BB&R LIMITED

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

Report & Accounts

For the year ended 31 March 2022

DIRECTORS	E.M. Rudd E.L. Fox R. Reid N.E. Tennent E. Rae E.J. Rudd
SECRETARY	E. Rae
AUDITORS	MAZARS LLP 30 Old Bailey London EC4M 7AU

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COMPANIES HOUSE

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, the provision of services such as our Customer Private Reserve (CPR) storage business and commission from our online fine wine exchange platform.

Business Review

We are pleased to report the results for the year ended 31 March 2022.

	2022 £000s	2021 £000s	% Change
Turnover (excluding En Primeur adjustment)*	161,332	171,009	(5.7%)
Turnover	152,711	156,566	(2.5%)
Gross Profit	48,801	46,202	5.6%
Operating Profit (excluding En Primeur adjustment)*	**12,573**	**3,706**	**239%**
Operating Profit	9,955	850	(1,071%)
Joint Venture and Exceptional Items	-	(2,102)	N/A
Interest	(1,614)	(1,067)	(51.3%)
Gain on revaluation of investment properties	4,123	(79)	N/A
Profit/(Loss) on Ordinary activities before taxation	**12,464**	**(2,398)**	**N/A**

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

After accounting for the statutory En Primeur adjustment, statutory Company sales for the year ended 31 March 2022 were £152,711,000 (2021: £156,566,000) and statutory Company EBITDA, excluding exceptional items, was £15,586,000 (2021: £2,586,000).

Before the statutory accounting adjustment for En Primeur, Company sales for the year ended 31 March 2022 reached £161,332,000 (2021: £171,009,000), a decline of 5.7%. Underlying Company EBITDA, excluding exceptional items, was £18,204,000 (2021: £5,480,000), representing year-on-year growth of 232.2%. EBITDA improvement is attributable to improved gross profit margins across the Company as well as efficiency-based cost savings.

<u>Business Unit Review</u>

BB&R's strong trading results are attributable to the success of the prior year's business and financial restructure (the downsizing of our Wholesale business and focused investment behind our Private Client business) and the launch of a new five-year strategy 'uncorking excellence' which delivered an early positive impact in year one.

Trading was strong across all areas of BB&R throughout the year. In particular we saw an uplift in customers collecting and storing fine wines with us. BBX, our trading platform, also experienced double digit growth.

To support growth in customer wine storage we have built a state-of-the-art 117,000 sq. ft wine storage facility in Andover, UK which officially opened in April 2022. This new warehouse named 'Jubilee' doubles our capacity for storage and ensures that we can offer the highest standard of wine storage to our customers.

To support the growth in collectors, we have invested significantly behind an exciting pipeline of maturing fine wines and whisky, which we expect to benefit from in future years.

STRATEGIC REPORT *(continued)*

<u>Summary</u>
In summary, the business has delivered some tremendous results in FY22. Margins have improved, mainly driven by premiumisation and sales mix, and the business has worked hard on improving the efficiency of its operations. The opening of the new storage facility marks an exciting step in BB&R's future and the company is making considerable strides towards driving strong and sustainable future earnings growth.

Principal Risks & Uncertainties

During the year the Board and the Exec team (overseen by our General Counsel and Company Secretary) took its prior year business-wide risk review to the next level by digging deeper into key risks and making strides into reviewing and reassessing what we are doing to appropriately mitigate the key risks facing our business. The principal risks faced remain largely consistent with prior year:

- **Climate Change**: Grapes and grain depend upon very specific climatic conditions to grow and become the fine wine & spirits that we specialise in. The emission of CO_2 and other greenhouse gases from human activity is fundamentally changing those climatic conditions, creating a climate emergency that is bringing extreme frosts, floods and wildfires to regions that are critical to our industry. Tackling the risk of climate change is one of the biggest challenges every business faces and is at the heart of why we are aiming to be net carbon zero and plastic free by 2030.

- **Counterfeit Wines**: We sell a lot of fine wine (in particular En Primeur) to customers who store these wines within our warehouses in their BB&R private reserve. We also enable customers to transfer their own private cellars and reserves into our warehouses for storage, provided that that wine has been held elsewhere In Bond. To ensure that our customers can trust the provenance of all wines held in our warehouse, we carry out an extensive, and ever-evolving range of physical, forensic checks and background investigations on the condition, ownership and provenance of all wines we accept into our warehouses, to ensure we remain continually vigilant in this area.

- **Cyber Crime**: As with almost every business, we hold both the title to numerous assets, and the details of our customers electronically, all of which needs to be safeguarded from the risk of loss or theft. To protect against this risk we have a range of cyber security systems, tools and protection in place across our technology network, as well as a suite of data protection training for everyone working in our business. We regularly and frequently look at how we can improve and enhance those cyber security protections, while we also have insurance policies in place to help mitigate the effects of these risks were they to crystallise.

- **Bribery** (e.g. to clear customs or obtain allocations): Through our strong relationships with producers and suppliers, we have access to exceptionally rare fine wine and spirits items. We then give our customers access to those rare items. Any situation involving allocating scarce items involves the risk of people seeking to use undue influence, favours and even bribes to obtain access to those scarce items. We then need to move those rare items internationally, which also raises the risk of certain people seeking favours or bribes to facilitate those products crossing borders as speedily as possible. We protect against those bribery risks through appropriate communication, training and reporting mechanics that apply across our entire business to ensure that our colleagues are informed and clear on what is the right thing to do and what to watch out for, and are given the backing to ensure that they resist, reject and report any such instances.

- **Money Laundering**: We are selling high-value assets to customers for cash and then enable them to quickly sell those assets onto third parties via our BBX broking exchange. Our investigatory systems and employee training programmes ensure we remain vigilant in checking both the identity of our customers, and the initial source of the monies we receive, to be comfortable that the sale is not part of a money-laundering attempt.

- **Fire:** From our new state-of-the-art Jubilee warehouse, to our Basingstoke operational hub, to our historic buildings centred around No 3 St James's Street, a number of critical, core and relatively unique buildings are of huge importance to our business, and some – like No 3 St James's – would be impossible to replace. As with any building, fire therefore presents a constant risk. We have high calibre fire suppression systems in place at all of our sites, and carry out regular fire risk assessments, to ensure we are mitigating this risk appropriately.

- **Ukraine War:** On 24 February 2022, Russia invaded Ukraine, which has led to an on-going military conflict between the two countries. As a result, the UK Government and many other national governments have imposed specific sanctions on Russia and Belarus, and on a number of individuals, which, inter alia, prevent certain trading and other business activities with Russia, Belarus, and the sanctioned individuals in the current circumstances. We have reviewed our operations to confirm that we have the necessary controls in place to ensure compliance with all applicable sanctions. We immediately instigated new, enhanced checks across all customer-facing parts of the business for any potential customers implicated in the sanctions, and regularly updated and re-issued those checks in line with changes to the underlying sanctions legislation. The Defined Benefit pension scheme also stopped all direct purchases of Russian or Belarusian equity, fixed income or currency, and distribution of BB&R labelled single malt Scotch to Russia was halted.

The following more general business risks have also been considered:

- ***Economic Risk***
  In the light of the Covid-19 pandemic, the Ukraine war and the Cost-of-Living crisis there is a risk that a downturn in the economy may negatively impact the operations of the Company. The Company has a varied customer base, trading with both private individuals and business and trade customers, across the globe which helps manage this risk, with different customer groups being impacted at different points of an economic cycle. Furthermore, in a downturn, fine wine has been shown to hold its value without correlation to the wider economy and this has supported the Company's ability to post trading growth amidst economic challenge.

- ***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. As at 31 March 2022, BB&R has a term loan secured on property and a revolving line of credit secured on UK inventory to manage cash requirements. The Company maintains strong relationships with banks and continues to strengthen stock management, debtor management and cash planning routines.

STRATEGIC REPORT *(continued)*

By Order of the Board

Emily Rae
Emily Rae (Dec 22, 2022 11:15 GMT)

E. Rae
Secretary

3 St. James's Street, London, SW1
22 December 2022
Registered in England No. 05492886

DIRECTORS REPORT

The Directors submit their Report and Accounts for the year ended 31 March 2022.

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. E. Tennent
R. Reid
E.L. Fox
E. Rae (appointed 13/09/2022)
E.J. Rudd (appointed 13/09/2022)

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 31 March 2022 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 safety of our colleagues is paramount and the Company has a health and safety policy in place, which has been approved by the Board and is reported on at each Board meeting. The policy was adapted in light of the Covid-19 pandemic and updated to reflect the requirement for a safe working environment. A Homeworking Risk Assessment form was completed by all employees who worked from home to ensure they have a safe working environment from home and guidance has been issued, both for Health and Safety and also for protecting mental wellbeing whilst working remotely. The practices have continued since the return to the office in September '21 as we have implemented a policy of hybrid working whereby many colleagues work at home two days per week.

- ***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 company gatherings, face-to-face meetings, colleague listening groups, monthly business briefings, email and our company intranet.

DIRECTORS REPORT *(continued)*

Branches

During the year and at the year-end, the Company operated a branch outside the UK in Japan.

Going Concern

The Company's business activities and financial position are described in the strategic report. The Directors have reviewed the Company's forecasts and projections for a period of at least twelve months from the signing of these accounts. These include assumptions about the Company's sales mix and margins, as well as assumptions relating to the Company's cost base and working capital requirements.

BB&R's financing with PNC bank comprised of a property-secured term loan and an ABL secured against BB&R Limited inventory. The property loan has £23,000,000 (2021: £24,160,000) left to repay and an asset-backed loan with availability of £27,000,000 was undrawn as at 31 March 2022.

Taking into account possible changes in trading performance on the Company and its global operations, and after making enquiries, the Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. 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 Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he or she has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Dividend

A special dividend of £556,000 was paid during the year. No final dividend was proposed by The Board.

Auditor

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

Directors' Statement as to s172(a) responsibilities

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so had regard, amongst other matters, to:

(a) the likely consequences of any decision in the long term,

(b) the interests of the company's employees,

(c) the need to foster the company's business relationships with suppliers, customers and others,

DIRECTORS REPORT *(continued)*

(d) the impact of the company's operations on the community and the environment,

(e) the desirability of the company maintaining a reputation for high standards of business conduct, and

(f) the need to act fairly as between members of the company.

The Directors consider the following stakeholders as key considerations for principal decision making: employees, customers, shareholders, producers and the community. The Directors have undertaken a variety of activities to

ensure their views and interests are taken into account in principal decision making. The Company defines principal decisions as those that are of strategic importance to the Company and to any of its key stakeholder groups and look to create long-term value for the members of the business. Examples of how we interact with those stakeholder groups on such principal decisions are set out below in this statement.

Employees

The Directors recognise that companies with engaged employees are more successful, achieve better customer outcomes, are more productive and have lower levels of employee turnover and absenteeism. Such companies are much happier and more rewarding places to work. The Directors conducted the "We're Listening" employee survey completed by 90% of employees covering 38 questions and over 12,000 employee responses. The results were very positive and the output from the survey has provided the Directors with important feedback as to what employees felt about the business and has helped shape our future people plan.

The colleague engagement score increased by 6% to 88%, with further increases in the customer and leadership indexes. In total, the results of 35 questions improved showing that action plans put in place following the 2020 survey had managed to address some concerns.

Whilst all stakeholders have been at the forefront of any decision making in response to the Covid-19 pandemic and amidst the economic challenges seen throughout the year, our employees have remained one of the Directors' priorities. We've made a number of changes to our benefits package including giving our colleagues two additional days holiday, improving our private medical insurance to give a broader coverage across physical and mental health and increasing the level of our Life Assurance policy.

In the past year we have also worked on our culture by embedding training and development to support our desire for customer and service excellence. Every colleague in the business has been through training to help them become the best version of themselves and to create focus on teamwork and collaboration across the departments.

Customers

Our Uncorking Excellence strategy has customers at the heart of our success. We have been working hard in the year to become a more customer centric business and we've introduced quarterly customer surveys in order to assess our Net Promoter Score and understand where we can do better for our customers. The feedback has been invaluable to the changes that we are making both culturally and in our processes. We have also held a number of customer listening groups to better understand what our customers think of our proposition and how we could adapt it in the future to meet changing customer needs.

Shareholders

As a family-owned business, with many of our family members working within the business we are privileged to be able to consult our shareholders regularly. Formally, we hold Owners' Board meetings each quarter in which shareholders are able to raise concerns and Directors can seek their input on key strategic decisions. All shareholders are able to ask questions at our Annual General Meeting and other meetings held throughout the year.

Suppliers

The Directors recognise the vital role producers and suppliers play in ensuring our long-term success and the continued delivery of outstanding quality to our customers. The Directors' focus is toward family businesses as well as businesses with a focus on sustainability, creating a deeper long-term relationship with those who share common goals and produce incredible wines.

Community and environment

As a business, we remain ever more convinced that the increasing climate crisis is one of the biggest challenges every business faces. We remain committed to recognising and taking responsibility for the long-term impact of our business operations on the community and environment. We have therefore been working hard to scope out our roadmap to deliver on our 2030 sustainability goal to be net zero CO2 and plastic free by 2030 across our entire business, and to become a force for good, environmentally, and socially. Further details about where we stand, and where we want to get to, from a sustainability perspective can be found in our full 2022 Sustainability Report, which can be read at https://www.bbr.com/sustainability.

We're a family business with a 324-year-long history and a bright future, which means a sustainable legacy is close to our hearts. We've always run the business with the next generation in mind, but we believe we can do more to make a positive impact environmentally and socially.

If we're going to be around to see another 324 years, we need to become a force for good. To us this means becoming truly sustainable in all that we do, and supporting our suppliers, colleagues, and customers to make positive changes too.

We want to be a force for good, making a positive impact environmentally and socially.

We aim to:

1. **Decarbonise our operations**, with the goal of becoming ***Net Zero Carbon and Plastic Free across our entire business by 2030***
2. **Use our privileged position as a merchant** – the closest link between those who make wine and those who drink it - **to drive meaningful carbon and waste reduction in our wider supply chain**, by focusing on regenerative viticulture, clean energy technology, water preservation and recycling
3. **Do business the right way, letting our family values** - 'Passion', 'Integrity' and 'Generosity of Spirit' - **lead the way**, by becoming 'First Choice For Colleagues', helping our customers to drink better, now and in the future, and giving back to our local communities.

What's been happening this year

Tackling our Environmental Impacts

- All mains electricity now sourced on certified renewable tariffs
- First two Electric Vehicles added to our fleet of 16 vans
- Orders already placed mean this will be at least eight more EVs by June 2023
- Removed 24,500 capsules from three wines from our Berry Bros. & Rudd Own Selection wines
- Initiated a cork recycling project – collecting them in our shops and via our fleet of delivery drivers.

DIRECTORS REPORT *(continued)*

- Replaced 40,008 processed corks in bottles from our own range with natural cork, supporting the critical ecosystem maintained by cork forests and the community of workers who depend on them, while removing 288g of CO_2 from the atmosphere for each cork
- Calculated the CO2 footprint for our entire business (not just the bits we're directly responsible for), taking responsibility for all the emissions our business is built on
- Required each of our colleagues to make three personal sustainability commitments, bringing over 1,000 individual actions across BB&R

Having a Positive Social Impact

- Contributed, either directly or indirectly, over £180,000 to charitable causes, including:
  - £10,000 to our company charity MND, along with £37,000 raised through the auction of 2002 Own Selection Single Malt from Macduff, in honour of our colleague Davy Zyw who was diagnosed with the condition four years ago
  - £40,000+ raised through auctioned lunches and dinners in our Georgian dining room for causes as diverse as The National Theatre and Great Ormond Street Hospital
  - £30,000 donated to the Red Cross Ukraine appeal
  - £25,000 raised for the Prince's Countryside Fund through sales of King's Ginger
  - £20,000 raised for the Queen's Green Canopy and Woodland trust with our limited edition Good Ordinary Claret label designed by Tom Frost
  - £21,000 raised for the work of the Queen's Commonwealth Trust, through the auction of the John Rudd memorial Glenrothes Whisky
  - Donations to organisations which support the social impact of alcohol, through the Drinks Trust (£8,000) and DrinkAware Campaign (£11,500).
  - Over £2,000 in matched funds raised by our colleagues in their own endeavours
- Trialled a strategic mentoring programme with The Queen's Commonwealth Trust to support their causes in Commonwealth countries

DIRECTORS REPORT *(continued)*

Streamlined Energy and Carbon Reporting (SECR)

BB&R Limited, as a member of Berry Bros. & Rudd Group, have been publicly reporting our emissions in line with UK mandatory greenhouse gas reporting regulations since 2018. Following the introduction of the streamlined energy and carbon reporting requirements we will continue to publish our energy consumption and associated carbon emissions in our annual report accordingly.

The emissions reported include Berry Bros. & Rudd Limited, BB&R Limited and BB&R US Limited as these companies are located within the same buildings and so the emissions per each individual company are not readily distinguishable.

Emission Source	FY2020-21 consumption (kWh)	FY2021-22 consumption (kWh)	FY2020-21 emissions (tonne CO_2 equivalent)	FY2021-22 emissions (tonne CO_2 equivalent)
Diesel - generators	11,958	0	3	0
Natural gas consumption	66,034	55,587	13	10
Company cars	*23,238 km*	*0 km*	4	0
Refrigerant gases	*6 kg*	*0 kg*	11	0
Delivery fleet	*410,789 km*	*364,850 km*	99	84
Scope 1 total	**77,992**	**55,587**	**131**	**95**
Scope 2 total (location-based)	**1,589,541**	**1,482,975**	**284**	**240**
Scope 2 total (market-based)	**1,589,541**	**1,482,975**	**423**	**27**
Business travel (flights & rail travel)	*21,559 passenger.km*	*397,718 passenger.km*	4	70
Electricity T&D losses	1,589,541	1,482,975	30	22
Scope 3 total	**1,589,541**	**1,482,975**	**34**	**92**
Overall total (location based)			**449**	**427**

Overall total (market based)			**588**	**214**

In order to facilitate year-on-year comparison of emissions, taking into account fluctuations in activity level, Berry Bros. & Rudd have calculated the intensity ratio of emissions per UK revenue and UK full time employee (FTE). This is based on £169,171,000 revenue and 341 FTE for FY2021-22. The emissions per 4.5L case of wine imported have also been calculated as a measure of emissions per the company's activity level. This is based on 598,811 cases.

Location Based Method	Emissions per turnover FY2021-22 (tonne CO_2 equivalent per £million)	Emissions per UK FTE FY2021-22 (tonne CO_2 equivalent per FTE)	Emissions per 4.5L case of wine imported (tonne CO_2 equivalent per 1000 cases)
Scope 1 and 2 emissions	1.98	0.98	0.56
Total emissions	2.52	1.25	0.71

Market Based Method	Emissions per turnover FY2021-22 (tonne CO_2 equivalent per £million)	Emissions per UK FTE FY2021-22 (tonne CO_2 equivalent per FTE)	Emissions per 4.5L case of wine imported (tonne CO_2 equivalent per 1000 cases)
Scope 1 and 2 emissions	0.72	0.36	0.20
Total emissions	1.26	0.63	0.36

Energy efficiency action taken

During the last year, we have continued to look to improve our energy efficiency across our entire business. Most of our sites now purchase electricity from 100% certified renewable sources, including from our own 250kw solar system on the roof of our Basingstoke warehouse. We have added two electric vans to our own fleet of delivery vehicles and have agreed to purchase eight more. We've continued to look out for opportunities to reduce energy consumption at the site they work in, and we continue to employ greater efficiencies in our delivery routes and to use sea freight, rather than air transport, whenever viable. We have also required each of our colleagues to make three personal sustainability commitments, bringing over 1,000 individual actions across BB&R.

Methodology used for carbon footprint calculation

Since FY2017 Berry Bros. & Rudd have been using Ricardo Energy and Environment (an environmental consultancy firm) to calculate our carbon footprint. Our carbon footprint has been calculated using a methodology aligned with the principles of the Greenhouse Gas Protocol (GHG) Standard for Corporate Accounting and

DIRECTORS REPORT *(continued)*

Reporting produced by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) – a globally recognised standard. The GHG Protocol Standard is one of the recommended methodologies under SECR guidelines. The footprint utilises UK Government conversion factors for the year of reporting. For energy use where figures were not already in kWh, these have been converted to kWh using their density and gross calorific value taken from the UK government GHG conversion factors fuel properties tab for the year of reporting. Note that Scope 2 emissions have been calculated and presented in this report using both the location and market-based methodologies respectively. The residual mix factor, published by the Association of Issuing Bodies, has been applied to sites that do not purchase 100% renewable electricity for market-based reporting.

The data captured within this year's carbon footprint calculation has predominantly been derived from invoices from energy suppliers. Additional data such as refrigerant use has been captured within engineer's reports. Carbon emissions emitted from delivery vans owned by Berry Bros & Rudd have been calculated based on the total number of miles driven by each vehicle. Flight and rail data was captured in passenger kilometres from reports from Berry Bros. & Rudd's travel provider.

By Order of the Board

Emily Rae
Emily Rae (Dec 22, 2022 11:15 GMT)

E. Rae

Secretary

3, St. James's Street, London, SW1
22 December 2022
Registered in England No. 05492886

STATEMENT OF DIRECTORS' RESPONSIBILITES

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 AUDITOR'S REPORT TO THE MEMBERS OF BB&R LIMITED

Opinion

We have audited the financial statements of BB&R Limited (the 'company') for the year ended 31 March 2022 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Evaluating the directors' method to assess the company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
- Obtaining and reviewing the company's insurance cover for inventory held at all of its warehouses and assessing whether this is sufficient, particularly with regard to the value of inventory;
- Reviewing loan documentation and any ongoing discussions with bank lenders to ensure that the loan facilities are available over the forecast period in management's going concern assessment;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the directors' disclosures in the financial statement

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters 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.

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 14, 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, environmental regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006 and FRS 102.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined

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

that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to cut-off), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- The use of data analytics in our testing of manual journals including our testing of revenue recognition. We tested specific transactions to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.

Richard Karmel (Dec 22, 2022 11:28 GMT)

Richard Karmel (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU
22 December 2022

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 March 2022

	Note	31.03.22 £000s	31.03.21 Restated* £000s
Turnover	2	152,711	156,566
Cost of sales		(103,910)	(110,364)
Gross Profit		**48,801**	**46,202**
Administration and other expenses		(36,362)	(43,123)
Distribution costs		(3,624)	(3,363)
Other operating income	5	1,140	1,134
Operating Profit before Exceptional items		**9,955**	**850**
Exceptional items	4	-	(2,102)
Operating Profit/(Loss) after Exceptional items		**9,955**	**(1,252)**
Interest payable	6	(1,614)	(1,067)
Gain/(Loss) on revaluation of investment properties	9	4,123	(79)
Profit/(Loss) on ordinary activities before taxation		**12,464**	**(2,398)**
Taxation charge	7	(1,345)	37
Profit/(Loss) for the financial year after taxation		**11,119**	**(2,361)**

All results are derived from continuous operations.

The notes on pages 23 to 49 form part of the financial statements.

*Turnover, cost of sales, administration and other expenses have been restated. See note 23 for further details.

STATEMENT OF OTHER COMPREHENSIVE INCOME
for the Year Ended 31 March 2022

	Note	31.03.22 £000s	31.03.21 £000s
Gain/(Loss) for the financial year		**11,119**	**(2,361)**
Other comprehensive income			
Actuarial Gain/(Loss) in respect of the retirement benefit schemes	*17*	6,651	(1,516)
Deferred taxation (charge)/credit on retirement benefit schemes	*15*	(1,663)	260
Gain/(Loss) on revaluation of freehold property	*9*	3,912	(1,281)
Deferred taxation (charge) on revaluation of freehold property	*15*	(978)	-
Total comprehensive income for the year		**19,041**	**(4,898)**

BALANCE SHEET
As at 31 March 2022

BB&R Ltd, company number 05492886

	Note	31.03.22 £000s	31.03.21 Restated £000s
Fixed Assets			
Intangible fixed assets	*8*	7,709	6,899
Tangible fixed assets	*9*	97,039	83,720
Investments:			
Investments in subsidiaries	*10*	9,598	9,598
Investment in joint venture	*10*	-	493
		114,346	**100,710**
Current Assets			
Stocks	*11*	46,860	41,504
Debtors – falling due within one year	*12*	87,479	67,671
Debtors – falling due after more than one year	*12*	43,108	37,165
Short-term deposits and cash		18,544	24,270
		195,991	**170,610**
Creditors – amounts falling due within one year	*13*	(146,573)	(127,398)
Net Current Assets		**49,418**	**43,212**
Creditors – amounts falling due in more than one year	*13*	(77,789)	(68,273)
Provisions for liabilities	*14*	(780)	(1,250)
Net Assets before Retirement Benefit Schemes deficit		**85,195**	**74,399**
Retirement benefit schemes deficit	*17*	(7,317)	(15,006)
NET ASSETS		**77,878**	**59,393**
Capital and Reserves			
Called up share capital	*16*	-	-
Revaluation Reserve		18,220	14,308
Profit and Loss Account		59,658	45,085
TOTAL SHAREHOLDERS' FUNDS		**77,878**	**59,393**

*Fixed Assets, Investments and the Profit and Loss Account have been restated. See note 23 for further details.

Approved by the Board and signed on its behalf.

Emily Rae
Emily Rae (Dec 22, 2022 11:15 GMT)

E. RAE
22 December 2022

STATEMENT OF CHANGES IN EQUITY
As at 31 March 2022

	Revaluation Reserve	Profit & Loss Account	Total Shareholder Funds
	£000s	£000s	£000s
At 31 March 2020	**15,589**	**49,614**	**65,203**
Profit/(loss) for the financial year	-	(2,264)	(2,264)
Actuarial gain on retirement benefit schemes	-	(1,516)	(1,516)
Deferred taxation credit included directly in equity	-	260	260
Loss on revaluation of freehold property	(1,281)	-	(1,281)
At 31 March 2021	**14,308**	**46,094**	**60,402**
Restatement*	-	(1,009)	(1,009)
At 31 March 2021- restated	**14,308**	**45,085**	**59,393**
Profit/(loss) for the financial year	-	11,119	11,119
Actuarial gain on retirement benefit schemes	-	6,651	6,651
Deferred taxation charge included directly in equity	-	(2,641)	(2,641)
Gain on revaluation of freehold property	3,912	-	3,912
Dividends paid	-	(556)	(556)
At 31 March 2022	**18,220**	**59,658**	**77,878**

*Profit for the financial year has been restated. See note 23 for further details.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

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 2022.

General information and basis of preparation
BB&R Limited is a private limited company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page one. 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.

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.

The following exemptions available under FRS 102 in respect of certain disclosures for the Company financial statements have been applied:

- No Cash Flow Statement with related notes has been presented; and
- No disclosure has been given for the aggregate remuneration of the key management personnel as their remuneration is included in the totals for the Group as a whole in its parent company financial statements; and
- Related party transactions between two or more companies of the same Group have not been included.

Authorisation of financial statements
The financial statements of BB&R Limited for the year ended 31 March 2022 were authorised for issue by the Board of Directors and the balance sheet was signed on the Board's behalf by a Director.

Going Concern
The Company's business activities, financial position and management of economic and liquidity risks are described in the strategic report. The Directors have reviewed the Company's forecasts and projections for a period of twelve months from the signing of these accounts. These include assumptions about the Company's sales mix and margins, as well as assumptions relating to the Company's cost base and working capital requirements. 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 its banking covenants. Scenario testing has been performed in order to understand what circumstances would cause the Company to breach its covenants. Whilst the Directors consider the scenarios to be a remote possibility of occurring, mitigating steps have been considered in order to minimize the impact of such scenarios.

BB&R Limited has a £52m Master Facilities Agreement with PNC, a bank. The Master Facilities Agreement comprises a property loan of £25m and a £27m asset-backed loan secured against BB&R Limited inventory. The property loan has £23m left to repay and the asset-backed loan was undrawn as at 31st March 2022.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. ACCOUNTING POLICIES (continued)

Taking into account possible changes in trading performance on the Company and its global operations, and after making enquiries, the Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. Accordingly, the Directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

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 three 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
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 stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful economic life.

Research and development
Expenditure on research activities is recognised in the profit and loss account as an expense as incurred. 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. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. ACCOUNTING POLICIES (continued)

Other intangible assets

Intangible assets, comprising acquired brands and software, are stated at cost less accumulated amortisation and less accumulated impairment losses.

In the case of work in progress cost includes an appropriate share of overheads based on normal operating capacity.

Amortisation

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 estimated useful lives are as follows:

Brands	-	20% per annum on a straight line basis
Software	-	10% or 20% per annum on a straight line basis

Goodwill is amortised on a straight-line basis over its useful life of between zero and 71 years. Goodwill has no residual value.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Impairment

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. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset.

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	-	5%, 10% or 20% per annum on a straight-line basis
Computer equipment	-	20% or 33% per annum on a straight-line basis
Motor vehicles	-	20% per annum on a straight-line basis

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which it is expected an asset's future economic benefits will be consumed.

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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. ACCOUNTING POLICIES (continued)

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 properties which are held either to earn rental income or for capital appreciation or for both. 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 weighted average cost basis.

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

Foreign currencies
Transactions in foreign currencies are initially recorded in the entity's functional currency by applying a monthly exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. 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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. ACCOUNTING POLICIES (continued)

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 schemes on the face of the profit and loss account. Actuarial gains and losses are recognised in Other Comprehensive Income.

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

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

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

Deferred tax is measured using the tax rates and laws that have been enacted and substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment 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 Other Comprehensive Income 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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. ACCOUNTING POLICIES (continued)

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

Basic financial instruments
Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at banks and in hand. Cash and cash equivalents that are not immediately available to the Company due to contractual requirements are classified as restricted cash.

Interest-bearing loans
Interest-bearing loans are recognised initially at the present value of future payments. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost, less any impairment losses.

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
In the parent company financial statements, 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.

Provisions
A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Interest receivable and interest payable
Interest payable includes interest payable on external loans and other third-party contracts, net interest cost in respect of retirement benefit schemes, and for the Company interest payable on related party loans. Interest receivable and similar income includes interest receivable on funds invested and deferred consideration receivable, and for the Company interest receivable on related party loans. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Dividend income is recognised in the profit and loss account on the date the entity's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. ACCOUNTING POLICIES (continued)

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 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 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 20.

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 15.

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 other comprehensive income respectively. The Company engaged independent valuation specialists at 31st March 2022. 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.

Useful economic life of goodwill

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. During the year we carried out a strategic review of the useful economic life of goodwill. As a result of this review we have established a reliable basis for estimating the useful economic life of the goodwill recorded on the balance sheet. Further details are contained in note 8.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

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:

	31.03.22	31.03.21 Restated
	£000s	£000s
Sale of goods	139,071	144,919
Rendering of services	9,020	7,961
Commissions	4,620	3,686
	152,711	**156,566**

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(a) Profit is arrived at after charging:

	31.03.22	31.03.21 Restated
	£000s	£000s
Depreciation of owned fixed tangible assets	918	992
Amortisation of intangible assets and associate	534	823
Operating lease rentals - land & buildings	1,061	1,416
Foreign exchange (gain)/loss	(86)	2,026
Inter-company sales commission	1,068	1,105
Cost of stock recognised as expense	99,439	108,842

(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 (2021: £nil).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

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

	31.03.22	31.03.21
Employment costs, including Directors, amounted to:	**£000s**	**£000s**
Wages and salaries	9,966	11,472
Social security costs	1,148	1,168
Pension costs	604	1,014
	11,718	**13,654**

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

Average monthly number of employees during the year	**248**	**273**

All employees were engaged in the wine and spirit trade or the property business.

4. EXCEPTIONAL ITEMS

There were no exceptional costs during the year (2021: £2,102,000).

5. OTHER OPERATING INCOME

	31.03.22	31.03.21
	£000s	£000s
Rent receivable	1,052	1,134
Other	88	-
	1,140	**1,134**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. INTEREST PAYABLE

	31.03.22 £000s	31.03.21 £000s
Bank interest	1,089	676
Other	229	66
Net interest cost in respect of retirement benefit schemes	296	325
	1,614	**1,067**

7. TAXATION

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

	31.03.22 £000s	31.03.21 £000s
UK corporate tax	-	-
Adjustments in respect of prior periods	-	-
Total corporation tax	-	-
Origination and reversal of timing differences	1,326	(93)
Adjustment in respect of prior year	19	56
Total deferred taxation (Note 15)	1,345	(37)
Total tax charge/(credit) for the year (Note 7(b))	**1,345**	**(37)**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

7. TAXATION *(continued)*

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2021: 19%)	31.03.22 £000s	31.03.21 Restated £000s
The differences are explained below:		
Profit on ordinary activities before tax	**12,464**	**(2,398)**
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	**2,368**	**(456)**
Effects of:		
Fixed asset differences	107	196
Expenses not deductible for tax purposes	219	88
Chargeable losses	(704)	(20)
Deferred tax previously not recognised	13	99
Group relief claimed	(602)	-
Income not taxable for tax purposes	(11)	-
Adjustment in respect of prior year	(28)	56
Remeasurement of deferred tax for changes in tax rates	(110)	-
Other	93	-
Total tax charge/(credit) for the year (Note 7(a))	**1,345**	**(37)**

(c) Factors which may affect future tax charges:

In October 2022 the government confirmed plans to increase the rate of UK corporation tax to 25% from 1 April 2023.

8. INTANGIBLE FIXED ASSETS

	Goodwill	Software	Total
Cost	£000s	£000s	£000s
At 1st April 2021 – restated*	8,917	7,411	16,328
Additions	-	1,933	1,933
Transfer	-	-	-
Disposals	(2,166)	-	(2,166)
At 31st March 2022	**6,751**	**9,344**	**16,095**
Amortisation			
At 1st April 2021 – restated*	3,023	6,406	9,429
Transfer	-	-	-
Amount provided in year	534	589	1,123
Disposals	(2,166)	-	(2,166)
At 31st March 2022	**1,391**	**6,995**	**8,386**
Net book value			
At 31st March 2022	**5,360**	**2,349**	**7,709**
At 1st April 2021	**5,894**	**1,005**	**6,899**

*As part of an overall strategic review of the business, we have found it appropriate to adjust the useful economic life of the goodwill related to the investment in Richards Walford & Co Limited, which was initially acquired 30th April 2012. The goodwill has been amortised over its useful economic life of 71 years, which is in line with the group accounts, up to 31 March 2021. Subsequently, as part of the strategic review we have prospectively amended the useful economic life of the investment to a more appropriate 20 years, which is effective from the financial year ended 31 March 2022.

9. TANGIBLE FIXED ASSETS

	Land & Buildings					
	Investment Properties £000s	Freehold £000s	Leasehold £000s	Work in Progress £000s	Plant and Machinery £000s	Total £000s
Cost or valuation						
At 1 April 2021	42,956	33,264	7,405	2,048	12,858	98,531
Additions	-	-	35	6,063	636	6,734
Disposals	-	-	(960)	-	(521)	(1,481)
Transfer	(3,405)	3,405	-	-	-	-
Revaluation	4,123	3,912	-	-	-	8,035
At 31 March 2022	**43,674**	**40,581**	**6,480**	**8,111**	**12,973**	**111,819**
Accumulated depreciation						
At 1 April 2021	-	-	4,458	-	10,353	14,811
Amount provided in year	-	-	304	-	614	918
Disposals	-	-	(595)	-	(354)	(949)
At 31 March 2022	-	-	**4,167**	-	**10,613**	**14,780**
Net Book Value						
At 31 March 2022	**43,674**	**40,581**	**2,313**	**8,111**	**2,360**	**97,039**
At 1 April 2021	42,956	33,264	2,947	2,048	2,505	83,720

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

Freehold land and buildings
The freehold properties were independently valued by Fletcher King as at 31 March 2022, on the basis of open market value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The revaluation gain of £3,912,000 was recognised in Other Comprehensive Income. The historical cost of freehold property included at valuation is as follows:

At 31 March 2022	£21,619,000
At 31 March 2021	£18,214,000

Investment Properties
Investment properties, which are all freehold, were revalued to fair value at 31st March 2022 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 gain of £4,123,000 was recognised in the Profit and Loss Account. The historical cost of freehold properties included at valuation is as follows:

At 31 March, 2022	£26,071,000
At 31 March 2021	£29,476,000

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

10. INVESTMENTS

	31.03.22	31.03.21 Restated
	£000s	£000s
Investments in Subsidiary undertakings and Joint Venture Company at cost		
1 April 2021	**10,091**	**9,990**
Additions	-	101
Disposals*	(493)	-
31 March 2022	**9,598**	**10,091**

*The investment in The Indian Ocean Rum Company was disposed of on 19 November 2021, for a nominal consideration of £1.

Details of the investments held by BB&R Limited are as follows:

Name	**Country of registration**	**Holding**	**Proportion Held**	**Nature of Business**	**Registered Address**
Berry Bros. & Rudd Hong Kong Limited	Hong Kong	100 Ordinary Shares	100%	Dormant	2F, Pacific House, 20-20B Queen Road Central, Hong Kong
BB&R (HK) Limited	Hong Kong	74,282,224 Ordinary Shares	100%	Retail and wholesale wine merchants	2F, Pacific House, 20-20B Queen Road 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 SARL	France	1 Ordinary Share	100%	Bordeaux negociant	2 Rue Laharpe, 33110 Le Bouscat, France
Richards Walford & Co	England & Wales	35,485 Ordinary Shares	100%	Dormant	3, St. James's Street, London, SW1A 1EG
Morris & Verdin Limited	England & Wales	113,164 Ordinary Shares	100%	Non-trading	3, St. James's Street, London, SW1A 1EG

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

11. STOCKS

	31.03.22	31.03.21
	£000s	£000s
Bulk Stocks - UK and Abroad	15,323	10,064
Bottled Stocks	31,194	30,543
Other	343	897
	46,860	**41,504**

The stocks closing balance of £46,860,000 (2021: £41,504,000) includes a £797,000 stock provision (2021: £1,078,050).

12. DEBTORS

	31.03.22	31.03.21
	£000s	£000s
Amounts falling due within one year:		
Trade debtors	8,220	9,570
Other debtors	1,814	2,469
Amounts due from group companies	33,431	21,452
Taxation	-	20
Prepayments and accrued income	901	1,190
En Primeur supplier prepayments (Note 21)	43,113	32,970
	87,479	**67,671**

	31.03.22	31.03.21
Amounts falling due in more than one year:		
Deferred taxation (Note 15)	3,456	5,234
En Primeur supplier prepayments (Note 21)	37,375	29,438
Amounts due from group companies	2,277	2,493
	43,108	**37,165**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

13. CREDITORS

	31.03.22 £000s	31.03.21 £000s
Amounts falling due within one year:		
Payments received on account	563	541
Trade creditors	31,115	21,886
Other creditors	13,823	16,878
Accruals	2,710	3,344
Deferred En Primeur income (Note 21)	42,860	40,108
Amounts due to group companies	54,161	43,381
Bank loans (1)	1,341	1,260
	146,573	**127,398**
Amounts falling due in more than one year:		
Deferred En Primeur income (Note 21)	43,939	38,070
Bank loans (1)	21,640	22,900
Deferred tax (Note 15)	6,102	3,913
Amounts due to group companies	3,735	3,390
Other creditors	2,373	-
	77,789	**68,273**

(1) In July 2020 BB&R Limited refinanced its existing loan facilities. The fixed term loan and overdraft with Barclays was repaid and the facility closed (2020: £14,510,000). A new fixed term loan arrangement was entered into with PNC for £25,000,000 along with a revolving credit facility of £27,000,000 secured against BB&R Limited inventory. The fixed term loan has a repayment period of five years and an interest rate of 3% above the Bank of England base rate and the loan is secured by a fixed and floating charge debenture provided by BB&R Limited. At the balance sheet date, the outstanding loan balance was £22,981,000 (2021: £24,160,000) and the revolving credit facility was undrawn.

14. PROVISIONS FOR LIABILITIES

	31.03.22 £000s	31.03.21 £000s
Dilapidation provision	757	733
Onerous lease provision	23	517
	780	**1,250**

14. PROVISIONS FOR LIABILITIES *(continued)*

A Dilapidation 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. This has been expensed to Administration and Other Expenses. The impact of discounting the dilapidation provision is deemed immaterial.

A further Onerous lease provision is recognised in respect of the rent due on vacated leasehold properties that the Company is committed to paying until the conclusion of the respective leases. The full value of the provision was initially expensed to exceptional cost in the year ended 31 March 2021, with the balance in the provision for liabilities released to administration and other expenses over the term of the respective lease.

15. DEFERRED TAXATION

	31.03.22 £000s	31.03.21 £000s
Expected to reverse in more than one year:		
Tax losses	224	995
Decelerated capital allowances	1,358	1,302
Retirement benefit schemes	1,874	2,937
Deferred tax asset (Note 12)	3,456	5,234
Deferred tax liability- unrealised gains on revalued property (Note 13)	(6,102)	(3,913)
Net deferred tax (liability)/asset	**(2,646)**	**1,321**

Recognised at start of year	1,321	1,024
Deferred tax (charge)/credit in the profit and loss account	(1,345)	37
Deferred tax (charge)/credit on retirement benefit schemes	(1,663)	260
Deferred tax (charge)/credit on revaluation of freehold property	(978)	-
Other – prior year adjustments	19	-
Recognised at end of the year	**(2,646)**	**1,321**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16. CALLED-UP SHARE CAPITAL AND RESERVES

	Authorised		Issued and Fully Paid	
	31.03.22	**31.03.21**	**31.03.22**	**31.03.21**
	£	**£**	**£**	**£**
Amounts classified as equity				
Ordinary Shares of £1 each	100	100	100	100
	100	**100**	**100**	**100**

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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

17. RETIREMENT BENEFIT SCHEMES

The Company operates a defined benefit pension scheme. The amounts carried in the balance sheet are as follows:

	31.03.22	31.03.21
	Defined Benefit Pension Scheme £000s	**Defined Benefit Pension Scheme £000s**
Fair value of scheme assets	84,022	86,308
Present value of scheme liabilities	(91,339)	(101,314)
Net scheme liability	**(7,317)**	**(15,006)**

17. 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 valuation of scheme assets and the present value of the defined benefit obligation was carried out as at 31 March 2022 by XPS Pensions Consulting Limited (XPS).

Pension contributions are determined with the advice of independent qualified actuaries XPS based on the basis of triennial valuations using the projected unit credit method. On 28 June 2020 the Company agreed to make annual contributions to the scheme of £1,108,096, payable in quarterly instalments, every year from 1 April 2021 to 30 September 2031. The annual instalments will increase by 5% per annum starting on 1 April 2022.

The main assumptions used by the actuary were:

	31.03.22	**31.03.21**
Discount rate	2.7%	2.1%
Inflation assumption	3.7%	3.3%
Deferred revaluation rate	3.2%	2.8%
Mortality assumptions:		
Life expectancy at 65 of future pensioners currently aged 45:		
Male	23.1	23.1
Female	25.2	25.3
Life expectancy at 65 of current pensioners:		
Male	22.1	22.2
Female	24.1	24.1
Rate of pension increases:		
for pensions accrued before December 1999	5.0%	5.0%
for pensions accrued after December 1999	3.6%	3.3%
for pensions accrued after May 2007	2.4%	2.3%

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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

17. RETIREMENT BENEFIT SCHEMES *(continued)*

	31.03.22 £000s	31.03.21 £000s
Government Gilts	21,731	24,863
Property Funds	4,874	6,894
Managed Funds	46,466	51,548
Cash	10,951	3,003
Total fair value of assets	84,022	86,308
Present value of scheme liabilities	(91,339)	(101,314)
Pension liability	**(7,317)**	**(15,006)**

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 Group's own financial instruments nor in properties or other assets used by the Group.

The amounts recognised in the profit and loss account and the statement of other comprehensive income are as follows:

Recognised in the Profit and Loss account	**31.03.22 £000s**	**31.03.21 £000s**
Administration expenses	-	10
Recognised in arriving at operating profit	-	**10**
Interest on scheme assets	(1,748)	(1,829)
Interest on scheme liabilities	2,044	2,154
Net interest expense	**296**	**325**
Impact of GMP Equalisation	**(226)**	**61**
Total recognised in the profit and loss account	**70**	**396**

Recognised in the statement of other comprehensive income	**31.03.22 £000s**	**31.03.21 £000s**
Return on pension scheme assets (excluding amount included in net interest expense)	(1,907)	3,312
Actuarial gain/(loss) on scheme liabilities	8,558	(4,828)
Actuarial gain/(loss) recognised in other comprehensive income	**6,651**	**(1,516)**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

17. RETIREMENT BENEFIT SCHEMES *(continued)*

Analysis of movement in deficit during the year:	**31.03.22 £000s**	**31.03.21 £000s**
Deficit in scheme at start of the year	(15,006)	(15,800)
Administration expenses	-	(10)
Employer contributions	1,108	2,706
Net interest expense	(296)	(325)
Actuarial gain/(loss)	6,651	(1,516)
Impact of GMP Equalisation	226	(61)
Deficit in scheme at end of the year	**(7,317)**	**(15,006)**

Changes in the present value of the defined benefit obligation are analysed as follows:	**31.02.22 £000s**	**31.03.21 £000s**
At 1st April	(101,314)	(97,200)
Interest cost	(2,044)	(2,153)
Actuarial gain	8,558	(4,828)
Impact of GMP Equalisation	226	(61)
Benefit payments	3,235	2,928
At 31st March	**(91,339)**	**(101,314)**

Changes in the fair value of plan assets are analysed as follows:	**31.03.22 £000s**	**31.03.21 £000s**
At 1st April	86,308	81,400
Administration expenses	-	(10)
Interest income	1,748	1,829
Employer contributions	1,108	2,705
Return on assets	(1,907)	3,312
Benefit payments	(3,235)	(2,928)
At 31st March	**84,022**	**86,308**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

17. 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 at 31 March 2022 are set out below. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation, except for 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 31.03.21 £000s	(Increase)/Decrease in scheme liabilities £000s
Rate of mortality – 1 year increase in life expectancy	(142)	(5,271)
Rate of inflation – 0.1% increase	(8)	(310)
Rate of inflation – 0.1% decrease	10	360
Discount rate – 0.1% decrease	(39)	(1,444)
Discount rate – 0.1% increase	38	1,408

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

18. CAPITAL COMMITMENTS

The amounts contracted for but not provided in the financial statements for the Group total £68,157 (2021: £604,644) in respect of IT infrastructure and £1,793,854 (2021: £1,896,115) in respect of Property, Plant and Machinery.

19. OTHER FINANCIAL COMMITMENTS

Commitments under Operating Leases

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

	31.03.22		31.03.21	
	Land & Buildings £000s	Other £000s	Land & Buildings £000s	Other £000s
Amounts payable:				
Within one year	1,669	173	932	67
In the second and fifth years inclusive	5,180	24	2,173	-
After five years	22,250	-	6,085	-
Total	**29,099**	**197**	**9,190**	**67**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

20. ULTIMATE PARENT COMPANY

In the opinion of the Directors, the Company's immediate and ultimate parent undertaking and controlling party is Berry Bros. & Rudd Limited, a registered company in England and Wales, for which group financial statements, including the Company, are drawn up. Copies of these Group financial statements can be obtained from its registered office: 3, St. James's Street, London, SW1A 1EG.

21. EN PRIMEUR & WINES LYING ABROAD

En Primeur involves the sale of wine prior to bottling. Up to 3 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:	**31.03.22**	**31.03.21 Restated**
	£000s	**£000s**
Turnover before En Primeur adjustment	161,332	171,009
Sales of En Primeur and wines lying abroad	(79,843)	(82,362)
Releases of En Primeur and wines lying abroad	71,222	67,919
Turnover after En Primeur adjustment (Note 2)	**152,711**	**156,566**

Analysis of impact on Operating Profit:	**31.03.22**	**31.03.21**
	£000s	**£000s**
Operating Profit before En Primeur adjustment	12,573	3,706
Net sales of En Primeur and wines lying abroad	(18,304)	(17,202)
Net releases of En Primeur and wines lying abroad	15,686	14,346
Operating Profit after En Primeur adjustment	**9,955**	**850**

Analysis of En Primeur balance sheet items:	**31.03.22**	**31.03.21**
	£000s	**£000s**
En Primeur purchases included in debtors due within one year (Note 12)	43,113	32,970
En Primeur purchases included in debtors due in more than one year (Note 12)	37,375	29,438
Total En Primeur purchases	**80,488**	**62,408**
En Primeur deferred income included in creditors due within one year (Note 13)	(42,860)	(40,108)
En Primeur deferred income included in creditors due in more than one year (Note 13)	(43,939)	(38,070)
Total En Primeur deferred income	**(86,799)**	**(78,178)**
Net En Primeur balance	**(6,312)**	**(15,770)**

22. SUBSEQUENT EVENTS

In May 2022, we opened our new warehouse, "Jubilee warehouse", under a 25-year operating lease, in Andover. The new warehouse is projected to double our stock capacity in the UK.

23. PRIOR PERIOD ERRORS

As part of our post-audit review, we uncovered an accounting error in relation to the 2021 financial statements that resulted in the misstatement of turnover by £3.6m, cost of sales by £2.9m and other expenses by £0.7m for the year ended 31 March 2021. The effect of this adjustment to operating profit, movement in equity and balance sheet items is nil. The 2022 financial statements have reflected these changes in the comparative figures to the year ended 31 March 2021. Notably, the following components of the financial statements are affected:

- Profit and Loss account
- Note 2: Turnover
- Note 3: Profit on ordinary activities before taxation
- Note 21: En Primeur & Wines Lying Abroad

In addition, goodwill on the acquisition of Richards Walford & Co Limited, which was initially acquired 30th April 2012 was not accounted for correctly for the year ended 31 March 2021. This has been identified from our review of the accounting entries documenting the acquisition. This has resulted in an understatement of intangible fixed assets by £5.9m, an overstatement of investment in subsidiaries by £6.9m and an overstatement of the profit and loss account by £1m for the year ended 31 March 2021. The 2022 financial statements have reflected these changes in the comparative figures to the year ended 31 March 2021. Notably, the following components of the financial statements are affected:

- Profit and Loss
- Balance sheet
- Statement of Changes in Equity
- Note 3: Profit on ordinary activities before taxation
- Note 5: Investments
- Note 7: Taxation
- Note 8: Intangible fixed assets
- Note 21: En Primeur & Wines Lying Abroad

A comparison of the adjusted figures compared to the original figures for the period ended 31 March 2021 is as follows (next page):

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

	Adjusted 31.03.21 £000s	Original 31.03.21 £000s
Turnover	156,566	160,229
Cost of sales	(110,364)	(113,224)
Gross Profit	**46,202**	**47,005**
Administration and other expenses	(43,123)	(43,829)
Distribution Costs	(3,363)	(3,363)
Other operating income	1,134	1,134
Operating Profit before Exceptional items	**850**	**947**
Exceptional items	(2,102)	(2,102)
Operating Profit after Exceptional items	**(1,252)**	**(1,155)**
Interest payable	(1,067)	(1,067)
Gain/Loss on revaluation of investment properties	(79)	(79)
Profit/(Loss) on ordinary activities before taxation	**(2,398)**	**(2,301)**
Taxation charge	37	37
Profit/(Loss) for the financial year after taxation	**(2,361)**	**(2,264)**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

	Adjusted 31.03.21 £000s	Original 31.03.21 £000s
Fixed Assets		
Intangible fixed assets	6,899	1,005
Tangible fixed assets	83,720	83,720
Investments:		
Investments in subsidiaries	9,598	16,501
Investment in joint venture	493	493
	100,710	**101,719**
Current Assets		
Stocks	41,504	41,504
Debtors – falling due within one year	67,671	67,671
Debtors – falling due after more than one year	37.165	37,165
Short-term deposits and cash	24,270	24,270
	170,610	**170,610**
Creditors – amounts falling due within one year	(127,398)	(127,398)
Net Current Assets	**43,212**	**43,212**
Creditors – amounts falling due in more than one year	(68,273)	(68,273)
Provisions for liabilities	(1,250)	(1,250)
Net Assets before Retirement Benefit Schemes deficit	**74,399**	**75,408**
Retirement benefit schemes deficit	(15,006)	(15,006)
NET ASSETS	**59,393**	**60,402**
Capital and Reserves		
Called up share capital	-	-
Revaluation Reserve	14,308	14,308
Profit and Loss Account	45,085	46,094
TOTAL SHAREHOLDERS' FUNDS	**59,393**	**60,402**