

Pension contributions are determined with the advice of independent qualified actuaries, Xafinity Consulting Ltd, on the basis of triennial valuations using the projected unit credit method. The valuation of 31st March, 2013 was approved in October 2014 and showed an actuarial deficit on the scheme of £11,424,000. On the 31st March 2012 the pension scheme was closed to future accrual. The annual deficit funding contribution of £404,000 was made in the year but there were no further employer's regular contributions. The company expects to contribute £523,000 during the year ending 31st March 2017, being £425,000 relating to the special contribution and £98,000 in respect of the Pension Protection Fund levy.

The main assumptions used by the actuary were:-

	31.03.16	31.03.15
Discount rate	3.0%	3.3%
Inflation assumption	3.0%	3.0%
Deferred revaluation rate	2.0%	2.5%

16. RETIREMENT BENEFIT SCHEMES *(continued)***Mortality Assumptions:****Life Expectancy at 65 of future pensioners currently aged 45:**

Male	24.6	24.4
Female	27.2	27.0

Life Expectancy at 65 of current pensioners:

Male	23.2	23.1
Female	25.6	25.5

Rate of pension increases:

for pensions accrued before December 1999	5.0%	5.0%
for pensions accrued after December 1999	3.0%	3.0%
for pensions accrued after May 2007	2.3%	2.3%

The post-retirement mortality assumptions allow for expected increases in longevity. The current disclosures above relate to assumptions based on longevity (in years) following retirement at the Balance sheet date.

The fair value of the scheme assets, the present value of the scheme liabilities and the resulting deficit were:-

	Value at 31.03.16 £000s	Value at 31.03.15 £000s
Equities	8,575	17,547
Bonds -Government	8,250	8,693
Bonds -Corporate	5,023	8,746
Cash	826	1,887
Property	0	198
Illiquids	4,011	0
Diversified Growth Funds	9,286	0
Other	23	31
Total fair value of assets	35,994	37,102
Present value of scheme liabilities	(47,954)	(51,610)
Net pension deficit	(11,960)	(14,508)

BB&R SPIRITS LIMITED

NOTES ON THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET *(continued)*

16. RETIREMENT BENEFIT SCHEMES *(continued)*

Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying the relevant corporate bond yield.

The pension plan has not invested in any of the Company's own financial instruments nor in properties or other assets used by the Company.

The amounts recognised in the profit and loss account and the statement of recognised gains and losses are as follows:-

	31.03.16 £000s	31.03.15 £000s
Recognised in the Profit and Loss account		
Administration expenses	99	46
Recognised in arriving at operating profit	99	46
Interest on scheme assets	(1,245)	(1,560)
Interest on scheme liabilities	1,683	1,881
Net interest expense	438	321
Total recognised in the profit and loss account	537	367
	31.03.16 £000s	31.03.15 £000s
Recognised in the Statement of Total Recognised Gains and Losses (STRGL)		
Return on pension scheme assets	(1,416)	2,508
Experience gains/(losses) arising on the scheme liabilities	2,329	(11)
Changes in assumptions underlying the present value of the scheme liabilities	1,768	(8,385)
Actuarial gain/(loss) recognised in STRGL	2,681	(5,888)

Analysis of movement in deficit during the year:-

	31.03.16 £000s	31.03.15 £000s
Deficit in scheme at start of the year	(14,508)	(8,637)
Movement in year:		
Administration expenses	(99)	(46)
Contributions	404	384
Net interest cost	(438)	(321)
Actuarial gain/(loss)	2,681	(5,888)
Deficit in scheme at end of the year	(11,960)	(14,508)

16. RETIREMENT BENEFIT SCHEMES (continued)

Changes in the present value of the defined benefit obligation are analysed as follows:

	31.03.16 £000s	31.03.15 £000s
As at 1 st April	51,610	42,555
Movement in year:		
Interest cost	1,683	1,881
Actuarial losses	(4,097)	8,396
Benefit payments	(1,242)	(1,222)
As at 31 st March	<u>47,954</u>	<u>51,610</u>

Changes in the fair value of plan assets are analysed as follows:

	31.03.16 £000s	31.03.15 £000s
As at 1 st April	37,102	33,918
Movement in year:		
Interest income	1,245	1,560
Administration expenses	(99)	(46)
Employer contributions	404	384
Return on assets	(1,416)	2,508
Benefit payments	(1,242)	(1,222)
As at 31 st March	<u>35,994</u>	<u>37,102</u>

Sensitivity

Valuation of pensions involves judgments about uncertain future events. Sensitivities in respect of the key assumptions used to measure the principal pension schemes as at 31st March 2016 are set out below. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation, with the exception of the sensitivity to inflation which incorporates the impact of certain correlating assumptions such as salary increases. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the impacts may offset to some extent.

	Increase/ (decrease) in Profit before tax for year ended 31.03.16 £000s	(Increase)/Decrease in scheme liabilities £000s
Rate of mortality – 1 year increase in life expectancy	(53)	(2,062)
Rate of mortality – 1 year decrease in life expectancy	56	2,062
Rate of inflation – 0.10% increase	(10)	(384)
Discount rate – 0.10% increase	14	911

The effect on profit before tax reflects the impact of current service cost, interest cost and expected return on assets.

BB&R SPIRITS LIMITED

NOTES ON THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET *(continued)*

16. RETIREMENT BENEFIT SCHEMES *(continued)*

(b) Post-Retirement Healthcare Scheme

The company operates a post-retirement healthcare scheme. The company has obtained independent, professionally qualified actuarial advice to quantify financial obligations under the scheme. During the year, it was concluded that the post-retirement healthcare obligation has not, in the past, been accounted for in accordance with FRS 17, Retirement Benefits. In previous years, the charge to the profit and loss account was the premium charged each year. Accordingly, a prior year adjustment has been made to account for the obligation in accordance with FRS 17.

The main assumptions used by the actuary were:-

	31.03.16	31.03.15
Discount rate	3.5%	3.3%
Medical cost inflation	6.0%	6.0%
Rate at which employees leave employment	5.0%	5.0%
Assumed age of retirement	65	65
Pre and post retirement mortality	91%/89% SAPS CMI2012 1%	91%/89% SAPS CMI2012 1%
Post-retirement premiums for projection:		
Single member's premium (p.a.)	£1,333	£1,441
Married member's premium (p.a.)	£2,666	£2,881

Analysis of movement in deficit and present value of the post-retirement healthcare liability during the year:-

	31.03.16 £000s	31.03.15 £000s
Deficit in scheme at start of the year	(877)	(536)
Movement in year:		
Net interest cost	(29)	(24)
Actuarial gain/(loss)	532	(317)
Deficit in scheme at end of the year	<u>(374)</u>	<u>(877)</u>

The amount recognised in the Statement of Total Recognised Gains and Losses (STRGL) is shown below:-

	31.03.16 £000s	31.03.15 £000s
Experience gains/(losses) arising on the scheme liabilities	509	(53)
Changes in assumptions underlying the present value of the scheme liabilities	23	(264)
Actuarial gain/(loss) recognised in STRGL	<u>532</u>	<u>(317)</u>

16. RETIREMENT BENEFIT SCHEMES (continued)

Sensitivity

Valuation of post-retirement benefits involves judgments about uncertain future events. Sensitivities in respect of the key assumption used to measure the liability as at 31st March 2016 are set out below. These sensitivities show the hypothetical impact of a change in the listed assumption in isolation. While both of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the impacts may offset to some extent.

	Profit before tax for year ended 31.03.16 £000s	(Increase)/Decrease in scheme liabilities £000s
Base medical inflation – 1% decrease	3	91
Rate of mortality – 1 year increase	(1)	(21)

17. RELATED PARTY TRANSACTIONS

The Company is exempt under FRS 102 paragraph 33.1A from disclosing related party transactions with entities which are part of the Berry Bros. & Rudd group.

During the year, the Company made sales of £2,659,586 (2015: £2,342,137) and charged management fees of £25,000 (2015: £25,000) to its fellow group company's associate Anchor Brewers & Distillers LLC. At the end of the year, the amount due to the Company was £843,960 (2015: £197,868). The company made purchases from Anchor Brewers & Distillers LLC of £281,558 (2015: £35,122).

During the year, the Company provided development and marketing support to the value of £139,435 (2015: £186,470) and charged management fees of £10,981 (2015: £12,782) to its joint venture Indian Ocean Rum Company Limited. At the end of the year, the amount due to the Company from Indian Ocean Rum Company Limited was £22,814 (2015: £61,067).

The amount owed by the Company to The Indian Ocean Rum Company Limited was £84,973 (2015: £12,782).

18. OTHER FINANCIAL COMMITMENTS

Commitments under Operating Leases

	31.03.16 Land & Building Total £000s	31.03.15 Land & Building Total £000s
Operating leases which expire:		
- within one year	-	-
- within two to five years	630	11
- later than five years	-	777
	<u>630</u>	<u>788</u>

BB&R SPIRITS LIMITED

NOTES ON THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET (*continued*)

19. ULTIMATE PARENT COMPANY

The parent undertaking, which is also the ultimate parent undertaking, of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Berry Bros. & Rudd Limited, registered in England & Wales. Copies of these group financial statements can be obtained from Berry Bros. & Rudd Limited, 3 St. James's Street, London SW1A 1EG.

20. EXPLANATION OF TRANSITION TO FRS 102

This is the first year that the Company has presented financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31st March 2015 and the date of transition was therefore 1st April 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

Reconciliation of Equity

	01.04.14 £000s	31.03.15 £000s
<i>Note</i>		
Equity reported under previous UK GAAP	37,514	29,351
Adjustments to equity on transition to FRS 102		
Holiday pay accrual	(14)	(16)
Amortisation of brand	-	202
Revaluation of investment property	1,583	-
Equity Reported under FRS 102	39,083	29,537

Notes to the reconciliation of equity at 1 April 2014

Holiday pay accrual

Under previous UK GAAP, the Company did not accrue for holiday pay that was earned but the holiday entitlement was expected to be taken in the subsequent financial year. Under FRS 102, the Company is required to accrue for all short-term compensated absences as holiday entitlement earned but not taken at the date of the statement of financial position. The impact is to accrue the amount of £14,000 and £16,000 in respect of earned holiday pay at 1st April 2014 and 31st March 2015 respectively.

Amortisation of brand

Under previous UK GAAP, the Company amortised the brand name 'The Glenrothes' over a period of 20 years. At the transition date the Company has assessed the useful life of this asset to be 29 years resulting in a decrease in the annual amortisation charge from £450,000 to £248,000.

20. EXPLANATION OF TRANSITION TO FRS 102 (continued)

Revaluation of investment property

Under previous UK GAAP, the Company treated all mixed use freehold properties as freehold property within Property, Plant and Equipment. Under FRS 102 this must be split between Freehold Property and Investment Property. Investment property must be revalued to fair value at each balance sheet date. Therefore the Company's investment property has been revalued at the date of transition to fair value. This has no impact on the equity as at 31st March, 2015 as at this date the Company fair valued all freehold property.

Reconciliation of loss for 2015

	£000s
Note	
Profit for the financial year under previous UK GAAP	924
Adjustments to profit on transition to FRS 102	
Holiday pay accrual	(2)
Revaluation of Investment Property	(585)
Adjustment to net interest on defined pension liability	(381)
Defined pension administration expenses	(46)
Amortisation of brand	202
Loss for the financial year under FRS 102	112

Notes to the reconciliation of loss for 2015

Holiday pay accrual

As a result of the requirement to accrue for holiday that was earned but not taken at the date of the statement of financial position, there is a charge of £2,000 to the income statement for the year ended 31st March 2015, recognising the increase in the holiday pay accrual over the year.

Revaluation of Investment Property

Under FRS 102, changes in the fair value of investment properties are recorded in the Profit and Loss account. Under previous UK GAAP owing to the mixed use nature of the properties all were classified as Property, Plant and Equipment with the revaluation going to the Statement of Recognised Gains and Losses (STRGL). The reclassification of certain properties as investment properties has resulted in a loss of £585,000 being recognised in the Profit and Loss account as opposed to the STRGL.

Adjustment to net interest on defined pension liability

Under FRS 102 the Company is unable to take advance allowance for asset returns in excess of the corporate bond yield. This has resulted in a higher return on assets through the Statement of Recognised Gains and Losses with a corresponding increase in the interest cost through the Profit and Loss account.

Defined pension administration expenses

Under previous UK GAAP administration expenses relating to the scheme were built into the expected return on assets which was calculated as a net figure. Under FRS 102 these expenses are now presented explicitly within profit and loss. This has given rise to an additional charge of £46,000.

BB&R SPIRITS LIMITED

NOTES ON THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET (*continued*)

20. EXPLANATION OF TRANSITION TO FRS 102 (*continued*)

Amortisation of brand

Under previous UK GAAP the Company amortised the brand name 'The Glenrothes' over a period of 20 years. At the transition date the Company has assessed the useful life of this asset to be 29 years resulting in a decrease in the annual amortisation charge from £450,000 to £248,000.

Transitional Relief

On transition to FRS 102 from previous UK GAAP, the Company has taken advantage of transitional relief as follows:

Lease incentives

The company has not applied paragraphs 20.15A or 20.25A to lease incentives where the lease commenced before the date of transition to FRS 102. It has continued to recognise any residual benefit or cost associated with these lease incentives on the same basis that applied prior to transition to FRS 102.