

Aspall Cyder Limited

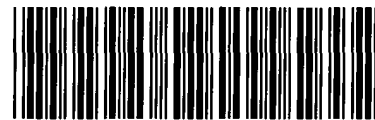
Annual Report and Financial Statements

For the year ended

31 December 2018

Company Number 02032494

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Aspall Cyder Limited

Company Information

Directors	J C Shearer P M Whitehead R Eveson
Company secretary	G Wisniewski
Registered number	02032494
Registered office	137 High Street Burton-On-Trent England DE14 1JZ
Independent auditors	PricewaterhouseCoopers LLP Donnington Court Pegasus Business Park Herald Way East Midlands DE74 2UZ

Aspall Cyder Limited

Contents

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report to the members of Aspall Cyder Limited	5 - 6
Statement of Comprehensive Income	7
Statement of Financial Position	8 - 9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 – 29

Aspall Cyder Limited

Strategic Report For the Year Ended 31 December 2018

Introduction

The Directors present their report and the audited financial statements for Aspall Cyder Limited (the "Company") for the year ended 31 December 2018.

Business review

The principal activity of the Company during the year was the manufacturing and wholesale of cyder, vinegar and apple juice.

There has been increased output volume of the factory for both cyder and vinegar.

On 5 January 2018, the directors announced the sale of the entire issued share capital of its parent Company, Aspall Holdings Limited, to Molson Coors Brewing Company (UK) Limited. Significant investment in tangible fixed assets has been made since the acquisition.

Principal risks and uncertainties

The Company has continued exposure to the price volatility of raw materials, in particular apples. To mitigate this the Company looks to work closely with apple growers, and arrange contracts covering each season.

The Company operates within a regulated environment and closely monitors developments as they arise. Recent developments are that in Scotland, Minimum Unit Pricing (MUP) was introduced in May 2018 and in the UK the Government has increased Cyder Duty on Cyder's greater than 6.9% effective February 2019. We will continue to monitor the impact of these and future changes to ensure that we are prepared for any future regulatory changes to the industry.

The Company takes health and safety risks very seriously, and works with the Company employees and advisors to ensure these remain as low as possible.

During the year the Company used financial instruments including cash, borrowings and stock, the main purpose of which were to raise finance for the Company's activities. The vast majority of the Company's resources are UK based, and as such the Company undertakes few transactions in foreign currency and its currency risk is considered to be minimal. It therefore does not engage in purchasing forward contracts to purchase foreign currency.

Policies are in place that require appropriate credit checks to be completed in respect of potential customers. The Company engaged in credit insurance to secure all debtors.

Financial risk management objectives and policies

In common with other businesses, the Company aims to minimise exposure to price, credit, financial and cashflow risks. The measures used by the directors to manage this risk include the preparation of profit and cash flow forecasts, regular monitoring of actual performance against these forecasts and ensuring that adequate financing facilities are in place to meet the requirements of the business. Trade debtors are also closely monitored to keep the risk of bad debts to a minimum.

Financial key performance indicators

The Company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non financial and the most significant of these are the key performance indicators (KPIs).

Aspall Cyder Limited

Strategic Report (continued) For the Year Ended 31 December 2018

The key financial performance indicators are turnover, gross profit, gross margin, profit before taxation and net assets. These KPIs indicate the volume of work the Company has undertaken as well as efficiency and profitability with which this work has been delivered.

The key financial performance indicators for the year ended 31 December 2018, with comparatives for the period ended 31 December 2017, are set out below:

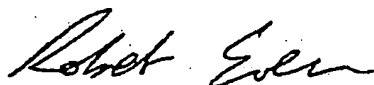
	Year ended 31 December 2018	9 months ended 31 December 2017
Turnover (£)	31,292,665	28,647,146
Gross profit (£)	10,683,695	8,452,882
Gross margin (%)	34	30
Profit/(loss) before taxation (£)	204,525	(2,775,052)
Net assets (£)	804,795	950,877

Future developments

The directors anticipate that the Company will continue to keep abreast of developments within the industry and consolidate its position within the marketplace through investment in new plant and technology.

As the UK Government continues its Brexit negotiations, uncertainty remains as to the extent to which our operations and financial performance will be affected in the longer term. We have continued to prepare for Brexit to mitigate risk.

This report was approved by the board and signed on its behalf.



R Eveson
Director

Date: 30 September 2019

Aspall Cyder Limited

Directors' Report For the Year Ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 of the profit or loss of the company for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Principal activity

The principal activity of the Company is the production and sale of cyder, apple and vinegar products and the export of cyder, apple and vinegar products.

Results and dividends

The profit for the year, after taxation, amounted to £221,570 (2017 – Loss £2,076,241).

Dividends of £367,652 were paid to ordinary shareholders in the year (2017 - £805,739).

Aspall Cyder Limited

Directors' Report (continued) For the Year Ended 31 December 2018

Directors

The directors who were in office during the year and up to the date of signing the financial statement were:

H Chevallier Guild (resigned 5 January 2018)
J B Chevallier Guild (resigned 5 January 2018)
D J Smith (resigned 5 January 2018)
G R C Quilter (resigned 5 January 2018)
S Kerry (appointed 5 January 2018, resigned 1 April 2019)
J C Shearer (appointed 5 January 2018)
P M Whitehead (appointed 5 January 2018)
R Eveson (appointed 1 April 2019)

Strategic Report

The directors have included a business review within the Strategic Report. Also included in the Strategic Report are details of the future developments of the Company, the principal risks and uncertainties and a review of the key performance indicators as assessed by the directors.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing the annual report and financial statements.

Independent Auditors

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

This report was approved by the board and signed on its behalf.



R Eveson
Director

Date: 30 September 2019

Aspall Cyder Limited

Independent auditors' report to the members of Aspall Cyder Limited

Report on the audit of the financial statements

Opinion

In our opinion, Aspall Cyder Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2018; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Aspall Cyder Limited

Independent auditors' report to the members of Aspall Cyder Limited (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

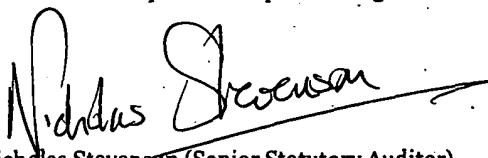
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.


Nicholas Stevenson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
30 September 2019

Aspall Cyder Limited

Statement of Comprehensive Income For the Year Ended 31 December 2018

	Note	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Turnover	4	31,292,665	28,647,146
Cost of sales		(20,608,970)	(20,194,264)
Gross profit		10,683,695	8,452,882
Distribution costs		(2,696,291)	(2,509,638)
Administrative expenses		(7,540,531)	(8,134,775)
Operating Profit/ (loss)	5	446,873	(2,191,531)
Interest payable and similar expenses	9	(242,348)	(583,521)
Profit/ (loss) before taxation		204,525	(2,775,052)
Tax on profit/(loss)	10	17,045	698,841
Profit/ (loss) for the financial period		221,570	(2,076,241)

There was no other comprehensive income for the year ended 31 December 2018 (2017 - £Nil).

The notes on pages 11 to 29 form part of these financial statements.

Aspall Cyder Limited

Registered number: 02032494

Statement of Financial Position As at 31 December 2018

	Note	31 December 2018 £	31 December 2018 £	31 December 2017 £	31 December 2017 £
Fixed assets					
Intangible assets	12		150,286		165,723
Tangible assets	13		13,927,772		12,513,701
			<u>14,078,058</u>		<u>12,679,424</u>
Current assets					
Stocks	14	6,009,342		4,862,255	
Debtors: amounts falling due within one year	15	6,870,928		8,379,444	
Cash at bank and in hand		1,605,249		78,378	
		<u>14,485,519</u>		<u>13,320,077</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(27,412,025)		(22,450,981)	
Net current assets / (liabilities)			<u>(12,926,506)</u>		<u>(9,130,904)</u>
Total assets less current liabilities			<u>1,151,552</u>		<u>3,548,520</u>
Creditors: amounts falling due after more than one year	17		(240,000)		(2,111,041)
Provisions for liabilities					
Deferred tax	18	(106,757)		(18,424)	
Other provisions	19	-		(468,178)	
			<u>(106,757)</u>		<u>(486,602)</u>
Net assets			<u>804,795</u>		<u>950,877</u>

Aspall Cyder Limited

Registered number: 02032494

Statement of Financial Position (continued) As at 31 December 2018

	Note	31 December 2018 £	31 December 2017 £
Capital and reserves			
Called up share capital	20	254	254
Share premium account		399,966	399,966
Share based payment reserve		-	733,485
Profit and loss account		404,575	(182,828)
Total Equity		804,795	950,877

The financial statements on page 7 to 29 were approved by the Board of Directors on 30 September 2019 and were signed on its behalf by:



R Eveson
Director

The notes on pages 11 to 29 form part of these financial statements.

Aspall Cyder Limited

Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital	Share premium account	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2018	254	399,966	733,485	(182,828)	950,877
Comprehensive income for the year					
Profit for the year	-	-	-	221,570	221,570
Total comprehensive income for the year	-	-	-	221,570	221,570
Transfer			(733,485)	733,485	-
Dividends: Equity capital	-	-	-	(367,652)	(367,652)
Total transactions with owners	-	-	(733,485)	365,833	(367,652)
At 31 December 2018	254	399,966	-	404,575	804,795

	Called up share capital	Share premium account	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 2 April 2017	240,254	399,966	-	3,183,267	3,823,487
Comprehensive expense for the period					
Loss for the period	-	-	-	(2,076,241)	(2,076,241)
Total comprehensive expense for the period	-	-	-	(2,076,241)	(2,076,224)
Reclassification	(240,000)	-	484,115	(484,115)	(240,000)
Share Based Payment	-	-	249,370	-	249,370
Dividends: Equity capital	-	-	-	(805,739)	(805,739)
Total transactions with owners	-	-	733,485	(1,289,854)	(796,369)
At 31 December 2017	254	399,966	733,485	(182,828)	950,877

The notes on pages 11 to 29 form part of these financial statements.

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

1. General information

Aspall Cyder Limited is a private Company, limited by shares, incorporated in England and Wales, United Kingdom under the Companies Act. The address of the registered office is 137 High Street, Burton-On-Trent, England, DE14 1JZ. The nature of the Company's operations and its principal Company is the production and sale of cyder, apple and vinegar products and the export of cyder, apple and vinegar products. The financial statements are prepared in British pound sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest pound.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. Accounting policies have been applied consistently.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Molson Coors Brewing Company as at 31 December 2018 and these financial statements may be obtained from 1801 California Street, Suite 4600, Denver, Colorado 80202, USA.

2.3 Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing the annual report and financial statements.

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

2.4 Turnover

Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding VAT and other sales taxes or duty and net of discounts and rebates. The following criteria must also be met before revenue is recognised:

Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Intangible assets and amortisation

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Trademarks	- 20 years straight line
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2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is provided on the following bases:

Leasehold property	- 25 years straight line
Plant and machinery	- 10 years straight line
Office equipment	- 5 years straight line

Construction in progress is not depreciated until assets are brought into use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

2.7 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Duty is accrued when it has become due. Overhead recovery is calculated on the basis of overhead costs per hectolitre in stock.

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

Transactions and balances (continued)

At each year end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'interest payable and similar charges'. All other foreign exchange gains and losses are presented in the Income Statement within 'administrative expenses'.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.12 Share based payments

In prior years, the parent Company, Aspall Holdings Limited, issued share-based payments to certain employees. These are accounted for as equity-settled within Aspall Cyder Limited due to the obligation to settle in cash resting with the parent Company Aspall Holdings Limited.

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuation using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions) and non-vesting conditions.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous Statement of Financial Position date is recognised in the income statement, with a corresponding entry in equity.

The financial effect of awards by the parent Company of options over its equity shares to the employees of subsidiary undertakings is recognised by the parent Company in its individual financial statements. In particular the parent Company records an increase in its investment in subsidiaries with a credit to equity equivalent to the cost in the subsidiary undertakings.

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

2.13 Sale and leaseback

Where a sale and leaseback transaction results in a finance lease, no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

When a sale and leaseback transaction results in an operating lease, and it is clear that the transition is established at fair value any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately unless the loss is compensated for by the future lease payments at below market price. In that case any such loss is amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is amortised over the period for which the asset is expected to be used.

2.14 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.17 Confidential invoice discounting

In the prior year, where debts were invoice discounted a the separate presentation treatment was adopted. In accordance with this, the gross amount of the debts was included within trade debtors with the advances received from invoice discounting being shown as a liability. Invoice discounting no longer occurs in 2018.

2.18 Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

2.19 Reserves

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

2.20 Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determining whether leases entered into by the Company as a lessor or lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Other key sources of uncertainty:

- *Tangible fixed assets (see note 13)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Stock quantity, valuation and provision*

The company applies standard costing in its valuation of finished goods and work in progress. There is a degree of estimation involved in assessing the inputs and calculations to arrive at the standard costs for each product that makes up the year end stock value. These include estimates such as direct labour time and rates, average price of materials relevant to the respective items in stock at the year end, wastages at each stage of production and the proportion of relevant overheads to be absorbed.

Certain liquid stocks are maintained in vats which do not allow physical access to assess the level of stock held at a given time. These stocks are subject to wastages and other losses such as evaporation that may mean the records kept may not agree to the exact quantities held. Due to the nature of production, the level of stock can only be fully confirmed once the vat is emptied and processed into finished goods and thus work in progress at the year end is subject to a degree of estimation of the quantity of stock. Stock movements are monitored and subsequent wastages are considered against budgeted wastages. These are built into the standard costing calculations as noted above.

The company records a provision for stock with reference to the items obsolescence, best before dates and when the liquid or product cannot be used in any other product line.

4. Turnover

Analysis of turnover by country of destination:

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
United Kingdom	30,521,877	27,913,353
Rest of Europe	436,037	555,295
Rest of the world	334,751	178,498
	31,292,665	28,647,146

All turnover arose from the principal activity of the Company.

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Stock recognised as an expense	9,677,456	9,397,939
Depreciation of tangible fixed assets	1,786,656	1,286,054
Lease payments recognised as an expense	380,144	1,405,655
Amortisation of intangible assets	15,437	16,211
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	29,750	35,000
Defined contribution pension cost	228,762	197,969
Impairment of inventory		
Profit/loss on disposal of fixed assets	3,599	-
	<u> </u>	<u> </u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Wages and salaries	4,278,262	3,625,544
Social security costs	402,365	390,931
Other pension costs	228,762	197,969
	<u> </u>	<u> </u>
	4,909,389	4,214,444
	<u> </u>	<u> </u>

Included in wages and salaries is a total expense of share-based payments of £Nil (2017 - £249,370) which arises from transactions accounted for as equity-settled share-based payment transactions.

The average monthly number of employees, including the directors, during the year was as follows:

	Year ended 31 December 2018 No.	9 months ended 31 December 2017 No.
Administrative	61	77
Manufacturing	58	54
	<u> </u>	<u> </u>
	119	131
	<u> </u>	<u> </u>

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

7. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £228,762 (2017 - £197,969). Contributions totalling £20,127 (2017 - £24,321) were payable to the fund at the reporting date.

8. Directors' remuneration

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Directors' emoluments	5,588	216,352
Company contributions to defined contribution pension schemes	693	42,114
Share based payments	-	249,370
	<u>6,281</u>	<u>507,836</u>

During the year retirement benefits were accruing to 1 director (2017 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £5,588 (2017 - £216,352) in their capacity as director of Aspall Cyder Limited. Company pension contributions of £693 (2017 - £42,114) were made to a defined contribution scheme on his behalf. Since 5 January 2018, directors' have been remunerated through other companies in the Molson Coors group in respect of their services to those companies.

9. Interest payable and similar expenses

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Bank interest payable	641	128,961
Other loan interest payable	92,213	132,987
Finance leases and hire purchase contracts	68,092	189,104
Other interest payable	10,680	132,469
Intercompany interest	70,722	-
	<u>242,348</u>	<u>583,521</u>

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

10. Tax on profit/(loss)

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Corporation tax		
Current tax on profit/(losses) for the year	(105,372)	(165,176)
Adjustments in respect of previous periods	-	-
Total current tax	(105,372)	(165,176)
Deferred tax		
Origination and reversal of timing differences	53,508	(558,364)
Adjustments in respect of prior period	36,765	52,300
Effect of tax rate change on opening balance	(1,940)	(27,605)
Total deferred tax	88,333	(533,669)
Tax on profit/(loss)	(17,045)	(698,845)

Factors affecting tax credit for the year

Total tax charge for the year is lower than (2017 - higher than) the standard rate of corporation tax in the UK of 19.0% (2017 – 19.0%). The differences are explained below:

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Profit/(loss) before taxation	204,525	(2,775,052)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19.0% (2017 – 19.0%)	38,860	(527,260)

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

10. Tax on profit/(loss) (continued)

Effects of:

Capital allowances for year in excess of depreciation	2,974	(310,817)
Re-measurement of deferred tax - change in UK tax rate	(1,940)	(27,605)
Deferred tax adjustment in respect of prior period	36,765	52,300
Other timing differences	(93,704)	114,541

Total tax charge for the year	(17,045)	(698,841)
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The tax rate for the current year is the same as in the prior period. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

11. Dividends

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
A Ordinary shares		
Dividends paid of £0.274 (2017 - £0.601) per share	367,652	805,739

12. Intangible assets

	Trademarks £
Cost	
At 1 January 2018	216,829
Additions	-
At 31 December 2018	216,829
Amortisation	
At 1 January 2018	51,106
Charge for the year	15,437
At 31 December 2018	66,543
Net book value	
At 31 December 2018	150,286
At 1 January 2018	165,723

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

13. Tangible fixed

	Leasehold Property £	Plant and machinery £	Office equipment £	Construction in Progress £	Total £
Cost					
At 1 January 2018	2,723,019	12,919,329	906,356	-	16,548,704
Additions	1,248,795	1,126,454	223,582	611,288	3,210,119
Disposals	-	(19,225)	-	-	(19,225)
At 31 December 2018	3,971,814	14,026,588	1,129,938	611,288	19,739,598
Accumulated Depreciation					
At 1 January 2018	302,036	3,549,123	183,844	-	4,035,003
Charge for the year	153,075	1,444,609	188,972	-	1,786,656
Disposals	-	(9,833)	-	-	(9,833)
At 31 December 2018	455,111	4,983,899	372,816	-	5,811,826
Net book value					
At 31 December 2018	3,516,703	9,042,659	757,122	611,288	13,927,772
At 1 January 2018	2,420,983	9,370,206	722,512	-	12,513,701

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	31 December 2018 £	31 December 2017 £
Plant and machinery	-	2,606,940

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

14. Stocks

	31 December 2018 £	31 December 2017 £
Raw materials and consumables	904,040	945,207
Work in progress	1,339,190	1,325,629
Finished goods and goods for resale	3,766,112	2,591,419
	<u>6,009,342</u>	<u>4,862,255</u>

Included in finished goods value is a provision for £270,047 (31 December 2017 - £507,571) in relation to obsolete or slow moving stocks.

There is no significant difference between the replacement cost of the inventory and its carrying amount.

15. Debtors

	31 December 2018 £	31 December 2017 £
Trade debtors	1,076,256	6,811,971
Amounts owed by group undertakings	5,221,407	-
Other debtors	247,464	707,203
Corporation tax recoverable	231,294	125,915
Prepayments and accrued income	94,507	734,355
	<u>6,870,928</u>	<u>8,379,444</u>

Included in trade debtors is a general bad debt provision of £63,000 (2017: £67,000).

Amounts owed by group undertakings is unsecured, interest free and repayable on demand.

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

16. Creditors: Amounts falling due within one year

	31 December 2018 £	31 December 2017 £
Bank loans and overdrafts	-	5,489,101
Other loans	-	3,071,638
Trade creditors	2,400,001	3,314,963
Amounts owed to group undertakings	22,254,282	500,000
Taxation and social security	387,073	1,061,157
Obligations under finance lease and hire purchase contracts	-	735,900
Advances from confidential invoice discounting	-	5,457,501
Other creditors	550,624	966,984
Accruals and deferred income	1,820,045	1,853,737
	27,412,025	22,450,981

Advances from confidential invoice discounting were secured on the related trade debtors of the Company. Finance lease and hire purchase creditors were secured on the assets concerned. Bank loans and overdrafts were secured by a fixed and floating charge over certain personal assets of the ultimate shareholders and a fixed and floating charge over the assets of the entity which undertook the debt.

Amounts owed to group undertakings is unsecured, interest is 3% and repayable on demand.

All bank loans and overdrafts, other loans, obligations under finance lease and hire purchase contracts and advances from confidential invoice discounting were repaid during the year.

17. Creditors: Amounts falling due after more than one year

	31 December 2018 £	31 December 2017 £
Net obligations under finance leases and hire purchase contracts	-	1,871,041
A Preference shares	240,000	240,000
	18,807,401	2,111,041

Each A Preference share has no voting entitlement, has priority to any payment by way of dividend to the holder of the Ordinary Shares and first priority in respect of all unpaid preference dividends.

Finance lease and hire purchase creditors were secured on the assets concerned.

Maturity of debt

	31 December 2018 £	31 December 2017 £
Amounts falling due within one year		
Bank loans	-	5,489,101
Other loans	-	3,071,638
	-	8,560,739

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

17. Creditors: Amounts falling due after more than one year (continued)

Amounts falling due 1-2 years

Bank loans

Amounts falling due after more than 5 years

Bank loans

All bank loans were repaid during the year.

Included in bank loans is a term loan of £Nil (2017 - £1,369,891) which was repaid in full on 5 January 2018.

Also included in bank loans is a second term loan of £Nil (2017 - £1,323,451) which has been repaid in full on 5 January 2018. Both loans accrued interest at a variable rate equivalent to Bank of England base rate plus 2.75%.

The company borrowed from its bankers two further loans of £Nil (2017:£1,200,000) and £Nil (2017:£109,995) respectively. The first, reporting date carrying amount of £Nil (2017 - £1,200,000), which was repaid 5 January 2018 and the second, reporting date carrying amount £Nil (2017 - £Nil), which was repaid in full 5 January 2018. The loans accrued interest at variable rates equivalent to Bank of England base rate, plus 2.75%.

At 31 December 2017 there was an inventory loan facility of £1,503,052 and an import loan facility of £157,322. Both of these loans were repaid in full on 5 January 2018.

Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	31 December 2018 £	31 December 2017 £
Within one year	-	735,900
Between 1-5 years	-	1,871,041
Over 5 years	-	-
	_____	_____
	-	2,606,941
	_____	_____

All hire purchase amounts were repaid during the year.

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

18. Deferred taxation

	Year ended 31 December 2018 £
At beginning of year	(18,424)
Charged to profit or loss	(88,333)
At end of year	(106,757)

The provision for deferred taxation is made up as follows:

	31 December 2018 £	31 December 2017 £
Accelerated capital allowances	(589,208)	(625,099)
Short term timing differences	482,451	606,675
Losses and other deductibles	-	-
	(106,757)	(18,424)

19. Other Provisions

	Other provision £
At 1 January 2018	468,178
Credited to profit or loss	468,178
At 31 December 2018	-

The above provision was in relation to anticipated costs for lost kegs and had been estimated by the directors with reference to agreements in place.

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

20. Called up share capital

	31 December 2018 £	31 December 2017 £
Allotted, called up and fully paid		
1,340,000 – (31 December 2017 1,340,000) A Ordinary shares of £0.0001 each	134	134
400,576 – (31 December 2017 400,576) B Ordinary shares of £0.0001 each	40	40
400,576 – (31 December 2017 400,576) D Ordinary shares of £0.0001 each	40	40
400,576 – (31 December 2017 400,576) E Ordinary shares of £0.0001 each	40	40
	<u>254</u>	<u>254</u>

A Ordinary shares - each share is entitled to one vote for each share in any circumstance. Each share is entitled pari passu to dividend payments or any distribution. Each share is entitled pari passu to participate in a distribution arising from a winding up of the Company.

B Ordinary shares - each share is entitled to one vote for each share in any circumstance. Each share is entitled pari passu to dividend payments or any distribution. Each share is entitled pari passu to participate in a distribution arising from a winding up of the company.

D Ordinary shares - each share is entitled to one vote for each share in any circumstance. Each share is entitled pari passu to dividend payments or any distribution. Each share is entitled pari passu to participate in a distribution arising from a winding up of the company.

E Ordinary shares - each share is entitled to one vote for each share in any circumstance. Each share is entitled pari passu to dividend payments or any distribution. Each share is entitled pari passu to participate in a distribution arising from a winding up of the company.

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

21. Share based payments

On 21 December 2015, D J Smith, a director of Aspall Holdings Limited, received 162,238 C Ordinary shares of £0.0001 per share. There were conditions attached to these that mean these could be converted to cash at an undiscounted fair value after a five year period at the option of the Company or director.

The shares were vested on 5 January 2018 immediately prior to the purchase of the Company and its subsidiary by Molson Coors Brewing Company (UK) Limited. The shares were then subsequently purchased by Molson Coors.

The expense recognised for share-based payments in respect of employee services received during the period to 31 December 2018 is £Nil (2017 - £249,370) following vesting. The carrying amount of financial liabilities relating to the cash-settled share based payment at 31 December 2018 is £Nil (2017 - £Nil). No guarantees were given or received during the period.

22. Capital commitments

There are capital commitments in relation to building work contracted at the year end totalling £184,229 (2017 - £75,002).

23. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2018 £	31 December 2017 £
Not later than 1 year	110,488	1,290,134
Later than 1 year and not later than 5 years	232,240	2,098,248
Later than 5 years	-	-
	<u>342,728</u>	<u>3,388,382</u>

24. Related party transactions

On 5 January 2018, the shareholders of the parent Company, Aspall Holdings Limited, concluded a sale of the entire issued share capital of Aspall Holdings Limited to Molson Coors Brewing Company (UK) Limited, a company incorporated in the United Kingdom.

After 5 January 2018, the Company has been wholly owned within the group headed by Molson Coors Brewing Company and has taken advantage of the exemption in FRS102 paragraph 33.1A from disclosing transactions with other wholly owned subsidiaries of the group.

Prior to 5 January 2018 the directors received dividends in aggregate on the same terms as the other ordinary shareholders, of £367,652 (2017 - £660,383).

Key management personnel include all directors and a number of senior managers across the Company who together have authority and responsibility for planning, directing and controlling the activities of the Company. The total compensation paid to key management for services provided to the Company was £846,917 (2017 - £1,082,789).

Aspall Cyder Limited

Notes to the financial statements For the Year Ended 31 December 2018

25. Parent and ultimate parent undertaking

The immediate parent company, by virtue of its 100% shareholding in the Company, is Aspall Holdings Limited, a company incorporated in the United Kingdom.

On 5 January 2018, the shareholders of the parent Company, Aspall Holdings Limited, concluded a sale of the entire issued share capital of Aspall Holdings Limited to Molson Coors Brewing Company (UK) Limited, a company incorporated in the United Kingdom.

The ultimate parent company is Molson Coors Brewing Company, a company incorporated in the State of Delaware, USA.

The parent of the largest group and the smallest group in which these financial statements are consolidated is Molson Coors Brewing Company. The address of the registered office of Molson Coors Brewing Company is: 1801 California Street, Suite 4600, Denver, Colorado 80202, USA.

The most senior parent entity producing publicly available financial statements is Molson Coors Brewing Company. These financial statements are available from the Company Secretary at the above address.

The ultimate controlling party is Molson Coors Brewing Company.