

**DILLON BASS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2014**

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COMPANIES HOUSE

**Registered number: NI 13022**

**DILLON BASS LIMITED**

**Financial statements for the year ended 30 June 2014**

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**DILLON BASS LIMITED**

**Directors and Other Information**

Directors	Anna Malmhake Greg Hughes Julien Soisson Adrien Combet Jo Thornton Patrick Magee
Secretary	Aishling Hourican
Registered office	Hawthorn Office Park 41A Stockman's Way Belfast BT9 7ET
Auditors	Deloitte and Touche Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2
Bank	Ulster Bank 166A Shelbourne Road Ballsbridge Co. Dublin
Solicitors	A & L Goodbody International Financial Services Centre North Wall Quay Dublin 1

## **DILLON BASS LIMITED**

### **Strategic Report for the year ended 30 June 2014**

#### **Principal Activities**

The company is incorporated in Northern Ireland under the Companies Act, 2006.

The principal activity of the company consists of the marketing and distribution of wines and spirits.

#### **Business Review**

The principal activity of the company continues to be the marketing and distribution of wines and spirits. The nature of the business has not changed significantly during the year. It is the directors' intention to develop further these activities in the future.

The directors consider that both the results for the year and trading prospects are satisfactory.

#### **Key Performance Indicators**

##### **Turnover:**

Turnover has increased from £31.6m to £32.5m (by £0.9m or 2.8%) driven by increased sales volume achieved during the period.

##### **Gross Margin:**

Gross Margin improvement to 10.7% (2013: 10.5%) reflects the change in product mix within the brand portfolio.

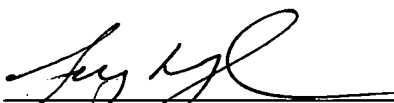
#### **Results And Dividends**

The results of the company are set out on pages 8 and 9. Profit after tax for the financial year is £23,643 (2013: £11,894 profit as restated). The directors do not recommend the payment of a dividend (2013: Nil).

#### **Principal risks and uncertainties**

The board is responsible for the company's risk management systems which are designed to identify, manage and mitigate potential material risk to the company's strategic objectives. The company is affected by global economic conditions including consumer confidence and competition. The principal financial risks facing the company include currency, interest rate, liquidity and cash flow risks. The board is satisfied that the appropriate systems were in place to cover these risks during the year.

By Order of the Board



Greg Hughes  
Director

18 March 2015

## **DILLON BASS LIMITED**

### **Report of the directors for the year ended 30 June 2014**

#### **Financial statements**

The directors have pleasure in submitting their annual report to the members, together with the audited financial statements of the company for the year ended 30 June 2014.

#### **Property, Plant and Equipment**

The movements in property, plant and equipment are set out in note 9 to the financial statements.

#### **Charitable and political donations**

The company made charitable donations of £131 during the year (2013: £525) and made no political donations during the year or the previous year.

#### **Supplier payment policy**

The company's policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction and to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment. The average trade payables for the company, expressed as a number of days were 68 (2013: 64).

#### **Tax status**

In the opinion of the directors, the company is not a close company within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

#### **Directors and secretary**

The directors of the company at 30 June 2014 were:

Greg Hughes  
Guillaume Thomas  
Adrien Combet  
Jo Thornton  
Patrick Magee  
Anna Malmhake

Ben O'Beirne resigned as company secretary and Aishling Hourican was appointed on 2 December 2013.

Guillaume Thomas resigned as a director on 1 September 2014. Julien Soisson was appointed as a director on 14 October 2014.

There are no directors' interests requiring disclosure under the Companies Act, 2006.

There has been no contract or arrangement with the company during the year in which a director of the company was materially interested and which was significant in relation to the company's business.

#### **Subsequent Events**

There were no subsequent events post the balance sheet date.

## DILLON BASS LIMITED

### Report of the directors for the year ended 30 June 2014 (cont'd)

#### **Statement of Directors' Responsibilities**

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the period. In preparing these financial statements International Accounting Standard 1 requires that directors;

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditor:**

Each of the persons who is a director at the date of approval of the financial statements confirms that:


- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act, 2006.

Deloitte and Touche, Chartered Accountants and Statutory Audit Firm, have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Hawthorn Office Park  
41A Stockmans Way  
Belfast  
Northern Ireland  
BT9 7ET

By Order of the Board:

  
\_\_\_\_\_  
Greg Hughes  
Director  
18 March 2015

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DILLON BASS LIMITED**

We have audited the financial statements of Dillon Bass Limited for the year ended 30 June 2014 which comprise the statement of comprehensive income, the Statement of Other Comprehensive Income, the statement of financial position, the reconciliation of changes in shareholder's equity, the statement of cash flows, and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditors' 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act, 2006.

### **Opinion on other matters prescribed by the Companies Act, 2006**

In our opinion the information given in the Strategic report and the Report of Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

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



Philip Barton (Senior Statutory Auditor)  
For and on behalf of Deloitte & Touche  
Chartered Accountants and Statutory Auditors

Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2

Date: 18 March 2015



**DILLON BASS LIMITED**

**Statement of comprehensive income for the year ended 30 June 2014**

	<b>Notes</b>	<b>2014 £</b>	<b>2013 £ <i>restated</i></b>
Revenue	2	32,474,888	31,604,162
Cost of sales		<u>(29,003,329)</u>	<u>(28,273,648)</u>
<b>Gross profit</b>		3,471,559	3,330,514
Net operating expenses	4	<u>(3,316,236)</u>	<u>(3,150,943)</u>
<b>Operating profit</b>		155,323	179,571
Finance Costs	5	<u>(135,775)</u>	<u>(132,076)</u>
<b>Profit on ordinary activities before income tax</b>	6	19,548	47,495
Income tax credit / (expense)	8	4,095	(35,601)
<b>Profit for the financial year</b>		<u>23,643</u>	<u>11,894</u>

**DILLON BASS LIMITED**

**Statement of other comprehensive income for the year ended 30 June 2014**

	<b>Notes</b>	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
<b>Profit for the year</b>		<b>23,643</b>	<b>11,894</b>
Actuarial gain / (loss) on defined benefit scheme	19	511,000	(244,000)
Deferred tax on pension		(114,975)	57,950
Effect of change in tax rate		<u>(20,038)</u>	<u>(23,782)</u>
<b>Total recognised Income &amp; Expenses for the year attributable to equity shareholders</b>		<b><u>399,630</u></b>	<b><u>(197,938)</u></b>

**DILLON BASS LIMITED**

**Statement of financial position as at 30 June 2014**

	Notes	2014 £	2013 £ <i>restated</i>	2012 £ <i>restated</i>
<b>Non-Current Assets</b>				
Property, Plant and Equipment	9	19,930	12,986	22,406
Deferred Tax Asset	15	222,649	349,923	326,527
		<u>242,579</u>	<u>362,909</u>	<u>348,933</u>
<b>Current Assets</b>				
Inventory	10	2,804,131	2,220,318	2,816,225
Cash and cash equivalents		386,185	1,157	-
Trade and Other Receivables	11	5,400,250	4,639,727	3,768,727
Current Tax Receivable		-	-	5,739
		<u>8,590,566</u>	<u>6,861,202</u>	<u>6,590,691</u>
<b>TOTAL ASSETS</b>		<u><b>8,833,145</b></u>	<u><b>7,224,111</b></u>	<u><b>6,939,624</b></u>
<b>Equity and Liabilities</b>				
<b>Current Liabilities</b>				
Trade and Other Payables	12	6,496,477	6,724,089	6,503,996
Current Tax Liability		1,323	18,278	-
Borrowings	13	-	-	19,758
		<u>6,497,800</u>	<u>6,742,367</u>	<u>6,523,754</u>
<b>Non-Current Liabilities</b>				
Deferred Tax Liability	15	1,851	2,428	1,616
Retirement Benefit Liability	19	989,550	1,535,000	1,272,000
		<u>991,401</u>	<u>1,537,428</u>	<u>1,273,616</u>
<b>Capital and reserves</b>				
Share Capital	16	2,011,763	11,765	11,765
Retained Earnings		(667,819)	(1,067,449)	(869,511)
		<u>1,343,944</u>	<u>(1,055,684)</u>	<u>(857,746)</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>8,833,145</b></u>	<u><b>7,224,111</b></u>	<u><b>6,939,624</b></u>

The financial statements of the company (registered number NI 13022) were approved by the Board of Directors and authorised for issue on 18 March 2015 and signed on its behalf by:

  
 Anna Malmhake, Director

  
 Greg Hughes, Director

**DILLON BASS LIMITED**

**Reconciliation of changes in shareholders' equity  
for the year ended 30 June 2014**

	<b>Share Capital £</b>	<b>Retained Earnings £</b>	<b>Total £</b>
Opening balance 1/7/2012	11,765	142,944	154,709
IAS 19 adjustment	-	(1,359,000)	(1,359,000)
Deferred tax adjustment	-	346,545	346,545
Opening balance as restated	11,765	(869,511)	(857,746)
Total recognised Income & Expenses for the year	-	(197,938)	(197,938)
Closing balance 30/06/2013	<u>11,765</u>	<u>(1,067,449)</u>	<u>(1,055,684)</u>

	<b>Share Capital £</b>	<b>Retained Earnings £</b>	<b>Total £</b>
Opening balance 1/7/2013	11,765	(1,067,449)	(1,055,684)
Shares issued	1,999,998	-	1,999,998
Total recognised Income & Expenses for the year	-	399,630	399,630
Closing balance 30/06/2014	<u>2,011,763</u>	<u>(667,819)</u>	<u>1,343,944</u>

**DILLON BASS LIMITED**

**Statement of cash flows for the year ended 30 June 2014**

	Notes	2014 £	2013 £ <i>restated</i>
<b>Cashflow from operating activities</b>			
<b>Profit for the year</b>		23,643	11,894
Adjustment for:			
Finance Costs	5	135,775	132,076
Income tax credit / (expense)	8	(4,095)	35,601
Depreciation charge	9	10,651	9,420
(Increase) / decrease in inventory		(583,813)	595,907
Increase in receivables		(760,523)	(871,000)
(Decrease) / increase in payables		(227,612)	220,093
Pension contribution paid	19	(280,449)	(187,000)
Pension charge in the statement of comprehensive income	19	194,000	149,000
<b>Cash Generated by operations</b>		<b>(1,492,423)</b>	<b>95,991</b>
Income tax paid		(21,177)	-
Finance costs paid	5	(83,775)	(75,076)
<b>Net cash from operating activity</b>		<b>(104,952)</b>	<b>(75,076)</b>
Property, plant and equipment acquired		(17,595)	-
<b>Investing activities</b>		<b>(17,595)</b>	<b>-</b>
<b>Financing activities</b>			
Net decrease in bank overdraft		-	(19,758)
Shares issued		1,999,998	-
<b>Net cash from financing activities</b>		<b>1,999,998</b>	<b>(19,758)</b>
<b>Net increase in cash and cash equivalents</b>		<b>385,028</b>	<b>1,157</b>
<b>Net cash and cash equivalents at the beginning of the year</b>		<b>1,157</b>	<b>-</b>
<b>Net cash and cash equivalents at the end of the year</b>		<b>386,185</b>	<b>1,157</b>

## **DILLON BASS LIMITED**

### **Notes to the financial statements for the year ended 30 June 2014**

#### **1. Accounting policies**

The financial statements have been prepared in accordance with applicable accounting standards.

(i) **Accounting Convention and Reporting Currency**

The financial statements are prepared under the historical cost convention except for certain financial instruments which are held at fair value. The financial statements are prepared in pounds sterling.

(ii) **Basis of Preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union. The financial statements have also been prepared in accordance with the Companies Act, 2006.

(iii) **Revenue Recognition**

Revenue excludes value added tax and is stated after deducting trade discount, returns and allowances. Where relevant, revenue includes excise duty except where sales are made under bond. Revenue is recognised when the significant risks and rewards of ownership have been transferred, generally at the date of transfer of ownership title.

(iv) **Financial Instruments**

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

*Cash and cash equivalents*

Cash and cash equivalents consists of cash at bank and short term deposits. Bank overdrafts are included within borrowings in current liabilities. The carrying value of these assets and liabilities approximates to their fair value.

*Loans and receivables*

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Trade receivables are classified as loans and receivables which are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest method less any impairment.

*Other financial liabilities*

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest method less any impairment.

(v) **Property, plant and equipment**

Property, plant and equipment are shown at cost less accumulated depreciation and any accumulated impairment loss.

## **DILLON BASS LIMITED**

### **Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

#### **1. Accounting policies (cont'd)**

##### **(v) Property, plant and equipment (cont'd)**

Depreciation is charged in the statement of comprehensive income, at the rates set out below, so as to write-off the assets, adjusted for estimated residual value over the useful life of each appropriate category.

The useful lives of the assets and their residual values are reviewed on a regular basis. The carrying value of assets are reviewed for impairment when there is an indication that the carrying values may not be recoverable in which case the assets are written down to their recoverable amount.

Depreciation is provided on additions with effect from the first day of the month following commissioning and on disposals up to the end of the month of retirement.

Office equipment - equal annual instalments of 20%.

##### **(vi) Inventory**

Inventory is valued at the lower of cost and estimated net realisable value. Cost includes all costs of bringing the products to their present location and condition. Due provision is made to reduce all obsolete or unusable inventory to its net realisable value. Net realisable value is the estimated selling price of inventory on hand (net of trade discount) less all further costs expected to be incurred in marketing, selling and distribution.

##### **(vii) Operating leases**

Rental payments under operating leases are charged to the statement of comprehensive income on a straight line basis over the term of the lease.

##### **(viii) Deferred taxation**

Deferred tax is recognised on temporary differences between the tax and book value of assets and liabilities in the statement of financial position and is measured using the statement of financial position approach. The effects of changes in tax rates are recognised in shareholders' equity or in the statement of comprehensive income in the year in which the change of tax rates is decided.

Deferred tax assets are recognised in the statement of financial position when it is more likely than not that they will be recovered in future years. Deferred tax assets and liabilities are not discounted. In order to evaluate the company's ability to recover these assets, account is notably taken of forecasts of future taxable profits.

##### **(ix) Advertising and promotional expenditure**

Advertising and promotional expenditure is written off in full in the accounting year in which the costs are incurred.

##### **(x) Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the statement of financial position date or by reference to fixed rates of exchange under related forward contracts where such contracts exist. All such exchange differences are dealt with in the statement of comprehensive income.

## **DILLON BASS LIMITED**

### **Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

#### **1. Accounting policies (cont'd)**

##### **(xi) Pensions**

Retirement benefits to employees are funded over the employee's period of service by way of contributions to defined benefit pension schemes. Contributions made by the company are based on actuarial advice.

The projected unit credit method is used to measure the present value of defined benefit obligations, current service cost and, if applicable, past service cost. The measurement is made at each statement of financial position date and the personal data concerning employees is revised at least every three years. The calculation requires the use of economic assumptions (inflation rate, discount rate, expected return on plan assets) and assumptions concerning employees (mainly: average salary increase, rate of employee turnover, life expectancy). Plan assets are measured at their market value at each annual statement of financial position date. The statement of financial position provision corresponds to the discounted value of the defined benefit obligation net of the fair value of plan assets.

Actuarial gains and losses mainly arise where estimates differ from actual outcomes (for example between the expected value of plan assets and their actual value at the statement of financial position date) or when changes are made to long-term actuarial assumptions (for example: discount rate, rate of increase of salaries). Actuarial gains and losses are fully recognised. The expense recognised in respect of the benefit obligations described above incorporates:

- expenses corresponding to the acquisition of an additional year's rights;
- interest cost;
- income corresponding to the expected return on plan assets;
- income or expense corresponding to actuarial gains and losses;
- past service cost, recognised on a straight-line basis over the average residual period until the corresponding benefits vest with employees.
- income or expense related to changes to existing plans or the creation of new plans; and
- income or expense related to any new plan curtailments or settlements.

The expense arising from the change in net obligations of pensions is recognised within operating profit from ordinary activities or within financial income/(expense) on the basis of the nature of the underlying item.

##### **(xii) Provisions**

In accordance with IAS 37 (Provisions, contingent liabilities and contingent assets), provisions are recognised to cover probable outflows of resources that can be estimated and that result from present obligations relating to past events. In the case where a potential obligation resulting from past events exists, but where occurrence of the outflow of resources is not probable or where the amount cannot be reliably estimated, a contingent liability is disclosed among the company's commitments.



## **DILLON BASS LIMITED**

### **Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

#### **1. Accounting policies (cont'd)**

The amounts provided are measured taking account of the most probable assumptions or using statistical methods, depending on the nature of the obligations.

Provisions notably include;

- Provisions for pensions and other long term employee benefits;

#### **(xiii) Accounting estimates and judgements**

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Particular areas which are subject to accounting estimates and judgements in these financial statements are:

#### **Pensions**

As indicated in Note 19, the Company participates in defined benefit pension plans. These benefit obligations are based on a number of assumptions such as discount rates, expected returns on plan assets, average future salary increases, rate of employee turnover and life expectancy.

These assumptions are generally updated annually. Assumptions used in the preparation of the financial statements for the year ended 30 June 2014 and their methods of determination are set out in Note 19. The Company considers that the actuarial assumptions used are appropriate and justified; however changes that could be made to such actuarial assumptions in the future may have a material impact on the amount of the Company's benefit obligations and on its results. A change of 0.25% in the discount rate applied would have an impact of approximately +£349k/-£325k on the present value of the pension benefit obligation.

## **DILLON BASS LIMITED**

### **Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

#### **1. Accounting policies (cont'd)**

(xiv) Certain new and revised accounting standards and new IFRIC interpretations are mandatory for the Company for accounting years beginning on or after 1 January 2013. The Company's assessment of the impact of these new standards and interpretations is set out below.

- IAS 19 (June 2011)

Effective 1 July 2013, the company changed its accounting policy for defined benefit pension plan retirement provisions in line with IAS 19 (2011). Previously, actuarial gains and losses that arose on the plan were only recognised when they represented more than 10% of the greater of the present value of the benefit obligation and the fair value of plan assets (termed the "corridor" method). These actuarial gains and losses were recognised on a straight-line basis over the average number of remaining years' service of the employees in the plan through the Statement of Comprehensive Income (amortisation of actuarial gains and losses). Under IAS 19 (2011) actuarial gains and losses are fully recognised through the statement of Other Comprehensive Income.

The change in accounting policy is made in line with the transitional provisions of the standard with retrospective application being applied (Note 20).

Standards and interpretations effective in 2014 but not material to the Company:

- Amendment to IFRS 1 First Time Adoption of IFRS (1 January 2013)
- Amendment to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities (1 January 2013)
- IFRS 13 Fair Value Measurement (1 January 2013)
- Amendment to IAS 1 Presentation of Financial Statement (1 January 2013)
- Amendment to IAS 16 Property, Plant & Equipment (1 January 2013)
- Amendment to IAS 32 Financial Instruments: Presentation (1 January 2013)
- Amendment to IAS 34 Interim Financial Reporting (1 January 2013)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (1 January 2013)

## **DILLON BASS LIMITED**

### **Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

#### **1. Accounting policies (cont'd)**

At the date of approval of these financial statements the following standards and interpretations were in issue but not yet effective and consequently have not been applied in these financial statements:

- IFRS 7 (Amendment) Financial Instruments Disclosures – Improving Disclosures about Financial Statements (1 January 2015)
- IFRS 9 Financial Instruments (1 January 2018)
- IFRS 10 Consolidated Financial Statements (1 January 2014)
- IFRS 11 Joint Arrangements (1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (1 January 2014)
- IFRS 14 Regulatory Deferral Accounts (1 January 2016)
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (1 July 2014)
- Amendments to IAS 27 Consolidated and Separate Financial Statements (1 January 2014)
- Amendments to IAS 28 Investments in Associates and Joint Ventures (1 January 2014)
- Amendment to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (1 January 2014)
- Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (1 January 2014)
- Amendments to IAS 39 Financial Instruments: recognition and Measurement (1 January 2014)
- Amendments to IAS 39 Financial Instruments: recognition and Measurement (1 January 2015)
- IFRIC 21 Levies (1 January 2014)

The Company is currently assessing the impact of these standards and interpretations on the financial statements.

## **DILLON BASS LIMITED**

### **Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

#### **2. Revenue**

Revenue and profit before income tax are attributable to the company's principal activity which is conducted in Northern Ireland.

#### **3. Employee numbers and remuneration**

The average number of persons employed by the company (including executive directors) during the year was as follows:

	<b>2014 Number</b>	<b>2013 Number</b>
Management	1	1
Staff	23	24
	<u>24</u>	<u>25</u>

The aggregate payroll cost of these persons was as follows:

	<b>2014 £</b>	<b>2013 £</b>
Wages and salaries	649,443	663,927
National Insurance costs	67,144	67,085
Pension costs (note 19)	194,000	149,000
	<u>910,587</u>	<u>880,012</u>

#### **4. Net operating expenses**

	<b>2014 £</b>	<b>2013 £ restated</b>
Marketing, selling and distribution costs	2,682,692	2,601,840
Administrative expenses	633,544	549,103
	<u>3,316,236</u>	<u>3,150,943</u>

**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

**5. Finance Costs**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Interest on overdraft repayable other than by instalments within 1 year	83,775	75,076
Interest on defined benefit pension scheme liabilities	52,000	57,000
	135,775	132,076
	135,775	132,076

**6. Profit on ordinary activities before income tax**

Profit on ordinary activities before income tax is arrived at after charging / (crediting) the following:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Emoluments of directors (note 7)	114,050	110,159
Auditors' remuneration	9,000	9,000
Operating lease rentals – Land & Building	42,942	44,663
Operating lease rentals – Other	94,429	54,209
Depreciation	10,651	9,420
Foreign exchange (gain) / loss	21,434	1,976
	114,050	110,159
	114,050	110,159

**7. Emoluments of directors**

The aggregate amounts of emoluments of directors were:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
For services as directors	-	-
For services as executives	114,050	110,159
	114,050	110,159
	114,050	110,159

The chairman did not receive any remuneration from the company and there was one executive director who received £114,050 (2013: £110,159). The directors did not receive any retirement benefits from the Company (2013: Nil).

The following number of directors received emoluments in the bands indicated below:

	<b>2014</b>	<b>2013</b>
0 – 30,000	5	7
30,000 - 35,000	-	-
35,000 - 65,000	-	-
Greater than 65,000	1	1

**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

**8. Income Tax (Credit) / Expense**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Corporation Tax	1,323	24,017
Deferred Tax - Capital Allowances	(577)	812
Deferred Tax – Pensions	(7,739)	10,772
Under provision in the prior year	2,898	-
	<u>(4,095)</u>	<u>35,601</u>
Profit before tax	19,548	47,495
Corporation tax at an average rate of 22.5% (2013: 23.75%)	4,398	11,280
Effect of pension payments (in excess of) / less than amounts expensed	(7,650)	4,511
Excess depreciation over capital allowances	955	839
Other expenses not deductible	3,620	7,387
	<u>1,323</u>	<u>24,017</u>

Corporation tax for the year has been calculated at 22.5% (2013: 23.75%) of the estimated assessable profit for the year. The standard rate of UK corporation tax changed from 23% to 21% with effect from 1 April 2014. In the previous year the Finance Act 2012 included a reduction in the rate of corporation tax from 24% to 23%.

The tax charge in future periods will be impacted by any changes to the corporation tax rate in force in the countries in which the company operates. In the UK, the Finance Act 2013 included a reduction in the rate of corporation tax from 23% to 21%. This change was substantially enacted on 17 July 2013. The rate reduction applied from 1 April 2014. Furthermore, the Finance Act 2013 promulgated and substantially enacted on 17 July 2013 a further reduction in the corporation income tax rate to 20% from 1 April 2015.

The Finance Act 2012 included a reduction in the rate of corporation tax from 24% to 23%

**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

**9. Property, Plant & Equipment**

	<b><u>Office Equipment</u></b> £	<b><u>Total</u></b> £
<b>Cost:</b>		
At 01 July 2013	231,602	231,602
Additions at Cost	17,595	17,595
	<hr/>	<hr/>
At 30 June 2014	249,197	249,197
	<hr/>	<hr/>
<b>Depreciation:</b>		
At 01 July 2013	(218,616)	(218,616)
Charged during year	(10,651)	(10,651)
	<hr/>	<hr/>
At 30 June 2014	(229,267)	(229,267)
	<hr/>	<hr/>
<b>Net book value:</b>		
At 30 June 2014	19,930	19,930
	<hr/>	<hr/>
At 01 July 2013	12,986	12,986
	<hr/>	<hr/>
	<b><u>Office Equipment</u></b> £	<b><u>Total</u></b> £
<b>Cost:</b>		
At 01 July 2012	231,602	231,602
Additions at Cost	-	-
	<hr/>	<hr/>
At 30 June 2013	231,602	231,602
	<hr/>	<hr/>
<b>Depreciation:</b>		
At 01 July 2012	(209,196)	(209,196)
Charged during year	(9,420)	(9,420)
	<hr/>	<hr/>
At 30 June 2013	(218,616)	(218,616)
	<hr/>	<hr/>
<b>Net book value:</b>		
At 30 June 2013	12,986	12,986
	<hr/>	<hr/>
At 01 July 2012	22,406	22,406
	<hr/>	<hr/>

**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

**9. Property, Plant & Equipment (cont'd)**

	<b><u>Office Equipment</u></b> £	<b><u>Total</u></b> £
<b>Cost:</b>		
At 01 July 2011	222,080	222,080
Additions at Cost	9,522	9,522
	<hr/>	<hr/>
At 30 June 2012	231,602	231,602
	<hr/>	<hr/>
<b>Depreciation:</b>		
At 01 July 2011	(201,364)	(201,364)
Charged during year	(7,832)	(7,832)
	<hr/>	<hr/>
At 30 June 2012	(209,196)	(209,196)
	<hr/>	<hr/>
<b>Net book value:</b>		
At 30 June 2012	22,406	22,406
	<hr/>	<hr/>
At 01 July 2011	20,716	20,716
	<hr/>	<hr/>



**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

<b>10. Inventory</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Duty free value	2,527,538	2,183,246	2,723,740
Duty value	<u>276,593</u>	<u>37,072</u>	<u>92,485</u>
	<u>2,804,131</u>	<u>2,220,318</u>	<u>2,816,225</u>
Inventory expensed through the statement of comprehensive income	<u>13,880,277</u>	<u>14,554,649</u>	<u>14,171,466</u>

Inventory provision at 30 June 2014 is £16,861 (2013: £16,861, 2012 £16,861).

The estimated replacement cost of inventory is not considered to be materially different from its carrying value.

## DILLON BASS LIMITED

### Notes to the financial statements for the year ended 30 June 2014 (cont'd)

11. Trade and Other Receivables	2014	2013	2012
	£	£	£
Amounts falling due within one year:			
Trade Receivables	3,045,913	4,292,258	3,335,340
Amounts owed by associate undertakings	2,233,338	347,469	-
VAT	120,999	-	417,435
Prepayments and accrued income	-	-	15,952
	<u>5,400,250</u>	<u>4,639,727</u>	<u>3,768,727</u>

#### **Trade Receivables**

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. Total trade receivables (net of allowances) held by the Company at 30 June 2014 amounted to £5,400,250 (2013: £4,639,727, 2012: £3,768,727).

The average credit period taken on sales of goods is 34 days (2013: 49 days). No interest is charged on receivables. The Company has recognised an allowance for doubtful debts against all receivables over 120 days that are subject to a legal process. Allowances against doubtful debts are recognised against trade receivables between 30 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Before accepting any new customer, the Company uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date but against which the Company has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amount owed by the Company to the counterparty. The average age of these receivables is 34 days (2013: 49 days, 2012: 38 days).

Ageing of past due but not impaired:

	2014	2013	2012
	£	£	£
31 – 60 days	30,985	139,952	168,955
61 – 90 days	6,938	311,893	13,878
91 – 120 days	1,584	8,420	25,835
Over 120 days	<u>83,218</u>	<u>144,014</u>	<u>23,384</u>
Total	<u>122,725</u>	<u>604,279</u>	<u>232,052</u>

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

## DILLON BASS LIMITED

### Notes to the financial statements for the year ended 30 June 2014 (cont'd)

#### 11. Trade and Other Receivables (cont'd)

Movement in the allowance for doubtful debts:

	2014 £	2013 £	2012 £
Balance at the beginning of the year	189,619	208,728	247,714
Decrease in provision	-	-	(10)
Amounts written off	(26,658)	(19,109)	(38,976)
	<hr/>	<hr/>	<hr/>
Balance at the end of the year	162,961	189,619	208,728
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In determining the recoverability of a trade receivable the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Ageing of impaired trade receivables:

	2014 £	2013 £	2012 £
60 - 90 days	-	-	-
90 - 120 days	-	-	-
120+ days	162,961	189,619	208,728
	<hr/>	<hr/>	<hr/>
<b>Total</b>	162,961	189,619	208,728
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

<b>12. Trade and Other Payables</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Amounts falling due within one year:	£	£	£
Trade payables	619,426	412,321	390,820
Amounts owed to associate undertakings	4,995,141	4,618,517	3,759,118
Other payables	198,195	1,176,374	1,847,272
Taxes and national insurance	30,055	27,414	32,754
Excise duty	625,837	461,640	446,209
Accruals	27,823	27,823	27,823
	<u>6,496,477</u>	<u>6,724,089</u>	<u>6,503,996</u>
Taxes and national insurance is comprised of:			
PAYE	15,350	14,050	20,474
National insurance	14,705	13,364	12,280
	<u>30,055</u>	<u>27,414</u>	<u>32,754</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 71 days (2013: 64, 2012: 61). No interest is charged on trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade payables approximates their fair value.

**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

**13. Analysis of Borrowings**

	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Interest Bearing:</b>			
Bank overdrafts	—	—	19,758
Amount due for settlement within 12 months	—	—	19,758
Amount due for settlement after 12 months	—	—	—
Analysis of borrowings by currency	<b>Sterling</b>	<b>Euro</b>	<b>US Dollars</b>
			<b>Total</b>
30 June 2014			
Bank overdrafts	—	—	—
30 June 2013			
Bank overdrafts	—	—	—
30 June 2012			
Bank overdrafts	19,758	—	19,758

The weighted average interest rates paid during the year were as follows:

	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Bank overdrafts	—	—	2.42

Bank overdrafts are secured by guarantees from other group undertakings.

**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

**14. Financial Instruments**

The Company's funding, liquidity and exposure to interest and foreign exchange rate risks are managed by the Group's finance department.

a) Fair value of Financial Instruments:

	2014 £	2013 £	2012 £
<i>Financial Assets</i>			
Trade and Other Receivables	5,400,250	4,639,727	3,768,727
<i>Financial Liabilities</i>			
Trade and Other Payables	6,496,477	6,724,089	6,480,112
Bank Overdraft	–	–	19,758
	<hr/>	<hr/>	<hr/>

The directors consider that the carrying amount of the financial assets/liabilities approximately equates to their carrying fair value.

b) Liquidity Risk Management:

Ultimate responsibility for liquidity risk management rests with the board of directors, which has an established and appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flow, and by matching the maturing profiles of financial assets and liabilities.

**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

**14. Financial Instruments (cont'd)**

c) Foreign Currency Risk Management:

The company undertakes minimal transactions denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	<b>Liabilities</b>			<b>Assets</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	£	£	£	£	£	£
Euro	<u>356,770</u>	<u>46,072</u>	<u>38,625</u>	<u>14,749</u>	<u>15,773</u>	<u>4,785</u>

d) Credit Risk Management:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

e) Market Risk:

The Company's market is subject to general economic conditions and in particular those that affect the drinks industry.

<b>15. Deferred Tax</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	£	£	£
<b>Deferred Tax Asset</b>			
Arising on Retirement Benefit Obligation	<u>222,649</u>	<u>349,923</u>	<u>326,527</u>
<b>Deferred Tax Liability</b>			
Accelerated Capital Allowances	<u>1,851</u>	<u>2,428</u>	<u>1,616</u>

**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

**15. Deferred Tax (cont'd)**

	<b>Deferred Tax Assets £</b>	<b>Deferred Tax Liabilities £</b>
At 1 July 2011	-	2,170
Statement of comprehensive income	(20,018)	(554)
Effect of change in IAS 19 accounting policy	<u>346,545</u>	<u>-</u>
At 30 June 2012	326,527	1,616
Statement of comprehensive income	(10,772)	812
Statement of other comprehensive income	<u>34,168</u>	<u>-</u>
At 30 June 2013	349,923	2,428
Statement of comprehensive income	7,739	(577)
Statement of other comprehensive income	<u>(135,013)</u>	<u>-</u>
At 30 June 2014	<u>222,649</u>	<u>1,851</u>

Deferred tax relates to both the deferred element of the Company's retirement benefit asset/obligation and the excess of tax capital allowances over accumulated depreciation.



**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

**16. Share Capital**

	2014 £	2013 £	2012 £
Authorised:			
8,696 B ordinary shares of £1 each	8,696	8,696	8,696
3,069 C ordinary shares of £1 each	3,069	3,069	3,069
1,108,500 B redeemable preference shares of £2 each	2,217,000	-	-
391,500 C redeemable preference shares of £2 each	783,000	-	-
	<u>3,011,765</u>	<u>11,765</u>	<u>11,765</u>
	<b>2014</b> £	<b>2013</b> £	<b>2012</b> £
Issued and fully paid:			
8,696 B ordinary shares of £1 each	8,696	8,696	8,696
3,069 C ordinary shares of £1 each	3,069	3,069	3,069
739,141 B redeemable preference shares of £2 each	-	-	-
260,858 C redeemable preference shares of £2 each	-	-	-
	<u>11,765</u>	<u>11,765</u>	<u>11,765</u>
	<b>2014</b> £	<b>2013</b> £	<b>2012</b> £
Issued but not fully paid:			
8,696 B ordinary shares of £1 each	-	-	-
3,069 C ordinary shares of £1 each	-	-	-
739,141 B redeemable preference shares of £2 each	1,478,282	-	-
260,858 C redeemable preference shares of £2 each	521,716	-	-
	<u>1,999,998</u>	<u>-</u>	<u>-</u>

B & C redeemable preference shares were issued during the year but not fully paid. For each share £0.001 was paid. The outstanding balance is included within Amounts owed by associate undertakings.

Both classes of share are pari passu, unless otherwise stated by the Articles of Association. Dividends may be paid on one class and not on the other.

B shareholders can appoint 3 directors. C shareholders can appoint 2 directors. The Managing Director is appointed unanimously.

During the year the company issued B and C redeemable preference shares. These redeemable preference shares have no voting, income or dividend rights. B and C redeemable preference shares are regarded as separate classes of shares but rank pari passu. The company must redeem the shares at the same time and, as nearly as possible, in the same proportion. The shares can be redeemed at any time.

## DILLON BASS LIMITED

### Notes to the financial statements for the year ended 30 June 2014 (cont'd)

#### 17. Related Parties

The following groups of companies are related to Dillon Bass Limited through ownership of its share capital.

	<b>Share Class</b>	<b>Shares held</b>
Coleraine Distillery Limited	"B" ordinary £1	8,696
	"B" redeemable preference shares £2	739,141
Jas. Hennessy & Co. Limited	"C" ordinary £1	3,069
	"C" redeemable preference shares £2	260,858

During the year the company acquired substantially all of its products from companies which were members of the above groups.

#### **GROUP RELATIONSHIP**

The company is a 73.91% subsidiary of Coleraine Distillery Ltd. with Jas. Hennessy & Co. Ltd. owning the remaining 26.09%. Coleraine Distillery Ltd. is a wholly owned subsidiary of Irish Distillers Ltd. The ultimate parent company is Pernod Ricard S.A., a public company incorporated in France. The address from which copies of Pernod Ricard consolidated accounts may be obtained is 12 Place des Etats-Unis, 75783 Paris, France.

## DILLON BASS LIMITED

### Notes to the financial statements for the year ended 30 June 2014 (cont'd)

#### 17. Related Parties (cont'd)

##### *Trading Transactions*

During the year, the company entered into the following trading transactions with related parties:

	2014 £	2013 £	2012 £
<b>Purchase of Goods:</b>			
Moet Hennessy UK Limited	2,875,212	2,501,782	2,280,112
Irish Distillers Limited	22,285	38,397	29,078
Edward Dillon (Bonders) Limited	9,473,417	9,463,501	9,824,226
	<u>12,370,914</u>	<u>12,003,680</u>	<u>12,133,416</u>
<b>Recharge:</b>			
Moet Hennessy UK Limited	<u>414,353</u>	<u>835,356</u>	<u>512,798</u>
<b>Outstanding Balances:</b>			
Amounts owed to Irish Distillers Group	6,017,509	6,652,832	4,617,332
Amounts owed to Edward Dillon (Bonders) Limited	301,039	112,592	651,600
Amounts owed to Watercourse Limited	-	140	140
Amounts owed to Proudlen (UK) Limited	4,767	4,767	4,767
Amounts owed to Proudlen (NI) Limited	1,382	1,382	1,382
Amounts owed by Coleraine Distillery Limited	(1,478,282)	-	-
Amounts owed by Jas. Hennessy & Co. Limited	(521,455)	-	-
Amounts owed by Moet Hennessy UK Limited	(233,601)	(12,094)	(252,298)
Amounts owed by Irish Distillers Limited	(1,330,001)	(2,141,102)	(1,263,805)
	<u>2,761,358</u>	<u>4,618,517</u>	<u>3,759,118</u>

All transactions were conducted on an arms length basis in accordance with group transfer pricing policies.

Outstanding amounts will be settled in cash or through the intercompany netting process.

##### *Compensation of key management personnel*

The remuneration of directors and other members of key management personnel during the year was as follows;

	2014 £	2013 £
Short-term benefits	114,050	110,159
	<u>114,050</u>	<u>110,159</u>

The company does not provide guarantees to key management personnel for bank loans.

**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

**18. Financial commitments**

**(i) Capital commitments**

Capital commitments outstanding at 30 June 2014 amounted to Nil (2013: Nil).

**(ii) Operating leases**

At 30 June 2014 the company had commitments payable under non-cancellable operating leases as follows:

	2014		2013	
	Land & Buildings £'000	Other £'000	Land & Buildings £'000	Other £'000
Within one year	10	125	38	73
Between one and five years	–	89	10	100
After five years	–	–	–	–
	–	–	–	–

Leases on land and buildings are negotiated for an average term of 15 years with a break option at year 10.

**Payments recognised as an expense:**

	2014 £'000	2013 £'000
Minimum lease payments	137	99

**19. Pension commitments**

The company operates a defined benefit scheme. An actuarial valuation to determine the value of the liabilities in accordance with IAS 19 was carried out as at 29 December 2012 by a qualified independent actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The projected unit credit method is an accrued benefits valuation method in which the scheme liabilities make allowances for projected earnings. The accumulated benefit obligation (ABO) is an actuarial measure of the present value for service already rendered but differs from the projected unit credit method in that it includes no assumptions for future salary increases. At the statement of financial position date the gross accumulated benefit obligation was £4,837k.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2014 %	2013 %	2012 %
Discount Rate	4.5	4.3	4.9
Expected return on scheme assets	4.5	4.3	7.0
Expected rate of salary increases	3.8	3.8	3.7
Future pension increases	3.8	3.7	3.0
Inflation	3.3	3.3	3.2

**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

**19. Pension commitments (cont'd)**

Amounts recognised in the statement of comprehensive income in respect of these defined benefit schemes are as follows:

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
Current Service Cost	194	149
Net Interest Cost	52	57
	<u>246</u>	<u>206</u>

The amount included in the statement of financial position arising from the company's obligations in respect of its defined benefit retirement schemes is as follows:

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Present value of defined benefit obligations	4,837	4,809	3,715
Fair value of scheme assets	(3,847)	(3,274)	(2,443)
Net liability arising from defined benefit obligation	<u>990</u>	<u>1,535</u>	<u>1,272</u>

Movement in the present value of defined benefit obligations were as follows:

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Opening defined benefit obligation	4,809	3,715	2,781
Current service cost	194	149	137
Net interest cost	206	182	150
Contributions from scheme members	40	46	32
Actuarial gains and losses	(412)	717	615
Closing defined benefit obligation	<u>4,837</u>	<u>4,809</u>	<u>3,715</u>

Movement in the fair value of scheme assets were as follows:

	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Opening fair value of plan assets	3,274	2,443	2,243
Net interest cost	154	125	165
Actuarial gains and losses	99	473	(208)
Company contributions	280	187	211
Contributions from scheme members	40	46	32
Closing fair value of plan assets	<u>3,847</u>	<u>3,274</u>	<u>2,443</u>

**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

**19. Pension commitments (cont'd)**

The major categories of plan assets, and the expected rate of return at the end of the reporting period for each category, are as follows.

	<b>Fair value of plan assets 2014 £'000</b>	<b>Fair value of plan assets 2013 £'000</b>	<b>Fair value of plan assets 2012 £'000</b>
Equity instruments	2,963	2,603	1,913
Bonds	500	553	347
Property	38	-	24
Cash	154	101	159
Other	192	17	-
	<b>3,847</b>	<b>3,274</b>	<b>2,443</b>

The actual return on plan assets was a gain of £253k (2013 £598k gain)

The history of the net deficit and experience gains / losses for the plans is as follows:

	<b>2014 £'000</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
Present value of defined benefit obligation	4,837	4,809	3,715
Fair value of plan assets	(3,847)	(3,274)	(2,443)
Deficit	<u>990</u>	<u>1,535</u>	<u>1,272</u>

The Company expects to make a contribution of £208k (2013: £187k) to the defined benefit plans during the next financial year.

The life expectancies for the year ended 30 June 2014 are as follows:

	<b>Male 2014</b>	<b>Female 2014</b>	<b>Male 2013</b>	<b>Female 2013</b>
Current Retirees 65 now	23.5 years	25.9 years	23.5 years	25.9 years
Future Retirees 45 now	25.3 years	27.9 years	25.3 years	27.9 years

## DILLON BASS LIMITED

### Notes to the financial statements for the year ended 30 June 2014 (cont'd)

#### 20. Change in accounting policy

Effective 1 July 2013, the company changed its accounting policy for retirement provisions. The change in accounting policy is made in line with the transitional provisions of IAS 19 (2011) with retrospective application being applied.

The company previously applied the corridor method to recognise actuarial gains and losses in the Income Statement over the expected average remaining working lives of the employees in the plan subject to any curtailments.

The impact of the change on profit for the year, equity, and provisions for retirement benefit and inventory in prior years is analysed as follows;

<b>Loss for the year</b>	<b>2013</b>
	<b>£</b>
Loss for the year	(9,456)
Reversal of actuarial losses previously recognized in the income statement	61,000
Reversal of interest Cost	182,000
Reversal of expected return in plan assets	(158,000)
Adjustment for Net interest cost	(57,000)
Adjustment of tax expenses	(6,650)
Profit after change in accounting policy	<u>11,894</u>

<b>Equity</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Equity before change in accounting policy	145,253	154,709
Allocation of unrecognised actuarial losses to statement of other comprehensive income	(1,603,000)	(1,359,000)
Reversal of actuarial gains/ (losses) recognised in the income statements	28,000	-
Changes in deferred tax	374,063	346,545
Equity after change in accounting policy	<u>(1,055,684)</u>	<u>(857,746)</u>

<b>Provision for Retirement Benefits</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Provision before change in accounting policy	40,000	87,000
Allocation of unrecognised actuarial gains /(losses) to statement of other comprehensive income	(1,603,000)	(1,359,000)
Reversal of actuarial gains/ (losses) recognised in the income statements	28,000	-
Provision after change in accounting policy	<u>(1,535,000)</u>	<u>(1,272,000)</u>

**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

**20. Change in accounting policy (cont'd)**

<b>Deferred tax</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Deferred tax liability before change in accounting policy	(26,568)	(21,634)
Allocation of deferred tax movement to statement of other comprehensive income	380,713	346,545
Reversal of deferred tax movement recognised in the income statement	(6,650)	-
Deferred tax asset liability after change in accounting policy	<u>347,495</u>	<u>324,911</u>



**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

**20. Change in accounting policy (cont'd)**

**Balance Sheet as at 30 June 2012**

	<b>As per signed accounts</b>	<b>Adjustment</b>	<b>As restated</b>
	£	£	£
<b>Non-Current Assets</b>			
Property, Plant and Equipment	22,406	-	22,406
Retirement Benefit Asset	87,000	(1,359,000)	(1,272,000)
	<u>109,406</u>	<u>(1,359,000)</u>	<u>(1,249,594)</u>
<b>Current Assets</b>			
Inventory	2,816,225	-	2,816,225
Cash and cash equivalents	-	-	-
Trade and Other Receivables	3,768,727	-	3,768,727
Current Tax Receivable	5,739	-	5,739
	<u>6,590,691</u>	<u>-</u>	<u>6,590,691</u>
<b>TOTAL ASSETS</b>	<b><u>6,700,097</u></b>	<b><u>(1,359,000)</u></b>	<b><u>5,341,097</u></b>
<b>Equity and Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	6,503,996	-	6,503,996
Current Tax Liability	-	-	-
Borrowings	19,758	-	19,758
	<u>6,523,754</u>	<u>-</u>	<u>6,523,754</u>
<b>Non-Current Liabilities</b>			
Deferred Tax Liability	21,634	(346,545)	(324,911)
	<u>21,634</u>	<u>(346,545)</u>	<u>(324,911)</u>
<b>Capital and reserves</b>			
Share Capital	11,765	-	11,765
Retained Earnings	142,944	(1,012,455)	(869,511)
	<u>154,709</u>	<u>(1,012,455)</u>	<u>(857,746)</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>6,700,097</u></b>	<b><u>(1,359,000)</u></b>	<b><u>5,341,097</u></b>

**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

**20. Change in accounting policy (cont'd)**

**Balance Sheet as at 30 June 2013**

	Notes	As per signed accounts £	Adjustment £	As restated £
<b>Non-Current Assets</b>				
Property, Plant and Equipment	10	12,986	-	12,986
Retirement Benefit Asset	20	40,000	(1,575,000)	(1,535,000)
		<u>52,986</u>	<u>(1,575,000)</u>	<u>(1,522,014)</u>
<b>Current Assets</b>				
Inventory	11	2,220,318	-	2,220,318
Cash and cash equivalents		1,157	-	1,157
Trade and Other Receivables	12	4,639,727	-	4,639,727
Current Tax Receivable		-	-	-
		<u>6,861,202</u>	<u>-</u>	<u>6,861,202</u>
<b>TOTAL ASSETS</b>		<b><u>6,914,188</u></b>	<b><u>(1,575,000)</u></b>	<b><u>5,339,188</u></b>
<b>Equity and Liabilities</b>				
<b>Current Liabilities</b>				
Trade and Other Payables	13	6,724,089	-	6,724,089
Current Tax Liability		18,278	-	18,278
Borrowings	14	-	-	-
		<u>6,742,367</u>	<u>-</u>	<u>6,742,367</u>
<b>Non-Current Liabilities</b>				
Deferred Tax Liability	16	26,568	(374,063)	(347,495)
		<u>26,568</u>	<u>(374,063)</u>	<u>(347,495)</u>
<b>Capital and reserves</b>				
Share Capital	17	11,765	-	11,765
Retained Earnings		133,488	(1,200,937)	(1,067,449)
		<u>145,253</u>	<u>(1,200,937)</u>	<u>(1,055,684)</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>6,914,188</u></b>	<b><u>(1,575,000)</u></b>	<b><u>5,339,188</u></b>

**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

**20. Change in accounting policy (cont'd)**

**Statement of comprehensive income for the year ended 30 June 2013**

	<b>As per signed accounts</b>	<b>Adjustment</b>	<b>As restated</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Revenue</b>	31,604,162	-	31,604,162
Cost of sales	<u>(28,273,648)</u>	<u>-</u>	<u>(28,273,648)</u>
<b>Gross profit</b>	3,330,514	-	3,330,514
Net operating expenses	<u>(3,211,943)</u>	<u>61,000</u>	<u>(3,150,943)</u>
<b>Operating profit</b>	118,571	61,000	179,571
Finance Income	158,000	(158,000)	-
Finance Costs	<u>(257,076)</u>	<u>125,000</u>	<u>(132,076)</u>
<b>Profit on ordinary activities before income tax</b>	19,495	28,000	47,495
Income tax expense	<u>(28,951)</u>	<u>(6,650)</u>	<u>(35,601)</u>
<b>(Loss) / profit for the financial year</b>	<u><u>(9,456)</u></u>	<u><u>21,350</u></u>	<u><u>11,894</u></u>

**Statement of other comprehensive income for the year ended 30 June 2013**

	<b>As per signed accounts</b>	<b>Adjustment</b>	<b>As restated</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Profit for the year</b>	(9,456)	21,350	11,894
Actuarial loss on defined benefit scheme	-	(244,000)	(244,000)
Deferred tax on pension	<u>-</u>	<u>34,168</u>	<u>34,168</u>
<b>Total recognised Income &amp; Expenses for the year attributable to equity shareholders</b>	<u><u>(9,456)</u></u>	<u><u>(188,482)</u></u>	<u><u>(197,938)</u></u>

**DILLON BASS LIMITED**

**Notes to the financial statements for the year ended 30 June 2014 (cont'd)**

**21. Events after the statement of financial position date**

There were no events since the date of the statement of financial position whose omission would result in the accounts not giving a true and fair view of the state of the Company and of the loss for the year.