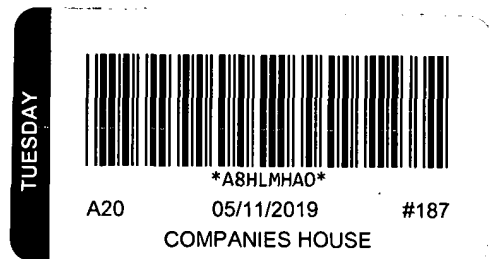


BB&R LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31ST MARCH 2019**



05492886

BB&R LIMITED

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

DIRECTORS	E.M. RUDD N.E. TENNENT R. REID
SECRETARY	J.A. IMPEY
AUDITORS	ERNST & YOUNG LLP 1 More London Place, London, SE1 2AF

Registered in England & Wales No. 05492886

STRATEGIC REPORT

Principal Activities

The business of the Company, BB&R Limited, continues to be that of trading wine and spirits, the production, sale and distribution of spirits brands and a property investment.

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, as set out below:

	2019 £000s	2018 £000s	% Change
Turnover (excluding En Primeur adjustment)*	179,702	172,048	4.4%
Turnover	183,637	156,667	17.2%
Gross Profit	47,071	40,387	16.5%
Operating Profit (excluding En Primeur adjustment)*	6,599	6,057	8.9%
Operating Profit	6,414	3,512	82.6%
Joint Venture, Associate and Exceptional Items	683	10,383	(93.4%)
Interest	(1,340)	(1,372)	2.3%
Profit on Ordinary activities before taxation	5,470	14,721	(62.8%)

- * Turnover and operating profit based on En Primeur and Wine Lying Abroad sales being recognised when invoiced to customers, see note 22. For statutory accounting purposes these sales and associated profits are deferred until the time that the stock is made available to the customer.

Business Review

Within BB&R Limited, turnover during the year amounted to £179,702,000 which is £7,654,000 ahead of last year, before the accounting adjustment for En Primeur sales (2018: £172,048,000) and an increase of 4.4%. Statutory turnover, after the adjustment for En Primeur, of £183,637,000 exceeded last year by 17.2% (2018: £156,667,000).

As a Company, net operating profit after the adjustment for En Primeur was £6,414,000, 82.6% ahead of last year (2018: £3,512,000).

Our focus through the year has been on re-defining our core operation and re-centring our attention on the customer - be that private customer, investor, or trade. Furthermore, we have used this year to begin to actively improve our working capital cycle, particularly in light of an uncertain Brexit.

In terms of performance, the Private Client side of the business achieved sales of £115,121,000, which is £3,037,000 ahead of last year and continues to make up c.64% of our total revenue. Within this, BBX transactions have increased 8% through the period, as we see customers from all over the world using our trusted online trading platform.

Our shop at No. 62-63 Pall Mall is now almost 2 years old and has seen 24% growth over that period. In addition to enhancing the retail experience for our customers, the shop has hosted 67 supplier tastings and events throughout the year.

Events and education has grown 4% this year, as we now welcome an average of 25,000 guests through the door each year at BB&R Limited's home, No.3 St James's.

The wider group have continued to invest in IT systems development and have successfully launched further phases of SAP4 HANA, our new ERP system. This implementation will be complete in 2019.

We are continuing to see real benefits from the modernisation of our operations and systems. Renewed focus on this area, supported by SAP4 HANA, has enabled us to introduce improved working capital management policies and procedures, which in turn have resulted in a year on year movement in stock of £10,200,000. This has been achieved whilst also stocking up on key running lines in anticipation of an uncertain economy after Brexit.

Improved working capital practices, cost control and resulting cash generation continues to be a focus for us, as we strive to be a sustainably profitable business whilst balancing the needs of our suppliers and customers.

Principal Risks & Uncertainties

The Directors are aware of the risks to the business related to general economic conditions in the markets, the increasing regulation of alcohol consumption and greater competition. These risks are managed through regular reviews of their impact on the Company.

Financial Risk Management

The Company has various financial instruments such as trade debtors and trade creditors that arise 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 business and trade customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts has not been significant. Additionally, the Company pursues outstanding amounts through all available legal channels. The Company continues to have in place a Credit Insurance Policy to cover certain business and trade related customers' outstanding debt and a bad and doubtful debt provision that is reviewed monthly.

- ***Liquidity Risk***

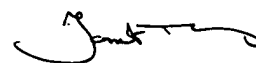
There is a risk that an entity will encounter difficulty in raising funds to meet commitments associated with liabilities as they fall due and payable. Berry Bros & Rudd has in place a multi-currency pooled banking facility to manage cash requirements when they are needed during key trading periods through the financial year. The Company maintains strong relationships with its banks and has further strengthened its stock management, debtor management and cash planning routines.

STRATEGIC REPORT *(continued)*

▪ ***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. When appropriate, the Company uses forward foreign currency contracts and FX options to reduce exposure to the variability of foreign exchange rates by fixing the rates of any material payments in foreign currency, in accordance with the Company Foreign Exchange hedging policy.

By Order of the Board



J. A. Impey
Secretary

3, St. James's Street, London, SW1
8 October 2019

Registered in England No. 05492886

REPORT OF THE DIRECTORS

The Directors submit their Report and Accounts for the year ended 31 March 2019.

Directors

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

E.M. Rudd
N. Tennent (*appointed 12 August 2019*)
R. Reid (*appointed 12 August 2019*)
D.A. Jago (*resigned 11 January 2019*)
C.J. Robinson (*resigned 12 August 2019*)

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 applied throughout the financial year ended 31st March, 2019 and through to the date of this report.

Employment Policies

- ***Diversity and inclusion***

Being a consumer business operating in many different countries around the world, we believe nurturing diversity and inclusion is essential. The Company continues to make diversity integral to attracting, recruiting and developing our employees regardless of their race, ethnicity, gender, sexual orientation, religious affiliation, generation or disability. The Company is committed to making the required adjustments to working conditions to meet the need of employees with disabilities, from the provision of specific training to adapting the job to ensure capability. We continue to promote cross functional and cross location working. We strive to ensure that opportunities exist equally for everyone, irrespective of background.

- ***Health and Safety***

The Company has a health and safety policy in place, which has been approved by the Board.

- ***Employee Communication***

The Company considers employee communication to be fundamental in engaging employees, ensuring consistency and a common understanding of the Company strategy, as well as promoting a positive attitude towards change. The methods of communication range from face-to-face meetings, robust performance management processes and departmental briefings and breakfasts, to email and a corporate intranet.

Charitable Donations

As part of the Company's commitment to the communities in which it operates, contributions totalling £12,347 (2018: £5,757) were made to local community groups and various charities.

Political Donations

In line with its policy the Company made no political donations during the year.

Significant Contracts – Change of Control

Pursuant to the Companies Act 2006, the Directors disclose that there are no significant contracts that are subject to change of control provisions.

REPORT OF THE DIRECTORS (*continued*)

Going Concern

The Company's business activities, financial position, and management of credit, liquidity and currency risks are described in the Strategic Report. The Directors have reviewed the Company's forecasts and projections for the period to 31 October 2020. These include assumptions about the Company's sales mix, margin improvement, operating costs control, as well as working capital actions.

The Company has an uncommitted bank overdraft facility of £5m and a loan used for the development of No. 62-63 Pall Mall. The loan is due to be repaid over a 25-year period from June 2017. The overdraft was renewed in March 2018. The forecasts provide confidence that the Company is in a sound financial position, with low risk of non-compliance with the bank covenants.

It can be concluded that the Company has sufficient financial resources, together with a resilient strategy establishing effective management actions, to be well placed to suitably manage business risks successfully.

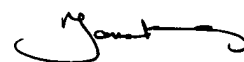
Taking into account reasonably possible changes in trading performance, and after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors consider it appropriate to 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 Directors are 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.

By Order of the Board



J. A. Impey
Secretary

3, St. James's Street, London, SW1
8 October 2019

Registered in England No. 05492886

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Report of the Directors 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 of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Opinion

We have audited the financial statements of BB&R Limited for the year ended 31 March 2019 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, the Balance Sheet and the Statement of Changes in Equity and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Ernst & Young UKP', is positioned above the printed name and title of the auditor.

Peter McIver (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

8 October, 2019

PROFIT AND LOSS ACCOUNT

for the Year Ended 31 March 2019

		31.03.19 £000s	31.03.18 £000s
	<i>Note</i>		
Turnover	2	183,637	156,667
Cost of sales		<u>(136,565)</u>	<u>(116,280)</u>
Gross Profit		<u>47,071</u>	<u>40,387</u>
Administration and other expenses		(38,170)	(35,037)
Distribution costs		(4,235)	(3,533)
Other operating income	5	<u>1,748</u>	<u>1,695</u>
Operating Profit before Exceptional items		<u>6,414</u>	<u>3,512</u>
Exceptional items	4	<u>775</u>	<u>10,383</u>
Operating Profit after Exceptional items		<u>7,189</u>	<u>13,895</u>
Interest receivable	6	1	-
Interest payable	7	(1,341)	(1,372)
(Loss)/Gain on revaluation of investment properties	10	<u>(380)</u>	<u>2,198</u>
Profit on ordinary activities before taxation		<u>5,470</u>	<u>14,721</u>
Taxation charge	8	<u>(751)</u>	<u>(911)</u>
Profit for the financial year after taxation		<u>4,719</u>	<u>13,810</u>

All results are derived from continuous operations.

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES
for the Year Ended 31 March 2019

	<i>Note</i>	31.03.19 £000s	31.03.18 £000s
Gain for the financial year		4,719	13,810
Actuarial gain in respect of the retirement benefit schemes	<i>18</i>	3,229	5,753
Deferred taxation (charge)/credit relating to the retirement benefit schemes	<i>16</i>	(549)	2,391
(Loss)/gain on revaluation of freehold property	<i>10</i>	(285)	1,505
Deferred taxation credit /(charge) relating to the revaluation of freehold property	<i>16</i>	48	(182)
Other Comprehensive loss arising from an index linked liability		(69)	-
Total recognised gains for the year		7,093	23,277

BALANCE SHEET

As at 31 March 2019

		31.03.19 £000s	31.03.18 £000s
FIXED ASSETS			
Intangible fixed assets	Note 9	2,542	3,669
Tangible fixed assets	10	89,287	89,354
Investments:			
Investments in subsidiaries	11	16,501	16,501
Investment in joint venture	11	257	257
		16,758	165,758
		108,587	109,781
CURRENT ASSETS			
Stocks	12	37,092	47,306
Debtors – falling due within one year	13	57,429	50,518
Debtors – falling due after more than one year	13	28,380	46,124
Short-term deposits and cash		2,741	1,145
		125,642	145,093
Creditors – amounts falling due within one year	14	(103,660)	(131,165)
NET CURRENT ASSETS		21,982	13,928
TOTAL ASSETS LESS CURRENT LIABILITIES		130,569	123,709
Creditors – amounts falling due in more than one year	14	(49,366)	(45,079)
Provisions for liabilities	15	(732)	(732)
NET ASSETS BEFORE RETIREMENT BENEFIT SCHEMES DEFICIT		80,471	77,898
Retirement benefit schemes deficit	18	(21,513)	(25,923)
NET ASSETS		58,959	51,975
CAPITAL AND RESERVES			
Called up share capital	17	-	-
Revaluation Reserve		15,689	15,974
Profit and Loss Account		43,270	36,001
SHAREHOLDERS' FUNDS		58,959	51,975

Approved by the Board and signed on its behalf.

E.M. Rudd



8 October 2019

STATEMENT OF CHANGES IN EQUITY *As at 31 March 2019*

	Revaluation Reserve £000s	Profit & Loss Account £000s	Total Shareholder Funds £000s
At 31 March 2017	14,469	14,229	28,698
Profit/(loss) for the financial year	-	13,810	13,810
Actuarial gain on retirement benefit schemes	-	5,753	5,753
Deferred taxation relating to the retirement benefit schemes	-	2,391	2,391
Gain on revaluation of freehold property	1,505	-	1,505
Deferred taxation relating to the revaluation of freehold property	-	(182)	(182)
At 31 March 2018	15,974	36,001	51,975
Profit/(loss) for the financial year	-	4,719	4,719
Actuarial gain on retirement benefit schemes	-	3,229	3,229
Deferred taxation relating to the retirement benefit schemes	-	(549)	(549)
Deferred taxation relating to freehold property	-	48	48
Loss on revaluation of freehold property	(285)	-	(285)
Other Comprehensive loss arising from index linked liability	-	(69)	(69)
Prior period adjustment	-	(108)	(108)
At 31 March 2019	15,689	43,270	58,959

NOTES ON THE PROFIT AND LOSS ACCOUNTS AND BALANCE SHEETS

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and in the preceding year. The Company's financial statements have been prepared in compliance with FRS 102 for the year ended 31 March 2019.

General information and basis of preparation

BB&R Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 2. The nature of the Company's operations and its 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 FRS 102 issued by the Financial Reporting Council.

The functional currency of BB&R 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 rounded to the nearest £000. Foreign operations are included in accordance with the policies set out below.

BB&R Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements.

Authorisation of financial statements

The financial statements of BB&R Limited for the year ended 31 March 2019 were authorised for issue by the Board of Directors on 8 October 2019 and the balance sheet was signed on the Board's behalf by Elizabeth Rudd, a Director of the Company.

Going Concern

Company's business activities, financial position and management of credit, liquidity and currency risks are described in the strategic report. The Directors have reviewed the Company's forecasts and projections for the period to 31 October 2020. These include assumptions about the Company's sales mix and margins, as well as initiatives relating to operating cost control and working capital improvement.

The Company has an uncommitted bank overdraft facility of £5m and a loan used for the development of No. 62-63 Pall Mall. The loan is due to be repaid over a 25-year period from June 2017. The forecasts provide comfort that the Company is in a sound financial position and is able to pay its liabilities as and when they fall due and meet the bank covenants.

It can be concluded that the Company has sufficient financial resources, together with close management of cash and payment cycles and a resilient strategy establishing effective implementation of initiatives, to be well placed to suitably manage business risks successfully.

Taking into account reasonably possible changes in trading performance, and after making enquiries, the Directors have reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

NOTES ON THE PROFIT AND LOSS ACCOUNTS AND BALANCE SHEETS *(continued)*

1. ACCOUNTING POLICIES *(continued)*

Joint Venture and associated undertakings in consolidated financial statements

In the financial statements, the joint venture and associate are accounted for using the equity method.

This includes the Company's share of a joint venture, The Indian Ocean Rum Company Limited.

Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance from customers outside the Company. Revenue is measured at the fair value of the consideration received or receivable, excluding returns, discounts, rebates, VAT and other sales taxes and duty.

Sale of goods

Revenue from the sale of goods is recognised when title passes to the buyer. Revenue from customers for the sale of En Primeur wines is recognised when the wine is made available to the customer. This may be up to two years after the amount is invoiced to the customer, during which time it is held as deferred revenue. The cost of the wine is carried as a supplier prepayment until the point that revenue is recognised, at which time it becomes cost of sales.

Rendering of services

Revenue is recognised at the point that the Company has earned the right to consideration for the service performed.

Commissions

Commissions are recognised when the related service is provided.

Other Operating Income recognition

Rental income

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

Goodwill and Other Intangible Assets

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life.

Intangible assets, comprising acquired brands and software, are capitalised at cost. Development expenditure incurred on an individual project is capitalised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the future asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Intangible assets are amortised on a straight line basis over their useful economic life. Amortisation of development expenditure begins when development is complete and the asset is available for use.

The carrying value of goodwill and other intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

1. ACCOUNTING POLICIES *(continued)*

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:-

Leasehold land and buildings	-	over the lease term
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. No depreciation expense is recognised for work in progress until the asset is placed into use and transferred to the appropriate category, upon which depreciation will commence.

Revaluation of Properties

Individual freehold properties are revalued to fair value every year with the surplus or deficit on cost being transferred to the revaluation reserve, unless the valuation falls below cost, in which case the deficit is charged to the Profit and Loss Account.

Investment Properties

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

Borrowing Costs

Borrowing costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

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.

Stock is recognised at the point at which goods are received. The Company has a number of purchase orders in place at the year-end; these are not accrued for as it is at the discretion of the Company to cancel these orders.

NOTES ON THE PROFIT AND LOSS ACCOUNTS AND BALANCE SHEETS *(continued)*

1. ACCOUNTING POLICIES *(continued)*

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.

Derivative Financial Instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk. The Company does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the profit and loss account immediately, hedge accounts have not been adopted.

Pension and other post-employment benefits

The Company operates a defined benefit pension scheme and a defined contribution pension scheme for its employees. The assets of the pension schemes 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 Company contributes to a defined contribution scheme for the benefit of its employees. Contributions payable are recognised in the profit and loss account as an expense as they fall due.

The pension scheme deficit is recognised on the balance sheet.

Movements 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.

The annual premium for providing post-retirement healthcare 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 102 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.

The Company continues to operate a post-retirement healthcare scheme for a period of two years following the FY19 year end.

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.

1. ACCOUNTING POLICIES (*continued*)

Taxation (*continued*)

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 is 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 realise 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 realise 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.

Leasing and hire purchase agreements

Rentals paid under operating leases are charged to income on a straight line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review. Income from operating leases is recognised as it is earned.

Exceptional Items

Exceptional items are non-recurring material items which are outside the normal scope of the Company's ordinary activities.

Cash and cash equivalents

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

NOTES ON THE PROFIT AND LOSS ACCOUNTS AND BALANCE SHEETS (*continued*)

1. ACCOUNTING POLICIES (*continued*)

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.

Investments

Investments in subsidiaries are accounted for at the lower of cost and recoverable amount. 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.

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. 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 18.

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 17.

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 31 March, 2019. 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 and is derived from continuing activities. Turnover by geographical market area and related information is not disclosed as, in the opinion of the Directors, such disclosure would be detrimental to the interests of the Company.

An analysis of the Company's turnover is as follows:

	31.03.19	31.03.18
	£000s	£000s
Sale of goods	170,780	142,558
Rendering of services	9,817	11,291
Commissions	3,040	2,818
	<u>183,637</u>	<u>156,667</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(a) Profit is arrived at after charging:-	31.03.19	31.03.18
	£000s	£000s
Depreciation of owned fixed tangible assets	1,037	1,410
Amortisation of intangible assets and associate	1,387	1,143
Operating lease rentals - land & buildings	1,548	1,402
Foreign exchange loss	336	679
Inter-company sales commission	1,996	1,896
Cost of stock recognised as expense	<u>131,724</u>	<u>111,566</u>

(b) Other disclosures

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

The Directors of the Company were remunerated by Berry Bros. & Rudd Limited, the parent company of BB&R Limited.

The accrued annual pension at the year-end under the defined benefit pension scheme for the highest paid Director was £nil (2018: £nil).

	31.03.19	31.03.18
	£000s	£000s
Employment costs, including Directors, amounted to:		
Wages and salaries	12,435	10,314
Social security costs	1,458	1,075
Pension costs	967	1,123
	<u>14,860</u>	<u>12,512</u>

The Company makes contributions to pension schemes on behalf of some employees.

Average monthly number of employees during the year	<u>303</u>	<u>270</u>
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All employees were engaged in the wine and spirit trade or the property business.

NOTES ON THE PROFIT AND LOSS ACCOUNTS AND BALANCE SHEETS *(continued)*

4. EXCEPTIONAL ITEMS

	31.03.19	31.03.18
	£000s	£000s
Guaranteed Minimum Pension equalisation	(522)	-
Rebate on the overpayment of VAT	651	-
Research and development government grant	206	-
Restructuring costs	440	(521)
Release of bad debt provision	-	8,728
Costs associated with the acquisition of subsidiary	-	(6)
Costs associated with the disposal of subsidiary	-	(534)
ChinaPlus stock	-	224
Gain on curtailment of post-retirement healthcare scheme	-	3,539
Foreign exchange loss on conversion of share capital	-	(1,047)
	<u>775</u>	<u>10,383</u>

An exceptional loss of £522,000 was recognised relating to changes in legislation regarding Guaranteed Minimum Pension equalisation.

During the year BB&R Limited received a net £651,000 tax rebate in relation to the overpayment of VAT on storage services provided.

A research and development government grant of £206,000 was received relating to the capital expenditure on the implementation of IT systems.

BB&R Limited released a provision relating to restructuring costs of £440,000 as these costs were incurred by the parent company.

5. OTHER OPERATING INCOME

	31.03.19	31.03.18
	£000s	£000s
Rent receivable	1,669	1,680
Other	79	15
	<u>1,748</u>	<u>1,695</u>

6. INTEREST RECEIVABLE

	31.03.19	31.03.18
	£000s	£000s
Bank interest	1	-
Other – on deferred consideration receivable	-	-
	<u>1</u>	<u>-</u>

7. INTEREST PAYABLE

	31.03.19	31.03.18
	£000s	£000s
Bank interest	464	519
Other	227	38
Net interest cost in respect of retirement benefit schemes	650	815
	<u>1,341</u>	<u>1,372</u>

8. TAXATION

(a) The taxation charge is made up as follows:

	31.03.19	31.03.18
	£000s	£000s
UK corporate tax	44	-
Total corporation tax	<u>44</u>	<u>-</u>
Origination and reversal of timing differences	606	930
Adjustment in respect of prior year	101	79
Effect of change of tax rates	-	(98)
Total deferred taxation (Note 16)	<u>707</u>	<u>911</u>
Total tax charge for the year (Note 8(b))	<u>751</u>	<u>911</u>

NOTES ON THE PROFIT AND LOSS ACCOUNTS AND BALANCE SHEETS *(continued)*

8. TAXATION *(continued)*

(b) Factors affecting the total charge for the year:

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%)	31.03.19 £000s	31.03.18 £000s
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The differences are explained below:

Profit on ordinary activities before tax	5,470	14,721
--	-------	--------

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%)	31.03.19 £000s	31.03.18 £000s
--	-------------------	-------------------

The differences are explained below:

Profit on ordinary activities before tax	5,470	14,721
--	-------	--------

Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	1,039	2,797
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Effects of:-

Fixed asset differences	66	-
Expenses not deductible for tax purposes	65	105
Tax rate changes	(102)	(98)
Adjustment in respect of prior year	101	81
Stock adjustment on transfer of trade	-	(509)
Deferred tax previously not recognised	(259)	196
Release of inter-company bad debt provision	-	(1,661)
Effects of group and other reliefs	(162)	-
R&D expenditure credits	3	-
Total tax for the year (Note 8(a))	751	911

(c) Factors which may affect future tax charges:

The main rate of UK corporation tax reduced from 20% to 19% from 1 April, 2017 and was due to be reduced to 18% from 1 April, 2020. These changes were substantively enacted in Finance (No. 2) Act 2015 on 26 October, 2015. In the 2016 Finance Act, the main rate of Corporation tax was further reduced to 17% from 1 April 2020. Royal assent was received on 15 September, 2016. Therefore, the Company's deferred tax balances are stated based on the tax rates at which the deferred tax balances are expected to unwind.

9. INTANGIBLE FIXED ASSETS

Cost	Goodwill £000s	Software £000s	Total £000s
At 1 April, 2018	2,052	6,560	8,612
Additions	-	260	260
Transfer	-	-	-
At 31 March, 2019	2,052	6,820	8,872
Amortisation			
At 1 April, 2018	2,052	2,891	4,943
Transfer	-	-	-
Amount provided in year	-	1,387	1,387
At 31 March, 2019	2,052	4,278	6,330
Net book value			
At 31 March, 2019	-	2,542	2,542
At 1 April, 2018	-	3,669	3,669

NOTES ON THE PROFIT AND LOSS ACCOUNTS AND BALANCE SHEETS *(continued)*

10. TANGIBLE FIXED ASSETS

	Land & Buildings			Work in Progress £000s	Plant and Machinery £000s	Total £000s
	Investment Properties £000s	Freehold £000s	Leasehold £000s			
Cost or valuation						
At 1 April, 2018	51,363	30,237	6,803	280	12,344	101,027
Difference on Exchange	-	-	-	-	227	227
Additions	-	-	435	1,197	72	1,704
Disposals	-	-	-	-	(163)	(163)
Transfer	-	-	32	(32)	-	-
Revaluation	(380)	(285)	-	-	-	(665)
At 31 March, 2019	50,983	29,952	7,270	1,445	12,480	102,130
Accumulated depreciation						
At 1 April, 2018	-	-	3,368	-	8,303	11,671
Difference on Exchange	-	-	-	-	228	228
Amount provided in year	-	-	347	-	690	1,037
Disposals	-	-	-	-	(93)	(93)
At 31 March, 2019	-	-	3,715	-	9,128	12,843
Net Book Value						
At 31 March, 2019	50,983	29,952	3,555	1,445	3,352	89,287
At 1 April 2018	51,363	30,237	3,435	280	3,352	89,356

Borrowing costs amounting to £706,000 (2018: £706,000) are included in the cost of tangible fixed assets

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

Freehold land and buildings

The freehold properties were valued by Fletcher King as at 31 March, 2019, on the basis of open market value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. The revaluation loss of £285,000 was recognised in the Statement of Total Recognised Gains & Losses. The historical cost of freehold properties included at valuation is as follows:

At 31 March, 2019	£11,442,000
At 1 April, 2018	£11,727,000

10. TANGIBLE FIXED ASSETS (continued)

Investment

Investment properties, which are all freehold, were revalued to fair value at 31 March, 2019, 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 revaluation loss of £380,000 was recognised in Profit and Loss Account. The historical cost of freehold properties included at valuation is as follows:

At 31 March, 2019	£32,542,000
At 1 April, 2018	£32,922,000

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

	31.03.19 £000s	31.03.18 £000s
Amounts receivable:		
Within one year	1,356	1,530
In the second to fifth years inclusive	2,495	2,558
After five years	789	-
Total	4,640	4,088

11. INVESTMENTS

	31.03.19 £000s	31.03.18 £000s
Investments in Subsidiary undertakings and Joint: Venture Company at cost		
1 April, 2018	16,758	8,030
Additions	-	8,728
31 March, 2019	16,758	16,758

NOTES ON THE PROFIT AND LOSS ACCOUNTS AND BALANCE SHEETS *(continued)*

11. INVESTMENTS *(continued)*

Details of the investments held by the Parent Company are as follows:

Name	Country of Registration	Holding	Proportion Held	Nature of Business	Registered Address
Subsidiary Companies					
Morris & Verdin Limited	England & Wales	113,164 Ordinary Shares	100%	Non - trading	3, St. James's Street, London, SW1A 1EG
BB&R (HK) Limited	Hong Kong	74,282,224 Ordinary Shares	100%	Retail and Wholesale wine merchants	2F, Pacific House, 20-20B Queens Rd Central, Hong Kong
Berry Bros. & Rudd – Singapore PTE Limited	Singapore	3,626,738 Ordinary Shares	100%	Retail and Wholesale wine merchants	2 Shenton Way, #18-01 SGX Centre I, Singapore 068804
Richards Walford & Co Limited	England & Wales	35,485 Ordinary Shares	100%	Dormant	3, St. James's Street, London, SW1A 1EG
Richards Walford SARL	France	1 Ordinary Share	100%	Bordeaux negociant	2 rue Laharpe, 33110 Le Bouscat, France
Joint Venture Company					
The Indian Ocean Rum Company Limited	Mauritius	517,500 Ordinary Shares	50%	Premium rum production, sales and marketing Year End: 30th June	4 Clarens Field Business Park, Bambous, Mauritius

12. STOCKS

	31.03.19	31.03.18
	£000s	£000s
Bulk Stocks - UK and Abroad	8,803	12,723
Bottled Stocks	27,381	33,643
Other	908	940
	37,092	47,306

13. DEBTORS

	31.03.19	31.03.18
	£000s	£000s
Amounts falling due within one year:		
Trade debtors	18,877	18,072
Other debtors	1,667	1,695
Amounts due from group companies	392	5,852
Taxation	19	-
Deferred taxation (Note 16)	264	1,043
Prepayments and accrued income	1,733	1,946
En Primeur supplier prepayments (Note 22)	34,477	21,910
	<u>57,429</u>	<u>50,518</u>
Amounts falling due in more than one year:		
Deferred taxation (Note 16)	5,906	6,448
En Primeur supplier prepayments (Note 22)	19,791	39,676
Amounts due from group companies	2,683	-
	<u>28,380</u>	<u>46,124</u>

14. CREDITORS

	31.03.19	31.03.18
	£000s	£000s
Amounts falling due within one year:		
Bank overdraft	-	8,190
Payment received on account	460	384
Trade creditors	17,378	24,110
Other creditors	3,534	3,680
Accruals	14,156	12,803
Deferred En Primeur income (Note 22)	37,758	26,627
Amounts due to group companies	29,749	40,237
Bank loans ⁽¹⁾	624	15,134
	<u>103,660</u>	<u>131,165</u>
Amounts falling due in more than one year:		
Deferred En Primeur income (Note 22)	26,089	41,154
Bank loans ⁽¹⁾	13,886	-
Deferred tax (Note 16)	3,812	3,925
Amounts due to group companies	5,580	-
	<u>49,366</u>	<u>45,079</u>

⁽¹⁾ The fixed term loan with Barclays has been reclassified from short-term to long-term creditors with the exception of the amount payable over the next twelve months.

NOTES ON THE PROFIT AND LOSS ACCOUNTS AND BALANCE SHEETS *(continued)*

14. CREDITORS *(continued)*

The Company has a fixed term loan with Barclays for £14,510,000 (2018: £15,134,000). The loan has a repayment period of 25 years and an interest period of 5 years. The interest rate is 2% above Libor and the loan is secured by a fixed charge over the property at 2 St James's Street.

15. PROVISIONS FOR LIABILITIES

A provision is recognised for the anticipated cost of restoring the Company's leased properties to their original state at the conclusion of the respective lease. The value of the provision recognised is £732,000 (2018: £732,000). This has been capitalised under additions to leasehold improvements with the cost being amortised to profit and loss over the term of the respective lease.

The impact of discounting the dilapidation provision is deemed immaterial.

16. DEFERRED TAXATION

	Recognised		Not Recognised	
	31.03.19	31.03.18	31.03.19	31.03.18
	£000s	£000s	£000s	£000s
Expected to reverse within one year:				
Tax losses	264	1,043	-	-
Deferred tax asset (Note 13)	264	1,043	-	-
Expected to reverse in more than one year:				
Tax losses	1,636	1,248	54	127
Decelerated capital allowances	579	695	-	-
Retirement benefit schemes	3,691	4,508	-	-
Other timing differences	-	(3)	-	-
Deferred tax asset (Note 13)	5,906	6,448	54	127
Deferred tax liability- unrealised gains on revalued property (Note 14)	(3,812)	(3,925)	-	-
Net deferred tax asset	2,358	3,566	54	127
Recognised at start of year	3,566	2,269		
Provided in year	(707)	(912)		
Deferred tax charge in the Statement of Total Recognised Gains and Losses	(501)	2,209		
Recognised at end of the year	2,358	3,566		

16. DEFERRED TAXATION *(continued)*

The Company has total tax losses of approximately £10,284,000 (2018: £14,223,00) on which no deferred tax asset is being recognised on £10,000,000 (2018: £13,475,00) the basis that the recognition criteria of FRS 102 have not been met. No deferred tax is recognised on the unremitted earnings of overseas subsidiaries due to the availability of the UK dividend exemption.

The Company expects deferred tax assets of £264,000 to reverse in 2019.

17. CALLED-UP SHARE CAPITAL AND RESERVES

	Authorised		Issued and Fully Paid	
	31.03.19	31.03.18	31.03.19	31.03.18
	£	£	£	£
Amounts classified as equity				
Ordinary Shares of £1 each	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</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 unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

18. RETIREMENT BENEFIT SCHEMES

The Company operates a defined contribution pension scheme. In June 2017, the Board approved the curtailment of the post-retirement healthcare scheme. The amounts carried in the balance sheet are as follows:

	31.03.19			31.03.18		
	Defined Benefit Pension Scheme	Post Retirement Healthcare Scheme	Total	Defined Benefit Pension Scheme	Post Retirement Healthcare Scheme	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Fair value of scheme assets	83,542	-	83,542	84,528	-	84,528
Present value of scheme liabilities	(105,055)	-	(105,055)	(110,451)	-	(110,451)
Net scheme liability	<u>(21,513)</u>	<u>-</u>	<u>(21,513)</u>	<u>(25,923)</u>	<u>-</u>	<u>(25,923)</u>

NOTES ON THE PROFIT AND LOSS ACCOUNTS AND BALANCE SHEETS *(continued)*

18. RETIREMENT BENEFIT SCHEMES *(continued)*

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 31 March, 2019 by XPS Pensions Consulting Group Limited.

Pension contributions are determined with the advice of independent qualified actuaries XPS Pensions Consulting Limited on the basis of triennial valuations using the projected unit credit method. The valuation of 31 March, 2016 was approved in June 2016 and showed an actuarial deficit on the scheme of £22,774,000. On the 31 March, 2012 the pension scheme was closed to future accrual. The annual deficit funding contribution of £957,214 was made in the year; there were no further regular employer's contributions. On 25 April, 2017 the Group agreed to make 4 additional annual contributions to the scheme for the amount of £1,250,000 per annum. The Company has contributed £2,430,000 during the year ending 31 March, 2019 being £957,214 relating to the special contribution, £222,786 in respect of the Pension Protection Fund levy and £1,250,000 in respect of the additional contribution.

The main assumptions used by the actuary were:

	31.03.19	31.03.18
Discount rate	2.4%	2.6%
Inflation assumption	3.4%	3.2%
Deferred revaluation rate	2.4%	2.2%

Mortality assumptions:

Life expectancy at 65 of future pensioners currently aged 45:

Male	23.5	24.0
Female	26.2	26.6

Life expectancy at 65 of current pensioners:

Male	22.5	22.9
Female	25.0	25.4

Rate of pension increases:

for pensions accrued before December 1999	5.0%	5.0%
for pensions accrued after December 1999	3.3%	3.2%
for pensions accrued after May 2007	2.40%	2.35%

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

18. RETIREMENT BENEFIT SCHEMES (continued)

	31.03.19	31.03.18
	£000s	£000s
Equities	-	4,590
Bonds - Government	21,983	28,592
Cash	631	386
Property Funds	6,246	3,996
Diversified Growth Funds	-	21,900
Multi-Asset Growth	-	5,609
Managed Funds	54,682	19,455
Total fair value of assets	83,542	84,528
Present value of scheme liabilities	(105,055)	(110,451)
Pension liability	(21,513)	(25,923)

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:

	31.03.19	31.03.18
	£000s	£000s
Recognised in the Profit and Loss account		
Administration expenses	76	223
Recognised in arriving at operating profit	76	223
Interest on scheme assets	(2,119)	(2,090)
Interest on scheme liabilities	2,769	2,905
Net interest expense	650	815
Impact of GMP Equalisation	522	-
Total recognised in the profit and loss account	1,248	1,038
	31.03.19	31.03.18
	£000s	£000s
Recognised in the statement of recognised gains and losses		
Return on pension scheme assets	2,937	691
Experience gains arising on the scheme liabilities	291	(335)
Changes in assumptions underlying the present value of the scheme liabilities	-	5,397
Actuarial gain recognised in STRGL	3,228	5,753

NOTES ON THE PROFIT AND LOSS ACCOUNTS AND BALANCE SHEETS *(continued)*

18. RETIREMENT BENEFIT SCHEMES *(continued)*

	31.03.19	31.03.18
	£000s	£000s
Analysis of movement in deficit during the year:-		
Deficit in scheme at start of the year	(25,923)	(16,060)
Movement in year:		
Administration expenses	(76)	(223)
Employer contributions	2,430	2,392
Net interest expense	(650)	(815)
Actuarial gain	3,228	5,753
Impact of GMP Equalisation	(522)	-
Transfer from BB&R Spirits	-	(16,970)
Deficit in scheme at end of the year	<u><u>(21,513)</u></u>	<u><u>(25,923)</u></u>

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

	31.03.19	31.03.18
	£000s	£000s
As at 1 April	(110,451)	(58,926)
Movement in year:		
Interest cost	(2,769)	(2,905)
Actuarial gain	291	5,062
Impact of GMP Equalisation	(522)	-
Transfer from BB&R Spirits	-	(56,300)
Benefit payments	8,396	2,618
As at 31 March	<u><u>(105,055)</u></u>	<u><u>(110,451)</u></u>

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

	31.03.19	31.03.18
	£000s	£000s
As at 1 April	84,528	42,867
Movement in year:		
Transfer from BB&R Spirits	-	39,329
Administration expenses	(76)	(223)
Interest income	2,119	2,090
Employer contributions	2,430	2,392
Return on assets	2,937	691
Benefit payments	(8,396)	(2,618)
As at 31 March	<u><u>83,542</u></u>	<u><u>84,528</u></u>

18. RETIREMENT BENEFIT SCHEMES *(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 31 March 2019 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.

	Profit before tax For year ended 31.03.19 £000s	(Increase)/Decrease in scheme liabilities £000s
Rate of mortality – 1 year increase in life expectancy	(150)	(6,200)
Rate of inflation – 0.1% increase	(20)	(700)
Rate of inflation – 0.1% decrease	20	700
Discount rate – 0.1% increase	30	2,000
Discount rate – 0.1% decrease	(30)	(2,000)

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

19. 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.

20. OTHER FINANCIAL COMMITMENTS

Commitments under Operating Leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

	31.03.19		31.03.18	
	Land & Buildings £000s	Other £000s	Land & Buildings £000s	Other £000s
Amounts payable:				
Within one year	2,176	21	1,627	35
In the second and fifth years inclusive	5,118	60	5,476	60
After five years	7,008	-	7,469	-
Total	14,302	81	14,572	95

NOTES ON THE PROFIT AND LOSS ACCOUNTS AND BALANCE SHEETS *(continued)*

21. 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 and Wales. Copies of these group financial statements can be obtained from Berry Bros. & Rudd Limited, 3 St James's Street, London SW1A 1EG.

22. EN PRIMEUR & WINES LYING ABROAD

En Primeur involves the sale of wine prior to bottling. Around 2 years subsequent to the initial En Primeur offering the wine is released by the Chateau and is made available to the customer for delivery. Revenue and the corresponding gross profit are deferred until the wine is released and becomes available to the customer. Payments to suppliers are treated as prepayments and receipts from customers are treated as deferred income.

Analysis of impact on Turnover:

	31.03.19 £000s	31.03.18 £000s
Turnover before En Primeur adjustment	179,702	172,048
Sales of En Primeur and wines lying abroad	(65,314)	(68,046)
Releases of En Primeur and wines lying abroad	69,249	52,665
Turnover after En Primeur adjustment (Note 2)	183,637	156,667

	31.03.19 £000s	31.03.18 £000s
Analysis of impact on Operating Profit:		
Operating Profit before En Primeur adjustment	6,599	6,057
Net sales of En Primeur and wines lying abroad	(13,743)	(12,746)
Net releases of En Primeur and wines lying abroad	13,558	10,201
Operating Profit after En Primeur adjustment	6,414	3,512

	31.03.19 £000s	31.03.18 £000s
Analysis of En Primeur balance sheet items:		
En Primeur purchases included in debtors due within one year (Note 13)	34,477	21,910
En Primeur purchases included in debtors due in more than one year (Note 13)	19,791	39,676
Total En Primeur purchases	54,268	61,586

En Primeur deferred income included in creditors due within one year (Note 14)	(37,758)	(26,627)
En Primeur deferred income included in creditors due in more than one year (Note 14)	(26,089)	(41,154)
Total En Primeur deferred income	(63,847)	(67,781)
Net En Primeur balance	(9,579)	(6,195)