BY APPOINTMENT TO
H.M THE QUEEN
WINE & SPIRIT MERCHANTS
LONDON

BY APPOINTMENT TO
H.R.H THE PRINCE OF WALES
WINE & SPIRIT MERCHANTS
LONDON

BERRY BROS & RUDD

3, ST. JAMES'S STREET, LONDON

WINE & SPIRIT MERCHANTS

Report & Accounts

FOR THE YEAR ENDED 31 MARCH 2022

BY APPOINTMENT TO
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WINE & SPIRIT MERCHANTS
LONDON

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BERRY BROS & RUDD

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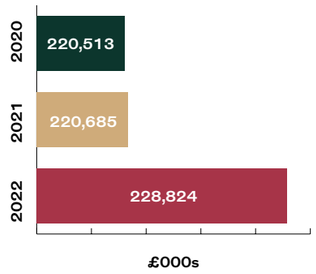
WINE & SPIRIT MERCHANTS

DIRECTORS	E.M. Rudd, Chair R. Reid, Deputy Chair G.R. D'Anyers Willis A.P. Foglio E.L. Fox E.J. Rudd M.J. Wright
SECRETARY	E. Rae
AUDITORS	Mazars LLP 30 Old Bailey London EC4M 7AU

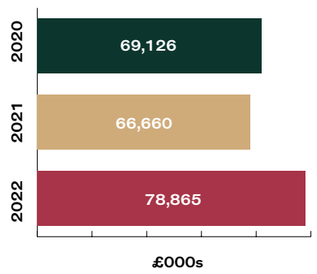
Registered in England & Wales No. 05490962

KPI REPORT

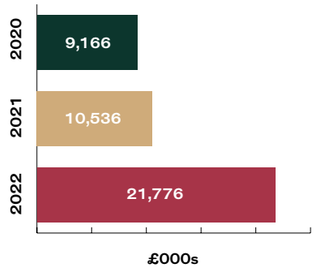
TURNOVER
*excluding En Primeur adjustment**



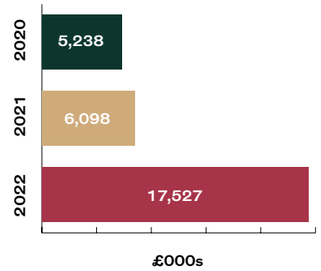
GROSS PROFIT
*excluding En Primeur adjustment**



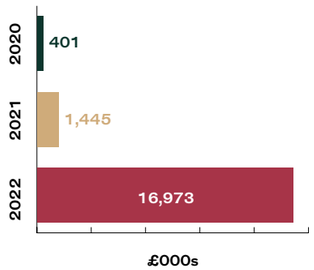
EBITDA
*before exceptional items, excluding En Primeur adjustment**



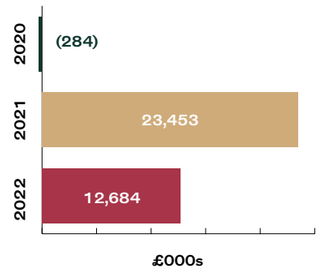
OPERATING PROFIT
*before exceptional items, excluding En Primeur adjustment**



PROFIT BEFORE TAX
before exceptional items

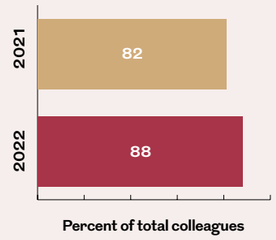


CASH FLOW FROM OPERATING ACTIVITIES



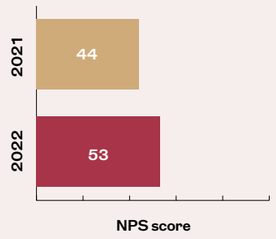
NON-FINANCIAL KPIs

COLLEAGUE ENGAGEMENT INDEX
Colleague engagement is measured annually using our Colleague Satisfaction survey.



CARBON
Total output of renewable energy generated in FY22 by BB&R solar panels.

CUSTOMER NET PROMOTER SCORE
Net promoter score is measured by asking our customers how likely they are to recommend BB&R to friends and family, and is measured on a scale of -100 to 100.



Statement from the Chair

"I am immensely proud to see our 324-year-old, eighth-generation family-owned business take such positive strides forward, having made significant changes over recent years to reposition the business for its next chapter of growth."

Value creation

This past year presented challenges, uncertainty and volatility to virtually every business in existence, and in spite of this adversity, Berry Bros. & Rudd has consolidated its position, set a clear course ahead, and is making investments that will generate sustainable future earnings growth. Financial performance in FY22 has been tremendous and the Group has made great progress in restructuring debt to suit the needs of the business, while also proactively managing the defined pension deficit and considerably improving EBITDA and cash generation.

Under the excellent leadership of our CEO, Emma Fox, and her Executive team, the five-year strategy launched in 2021 sees the business focus on fine wine collectors and ultra-premium spirit brands. Perhaps most importantly of all, everything has been done in line with our family values and culture, which have always been at the heart of our business.

Making a positive impact

As a business with a conscience, Berry Bros. & Rudd are committed to making a positive social and environmental impact. This starts with supporting colleagues as well as looking to the wider community. This year the business has implemented a number of initiatives to improve the benefits packages, alongside offering hybrid working, mental health support, and training and development opportunities, which have been very well received. The company has supported several charities, in particular MND Association, the Queen's Commonwealth Trust, the Prince's Countryside Fund, and the Red Cross Ukraine Emergency Relief effort.

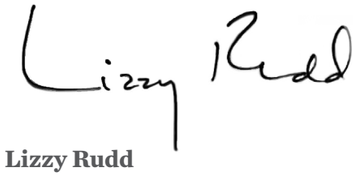
Last year we set ambitious environmental goals to be Net Zero Carbon and Plastic Free by 2030. The business has made progress on carbon and plastic reduction this year and has also signed up to the Science Based Targets Initiative (SBTi) business ambition for 1.5°C, which promotes best practice in science-based target setting, and we have dug deep to gain a clear understanding of exactly where our total carbon footprint comes from, ranging from the carbon emissions of glass bottles, to viticulture, to IT servers. I am delighted that we now have a clearer view of the scale of the challenge, and a roadmap, and we have the enthusiasm and commitment needed to drive the change.

Dividend

The Board agreed a final ordinary dividend of 896p per share which was paid in July 2022. This follows the decision in FY21 not to pay an ordinary dividend due to the risk and uncertainty of Covid-19 and to pay only the special dividend relating to the 2016 sale of the Glenrothes brand. In making this decision for FY22, the Board has carefully considered in-year performance alongside the outlook of future cash flows, the investments required to secure future growth, the risks and uncertainty in the economy, as well as the interests of other key stakeholders, and we believe the dividend payment reflects the positive and sustainable underlying growth in the business.

Looking ahead

The current financial year presents further challenges in light of the economic outlook and the global geo-political environment, but as always, we take a long-term view and see a host of opportunities ahead that will support our vision to be the best and most trusted Fine Wine and Spirit merchant in the world.



Lizzy Rudd
Chair

Statement from the CEO

"Within the context of a challenging year including the continued repercussions from the Covid-19 pandemic, the global economic uncertainty, and the terrible conflict in Ukraine, I've been enormously encouraged by the resilience and dedication of our colleagues and producers. We're also grateful for the support of our customers throughout this period, enabling the business to flourish and deliver such strong growth in profitability".

Strategy

Following the business and financial restructure last year and our programme of 'Fixing the Basics', we turned our focus in FY22 to being first for customers, colleagues and producers through the launch of our new 5 year strategy - 'Uncorking Excellence'. This enables us to concentrate on 2 key pillars – our 'Home of Collecting' plan for customers of fine wine and spirits and building ultra premium brands; whilst investing for sustainable future earnings growth.

Trade

The operating environment was not easy in the first half of the year, mainly due to the continued impact of the Covid-19 pandemic: our offices and shops were closed for six months of the year and events and education had to take place online during this time. Despite these challenges, the business performed fantastically and is reporting 2% sales growth and 145% EBITDA growth in FY22.

The Fine Wine side of the business continues to grow thanks to renewed focus on fine wines for collecting and storing, as well as premium events and experiences. This focus has enabled us to make better purchasing practices and deliver more efficient operations. The long-term relationships we hold with our producers are very important to us and we continue to support them through delivering year-on-year growth across our En Primeur campaigns as well as with focussed marketing of their wines such as through our new campaign brochures.

On the Spirits side, our award-winning ultra-premium gin brand, No.3, delivered nearly 30% growth year-on-year and we have seen strong bounce-back in the global on-trade. To support the growth of this brand we took the exciting decision during the year to strategically partner with The Edrington Group on the distribution of No.3 gin. We look forward to investing together behind the brand's future growth. Our BB&R whisky heritage brands have been repackaged and have a smart, modern look and feel which has resonated well with consumers around the world.

Hotaling & Co, our USA importer and distiller, continued to go from strength to strength and delivered significant sales and profit growth in the year from their portfolio of premium agency and owned brands. They pivoted very quickly and successfully through Covid, driving more off-trade distribution points and becoming a destination for artisanal spirits and cocktails.

Cost & Efficiency

Internally during FY22, we have spent time aligning operations to our strategy, fixing process issues, taking cost out sustainably and investing behind fit-for-future infrastructure. We implemented new technology into our warehouses to enable efficiency in picking, packing and consolidation, we took on new BB&R electric vans, and consolidated our final-mile delivery providers down to one partner for the UK to drive better customer service.

Investments

Investing for future growth is a key pillar of our strategy and I'm pleased to say that this year we have done just that. We have invested behind our property portfolio at St. James's and Pall Mall; into a pipeline of fine wine and whisky inventory to support our long-term customer and brand needs; and a brand-new state-of-the art warehouse for customer fine wine storage. We also continue to invest behind technology to improve our customer and colleague experience.

Colleague

I believe our unique culture and values set us apart from the competition and underpin everything that we do. We rolled out a training programme to every one of our colleagues, centred around the conditions and actions required to raise the bar on delivering excellent customer service. The results of our annual Colleague Engagement survey were terrific, with engagement increasing by six points to 88%, the largest increase coming from our customer index which increased from 66% to 80%. We also undertook our first ever Internal Customer Service survey with the aim of helping colleagues even more collaboratively with one another which in turn raises the bar on looking after customers brilliantly.

Carbon

We've made good strides in our ESG agenda this year with further action taken to reduce our carbon footprint and switching to renewable energy sources. Having already made 25% of our delivery fleet electric, we aim for 90% of all of our UK deliveries to come from electric vehicles by 2026. We've invested behind more solar panels on our warehouses, with 30% of all of our energy consumption now from solar and the remainder coming from renewable sources. We've started to work with suppliers and industry professionals to begin to build a community around regenerative viticulture and we're thinking 'sustainability' in every decision we make. A real highlight for me has been the removal of the capsule from two of our Berry Bros. & Rudd Own Selection wines, which may feel like something small but is a significant step in driving sustainable industry change.

Summary

This financial year has tested our resolve, but we've come out stronger than we started. Berry Bros. & Rudd has shown great resilience and is a business that can grow and prosper under the most challenging circumstances, as it has done over the past 324 years. Looking ahead, the opportunities before us have never been more exciting as we evolve into a more digitally enabled, customer and producer-focused business, trusted across the world to help customers drink better now and in the future.

Emma Fox
CEO

STRATEGIC REPORT

Principal Activities

The business of Berry Bros. & Rudd Limited, as well as its subsidiaries, 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 storage business and commission from our online fine wine exchange platform BBX.

Business Review

	2022 £000s	2021** £000s	% Change
Turnover (excluding En Primeur adjustment)*	**228,824**	**220,685**	**3.7%**
Turnover	220,203	205,492	7.2%
Gross Profit	76,247	63,766	19.6%
Operating Profit (excluding En Primeur adjustment)*	**17,527**	**6,098**	**187.4%**
Operating profit (before joint venture and exceptional items)	14,909	3,204	365.3%
Joint Venture, Associate and Exceptional Items	—	(9,478)	N/A
Interest	(2,059)	(1,680)	22.6%
Profit/(Loss) before tax	16,973	(8,033)	N/A

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

** *Comparative numbers have been restated. Please see note 26 for details.*

Financial performance

After accounting for the statutory En Primeur adjustment, statutory Group sales for the year ended 31 March 2022 were £220,203,000 (2021: £205,492,000) and statutory Group EBITDA, excluding exceptional items, was £19,158,000 (2021: £7,642,000).

Before the statutory accounting adjustment for En Primeur, Group sales for the year ended 31 March 2022 reached £228,824,000 (2021: £220,685,000), representing growth of +3.7%. Underlying Group EBITDA, excluding exceptional items, was £21,776,000 (2021: £10,536,000), representing year-on-year growth of +145%. EBITDA improvement is attributable to improved gross profit margins across the Group as well as efficiency-based cost savings.

Cash generated from operations remained strong throughout the year and we are reporting a £12,684,000 increase in the Group's cash balances generated from operating activities. This compares to 2021: £23,453,000, with the movement primarily driven by investment into aging Fine Wine and Whisky inventory. Net cash outflow for the Group was £(6,868,000) resulting mainly from increasing stock levels to £76,272,000 (2021: £65,126,000).

Business Unit Review

The Group runs its operations under two trading names BB&R and Hotaling & Co, performance is generally considered separately for each.

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 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.

STRATEGIC REPORT *(continued)*

To support the growth in collectors, we have invested significantly behind an exciting pipeline of maturing fine wines and whisky.

The spirits side of BB&R had a strong year with over 15% year-on-year revenue growth driven by our award-winning No.3 gin brand. We took on a number of new high-profile accounts for No.3 Gin in the UK. Furthermore, we entered into a strategic partnership with The Edrington Group (the No.3 London Dry Gin Company) to support the distribution of No.3 Gin in other targeted growth markets, including the USA. We're seeing great success in the initial stages of this partnership.

Hotaling & Co, which trades from San Francisco and focuses on the production, import and distribution of premium spirits in the USA has also recorded very strong trading results for the year. Sales grew year-on-year by nearly £17m and the business recorded triple digit EBIT growth. This was largely driven by gross profit improvement having pivoted with agility during Covid towards the off-trade, drinking at home occasions and ready to drink (RTD) trends.

Summary

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 CO2 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 Group 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 Group. The Group 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 Group'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. Hotaling & Co has in place a dollar-denominated revolving line of credit secured on inventory and trade debtors. The Group maintains strong relationships with banks and continues to strengthen stock management, debtor management and cash planning routines.

By Order of the Board

E. Rae
Secretary

3, St. James's Street, London, SW1
4 October 2022
Registered in England No. 0549062

REPORT OF THE DIRECTORS

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, Chair
R. Reid, Deputy Chair
G.R. D'Anyers Willis
A.P. Foglio
E.L. Fox
E.J. Rudd
M.J. Wright

Directors' Insurance and Indemnities

The Group maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. In accordance with Section 236 of the Companies Act 2006, qualifying third-party indemnity provisions are in place for the directors in respect of liabilities incurred as a result of their office to the extent permitted by law. Both the insurance and indemnities 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 Group 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 Group 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 Group 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 Group considers employee communication to be fundamental in engaging employees, ensuring consistency and a common understanding of the Group 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.

Branches

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

Charitable Donations

As part of the Group's commitment to the communities in which it operates, contributions totalling £180,000+ were made to local community groups and various charities.

REPORT OF THE DIRECTORS *(continued)*

Going Concern

The Group's business activities and financial position are described in the strategic report. The Directors have reviewed the Group's forecasts and projections for a period of at least twelve months from the signing of these accounts. These include assumptions about the Group's sales mix and margins, as well as assumptions relating to the Group'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 £22,900,000 left to repay and an asset-backed loan with availability of £27m was undrawn as at 31st March 2022.

Hotaling has a dollar-denominated revolving line of credit of up to $20,000,000 secured against stock and trade debtors on which, at the year-end date, $10,375,000 was drawn. The US Group also has a fixed-term loan secured against property of $14,000,000 of which $13,250,000 remains unpaid.

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

Directors Statement as to Disclosure of Information to Auditors

In accordance with Section 418(2) of the Companies Act 2006, each of the Group'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 Group'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 Group's auditors are aware of that information.

Dividend

A special dividend of 800 pence per share was paid during the year. The Board proposed a final dividend in respect of the current fiscal year of 896p per share. This was paid in July of the financial year ending 31 March 2023.

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 Group 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,
(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 Group defines principal decisions as those that are of strategic importance to the Group 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 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 www.bbr.com/sustainability.

REPORT OF THE DIRECTORS *(continued)*

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:

Decarbonise our operations

with the goal of becoming Net Zero Carbon and Plastic Free across our entire business by 2030

Focus on regenerative viticulture

clean energy technology, water preservation and recycling

Always lead with our family values

Our values of 'Passion', 'Integrity' and 'Generosity of Spirit' guide us, as we become first choice for colleagues, customers and producers' and giving back to our local communities.

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

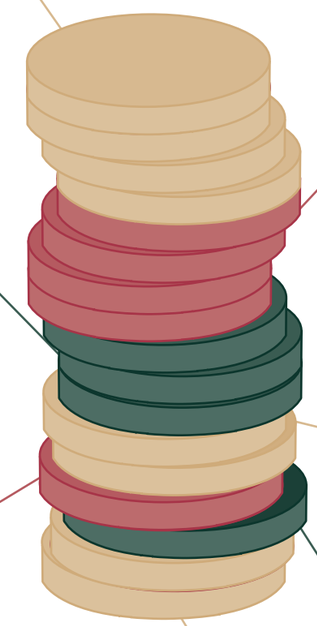
Replaced 40,008 processed corks in bottles from our Own Selection range with natural cork, removing 288g of CO_2 from the atmosphere for each cork

Calculated the CO_2 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 sustainability commitments as part of their annual objectives

HAVING A POSITIVE SOCIAL IMPACT

Contributed, either directly or indirectly, over £180,000 to charitable causes, including:



£40,000+

£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

£47,000

£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

£30,000

£30,000 donated to humanitarian relief

£25,000

£25,000 raised for the Prince's Countryside Fund through sales of King's Ginger

£19,500

Donations to organisations which support the social impact of alcohol, through the Drinks Trust (£8,000) and DrinkAware Campaign (£11,500).

£2,000+

Over £2,000 in matched funds raised by our colleagues in their own endeavours

£21,000

£21,000 raised for the work of the Queen's Commonwealth Trust, through the auction of the John Rudd memorial Glenrothes Whisky

Trialled a strategic mentoring programme with The Queen's Commonwealth Trust to support their causes in Commonwealth countries

REPORT OF THE DIRECTORS *(continued)*

Streamlined Energy and Carbon Reporting (SECR)

Berry Bros. & Rudd. 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 CO2 equivalent)	FY2021-22 emissions (tonne CO2 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**

* We did not have any company cars during 2021-22

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 CO2 equivalent per £million)	Emissions per UK FTE FY2020/21 (tonne CO2 equivalent per FTE)	Emissions per crate of wine imported (tonne CO2 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 CO2 equivalent per £million)	Emissions per UK FTE FY2021-22 (tonne CO2 equivalent per FTE)	Emissions per 4.5L case of wine imported (tonne CO2 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 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

E. Rae
Secretary

3, St. James's Street, London, SW1
4 October 2022
Registered in England No. 05490962

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERRY BROS. & RUDD LIMITED

Opinion

We have audited the financial statements of Berry Bros. & Rudd Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the consolidated profit and loss account, the consolidated statement of other comprehensive income, the consolidated and parent company balance sheets, the consolidated and parent company statement of changes in equity, the consolidated cash flow statement 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 group's and of the parent company's affairs as at 31 March 2022 and of the group's 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 group and the parent 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 directors' 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 group's and the parent 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 group's and the parent 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 group's and the parent company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
- Communicating with our component auditor to understand whether they have identified any events or conditions from their work performed that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Obtaining and reviewing the group'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 statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERRY BROS. & RUDD 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 group's and the parent 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 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 group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 23, 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 group's and the parent 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 group or the parent 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 group and the parent company and their 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 group and the parent 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 group and the parent 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERRY BROS. & RUDD LIMITED *(continued)*

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;
- Making enquiries of the component auditor on whether the component directors and management had any 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
Senior Statutory Auditor
for and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU
4 October 2022

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 March 2022

	Note	31.03.22 £000s	31.03.21 Restated* £000s
Turnover	2	220,203	205,492
Cost of sales		(143,956)	(141,726)
Gross Profit		**76,247**	**63,766**
Administration and other expenses		(59,756)	(57,298)
Distribution costs		(3,815)	(4,620)
Other operating income	5	2,233	1,356
Operating Profit	26	**14,909**	**3,204**
Share of operating loss in joint venture	12	—	(94)
Operating profit before exceptional items		**14,909**	**3,110**
Exceptional items	4	—	(9,384)
Operating profit/(loss) after exceptional items		**14,909**	**(6,274)**
Interest receivable	6	4	69
Interest payable	7	(2,063)	(1,749)
Gain/(loss) on revaluation of investment properties	11	4,123	(79)
Profit/(loss) on ordinary activities before taxation		**16,973**	**(8,033)**
Taxation charge	8	(2,236)	246
Profit/(loss) for the financial year after taxation		**14,737**	**(7,787)**
Profit/(loss) for the year attributable to:			
Non-controlling interest		2,623	(391)
Owners of the parent company		12,114	(7,396)
		14,737	(7,787)

All results are derived from continuous operations.

The notes on pages 38 to 69 form part of the financial statements.

*Turnover, cost of sales, administration and other expenses have been restated. See note 26 for further details.

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

	Note	31.03.22 £000s	31.03.21 £000s
Profit/(loss) for the financial year after taxation		**14,737**	**(7,787)**
Other comprehensive income			
Actuarial gain/(loss) in respect of the retirement benefit schemes	20	6,651	(1,516)
Deferred tax on retirement benefit schemes	17	(1,663)	260
Exchange rate translation		816	96
Profit/(loss) on revaluation of freehold property	11	3,912	(1,281)
Deferred tax on revaluation of freehold property	11	(978)	—
Total recognised gains/(losses) for the year		**23,475**	**(10,228)**
Total comprehensive income for the year attributable to:			
Non-controlling interest		2,623	(399)
Owners of the parent company		20,852	(9,829)
		23,475	**(10,228)**

BALANCE SHEETS
As at 31 March 2022

Berry Bros. & Rudd Ltd, company number 05490962		Consolidated		Parent Company	
		31.03.22	31.03.21 Restated*	31.03.22	31.03.21
	Note	£000s	£000s	£000s	£000s
Fixed Assets					
Intangible fixed assets	*10*	24,850	25,446	11,203	12,978
Tangible fixed assets	*11*	114,198	100,260	73	177
Investments in subsidiaries and joint venture	*12*	—	—	5,136	5,136
		139,048	**125,706**	**16,412**	**18,291**
Current Assets					
Stocks	*13*	76,272	65,126	—	—
Debtors – falling due within one year	*14*	68,885	59,033	53,360	42,950
Debtors – falling due after more than one year	*14*	45,007	37,764	11,783	10,113
Short-term deposits and cash	*19*	26,358	33,226	2,733	5,441
		216,522	**195,149**	**67,876**	**58,504**
Creditors – amounts falling due within one year	*15*	(125,115)	(110,688)	(29,932)	(18,512)
Net Current Assets		**91,407**	**84,461**	**37,944**	**39,992**
Creditors – amounts falling due in more than one year	*15*	(84,418)	(75,911)	—	—
Provisions for liabilities	*16*	(780)	(1,250)	—	—
Net Assets before Retirement Benefit Schemes deficit		**145,257**	**133,006**	**54,356**	**58,283**
Retirement benefit schemes deficit	*20*	(7,317)	(15,006)	—	—
NET ASSETS		**137,940**	**118,000**	**54,356**	**58,283**
Capital and Reserves					
Called up share capital	*18*	125	125	125	125
Capital reserve		939	914	—	—
Revaluation Reserve		18,220	14,435	—	—
Profit and Loss Account		109,790	95,219	54,231	58,158
Equity attributable to owners of parent		**129,074**	**110,693**	**54,356**	**58,283**
Non-controlling interest		8,866	7,307		
TOTAL SHAREHOLDERS' FUNDS		**137,940**	**118,000**		

*Intangible fixed assets, the profit and loss account and non-controlling interest is restated. See note 26 for more details.

No profit and loss account or statement of comprehensive income is presented for Berry Bros. & Rudd Limited under section 408 of the companies Act 2006. The parent company's loss for the year ended 31 March 2022 is £2,927,000 (2021: loss of £3,907,000).

Approved by the Board and signed on its behalf.

E.M. RUDD
4 October 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 31 March 2022

	Note	Share capital £000s	Capital reserve £000s	Revaluation reserve £000s	Profit & loss account £000s	Equity attributable to owners of parent £000s	Non-controlling interest £000s	Total equity £000s
At 31 March 2020		**125**	**914**	**15,666**	**108,334**	**125,039**	**8,396**	**133,435**
Reserves adjustment		—	—	50	158	208	-	208
Profit/(loss) for the financial year		—	—	—	(7,396)	(7,396)	(391)	(7,787)
Dividends paid	*9*	—	—	—	(1,000)	(1,000)	—	(1,000)
Partnership distributions paid		—	—	—	(2,641)	(2,641)	—	(2,641)
Actuarial gain on retirement benefit schemes	*20*	—	—	—	(1,516)	(1,516)	—	(1,516)
Deferred taxation charge included directly in equity		—	—	—	260	260	—	260
Loss on revaluation of freehold property	*11*	—	—	(1,281)	—	(1,281)	—	(1,281)
Exchange rate translation		—	—	—	(1,005)	(1,005)	(8)	(1,013)
At 31 March 2021		**125**	**914**	**14,435**	**95,194**	**110,668**	**7,997**	**118,665**
Restatement	*26*				25	25	(690)	(665)
At 31 March 2021 restated		**125**	**914**	**14,435**	**95,219**	**110,693**	**7,307**	**118,000**
Reserves adjustment		—	25	(127)	260	158	22	180
Profit/(loss) for the financial year		—	—	—	12,114	12,114	2,623	14,737
Dividends paid	*9*	—	—	—	(1,000)	(1,000)	—	(1,000)
Partnership distributions paid		—	—	—	(1,629)	(1,629)	(1,086)	(2,715)
Actuarial gain on retirement benefit schemes	*20*	—	—	—	6,651	6,651	—	6,651
Deferred taxation credit included directly in equity		—	—	—	(2,641)	(2,641)	—	(2,641)
Gain on revaluation of freehold property	*11*	—	—	3,912	—	3,912	—	3,912
Exchange rate translation		—	—	—	816	816	—	816
At 31 March 2022		**125**	**939**	**18,220**	**109,790**	**129,074**	**8,866**	**137,940**

* Intangible fixed assets, the profit and loss account and non-controlling interest is restated. See note 26 for more details.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
As at 31 March 2022

	Note	Share Capital £000s	Profit & Loss Account £000s	Total Shareholder Funds £000s
At 31 March 2020		**125**	**63,065**	**63,190**
Loss for the financial year		—	(3,907)	(3,907)
Dividends paid	*9*	—	(1,000)	(1,000)
At 31 March 2021		**125**	**58,158**	**58,283**
Loss for the financial year		—	(2,927)	(2,927)
Dividends paid		—	(1,000)	(1,000)
At 31 March 2022		**125**	**54,231**	**54,356**

CONSOLIDATED CASH FLOW STATEMENT

for the Year Ended 31 March 2022

	Note	Consolidated 31.03.22 £000s	31.03.21 £000s
Net Cash Inflow from operating activities	*19*	**12,684**	**23,453**
Investing activities			
Payments to acquire tangible fixed assets		(7,166)	(1,363)
Payments to acquire intangible fixed assets		(1,935)	(1,857)
Proceeds from disposal of fixed assets		—	154
Interest received		4	69
Deferred consideration from disposal of the spirits subsidiary		—	5,000
Increase in investment in Joint Venture		—	(101)
Net cash inflow/(outflow) from investing activities		**(9,097)**	**1,902**
Financing activities			
Additional bank loans advanced		192	25,000
Bank loan repayments		(5,166)	(16,666)
Interest paid		(1,766)	(1,424)
Dividends paid		(1,000)	(1,000)
Partnership distributions paid		(2,715)	(2,641)
Net cash inflow from financing activities		**(10,455)**	**3,269**
(Decrease)/increase in cash		**(6,868)**	**28,624**
Effect of exchange rates on cash and cash equivalents		—	213
Cash and cash equivalents at 1 April*		**33,226**	**4,389**
Cash and cash equivalents at 31 March		**26,358**	**33,226**

* Hotaling & Co. LLC has a revolving credit facility secured against the value of inventory and trade debtors. In this years' accounts we have changed the classification of this from an overdraft to a bank loan. As a result, drawdowns on the facility are now presented as a loan advance rather than a reduction in the cash balance. The prior year cash flow presentation has been changed to reflect this. See note 15 for more details.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and in the preceding year. The Group's financial statements have been prepared in compliance with FRS 102 for the year ended 31 March 2022.

General information and basis of preparation

Berry Bros. & Rudd 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 3. The nature of the Group's operations and its principal activities are set out in the Strategic Report.

The financial statements have been prepared under the historical cost convention, except the following assets which are stated at fair value: investment properties and freehold land and buildings.

The functional currency of Berry Bros. & Rudd Limited is considered to be the pound sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in the pound sterling and rounded to the nearest £000. Foreign operations are included in accordance with the policies set out below.

Berry Bros. & Rudd Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. The following exemptions available under FRS 102 in respect of certain disclosures for the Company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been repeated in Note 18;
- No separate parent company Cash Flow Statement with related notes is included;
- Related party transactions between two or more companies of the same Group have not been included; and
- Key Management Personnel compensation has not been repeated in Note 21.

Authorisation of financial statements

The financial statements of Berry Bros. & Rudd Limited for the year ended 31 March 2022 were authorised for issue by the Board of Directors on 4 October 2022 and the balance sheet was signed on the Board's behalf by a director.

Going Concern

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

The UK Group 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.

1. ACCOUNTING POLICIES *(continued)*

Hotaling has a dollar-denominated revolving line of credit of up to $20m secured against stock and trade debtors on which, at the year-end date, $10m was drawn. The US Group also has a fixed-term loan secured against property of $14m.

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

Basis of consolidation

The Consolidated Financial Statements of Berry Bros. & Rudd Limited and its subsidiary companies are drawn up for the year ended 31 March 2022. No individual profit and loss account is presented for Berry Bros. & Rudd Limited as permitted by section 408 of the Companies Act 2006. The financial statements of the subsidiaries are prepared for the same reporting year as the parent entity using consistent accounting policies.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

Revenue recognition

Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for its performance from customers outside the Group. 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 Group 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 Group'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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. ACCOUNTING POLICIES *(continued)*

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 Group 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.

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
Supplier and distribution agreements	-	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.

1. ACCOUNTING POLICIES *(continued)*

The carrying values of tangible fixed assets are reviewed for impairment in financial periods if events or changes in circumstances indicate the carrying value may not be recoverable. No depreciation expense is recognised for work in progress until the asset is placed into use and transferred to the appropriate category, upon which depreciation will commence.

Revaluation of Properties

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

Investment Properties

Investment properties are 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

Parent Company - 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.

Group - Foreign group entities use the currency of their principal market as their functional currency and items included in the financial statements of each entity are measured using that functional currency. The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses for each statement of comprehensive income are translated at exchange rates at the dates of transaction. All resulting exchange differences are recognised in other comprehensive income.

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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. ACCOUNTING POLICIES *(continued)*

Pension and other post-employment benefits

The Group operates a defined benefit pension scheme and a defined contribution pension scheme for its employees. The assets of the pension schemes are held separately from those of the Company. Pension scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Pension scheme assets are measured using market values at the balance sheet date.

The Group 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 Group'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 Group 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 Group 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.

1. ACCOUNTING POLICIES *(continued)*

Exceptional Items

Exceptional items are non-recurring material items which are outside the normal scope of the Group'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. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. 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.

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 Group'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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. ACCOUNTING POLICIES *(continued)*

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

Goodwill and other intangible assets

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

Taxation

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

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 17.

Revaluation of investment property and freehold property

The Group carries its investment property and freehold property at fair value with changes recognised in profit and loss and other comprehensive income respectively. The Group 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.

2. TURNOVER

Turnover is stated after deducting discounts and allowances and excluding VAT and is derived from continuing activities. It also does not include sales between group companies. 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 Group.

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

	Consolidated	
	31.03.22 £000s	**31.03.21 Restated £000s**
Sale of goods	206,388	193,732
Rendering of services	9,195	8,074
Commissions	4,620	3,686
	220,203	**205,492**

3. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	Consolidated	
(a) Profit/(loss) arrived at after charging:	**31.03.22 £000s**	**31.03.21 Restated £000s**
Depreciation of owned fixed tangible assets	1,262	1,958
Amortisation of intangible assets	2,439	2,480
Operating lease rentals - land & buildings	1,809	2,381
Foreign exchange loss	356	2,127
Cost of stock recognised as expense	137,921	137,861

(b) Other disclosures

The auditors' remuneration for the Group is further analysed as follows:

	31.03.22 £000s	**31.03.21 £000s**
Audit of the consolidated and subsidiary financial statements	200	220
Total audit fees	**200**	**220**
Audit of the Group pension scheme	–	11
Total non-audit services	**–**	**11**
Total auditors' remuneration	**200**	**231**

	31.03.22 £000s	**31.03.21 £000s**
Directors' and employees' remuneration		
Aggregate remuneration	983	812
Pension contributions	89	78
	1,072	**890**

Retirement benefits are accruing to one Director (2021: one) under a defined benefit pension scheme.

	31.03.22 £000s	**31.03.21 £000s**
Remuneration of highest paid Director		
Aggregate remuneration excluding pension contributions	**363**	**278**

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/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION *(continued)*

	Consolidated 31.03.22 £000s	31.03.21 £000s
Employment costs, including Directors, amounted to:		
Wages and salaries	23,569	25,341
Social security costs	2,374	1,967
Pension costs	1,911	1,486
	27,854	**28,794**

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

Average monthly number of employees during the year	**501**	**442**

4. EXCEPTIONAL ITEMS

There were no exceptional costs during the year (2021: £9,384,000)

5. OTHER OPERATING INCOME

	Consolidated 31.03.22 £000s	31.03.21 £000s
Rent receivable	1,052	1,035
Government loans forgiven	851	—
Other	330	321
	2,233	**1,356**

6. INTEREST RECEIVABLE

	Consolidated 31.03.22 £000s	31.03.21 £000s
Other - on deferred consideration receivable	4	69
	4	**69**

7. INTEREST PAYABLE

	Consolidated 31.03.22 £000s	31.03.21 £000s
Bank interest	1,657	1,396
Other - on deferred consideration receivable	110	28
Net interest cost in respect of retirement benefit scheme	296	325
	2,063	**1,749**

8. TAXATION

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

	Consolidated 31.03.22 £000s	31.03.21 £000s
UK Corporation tax	(22)	(7)
Foreign taxation	2,022	402
Adjustments in respect of prior periods (foreign tax)	(6)	850
Total current tax charge	**1,994**	**1,245**
Origination and reversal of timing differences	1,565	(1,495)
Adjustment in respect of prior year	(70)	4
Effect of change of tax rates	(1,253)	—
Total deferred taxation (Note 17)	**242**	**(1,491)**
Total tax charge/(credit) for the year (Note 8(b))	**2,236**	**(246)**

(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%)

	Consolidated 31.03.22 £000s	31.03.21 £000s
The differences are explained below:		
Profit/(loss) on ordinary activities before tax	**16,973**	**(8,033)**
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	**3,225**	**(1,526)**
Effects of:		
Fixed asset differences	136	211
Expenses not deductible for tax purposes	36	110
Adjustment in respect of prior year	(21)	854
Effects of overseas tax rates	486	96
Movement in unrecognised deferred tax	234	132
Effect of UK rate change on deferred tax	(1,253)	—
R&D Expenditure Credits	(22)	(60)
Capital gains	(704)	(20)
Other	119	(43)
Total tax charge/(credit) for the year	**2,236**	**(246)**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

8. TAXATION *(continued)*

(c) Factors which may affect future tax charges:

The main rate of UK corporation tax reduced from 20% to 19% from 1st April 2017. In September 2022, the government announced that the main rate of UK corporation tax will remain at 19%, reversing a previous commitment to increase it to 25% from 1st April 2023.

(d) Tax included directly in equity

	Consolidated 31.03.22 £000s	Consolidated 31.03.21 £000s
Origination and reversal of timing differences	**2,641**	**260**
Tax included directly in equity	**2,641**	**260**

9. DIVIDENDS PAID

	Consolidated 31.03.22 £000s	Consolidated 31.03.21 £000s
Ordinary Shares:		
Special paid for 2022: 800p (2021: 800p)	1,000	1,000
	1,000	**1,000**

10. INTANGIBLE FIXED ASSETS

Consolidated	Goodwill £000s	Brands £000s	Software £000s	Software work in progress £000s	Supplier and distribution agreements £000s	Total £000s
Cost						
At 1 April, 2021 restated	15,261	138	23,237	680	194	39,510
Additions	—	—	1,371	564	—	1,935
Difference on exchange	—	7	1	—	2	10
Transfers	—	—	63	(63)	—	—
Disposals	(2,166)	—	(385)	—	(196)	(2,747)
At 31 March, 2022	**13,095**	**145**	**24,287**	**1,181**	**—**	**38,708**
Amortisation						
At 1 April, 2021	3,937	—	9,933	—	194	14,064
Difference on exchange	—	—	2	—	2	4
Disposals	(2,166)	—	(287)	—	(196)	(2,649)
Amount provided in year	173	—	2,266	—	—	2,439
At 31 March, 2022	**1,944**	**—**	**11,914**	**—**	**—**	**13,858**
Net book value						
At 31 March, 2022	**11,151**	**145**	**12,373**	**1,181**	**—**	**24,850**
At 1 April, 2021	**11,324**	**138**	**13,304**	**680**	**—**	**25,446**

On 30th April 2012, the Group acquired the shares of Richards Walford & Co. Limited and Richards Walford SARL. The goodwill of £7,006,000 on this acquisition is being amortised in equal annual instalments over its estimated economic life of 71 years from the date of transition to FRS 102 being 1st April 2014. An impairment review was carried out at the year-end which indicated that neither the investment nor the goodwill associated with it need to be impaired. The carrying value of goodwill at 31st March 2022 was £5,410,000.

On 30th November 2017, the Group acquired a controlling stake in Potrero Distilling Holdings which resulted in goodwill of £5,442,000 being recognised. The goodwill of £5,442,000 on this acquisition is being amortised in equal annual instalments over its estimated economic life of 71 years. An impairment review was carried out at the year-end which indicated that the investment does not need to be impaired.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

10. INTANGIBLE FIXED ASSETS *(continued)*

Parent	Software £000s	Software work in progress £000s	Total £000s
Cost			
At 1 April, 2021	16,413	69	16,482
Additions	1	—	1
Transfers	26	(26)	—
Disposals	(366)	—	(366)
At 31 March, 2022	**16,074**	**43**	**16,117**
Amortisation			
At 1 April, 2021	3,504	—	3,504
Disposals	(210)	—	(210)
Amount provided in year	1,620	—	1,620
At 31 March, 2022	**4,914**	—	**4,914**
Net book value			
At 31 March, 2022	**11,160**	**43**	**11,203**
At 1 April, 2021	**12,909**	**69**	**12,978**

11. TANGIBLE FIXED ASSETS

	Land & Buildings					
Consolidated	**Investment properties £000s**	**Freehold £000s**	**Leasehold £000s**	**Work in progress £000s**	**Plant and machinery £000s**	**Total £000s**
Cost						
At 1 April, 2021	42,956	48,540	7,433	2,296	15,656	116,881
Additions	—	—	35	6,063	1,068	7,166
Difference on exchange	—	717	—	2	97	816
Transfers*	(3,405)	3,405	52	(250)	198	—
Disposals	—	—	(1,041)	—	(603)	(1,644)
Revaluation	4,123	3,722	—	—	—	7,845
At 31 March, 2022	**43,674**	**56,384**	**6,479**	**8,111**	**16,416**	**131,064**
Amortisation						
At 1 April, 2021	—	—	4,506	—	12,115	16,621
Difference on exchange	—	—	—	—	49	49
Disposals	—	—	(642)	—	(424)	(1,066)
Amount provided in year**	—	—	304	—	958	1,262
At 31 March, 2022	—	—	**4,168**	—	**12,698**	**16,866**
Net book value						
At 31 March, 2022	**43,674**	**56,384**	**2,311**	**8,111**	**3,718**	**114,198**
At 1 April, 2021	**42,956**	**48,540**	**2,927**	**2,296**	**3,541**	**100,260**

* There was a reclassification of one of our St James's Street properties during the year for £3,405,0000, which was reclassified from an investment property to freehold property.

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

11. TANGIBLE FIXED ASSETS *(continued)*

Freehold land and buildings

The freehold properties were independently valued by Fletcher King and Newmark as at 31st 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 in respect of the UK properties was recognised in Other Comprehensive Income. There is also a revaluation loss of £190,000 recognised in respect of the Bay Street property. The historical cost of freehold properties included at valuation is as follows:

At 31st March 2022	£30,085,184
At 31st March 2021	£33,490,000

Investment properties

Investment properties, which are all freehold, were revalued to fair value at 31st March 2022, based on a valuation undertaken by Fletcher King on the basis of the open market values 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 investment properties included at valuation is as follows:

At 31st March 2022	£32,880,816
At 31st March 2021	£29,476,000

11. TANGIBLE FIXED ASSETS *(continued)*

Consolidated	Leasehold land and buildings £000s	Plant equipment & motor Cars £000s	Total £000s
Cost			
At 1 April, 2021	80	975	1,055
Additions	–	5	5
Disposals	(80)	(29)	(109)
At 31 March, 2022	–	**951**	**951**
Amortisation			
At 1 April, 2021	40	838	878
Amount provided in year	–	64	64
Disposals	(40)	(24)	(64)
At 31 March, 2022	–	**878**	**878**
Net book value			
At 31 March, 2022	–	**73**	**73**
At 1 April, 2021	**40**	**137**	**177**

12. INVESTMENTS

	Consolidated		Parent Company	
	31.03.22 £000s	31.03.21 £000s	31.03.22 £000s	31.03.21 £000s
Subsidiary companies	–	–	5,136	5,136
Joint Venture	–	–	–	–
	–	–	**5,136**	**5,136**

On 1 October 2021 the Parent Company acquired 75% of the share capital of No.3 London Dry Gin Limited for a total consideration of £75 in cash.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

12. INVESTMENTS *(continued)*

In accordance with Section 14 and Section 15 of FRS 102. the share of operating loss is recognised up until the investment held has been reduced to nil. Any losses not recognised will be recorded outside of the financial statements and any subsequent share of profits will only be recognised after all these losses have been absorbed.

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

The share of loss for the eight months to 19 November 2021 was £18,313. A total loss of £21,625 was recorded offline over the years, and never recognised in the financial statements.

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

Name	Country of registration	Holding	Proportion held	Nature of business	Registered address
Subsidiary Companies					
BB&R Limited	England & Wales	100 Ordinary Shares	100%	Retail and Wholesale wine merchants	3, St. James's Street, London, SW1A 1EG
BB&R US Limited	England & Wales	5,135,547 Ordinary Shares	100%	Provision of management services to and holder of 100% interest in 1698 US LLC and BB&R US Holdings LLC	3, St. James's Street, London, SW1A 1EG
1698 Limited	Scotland	1 Ordinary Share	100%	Non-trading	15 Atholl Crescent, Edinburgh, EH3 8HA
Ruddberry Limited	England & Wales	1 Ordinary Share	100%	Dormant	3, St. James's Street, London, SW1A 1EG
Berrud Limited	England & Wales	74,003 Ordinary Shares	100%	Dormant	1 Pickering Place, London, SW1A 1EA
No.3 London Dry Gin Limited	England & Wales	75 Ordinary Shares	75%	Spirits distributor	3, St. James's Street, London, SW1A 1EG
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

12. INVESTMENTS *(continued)*

Name	Country of Registration	Holding	Proportion Held	Nature of Business	Registered Address
Subsidiary Companies					
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
1698 US LLC	USA	100 Units	100%**	Non-trading	251 Little Falls Drive, Wilmington, USA
BB&R US Holdings LLC	USA	24,000,000 Ordinary Shares	100%**	Provision of management services to and holder of 60% interest in Potrero Distilling Holdings LLC	550 Montgomery Street, San Francisco, USA
Potrero Distilling Holdings LLC	USA	60 units	60%**	Provision of management services to and holder of 100% interest in Hotaling & Co and Bay Street Properties LLC	550 Montgomery Street, San Francisco, USA
Hotaling & Co, LLC	USA	60 units	60%***	Spirits production, sales and marketing	550 Montgomery St, San Francisco, USA
Bay Street Properties, LLC	USA	60 units	60%***	Property holding company for Hotaling & Co	550 Montgomery St, San Francisco, USA

* Holdings owned by the Parent Company through BB&R Limited

** Holdings owned by the Parent Company through BB&R US Limited

*** Holdings owned by the Parent Company though Potrero Distilling Holdings LLC

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

13. STOCKS

	Consolidated 31.03.22 £000s	Consolidated 31.03.21 £000s
Bulk Stocks	20,502	15,870
Bottled Stocks	55,377	47,948
Other	393	1,308
	76,272	**65,126**

The total carrying amount of stocks pledged as security for liabilities amounted to £7,901,000 (2021: £10,951,000). Stocks closing balance of £76,272,000 (2021: £65,126,000) includes £797,000 stock provision (2021: £1,078,050).

14. DEBTORS

	Consolidated 31.03.22 £000s	Consolidated 31.03.21 Restated £000s	Parent Company 31.03.22 £000s	Parent Company 31.03.21 £000s
Amounts falling due within one year:				
Trade debtors	17,777	16,442	—	—
Other debtors	2,883	4,223	216	329
Amounts due from group companies	—	—	51,827	41,537
Taxation	—	20	—	—
Prepayments and accrued income	2,847	3,466	1,317	1,084
En Primeur supplier prepayments *(Note 24)*	45,378	34,882	—	—
	68,885	**59,033**	**53,360**	**42,950**
Amounts falling due in more than one year:				
Deferred taxation *(Note 17)*	7,632	8,326	3,721	2,627
En Primeur supplier prepayments *(Note 24)*	37,375	29,438	—	—
Amounts due from group companies	—	—	8,062	7,486
	45,007	**37,764**	**11,783**	**10,113**

15. CREDITORS

	Consolidated 31.03.22 £000s	Consolidated 31.03.21 £000s	Parent Company 31.03.22 £000s	Parent Company 31.03.21 £000s
Amounts falling due within one year:				
Payments received on account	563	541	—	—
Trade creditors	38,993	30,846	553	547
Other creditors	17,222	17,839	126	5
Accruals	11,978	4,731	1,660	925
Deferred En Primeur income *(Note 24)*	47,198	44,520	—	—
Amounts due to group companies	—	—	27,593	17,035
Bank loans (1,2)	9,161	12,211	—	—
	125,115	**110,688**	**29,932**	**18,512**
Amounts falling due in more than one year:				
Deferred En Primeur income *(Note 24)*	43,939	38,070	—	—
Bank loans (2,3,4)	32,003	33,928	—	—
Deferred tax *(Note 17)*	6,102	3,913	—	—
Other creditors	2,374	—	—	—
	84,418	**75,911**	—	—

(1) Hotaling & Co. LLC has a revolving credit facility secured against stock and trade debtors with a maximum draw down capacity of £15,231,000 (2021: £16,660,000) as at the balance sheet date. The actual amount drawn down at the balance sheet date was £7,901,000 (2021: £10,951,000). This facility was presented as an overdraft in last year's financial statements and the 2021 comparisons have been adjusted to reflect it's treatment as a bank loan in this year's accounts.

(2) 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 (2021: £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.

(3) Bay Street Properties LLC has a fixed term real estate loan which is being repaid over 20 years with an interest rate of 3%. At the balance sheet date, the outstanding loan balance was $13,250,000, equivalent to £10,090,000 (2021:, $14,000,000 equivalent to £10,184,000).

(4) No.3 London Dry Gin Limited has a loan with its non-controlling shareholder, The Edrington Group, totalling £192,000 at the balance sheet date (2021: Nil)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16. PROVISIONS FOR LIABILITIES

A Dilapidation provision is recognised for the anticipated cost of restoring the group'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 group 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.

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

17. DEFERRED TAXATION

	Recognised		Not Recognised	
	31.03.22 £000s	31.03.21 £000s	31.03.22 £000s	31.03.21 £000s
CONSOLIDATED				
Tax losses	5,096	4,734	(1,634)	1,401
Decelerated capital allowances	578	652	—	—
Retirement benefit schemes	1,958	2,940	—	—
Deferred tax asset *(Note 14)*	**7,632**	**8,326**	**(1,634)**	**1,401**
Deferred tax liability - unrealised gains on revalued property *(Note 15)*	(6,102)	(3,913)	—	—
Net deferred tax asset	**1,530**	**4,413**	**(1,634)**	**1,401**
Recognised at start of year	4,413	2,662		
Deferred tax (charge)/credit in the profit and loss account	(242)	1,491		
Deferred tax (charge)/credit on retirement benefit schemes	(1,663)	260		
Deferred tax (charge)/credit on revaluation of freehold property	(978)	—		
Recognised at end of the year	**1,530**	**4,413**		

The Group has total tax losses of approximately £8,599,000 (2021: £5,855,863) on which no deferred tax asset is being recognised on the basis that the recognition criteria of FRS 102 have not been met. No deferred tax is recognised on the unremitted earnings of overseas subsidiaries due to the availability of the UK dividend exemption.

17. DEFERRED TAXATION *(continued)*

	Recognised		Not recognised	
	31.03.22 £000s	31.03.21 £000s	31.03.22 £000s	31.03.21 £000s
PARENT				
Expected to reverse in more than one year:				
Tax losses	4,872	3,733	754	603
Decelerated capital allowances	(1,235)	(1,109)	—	—
Retirement benefit schemes	84	3	—	—
Net deferred tax asset (Note 14)	**3,721**	**2,627**	**754**	**603**
Recognised at start of year	2,627	1,560		
Provided in year	1,094	1,067		
Recognised at end of the year	**3,721**	**2,627**		

The company has tax losses of approximately £3,968,000 (2021: £3,172,000) on which no deferred tax asset is being recognised on the basis that the recognition criteria of FRS 102 have not been met

18. CALLED-UP SHARE CAPITAL AND RESERVES

	Authorised		Issued and Fully Paid	
	31.03.22 £000s	31.03.21 £000s	31.03.22 £000s	31.03.21 £000s
Amounts classified as equity				
Ordinary Shares of £1 each	150	150	125	125
	150	**150**	**125**	**125**

The Company has one class of ordinary shares which carry no right to fixed income.

The Group and Company's other reserves are as follows:

- The capital reserve from the purchase of 1698 Limited.
- 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)*

19. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Operating Profit to net cash flow from operating activities

	31.03.22 £000s	31.03.21 £000s
Operating profit/(loss) after exceptional items	**14,909**	**(6,274)**
Share of operating loss in joint venture	—	94
Operating profit/(loss) after exceptional items before joint venture and associates	**14,909**	**(6,180)**
Exceptional costs incurred	—	8,609
Loss/(profit) on disposal of assets	548	—
Depreciation of tangible fixed assets	1,262	1,958
Amortisation of intangible fixed assets	2,439	2,480
Other retirement benefit contributions net of pension expenses	(1,334)	(2,705)
(Increase)/decrease in stocks	(11,202)	8,296
Decrease in debtors	223	2,923
Increase in creditors	16,166	4,493
(Decrease)/increase in net En Primeur balance	(9,886)	3,605
Taxation		
Overseas taxation	(441)	(26)
Net cash inflow from operating activities	**12,684**	**23,453**

20. RETIREMENT BENEFIT SCHEMES

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

Consolidated

	31.03.22 Defined Benefit Pension Scheme £000s	31.03.21 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)**

Parent Company

	31.03.22 Defined Benefit Pension Scheme £000s	31.03.21 Defined Benefit Pension Scheme £000s
Fair value of scheme assets	—	—
Present value of scheme liabilities	—	—
Net scheme liability	—	—

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

20. 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 Group 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.

20. RETIREMENT BENEFIT SCHEMES (continued)

	31.03.22 £000s	31.03.21 £000s
Overseas equities	—	—
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**	**345**
Impact of GMP Equalisation	(226)	61
Total recognised in the profit and loss account	**70**	**406**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

20. RETIREMENT BENEFIT SCHEMES (continued)

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)**

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:	31.03.22 £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)**

20. RETIREMENT BENEFIT SCHEMES *(continued)*

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**

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 31.03.22 £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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

21. RELATED PARTY TRANSACTIONS

During the year the group made sales of £184,292 (2021: £240,659) and purchases of £nil (2021: £nil) from Hotaling & Co; sales of £nil (2021: £nil) and purchases of £350,932 (2021: £nil) from No.3 London Dry Gin Limited.

The Group charged management fees of £80,918 (2021: £75,969) to Potrero Distillery Holdings. The amount due to the Group was £634,659 (2021 £549,665). The amount owed by the Group was £3,734,893 (2021: £3,363,906).

In 2019 Potrero Distillery Holdings received a $2,000,000 loan from a Director of the business. At the balance sheet date $2,000,000 of this loan had not been repaid.

During the year, the Group provided development and marketing support to its joint venture The Indian Ocean Rum Company Limited to the value of £15,641 (2021: £57,304), made purchases of £27,342 (2021: £65,412) and charged management fees of £752 (2021: £19,496). The amount due to the Group from the The Indian Ocean Rum Company Limited at the end of the year was £nil (2021: £18,482). The amount owed by the Group to the Indian Ocean Rum Company Limited was £nil (2021: £19,756).

During the year, the Group paid £76,367 (2021: £36,301) to related parties Sibyl Colefax & John Fowler Limited for interior design services rendered and purchases made.

All Directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £1,765,672 (2021: £1,792,405).

The Parent Company has taken advantage of the exemption in FRS 102 paragraph 33.1A not to disclose transactions with wholly owned subsidiaries.

22. OTHER FINANCIAL COMITMENTS

Commitments under Operating Leases

Total future minimum lease payments under non-canellable 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	2,114	173	1,768	67
In the second and fifth years inclusive	6,946	44	3,017	—
After five years	22,250	—	6,085	—
Total	**31,310**	**217**	**10,870**	**67**

23. 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.

24. EN PRIMEUR & WINES LYING ABROAD

En Primeur involves the sale of wine prior to bottling. Up to three 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.

	Consolidated	
Analysis of impact on Turnover:	**31.03.22 £000s**	**31.03.21 Restated £000s**
Turnover before En Primeur adjustment	228,824	220,685
Sales of En Primeur and wines lying abroad	(79,843)	(84,371)
Releases of En Primeur and wines lying abroad	71,222	69,178
Turnover after En Primeur adjustment *(Note 2)*	**220,203**	**205,492**

	Consolidated	
Analysis of impact on operating profit:	**31.03.22 £000s**	**31.03.21 £000s**
Operating Profit before En Primeur adjustment	17,527	6,098
Net sales of En Primeur and wines lying abroad	(18,304)	(17,642)
Net releases of En Primeur and wines lying abroad	15,686	14,748
Operating Profit after En Primeur adjustment	**14,909**	**3,204**

	Consolidated	
Analysis of En Primeur balance sheet items:	**31.03.22 £000s**	**31.03.21 £000s**
En Primeur purchases included in debtors due within one year *(Note 14)*	45,378	34,882
En Primeur purchases included in debtors due in more than one year *(Note 14)*	37,375	29,438
Total En Primeur purchases	**82,753**	**64,320**
En Primeur deferred income included in creditors due within one year *(Note 15)*	(47,198)	(44,520)
En Primeur deferred income included in creditors due in more than one year *(Note 15)*	(43,939)	(38,070)
Total En Primeur deferred income	**(91,137)**	**(82,590)**
Net En Primeur balance	**(8,384)**	**(18,270)**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

25. SUBSEQUENT EVENT DISCLOSURES

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.

In May 2022, Potrero Distilling Holdings LLC diluted the Group's shareholding interest from 60% to 51% in exchange for additional share capital and business expertise provided by new shareholders Dan Leese (who is the current President and CEO) and Gerard Ruvo.

26. 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 £0.8m in the profit and loss statement 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 ending 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 24: En Primeur & Wines Lying Abroad

In addition, investments in two subsidiaries were not accounted for correctly within the consolidated Group accounts for the year ended 31 March 2021. This resulted in an understatement of goodwill by £1.0m and overstatement of trade debtors by £1.7m; the net impact to the the profit and loss account is an increase of £25,000 and decrease in non-controlling interest of £0.7m, both within equity. 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:

- Balance sheet
- Statement of changes in equity
- Note 14: Debtors

A comparison of the adjusted figures compared to the original figures for the period ending 31 March 2021 is as follows:

Profit and loss statement	**Adjusted 31.03.21 £000s**	**Original 31.03.21 £000s**
Turnover	205,492	209,155
Cost of sales	(141,726)	(144,586)
Gross profit	**63,766**	**64,569**
Administration and other expenses	(57,298)	(58,101)
Distribution costs	(4,620)	(4,620)
Other operating income	1,356	1,356
Operating profit	**3,204**	**3,204**

Balance sheet statement	**Adjusted 31.03.21 £000s**	**Original 31.03.21 £000s**
Intangible fixed assets	25,446	24,387
Debtors – falling due within one year	59,033	60,757
Net assets	**118,000**	**118,665**
Called up share capital	125	125
Capital reserve	914	914
Revaluation Reserve	14,435	14,435
Profit and Loss Account	95,219	95,194
Equity Attributable to Owners of Parent	**110,693**	**110,668**
Non–Controlling Interest	7,307	7,997
TOTAL SHAREHOLDERS' FUNDS	**118,000**	**118,665**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