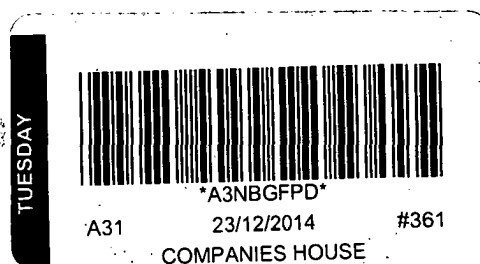


BB&R SPIRITS LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014



BB&R SPIRITS LIMITED

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

DIRECTORS

S.G.F. BERRY,
H.F.D. STURGES, A.C.A.
J.W. PARSONS

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 that of spirit merchants.

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 Profit on ordinary activities before taxation.

| | 2014 £000 | 2013 £000 | % Change |
|---|----------------------------|----------------------------|---------------------------|
| Turnover | 17,192 | 14,298 | 20.2% |
| Gross Profit | 3,192 | 2,436 | 31.0% |
| Loss on ordinary activities before dividend income and taxation | (2,410) | (3,440) | 29.9% |

Business Review

During the year to 31st March 2014, the Company has continued to invest in and develop its business in line with its long term plans and objectives of growing its markets, increasing distribution investing in assets to yield a competitive return. The business has achieved good growth since last year, as can be seen from the increases in turnover and gross profit driven by growth of key brands, The Glenrothes, No. 3 Gin and The King's Ginger.

Results

Revenue during the period amounted to £17,192,000 (2013: £14,298,000) and the loss for the year after taxation was £2,506,000 (2013: £3,384,000):

The loss reflects the company's ongoing investment in distribution of its brands, which is yielding a return, as demonstrated by the year on year growth shown in Turnover and Gross Profit.

Financial risk management

The Company has various financial instruments such as trade debtors and trade creditors arising directly from its operations. The Directors do not consider the fair value of these instruments to differ from the book value. 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.

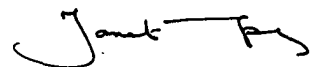
- ***Liquidity risk***

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. The Company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rates of any material payments in foreign currency.

By Order of the Board



J.A. IMPEY
Secretary

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

18th December, 2014

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, 2014.

Directors

The present directors are listed on page 1.

Directors' Insurance and Indemnities

The Group 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 2014 and through to the date of this report.

Employment Policies

- ***Diversity and inclusion***

The company takes an inclusive approach to diversity and 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. BB&R Spirits Limited is committed supporting 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 Group has an approved health and safety policy.

- ***Employee Communication***

The Group believes that employee communication is important in building strong relationships with, and in motivating and retaining, employees. The Group 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 financial position, management of financial risk and its exposures to credit, liquidity and currency risks are described in the Directors' Report. Despite the loss for the year, the Group has considerable 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 despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors' statement as to disclosure of information to auditors

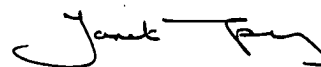
The directors who were members of the board at the time of approving the Directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these Directors confirms that:

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- Each Director has taken all the steps a director might reasonably be expected to have taken to be aware of 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
18th December, 2014

BB&R SPIRITS LIMITED

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 2014 which comprise Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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).

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 Director's Report 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 2014 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.

Opinion on other matter prescribed by the Companies Act 2006

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

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*

19 December, 2014.

BB&R SPIRITS LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2014

| | | 31.03.14 £000s | 31.03.13 £000s |
|--|-----------|-----------------------|-----------------------|
| Turnover | (Note 2) | 17,192 | 14,298 |
| Cost of Sales | | <u>(14,000)</u> | <u>(11,862)</u> |
| Gross Profit | | 3,192 | 2,436 |
| Administration and other expenses | | (5,493) | (6,269) |
| Distribution costs | | (71) | (26) |
| Other income | (Note 4) | <u>316</u> | <u>289</u> |
| Operating loss | (Note 3) | (2,056) | (3,570) |
| Impairment of Investment | (Note 10) | (875) | - |
| Interest receivable | (Note 5) | 586 | 430 |
| Interest payable | (Note 5) | <u>(65)</u> | <u>(300)</u> |
| Loss on ordinary activities before taxation | | (2,410) | (3,440) |
| Taxation (charge)/credit | (Note 6) | <u>(96)</u> | <u>56</u> |
| Loss for the year after tax | | <u>(2,506)</u> | <u>(3,384)</u> |

All amounts relate to continuing activities.

The notes referred to are on Pages 14 to 20.

BB&R SPIRITS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31st March, 2014

| | | 31.03.14 £000s | 31.03.13 £000s |
|---|-----------|---------------------------|---------------------------|
| Loss on ordinary activities for the year | | (2,506) | (3,384) |
| Actuarial (loss)/gain in respect of the defined benefit pension scheme | (Note 17) | (947) | 1,367 |
| Deferred taxation charge relating to the defined benefit pension scheme | (Note 14) | (42) | (409) |
| Total recognised loss for the year | | <u>(3,495)</u> | <u>(2,426)</u> |

The notes referred to are on Pages 22 to 24.

BALANCE SHEET

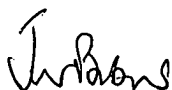
31st March, 2014

| | | 31.03.14 £000s | 31.03.13 £000s |
|---|-----------|---------------------------------|---------------------------------|
| Fixed Assets | | | |
| Intangible Assets | (Note 8) | 7,200 | 7,650 |
| Tangible Assets | (Note 9) | 10,217 | 10,154 |
| Investments | (Note 10) | 126 | 890 |
| | | <u>17,543</u> | <u>18,694</u> |
| Current Assets | | | |
| Stocks | (Note 11) | 25,542 | 20,286 |
| Debtors – falling due within one year | (Note 12) | 9,755 | 8,221 |
| Debtors – falling due after more than one year | (Note 12) | 7,486 | 9,539 |
| Short-term deposits and cash | | 4,558 | 7,229 |
| | | <u>47,341</u> | <u>45,275</u> |
| Creditors – falling due within one year | (Note 13) | <u>(19,924)</u> | <u>(16,184)</u> |
| Net Current Assets | | 27,417 | 29,091 |
| Total Assets less Current Liabilities before pension deficit | | <u>44,960</u> | <u>47,785</u> |
| Defined benefit pension scheme deficit | (Note 17) | <u>(6,910)</u> | <u>(6,240)</u> |
| Total Assets less Liabilities | | <u><u>38,050</u></u> | <u><u>41,545</u></u> |
| Capital and Reserves | | | |
| Called-up share capital | (Note 15) | 250 | 250 |
| Profit and loss account | (Note 16) | 37,800 | 41,295 |
| Shareholders' Funds | (Note 16) | <u><u>38,050</u></u> | <u><u>41,545</u></u> |

H.F.D. STURGES,
Director



J.W. PARSONS,
Director



The notes referred to are on Pages 18 to 24.

18th December, 2014

BB&R SPIRITS LIMITED

NOTES ON THE PROFIT AND LOSS ACCOUNT AND BALANCE SHEET

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of preparation

The financial statements are prepared in accordance with applicable UK accounting standards. The Company is a wholly owned subsidiary of Berry Bros. & Rudd Limited and is included in the publicly available consolidated financial statements of Berry Bros. & Rudd Limited. The Company is therefore exempt from preparing group accounts under s400 of the Companies Act 2006.

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

Revenue recognition

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. 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.

Depreciation

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.

1. ACCOUNTING POLICIES *(continued)*

Fixed asset 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 recorded at fixed budget rates with Forward Currency Contracts used during the year to protect this rate. Any variance between these rates has been recorded within the profit and loss account. Monetary assets and liabilities at the Balance Sheet date are translated at year-end rates of exchange. All exchange differences arising are also included in the profit for the year.

Forward foreign currency contracts

The Company uses forward foreign currency contracts to reduce exposure to foreign exchange risk. Gains and losses on contracts are recognised through the profit and loss account in the period in which the transaction occurs.

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.

Pensions

The Company operates a defined benefit pension scheme for its employees. The assets of the 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.

BB&R SPIRITS LIMITED

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

1. ACCOUNTING POLICIES (*continued*)

Pensions (*continued*)

The pension scheme deficit is recognised in full 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.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:-

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when the replacement assets are sold.
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences will be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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.

3. OPERATING LOSS

Operating Loss arrived at after charging/(crediting):

| | 31.03.14 | 31.03.13 |
|---|----------|----------|
| | £000s | £000s |
| Loss/(gain) on exchange of foreign currencies | 484 | (214) |
| Depreciation of owned fixed tangible assets | 61 | 51 |
| Loss on disposal of fixed assets | 1 | - |
| Amortisation of intangible assets | 450 | 450 |
| Operating lease rentals - land & buildings | 229 | 120 |

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.

| | 31.03.14 | 31.03.13 |
|--|----------|----------|
| | £000s | £000s |
| Directors' and Employees' Remuneration | | |
| Directors' remuneration:- | | |
| Aggregate remuneration for qualifying services | 369 | 283 |
| Pension contributions | 37 | 47 |
| | 406 | 330 |

Two Directors of BB&R Spirits Limited are paid by its parent company, Berry Bros. & Rudd Limited for services relating to that company. Retirement benefits are accruing to one Director (2013: one) under a defined benefit pension scheme.

| | 31.03.14 | 31.03.13 |
|--|----------|----------|
| | £000s | £000s |
| Remuneration of highest paid Director | | |
| Aggregate remuneration excluding pension contributions | 369 | 283 |

The accrued annual pension at the year-end under the defined benefit pension scheme for the highest paid Director was £27,829 (2013: £28,325.)

BB&R SPIRITS LIMITED

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

3. OPERATING LOSS *(continued)*

| | 31.03.14 £000s | 31.03.13 £000s |
|---|-------------------|-------------------|
| Employment costs amounted to: | | |
| Wages and salaries | 1,807 | 1,755 |
| Social security costs | 222 | 199 |
| Pension costs | | |
| Stakeholder Scheme | 254 | 16 |
| | <u>2,283</u> | <u>1,970</u> |
| | | |
| | No. | No. |
| Average monthly number of employees during the year | <u>21</u> | <u>20</u> |

4. OTHER INCOME

| | 31.03.14 £000s | 31.03.13 £000s |
|-----------------|-------------------|-------------------|
| Management fees | 27 | 29 |
| Rent receivable | 289 | 260 |
| | <u>316</u> | <u>289</u> |

5. INTEREST

| | 31.03.14 £000s | 31.03.13 £000s |
|---|-------------------|-------------------|
| Receivable | | |
| Interest receivable on Deferred Consideration | 373 | 206 |
| Interest receivable on loan to group company | 165 | 172 |
| Net Finance Cost in respect of Defined Benefit Pension Scheme | 48 | - |
| Other | - | 52 |
| | <u>586</u> | <u>430</u> |
| Payable | | |
| Bank interest | 65 | 143 |
| Net Finance Cost in respect of Defined Benefit Pension Scheme | - | 115 |
| Other interest | - | 42 |
| | <u>65</u> | <u>300</u> |

6. TAXATION

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

| UK Corporation Tax | 31.03.14 £000s | 31.03.13 £000s |
|--|---------------------------|---------------------------|
| U.K. Corporation Tax on Loss for the year | - | - |
| Over provision in prior years | 2 | - |
| | <u>2</u> | <u>-</u> |
| Overseas tax - adjustment in respect of prior year | - | 3 |
| Total current tax | 2 | 3 |
| Deferred Tax | | |
| Origination and reversal of timing differences (Note 14) | 94 | (59) |
| | <u>94</u> | <u>(59)</u> |
| Total deferred taxation | 94 | (59) |
| Total tax charge/(credit) for the year | 96 | (56) |

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

| | | |
|--|---------------------------|---------------------------|
| The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23% (2013: 24%) | 31.03.14 £000s | 31.03.13 £000s |
| The differences are explained below:- | | |
| Loss on ordinary activities before tax | (2,410) | (3,440) |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013: 24%) | (554) | (826) |
| <i>Effects of:-</i> | | |
| Non-deductible expense/(Non-taxable income) | 214 | (3) |
| Depreciation in excess of capital allowances | 13 | 13 |
| Other timing differences | (95) | (63) |
| Group relief surrendered for nil payment | 257 | 161 |
| Adjustments to tax charge in respect of previous years:- | | |
| - UK corporation tax | 2 | - |
| - Overseas tax | - | 3 |
| Unrelieved tax losses carried forward | 165 | 718 |
| Current tax for the year | 2 | 3 |

BB&R SPIRITS LIMITED

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

6. TAXATION *(continued)*

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

The main rate of UK corporation tax reduced to 21% from 23% from 1st April 2014. A further reduction in the main rate of corporation tax to 20% from 1st April 2015 was enacted in July 2013, so these are the enacted tax rates at 31st March 2014.

These rates have been applied in measuring deferred tax balances at 31st March 2014, based on the expected date the underlying temporary differences will reverse.

The company has an unrecognised deferred tax asset of £805,181 (2013: £785,203). The unrecognised deferred tax asset relates to tax losses carried forward by the company.

7. DIVIDENDS PAID

| | 31.03.14 £000s | 31.03.13 £000s |
|-----------------|-------------------|-------------------|
| Ordinary Shares | | |
| Final paid | Nil (2013: 2520p) | |
| | - | 6,300 |
| | - | 6,300 |

8. INTANGIBLE ASSETS

| Cost | <u>Brand</u> £000s |
|--|-----------------------|
| At 1 st April, 2013 and 31 st March, 2014. | <u>9,000</u> |
| Amortisation | |
| At 1 st April, 2013 | 1,350 |
| Amount provided in year | 450 |
| At 31 st March, 2014 | <u>1,800</u> |
| Net book value | |
| At 31 st March, 2014 | <u>7,200</u> |
| At 31 st March, 2013 | <u>7,650</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 economic life of 20 years.

9. TANGIBLE FIXED ASSETS

| | Freehold Land and Buildings £000s | Leasehold Land and Buildings £000s | Plant, Equipment & Motor Cars £000s | Construction Work in Progress £000s | Total £000s |
|-------------------------------------|--|---|--|--|----------------|
| Cost | | | | | |
| At 1 st April, 2013 | 10,042 | - | 367 | 16 | 10,425 |
| Additions | - | 91 | 38 | - | 129 |
| Transfers from Work in Progress | 16 | - | - | (16) | 0 |
| Disposals | (3) | - | (14) | - | (17) |
| At 31 st March, 2014 | <u>10,055</u> | <u>91</u> | <u>391</u> | <u>-</u> | <u>10,537</u> |
| Accumulated depreciation | | | | | |
| At 1 st April, 2013 | - | - | 271 | - | 271 |
| Amount provided in year | - | 6 | 55 | - | 61 |
| Disposals | - | - | (12) | - | (12) |
| At 31 st March, 2014 | <u>-</u> | <u>6</u> | <u>314</u> | <u>-</u> | <u>320</u> |
| Net book value | | | | | |
| At 31 st March, 2014 | <u>10,055</u> | <u>85</u> | <u>77</u> | <u>-</u> | <u>10,217</u> |
| At 31 st March, 2013 | <u>10,042</u> | <u>-</u> | <u>96</u> | <u>16</u> | <u>10,154</u> |

Depreciation is not charged on certain freehold and leasehold land and buildings as it would be immaterial. In the Directors' opinion the results of a review showed that the recoverable amount of the freehold buildings, shown at a carrying value of £10,140,000 at 31st March, 2014 was in excess of this sum.

BB&R SPIRITS LIMITED

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

10. INVESTMENTS

| Cost | 31.03.14 £000s | 31.03.13 £000s |
|----------------------------------|-------------------|-------------------|
| Joint Venture | | |
| Indian Ocean Rum Company Limited | | |
| 1 st April, 2013 | 890 | 890 |
| Addition | 111 | - |
| Impairment | (875) | |
| At 31 st March 2014 | <u>126</u> | <u>890</u> |
| Total Investments | <u>126</u> | <u>890</u> |

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.

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 | 450,000 Ordinary Shares | 50% | Premium rum production, sales and marketing. Year End: 30 th June |
| Other Investments | | | | |
| The Brands Distillery Limited | England & Wales | 1,536,830 Ordinary Shares | 6.0% | Drinks Brand Owner |

11. STOCKS

| | 31.03.14 £000s | 31.03.13 £000s |
|----------------|-------------------|-------------------|
| Bulk Stocks | 23,291 | 19,048 |
| Bottled Stocks | 1,314 | 250 |
| Other | 937 | 988 |
| | <u>25,542</u> | <u>20,286</u> |

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

| | 31.03.14 £000s | 31.03.13 £000s |
|--|-------------------|-------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 3,394 | 1,876 |
| Other debtors | 14 | 47 |
| Deferred consideration on disposal of business | 1,996 | 1,500 |
| Amounts due from group undertakings | 4,027 | 3,499 |
| Amounts due from joint venture and associate | 59 | 900 |
| Prepayments and accrued income | 189 | 324 |
| Deferred Tax (Note 14) | 76 | 75 |
| | <u>9,755</u> | <u>8,221</u> |
| Amounts falling due after more than one year: | | |
| Amounts due from group undertakings | 7,486 | 7,486 |
| Deferred consideration on disposal of business | - | 2,053 |
| | <u>7,486</u> | <u>9,539</u> |
| Total Debtors | <u>17,242</u> | <u>17,760</u> |

BB&R SPIRITS LIMITED

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

13. CREDITORS

| | 31.03.14 £000s | 31.03.13 £000s |
|--|-------------------|-------------------|
| Amounts falling due within one year: | | |
| Bank Overdraft | 10,901 | 8,273 |
| Trade Creditors | 1,190 | 1,369 |
| Amounts due to group undertakings | 5,015 | 4,449 |
| Amounts due to joint ventures & associates | 11 | 26 |
| Accruals and deferred income | 2,672 | 1,956 |
| Other Creditors | 30 | 13 |
| Corporation Tax | 58 | 56 |
| Other Tax and Social Security | 47 | 42 |
| | 19,924 | 16,184 |

14. DEFERRED TAXATION

| | Recognised | | Not Recognised | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31.03.14 £000s | 31.03.13 £000s | 31.03.14 £000s | 31.03.13 £000s |
| Accelerated capital allowances | (76) | (75) | - | - |
| Tax Losses | - | - | (805) | (785) |
| Undiscounted deferred tax asset included in Debtors (Note 12) | (76) | (75) | (805) | (785) |
| Deferred tax included in the pension liability (Note 17) | (1,727) | (1,864) | | |
| Total deferred tax asset recognised in the financial statements | (1,803) | (1,939) | | |
| Recognised at start of year | (1,939) | (2,289) | | |
| Deferred tax debit in the Profit and Loss account | 94 | 50 | | |
| Prior year deferred tax credit in the Profit and Loss account | - | (112) | | |
| Change in tax rate | - | 3 | | |
| Deferred tax charged in the Statement of Total Recognised Gains and Losses | 42 | 409 | | |
| Recognised at end of the year | (1,803) | (1,939) | | |

15. CALLED-UP SHARE CAPITAL

| | Authorised | | Issued and Fully Paid | |
|------------------------------------|-------------------|-------------------|-----------------------|-------------------|
| | 31.03.14 £000s | 31.03.13 £000s | 31.03.14 £000s | 31.03.13 £000s |
| Amount classified as equity | | | | |
| Ordinary Shares of £1 each | 300 | 300 | 250 | 250 |
| | <u>300</u> | <u>300</u> | <u>250</u> | <u>250</u> |

16. MOVEMENTS IN CAPITAL AND RESERVES

| | Share Capital £000s | Profit & Loss Account £000s | Total £000s |
|--|---------------------------|--------------------------------------|----------------|
| At 31st March, 2012 | 250 | 43,721 | 43,971 |
| Loss for the financial year | - | (3,384) | (3,384) |
| Actuarial gain on defined benefit pension scheme | - | 1,367 | 1,367 |
| Deferred taxation relating to defined benefit pension scheme | - | (409) | (409) |
| At 31st March, 2013 | 250 | 41,295 | 41,545 |
| Loss for the financial year | - | (2,506) | (2,506) |
| Actuarial loss on defined benefit pension scheme | - | (947) | (947) |
| Deferred taxation relating to defined benefit pension scheme | - | (42) | (42) |
| At 31st March, 2014 | 250 | 37,800 | 38,050 |

BB&R SPIRITS LIMITED

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

17. PENSION SCHEME

The Company operates a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held in a separate trustee-administered fund.

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 next full valuation is due as at 31st March 2014 and is ongoing at the date of the financial statements. On the 31st March 2012 the pension scheme was closed to future accrual. The annual deficit funding contributions of £366,450 will be made in 2015 but there will be no further employer's regular contributions.

The main assumptions used by the actuary were:-

| | 31.03.14 | 31.03.13 |
|---|----------|----------|
| Discount rate | 4.5% | 4.5% |
| Inflation assumption | 3.5% | 3.4% |
| Salary escalation | 2.5% | 2.7% |
| Mortality assumptions: | | |
| Life expectancy at 65 of future pensioners currently aged 45: | | |
| Male | 24.5 | 23.5 |
| Female | 27.0 | 26.6 |
| Life expectancy at 65 of current pensioners: | | |
| Male | 23.1 | 22.4 |
| Female | 25.5 | 25.4 |
| Rate of pension increases: | | |
| For pensions accrued before December 1999 | 5.0% | 5.0% |
| For pensions accrued after December 1999 | 3.5% | 3.4% |
| For pensions accrued after May 2007 | 2.4% | 2.4% |

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.

17. PENSION SCHEME (continued)

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

| | Long term expected rate of return at 31.03.14 | Value at 31.03.14 £000s | Long term expected rate of return at 31.03.13 | Value at 31.03.13 £000s | Long term expected rate of return at 31.03.12 | Value at 31.03.12 £000s |
|---------------------------------------|---|-------------------------------|---|-------------------------------|---|-------------------------------|
| Equities | 7.5% | 16,298 | 7.5% | 18,930 | 7.5% | 16,997 |
| Bonds -Government | 3.2% | 7,684 | 2.3% | 6,539 | 2.7% | 5,811 |
| Bonds -Corporate | 4.3% | 7,942 | 4.1% | 6,273 | 4.6% | 5,183 |
| Cash | 0.5% | 1,785 | 0.5% | 1,355 | 0.5% | 1,162 |
| Property | 7.5% | 183 | 7.5% | 157 | 7.5% | 157 |
| Other | 4.5% | 26 | 4.5% | 83 | 4.6% | 88 |
| Total fair value of assets | | 33,918 | | 33,337 | | 29,398 |
| Present value of scheme liabilities | | (42,555) | | (41,441) | | (39,120) |
| Pension liability before deferred tax | | (8,637) | | (8,104) | | (9,722) |
| Related deferred tax asset | | 1,727 | | 1,864 | | 2,333 |
| Net pension deficit | | (6,910) | | (6,240) | | (7,389) |

Analysis of the amount credited/(charged) to net finance cost is shown below:-

| | 31.03.14 £000s | 31.03.13 £000s |
|---|-------------------|-------------------|
| Expected return on pension scheme assets | 1,895 | 1,701 |
| Interest on pension scheme liabilities | (1,847) | (1,816) |
| Net finance income/(cost) | 48 | (115) |
| Total recognised in the Profit and Loss Account | 48 | (115) |

BB&R SPIRITS LIMITED

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

17. PENSION SCHEME *(continued)*

Analysis of movement in deficit during the year:-

| | 31.03.14 £000s | 31.03.13 £000s |
|--|-------------------|-------------------|
| Deficit in scheme at start of the year | (8,104) | (9,722) |
| Movement in year: | | |
| Current service cost | - | - |
| Curtailment | - | - |
| Contributions | 366 | 366 |
| Net finance cost | 48 | (115) |
| Actuarial (loss)/gain | (947) | 1,367 |
| Deficit in scheme at end of the year | (8,637) | (8,104) |

The amount recognised in the statement of total recognised gains and losses ("STRGL") is shown below:-

| | 31.03.14 £000s | 31.03.13 £000s |
|---|-------------------|-------------------|
| Actual return less expected return on pension scheme assets | (867) | 2,822 |
| Experience gains/(losses) arising on the scheme liabilities | 229 | (63) |
| Changes in assumptions underlying the present value of the scheme liabilities | (309) | (1,392) |
| Actuarial (loss)/gain recognised in STRGL | (947) | 1,367 |

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

| | 31.03.14 £000s | 31.03.13 £000s |
|------------------------------|-------------------|-------------------|
| As at 1 st April | 41,441 | 39,120 |
| Movement in year: | | |
| Current service cost | - | - |
| Curtailment | - | - |
| Interest cost | 1,847 | 1,816 |
| Actuarial losses | 80 | 1,455 |
| Participants' contributions | - | - |
| Benefit payments | (813) | (950) |
| As at 31 st March | 42,555 | 41,441 |

17. PENSION SCHEME (continued)

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

| | 31.03.14 £000s | 31.03.13 £000s |
|--------------------------------|-------------------|-------------------|
| As at 1 st April | 33,337 | 29,398 |
| Movement in year: | | |
| Expected return on plan assets | 1,895 | 1,701 |
| Employer contributions | 366 | 366 |
| Actuarial (loss)/gain | (867) | 2,822 |
| Participants' contributions | - | - |
| Benefit payments | (813) | (950) |
| As at 31 st March | <u>33,918</u> | <u>33,337</u> |

| | 31.03.14 £000s | 31.03.13 £000s | 31.03.12 £000s | 31.03.11 £000s | 31.03.10 £000s |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Fair value of scheme assets | 33,918 | 33,337 | 29,398 | 27,974 | 26,112 |
| Present value of defined benefit obligation | <u>(42,555)</u> | <u>(41,441)</u> | <u>(39,120)</u> | <u>(34,977)</u> | <u>(33,592)</u> |
| (Deficit) in the scheme | (8,637) | (8,104) | (9,722) | (7,003) | (7,480) |
| Experience adjustments arising on the scheme liabilities | 229 | (63) | (53) | (2) | 138 |
| Experience adjustments arising on the scheme assets | (309) | (1,392) | (4,527) | 18 | (8,171) |

Quoted securities have been valued at bid price for all years disclosed therefore restatement per FRS 17 is not required. The cumulative amount of actuarial gains and losses recognised since 1st April 2002 in the Statement of Total Recognised Gains and Losses is a net loss of £16,759,000 (2013: £15,812,000).

BB&R SPIRITS LIMITED

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

17. PENSION SCHEME *(continued)*

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 2014 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 31.03.14 £000s | (Increase)/Decrease in scheme liabilities £000s |
|--|--|--|
| Rate of mortality – 1 year increase in life expectancy | (68) | (1,534) |
| Rate of mortality – 1 year decrease in life expectancy | 72 | 1,591 |
| Rate of inflation – 0.10% increase | (13) | (280) |
| Discount rate – 0.10% increase | (8) | 744 |

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

18. RELATED PARTY TRANSACTIONS

The Company is exempt under the terms of FRS 8 from disclosing related party transactions with entities which are part of the Berry Bros & Rudd group.

During the year, the Company made sales of £2,389,615 (2013: £1,775,144) and charged management fees of £25,000 (2013: £26,415) to its fellow group company's associate Anchor Brewers & Distillers LLC. At the end of the year, the amount due to the Company was £7,762 (2013: £402,795).

During the year, the Company provided development and marketing support to the value of £200,908 (2013: £409,779) and charged management fees of £4,787 (2013: £6,776) 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 £51,263 (2013: £132,950).

The Company made purchases from Indian Ocean Rum Company Limited of £602 (2013: £602). The amount owed by the Company to Indian Ocean Rum Company Limited was £11,407 (2013: £26,229).

19. OTHER FINANCIAL COMMITMENTS

Commitments under Operating Leases

| | 31.03.14 Land & Building Total £000s | 31.03.13 Land & Building Total £000s |
|--------------------------------|---|---|
| Operating leases which expire: | | |
| - within one year | 14 | 119 |
| - within two to five years | 125 | - |
| | 139 | 119 |

20. 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.