Nectar Imports Limited

Registration number: 02512018

Annual Report and Financial Statements

For the year ended 31 March 2019

Contents

Company Information

Directors:	R Cummings H Gorosabel Y Naritsuka
Secretary:	E W Perks
Registered Office:	One Forge End Woking Surrey England GU21 6DB
Registered Number:	02512018 (England and Wales)

Strategic Report

The directors present their Strategic Report for the year ended 31 March 2019.

Principal Activity and Review of the Business

The principal activity of the Company continued to be the wholesale of drinks within the United Kingdom.

During the year, revenue was £35,809,417 (2018: £29,388,102) as the Company began benefitting from its expanded warehouse capacity and management continued to focus on driving sales and operational efficiencies. The Company will continue to invest through its strategic initiatives to improve the customer proposition and to grow revenue. The profit after tax for the year was £805,438 (2018: £585,106). The results are set out in the income statement. The directors are satisfied with the position of the business.

The Company was a 100% owned subsidiary of Fuller, Smith & Turner P.LC. as at 31 March 2019, and the interests of the directors are disclosed in the financial statements of Fuller, Smith & Turner P.LC. On 25 January 2019, the parent entered into an agreement for the sale of Nectar Imports Limited to Asahi Europe Ltd. The disposal of Nectar Imports Limited was completed on 27 April 2019.

The Fuller's Group managed its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Fuller's Group, which included this Company, is discussed in the Fuller's Group's Annual Report, which can be obtained from the address in note 20.

No dividends were declared or paid during the current or previous year.

Principal Risks and Uncertainties

The Company's working capital requirements are met principally out of cash generated from low margin wholesale distribution. Facilities are in place to deal with cash flow, credit and liquidity risk.

Any extended period of economic uncertainty or stagnant growth in the UK could affect the Company if this results in lower disposable incomes for consumers. In addition, the directors see changing consumer trends and an increased level of competition in the craft beer sector as risks to the Company. The Company addresses these risks by conducting thorough research of its product range prior to distribution, as well as providing a unique offer and experience in the marketplace to attract customers and encourage repeat custom.

On behalf of the Board

R Cummings
Director
13 January 2020

Directors' Report

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2019. The profit after tax for the year was £805,438 (2018: £585,106). No dividends were declared or paid during the current or previous year.

Directors

The directors who held office during the year, and up to the date of issuing the financial statements, were as follows:

Mr R Cummings	(appointed 27 April 2019)
Mr H Gorosabel	(appointed 27 April 2019)
Mr Y Naritsuka	(appointed 27 April 2019)
Mr J C R Douglas	(resigned 16 November 2018)
Mr S Emeny	(resigned 27 April 2019)
Mr S Dodd	(resigned 27 April 2019)
Mr R Fuller	(resigned 27 April 2019)
Mr J Swaine	(resigned 27 April 2019)
Mrs F J Jukes	(resigned 27 June 2018)
Mr M Jukes	(resigned 27 June 2018)

The Company was a 100% owned subsidiary of Fuller, Smith & Turner P.LC. as at 31 March 2019, and the interests of the directors are disclosed in the financial statements of Fuller, Smith & Turner P.LC.

On 25 January 2019, the parent entered into an agreement for the sale of Nectar Imports Limited to Asahi Europe Ltd. The disposal of Nectar Imports Limited was completed on 27 April 2019.

Corporate Governance

The Company is not required to comply with the UK Combined Code on Corporate Governance. However, the accounts of Fuller, Smith & Turner P.L.C. include a corporate governance report in line with the principles of the UK Combined Code on Corporate Governance.

The Board maintains overall control over appropriate financial, strategic, budgetary, and organisational issues.

Indemnity Provision

The Company's Articles of Association provide the directors with indemnities in relation to their duties as directors, including qualifying third-party indemnity provisions (within the meaning of the Companies Acts).

Up until the change of control at the 27th April 2019, all of the executive directors' contracts contain a clause which states: "the Executive shall be indemnified out of the assets of the Company against any liability incurred by him as a director or other officer of the Company in defending any proceedings (whether civil or criminal) in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Companies Acts in which relief from liability is granted to him by the court from liability for negligence, default, breach of duty or breach of trust he may be guilty of in relation to the affairs of the Company."

No such clause is contained in the contracts of the directors appointed on 27th April 2019.

Directors' Statement as to Disclosure of Information to Auditors

So far as each person who was a director at the date of approval of this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all of the steps that he is obliged to take as a director to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Independent Auditors

The auditors, Grant Thornton UK LLP have indicated their willingness to continue office and resolution concerning their reappointment as auditors will be proposed at the Annual General Meeting.

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS101 'Reduced Disclosure Framework', 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 the 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;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Going Concern Statement

The Company meets its day-to-day working capital requirements through its cash reserves. As at 31 March 2019, the Company had net assets of £3,380,146.

The current economic conditions continue to create uncertainty, particularly over the levels of disposable incomes for consumers. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves and the level of facilities available to the Asahi Group.

Directors' Report (continued)

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the Board:

Rohan Cummings
Director
13 January 2020

Independent auditor's report to the members of Nectar Imports Limited Opinion

We have audited the financial statements of Nectar Imports Limited (the 'company') for the year ended 31 March 2019, which comprise the Income Statement and Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the 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 Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

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

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

Other information

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

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

We have nothing to report in this regard.

Independent auditor's report to the members of Nectar Imports Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 5-6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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.

Independent auditor's report to the members of Nectar Imports Limited (continued)

Use of our report

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

Philip Westerman

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

13 January 2020

Income Statement and Statement of Comprehensive Income

	Note	2019 £	2018 £
Turnover		**35,809,417**	29,388,102
Cost of sales		**(28,977,889)**	(23,796,950)
Gross profit		**6,831,528**	5,591,152
Distribution expenses		**(4,479,395)**	(3,610,869)
Administrative expenses		**(1,624,396)**	(1,560,498)
Other operating income		**268,652**	269,881
		(5,835,139)	(4,901,486)
Operating profit	5	**996,389**	689,666
Interest payable and similar charges	7	**(9,774)**	(6,108)
Profit on ordinary activities before taxation		**986,615**	683,558
Tax on profit on ordinary activities	8	**(181,177)**	(98,452)
Profit and total comprehensive income for the financial year		**805,438**	585,106

The results above are all in respect of continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

Nectar Imports Limited
Annual Report and Financial Statements
For the year ended 31 March 2019

Statement of Financial Position

	Note	2019 £	2018 £
Non-current assets			
Property, plant and equipment	9	**1,222,685**	1,236,665
Deferred tax assets	14	**65,808**	35,624
		1,288,493	1,272,289
Current assets			
Inventory	10	**2,146,932**	1,562,419
Debtors	11	**4,327,722**	4,069,969
Cash and cash equivalents		**2,162,869**	675,135
		8,637,523	6,307,523
Creditors: amounts falling due within one year	12	**(6,431,277)**	(4,899,316)
Net current assets		**2,206,246**	1,408,207
Total assets less current liabilities		**3,494,739**	2,680,496
Non-current liabilities			
Creditors: amounts falling due after more than one year	13	**(114,593)**	(105,788)
		(114,593)	(105,788)
Net assets		**3,380,146**	2,574,708
Equity			
Share capital	15	**30,000**	30,000
Share premium		**1,260**	1,260
Retained earnings		**3,348,886**	2,543,448
Total shareholders' funds		**3,380,146**	2,574,708

The notes on pages 14 to 26 form part of these financial statements.

The financial statements on pages 11 to 26 were approved by the Board of Directors and authorised for issue on 10th January 2020.

Signed on behalf of the Board of Directors:

R Cummings
Director

Company registration number: 02512018

Statement of Changes in Equity

	Called up share capital	Share premium	Retained earnings	Total
	£	£	£	£
At 31 March 2017	30,000	1,260	1,958,342	1,989,602
Profit and total comprehensive income for the year	-	-	585,106	585,106
At 31 March 2018	30,000	1,260	2,543,448	2,574,708
Profit and total comprehensive income for the year	-	-	805,438	805,438
At 31 March 2019	**30,000**	**1,260**	**3,348,886**	**3,380,146**

The notes on pages 14 to 26 form part of these financial statements.

Notes to the Financial Statements

1. General Information

Nectar Imports Limited ("the Company") is a wholesaler of drinks within the United Kingdom.

The Company is a private limited Company and is incorporated and domiciled in the United Kingdom. On 29 April 2019, the address of its registered office changed from Cold Berwick Hill, Berwick St. Leonard, Salisbury, Wiltshire, SP3 5SN to One, Forge End, Woking, Surrey, England, GU21 6DB.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have all been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

1 A statement of cash flows and related notes
2 Presentation of comparative information in respect of property, plant and equipment, intangible assets, and investment property
3 Disclosure of key management personnel compensation
4 Disclosures in relation to impairment of assets
5 Disclosures in respect of financial instruments (other than disclosures required for recording financial instruments at fair value)
6 Certain disclosures in relation to revenue from contracts with customers
7 Certain disclosures in relation to accounting policies, changes in accounting estimates and errors
8 Certain related party disclosures

2. Significant Accounting Policies (continued)

2.1.1 Going Concern

The Company meets its day-to-day working capital requirements through its cash reserves. As at 31 March 2019, the Company is in a net asset position of £3,380,146.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis of accounting in preparing the financial statements.

2.1.2 New Standards, Amendments and IFRIC Interpretations

On 28 May 2014, the International Accounting Standards Board issued IFRS 15 Revenue from Contracts with Customers which is effective for periods starting on or after 1 January 2018. IFRS 15 replaces existing revenue recognition guidance and establishes a comprehensive framework for determining whether, how much and when revenue is recognised. In the year ended 31 March 2019, the Company's revenue related to the wholesale of drinks within the United Kingdom. This revenue represents a simple transaction with only one performance obligation, and requires a low level of judgment in determining the consideration and the timing of transfer of control occurs at a point in time.

On 24 July 2014, the International Accounting Standards Board issued IFRS 9 Financial Instruments: Recognition and Measurement which is effective for periods starting on or after 1 January 2018.

Neither of the above two changes in accounting standards had a material effect on the Company.

2.2 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in "Pounds Sterling" (£), which is also the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income'.

Notes to the Financial Statements

2. Significant Accounting Policies (continued)

2.3 Property, Plant and Equipment (continued)

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost also includes transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives, as follows:

– Leasehold property	Shorter of useful economic life or lease term
– Motor vehicles	2 – 4 years
– Equipment	2 – 4 years

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if it is greater than its estimated recoverable amount (note 2.4).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and they are recognised within 'Other Income' in the income statement.

2.4 Impairment of Non-Financial Assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.5 Financial Assets

2.5.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2. Significant Accounting Policies (continued)

2.5 Financial Assets (continued)

2.5.1 Classification (continued)

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired principally for selling in the short term. Derivatives are also categorised as held for trading, unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise, they are classified as non-current investments.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and amounts due from group companies in the statement of financial position.

2.5.2 Recognition and Measurement

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred, and the Company has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the 'fair value of the financial assets at fair value through profit or loss' category is presented in the income statement within interest income or expenses in the period in which they arise.

2.6 Impairment of Financial Assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Notes to the Financial Statements

2. Significant Accounting Policies (continued)

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.8 Debtors

Trade and other receivables represent amounts due from customers for the wholesale of drinks in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.9 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.10 Creditors

Creditors represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. If settlement is expected in one year or less, they are classified as current liabilities. If not, they are presented as non-current liabilities.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Share Capital

Ordinary shares are classified as equity. Preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Revenue Recognition

Revenue is recognised under IFRS 15 upon application of the following steps:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to each performance obligation
- Recognise revenue when a performance obligation is satisfied by transferring a promised good or service to a customer

The Company's revenue consists of sales primarily as a result of the distribution of beer, cider, wines, spirits and soft drinks. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to a specific location (delivery). A receivable is

Notes to the Financial Statements

2. Significant Accounting Policies (continued)

2.12 Revenue Recognition (continued)

recognised by the Company when the goods are delivered as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

2.13 Interest Income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.14 Interest Expense

Interest expense is recognised using the effective interest method.

2.15 Current and Deferred Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds, in which case the tax is recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current tax charge is calculated based on tax laws enacted or substantively enacted by the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. Significant Accounting Policies (continued)

2.16 Leases

The Company leases certain property, plant and equipment. Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

Leases of property, plant and equipment, where the Company has substantially all of the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised, at the lease's commencement, at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in 'Creditors – amounts falling due after more than one year'. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.17 Employee Benefits

The Company operates a defined contribution pension plan. Under the defined contribution pension plan, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical Accounting Estimates and Assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

(a) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the property plant and equipment and note 2.3 for the useful economic lives for each class of assets.

Notes to the Financial Statements

3.1 Critical Accounting Estimates and Assumptions (continued)

(b) Impairment of property, plant and equipment

The Company reviews for impairment all property, plant and equipment at cash-generating unit level where there is an indication of impairment. This requires an estimation of the value in use and involves estimation of future cash flows and choosing a suitable discount rate.

(c) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See note 11 for the net carrying amount of the receivables.

4. Revenue

The Company's revenue is derived from the wholesale of drinks within the United Kingdom.

5. Operating Profit

Operating profit is stated after charging / (crediting):

	2019	2018
	£	£
Depreciation of property, plant and equipment	**219,550**	260,568
Depreciation of property, plant and equipment held under hire purchase agreements	**118,945**	75,661
Loss on disposal of fixed assets	**7,098**	6,331
Inventory recognised as an expense	**28,977,888**	23,796,950
Operating lease expenses	**200,625**	163,127
Auditor's remuneration	**17,500**	15,000
Net gain on foreign currency translation	**-**	(803)

6. Directors and Employees

Staff costs, including directors, comprised the following:

	2019	2018
	£	£
Wages and salaries (including directors)	**3,330,354**	2,861,250
Social security costs	**311,752**	276,173
Other pension costs	**80,660**	49,927
	3,722,766	3,187,350

Other pension costs represent amounts recognised as an expense for the defined contribution pension plan.

Notes to the Financial Statements

6. Directors and Employees (continued)

The average number of employees of the Company (including directors and part time employees) during the year was:

	2019	2018
Administration and management	119	103

Directors' emoluments
Mrs F J Jukes and Mr M Juke received £38,406 (2018: £103,000) as remuneration in the year, representing salary of £37,287 (2018: £100,000) and pension contributions of £1,119 (2018: £3,000). The remaining directors were paid by the former parent Company, Fuller, Smith & Turner P.L.C., for their services to Fuller, Smith & Turner P.L.C, and did not receive any remuneration for services to the Company in the current or prior year.

7. Interest Payable and Similar Charges

	2019 £	2018 £
Bank interest payable	93	1,192
Finance charges on hire purchase liabilities	9,681	4,916
	9,774	6,108

8. Income Tax

The tax charge included in profit or loss:

	2019 £	2018 £
UK corporation tax on profits for the year	217,346	167,691
Adjustments in respect of previous years	(5,386)	(5,815)
Total current tax	211,960	161,876
Deferred tax		
Origination and reversal of temporary differences	(11,708)	(13,415)
Adjustments in respect of previous year	(18,475)	(50,009)
Total deferred tax	(30,183)	(63,424)
Tax on profit on ordinary activities	181,177	98,452

The tax expense for the year is lower (2018: lower) than the standard rate of corporation tax in the United Kingdom for the year ended 31 March 2019 of 19% (year ended 31 March 2018: 19%). The differences are explained as follows:

Notes to the Financial Statements

8. Income tax (continued)

	2019 £	2018 £
Profit on ordinary activities before tax	**986,615**	683,558
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2018: 19%)	**187,457**	129,876
Expenses not deductible for tax purposes	**18,181**	24,400
Adjustments in respect of previous years	**(23,861)**	(55,824)
Tax on profit on ordinary activities	**181,177**	98,452

Changes to the United Kingdom 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 year-end date have been measured using these enacted tax rates and reflected in these financial statements.

9. Property, Plant and Equipment

	Leasehold Property £	Motor Vehicles £	Equipment £	Total £
Cost				
At 31 March 2018	1,027,018	891,672	447,066	2,365,756
Additions	64,328	281,370	45,138	390,836
Disposals	(33,937)	(115,702)	(16,363)	(166,002)
At 31 March 2019	**1,057,409**	**1,057,340**	**475,841**	**2,590,590**
Depreciation and Impairment				
At 31 March 2018	331,152	519,502	278,437	1,129,091
Charge for the year	93,059	166,292	79,144	338,495
Disposals	(921)	(97,669)	(1,091)	(99,681)
At 31 March 2019	**423,290**	**588,125**	**356,490**	**1,367,905**
Net Book Value				
At 31 March 2019	**634,119**	**469,215**	**119,351**	**1,222,685**
At 31 March 2018	695,866	372,170	168,629	1,236,665

Hire purchase agreements
The carrying amount of assets held under hire purchase agreements included in motor vehicles is £280,530 (2018: £235,279). The depreciation charged to the income statement in the year in respect of such assets amounted to £118,945 (2018: £75,661).

Notes to the Financial Statements

10. Inventory

	2019	2018
	£	£
Goods for resale	**2,146,932**	1,562,419

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

11. Debtors

	2019	2018
	£	£
Trade receivables	**2,843,319**	2,972,437
Other receivables	**126,088**	358,685
Amounts due from group undertakings	**1,131,968**	663,443
Prepayments and accrued income	**226,347**	75,404
	4,327,722	4,069,969

12. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	**4,310,888**	3,621,198
Other creditors	**94,170**	150,749
Hire purchase agreements	**101,111**	84,241
Corporation tax	**95,467**	173,077
Other taxation and social security	**501,635**	428,656
Accruals and deferred income	**894,854**	205,902
Amounts owed to group undertakings	**433,152**	235,493
	6,431,277	4,899,316

The amounts due under hire purchase agreements are secured against the specific asset that is the subject of the agreement.

13. Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Hire purchase agreement	**114,593**	105,788

The amounts due under hire purchase agreements are secured against the specific asset that is the subject of the agreement.

Notes to the Financial Statements

14. Deferred Tax

The deferred tax provided for in the financial statements consists of the following:

	Property, Plant and Equipment £
Deferred tax assets	
At 31 March 2017	-
Charged to the income statement	35,624
At 31 March 2018	**35,624**
Credited to the income statement	30,184
At 31 March 2019	**65,808**

	Property, Plant and Equipment £
Deferred tax liabilities	
At 31 March 2017	27,800
Credited to the income statement	(27,800)
At 31 March 2018	-
Credited to the income statement	-
At 31 March 2019	-

15. Share Capital

Ordinary shares

	2019 £	2018 £
Allotted, called up and fully paid		
30,000 Ordinary shares of £1 each	**30,000**	30,000

16. Commitments Under Hire Purchase Agreements

The Company's future commitments under hire purchase agreements are as follows:

	2019 £	2018 £
Due within one year	**101,072**	84,241
Due between one and five years	**114,593**	105,788
Total	**215,665**	190,029

Notes to the Financial Statements

17. Operating Lease Commitments

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following years:

	2019	2018
	£	£
Due within one year	**234,443**	165,539
Due between one and five years	**631,601**	524,839
Due after more than five years	**3,865,227**	4,026,276
Total	**4,731,271**	4,716,655

The Company's operating leases relate to motor vehicles and the buildings from which the Company operates its trading site. The property lease expires in December 2056. There are no contingent rentals.

18. Financial Commitments

In the previous year, the Company entered into forward foreign currency contracts to manage its currency risks arising from its operations. At 31 March 2019, the Company had no committed forward currency contracts (2018: £9,549).

19. Pension

The Company operates a defined contribution scheme for its directors and some of its employees. The assets of the scheme are held separately from those of the Company in an independently administered scheme. The pension charge represents contributions payable to the fund and amounted to £80,660 (2018: £49,927). This includes directors' pension contributions of £690 (2018: £3,000).

20. Controlling Parties

The Company was a wholly-owned subsidiary of Fuller, Smith & Turner P.L.C. Post year end the company became a wholly owned subsidiary of Asahi Europe Ltd.

At 31 March 2019, the ultimate parent undertaking was Fuller, Smith and Turner P.L.C.

21. Post balance sheet events

On 25 January 2019, the parent entered into an agreement for the sale of Nectar Imports Limited to Asahi Europe Ltd. The disposal of the Nectar Imports Limited was completed on 27 April 2019.