

**THE INTERNATIONAL
EXHIBITION CO-OPERATIVE
WINE SOCIETY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
25 JANUARY 2019**



Report of the independent auditor to the members of The International Exhibition Co-operative Wine Society Limited

Opinion

In our opinion, The International Exhibition Co-operative Wine Society Limited's financial statements:

- give a true and fair view of the state of The Society's affairs as at 25th January 2019 and of The Society's income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

We have audited the financial statements, included within the Wine Society Annual Review 2018/19 (the "Annual Report"), which comprise: the Balance Sheet as at 25th January 2019 and the Profit and Loss Account, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to The Society's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on The Society's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Committee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Committee for the financial statements

As explained more fully in the Statement of the Committee's Responsibilities set out on page 26, the Committee is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Committee is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Committee is responsible for assessing the society'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 Committee either intends to liquidate the society or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the society as a body in accordance with Section 87 (2) of the Co-operative and Community Benefit Societies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Co-operative and Community Benefit Societies Act 2014 exception reporting

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- a satisfactory system of control over the society's transactions has not been maintained; or
- we have not received all the information and explanations we require for our audit; or
- proper books of account have not been kept by the society; or
- the society's financial statements are not in agreement with the books of account.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory auditors
9 April 2019

Profit and loss account

For the year ended 25 January 2019

	<i>Notes</i>	2018/19 £'000	2017/18 £'000
Gross Revenue	1	106,059	97,367
Less: Value added tax		(16,294)	(15,335)
Revenue		89,765	82,032
Cost of sales		(71,940)	(66,509)
Gross profit		17,825	15,523
Administrative expenses	2	(16,337)	(15,756)
Other defined benefit pension charges	13	-	1,498
Operating profit		1,488	1,265
Other income and charges	4	100	(10)
Movement in fair value of forward currency contracts	9	(21)	(277)
Profit on ordinary activities before taxation		1,567	978
Taxation	5	(65)	(151)
Profit after taxation		1,502	827
Gain/(Loss) on defined benefit obligations	13c	650	(297)
Total comprehensive gain for the year attributable to the members		2,152	530

Memorandum of appropriation

	2018/19 £'000	2017/18 £'000
Profit after taxation	1,502	827
Dividends appropriated during the period	-	-
Retained profit	1,502	827

The accompanying accounting policies and notes form an integral part of these financial statements.

Balance sheet

As at 25 January 2019

	<i>Notes</i>	2019 £'000	2018 £'000
Plant property and equipment	6	9,370	9,145
Current assets			
Inventories	7	40,577	38,059
Trade and other receivables	8	17,786	6,302
Cash and cash equivalents		13,845	14,652
		72,208	59,013
Current liabilities	9	(46,994)	(34,776)
Net current assets		25,214	24,237
Total fixed and current assets less creditors excluding pension liability		34,584	33,382
Pension liability	13c	(837)	(2,599)
Deferred tax on pension liability	13c	142	442
Net assets including pension liability		33,889	31,225
Capital and reserves			
Share capital	14	8,364	8,076
Share premium account	15	4,370	4,071
Accumulated profit account	16	14,677	14,710
Sales discount account	17	7,311	7,353
“A” shareholders reserve fund		12	12
Profit and loss account	18	(845)	(2,997)
Shareholders' funds		33,889	31,225

The financial statements were approved and authorised for issue by the Committee on 9 April 2019 and signed on its behalf by:

E S Evans, Chairman
 T Wright, Deputy Chairman
 K Brown, Chairman of the Finance Subcommittee
 V Steadman, Secretary

The accompanying accounting policies and notes form an integral part of these financial statements.

Statement of changes in equity

For the year ended 25 January 2019

	Share Capital £'000	Share Premium Account £'000	Accumulated Profit Account £'000	Sales Discount Account £'000	"A" Shareholders Reserve Fund £'000	Profit and Loss Account £'000	Total £'000
27 January 2017	7,766	3,749	14,743	7,398	12	(3,527)	30,141
Profit for the year	-	-	-	-	-	827	827
Experience gain less actuarial loss on defined pension obligations	-	-	-	-	-	(297)	(297)
Total comprehensive gain for the year	-	-	-	-	-	530	530
Issue of Share capital	322	-	-	-	-	-	322
Share premium additions to share capital	-	322	-	-	-	-	322
Cancellation of shares	(12)	-	(33)	(45)	-	-	(90)
26 January 2018	8,076	4,071	14,710	7,353	12	(2,997)	31,225
Profit for the year	-	-	-	-	-	1,502	1,502
Experience gain less actuarial loss on defined pension obligations	-	-	-	-	-	650	650
Total comprehensive gain for the year	-	-	-	-	-	2,152	2,152
Issue of Share capital	300	-	-	-	-	-	300
Share premium additions to share capital	-	299	-	-	-	-	299
Cancellation of shares	(12)	-	(33)	(42)	-	-	(87)
25 January 2019	8,364	4,370	14,677	7,311	12	(845)	33,889

Cash flow statement

For the year ended 25 January 2019

	2018/19 £'000	2017/18 £'000
Profit for the financial year	1,567	978
Depreciation and gain/loss on disposal of plant property and equipment	816	838
Other income and charges	(100)	10
Movement on non-basic financial instruments held at fair value through profit and loss	21	277
Taxation	-	457
Curtailement gain in relation to the closure of the scheme to future accrual	-	(1,487)
Deficit of employer contributions over amounts charged to profit and loss	(1,273)	(2,194)
Increase in inventories	(2,518)	(4,989)
Decrease in trade and other receivables	560	495
Increase in current liabilities	232	5,685
Cash (used in)/~generated from operations	(695)	70
Income taxes received/(paid)	264	(532)
Net cash from operations	(431)	(462)
Cash flows from investing activities		
Purchase of plant property and equipment	(1,053)	(438)
Sales of plant and property	-	1
Rent received	103	86
Interest received	62	36
Net cash from investing activities	(888)	(315)
Cash flows from financing activities		
Shares issued to new members	599	644
Shares cancelled	(87)	(90)
Net cash from financing	512	554
Net change in cash and cash equivalents	(807)	(223)
Cash and cash equivalents at start of year	14,652	14,875
Cash and cash equivalents at end of year	13,845	14,652

Notes to the financial statements

For the year ended 25 January 2019

I Principal accounting policies

The International Exhibition Co-operative Wine Society Limited was incorporated in England in 1874 and is registered under the Co-operative and Community Benefit Societies Act 2014. It is domiciled in England. Its principal activity is the buying and selling of wine, spirits and other beverages.

The financial reporting framework that has been applied is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 – ‘The Financial Reporting Standard Applicable in the United Kingdom and the Republic of Ireland’ (FRS 102). The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The Committee has reviewed the principal accounting policies summarised below and considers they are the most appropriate for The Society.

The financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

a) Revenue

Gross revenue represents all sales to members and is inclusive of Customs and Excise duty and Value Added Tax and is recognised when the goods or services are supplied to members. In respect of members’ reserves, members are invoiced in advance and revenue is recognised as the service is provided.

b) Depreciation

Depreciation is provided on plant, property and equipment, apart from freehold land, at rates calculated to write off the cost less estimated residual value of each asset, on a straight-line basis, over its expected useful life, which is reviewed annually. The rates used are as follows:

Property	2.5 – 10%
Plant and equipment	10 – 50%

c) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost comprises suppliers’ invoice price and, where relevant, shipping cost and excise duty. Net realisable value is defined as the estimated selling price, net of further costs of marketing, selling and distribution.

Notes to the financial statements

For the year ended 25 January 2019

I Principal accounting policies *(continued)*

d) Taxation

UK Corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is recognised on all timing differences where the transactions or events that give The Society an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by the balance sheet date.

e) Foreign currency translation

The individual financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position are presented in Sterling (£).

Transactions in currencies other than the functional currency (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise, and are recognised in the same line item in profit and loss as the balance or transaction to which they relate.

f) Pension arrangements

The Society operates both a defined contribution and a defined benefit pension scheme and accounts for these in accordance with FRS 102 Section 28 'Employee Benefits'.

Defined contribution scheme:

The cost of pension contributions is recognised within the profit and loss account in the year to which it relates.

Defined benefit scheme:

Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus, or deficit, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by The Society.

Notes to the financial statements

For the year ended 25 January 2019

I Principal accounting policies *(continued)*

f) Pension arrangements (continued)

The current service cost and costs from settlements and curtailments are charged to the profit and loss account. Past service costs are recognised immediately in profit and loss as they arise apart from GMP. Interest on the scheme liabilities and on scheme assets are included in other finance costs. Actuarial gains and losses, and the expected return on scheme assets, are reported in other comprehensive income. Retirement benefits other than pensions are accounted for in the same way.

g) Lease agreements

Operating lease rentals are charged to the profit and loss account as incurred. For assets leased to third parties on operating leases, the lease rentals are taken to income on a straight line basis over the term of the lease, and where appropriate, the asset is depreciated using the straight line method.

h) Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Whilst The Society's share capital, accumulated profit, and sales discount accounts attributable to individual members is payable on demand to the member's estate on their death and thus contains debt characteristics, the overall incidence of such payments is sufficiently low and the amount of such payments is sufficiently small to regard the account balances as being substantially equity in nature.

Basic financial instruments

Trade and other receivables

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment. For the purposes of The Society, there is no difference between the face value and fair value of Trade and other receivables.

Trade and other current liabilities

Trade and other current liabilities are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment. For the purposes of The Society, there is no difference between the face value and fair value of Trade and other liabilities.

Notes to the financial statements

For the year ended 25 January 2019

I Principal accounting policies (continued)

h) Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Society's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Non-basic financial instruments

Financial assets and liabilities at fair value through profit and loss (FVTPL)

From time to time, The Society enters into derivative financial instruments, such as forward currency contracts, to manage its exposure to foreign exchange volatility. Under FRS102, these are classed as non-basic financial instruments.

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category.

Derivatives are initially recognised at fair value at the date a derivative is entered into and are subsequently remeasured to their fair value at each balance sheet date. The fair value of financial instruments in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in profit and loss account immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the profit and loss account depends on the nature of the hedge relationship. The Society does not apply hedge accounting to these financial instruments.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the profit and loss account are included within finance costs or finance income.

Derivatives are presented as current assets or liabilities unless The Society has an unconditional right to defer payment beyond twelve months. In such circumstances, a derivative is presented as a non-current asset or non-current liability. For the purposes of The Society, derivatives are classified as current assets or liabilities as there are no unconditional right to defer the payment beyond twelve months.

Notes to the financial statements

For the year ended 25 January 2019

I Principal accounting policies *(continued)*

i) Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Defined benefit scheme:

The measurement of obligations under defined benefit pension scheme arrangements is subject to a number of highly sensitive assumptions, details of which are given in note 13. Key judgements involved in the measurement of obligations include the discount rate applied to scheme liabilities, inflation assumptions, and life expectancy of scheme members. These judgements are discussed and agreed with independent, qualified actuaries who are involved in the calculation of the amounts to be included in the financial statements in respect of FRS102 Section 28 'Employee Benefits'

Deferred Tax:

The Society is subject to UK corporation tax and judgement is required in determining the provision for corporation and deferred taxation. The Society recognises taxation assets and liabilities based upon estimates and assessments of many factors including judgements about the outcome of future events. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. At 25 January 2019 The Society has recognised a deferred tax asset of £258,000 (2017/18: £0) and deferred tax liability of £33,000 (2017/18: £95,000) on the basis that The Society is in a tax paying position.

Notes to the financial statements

For the year ended 25 January 2019

2 Operating profit:

Operating profit is stated after charging/(crediting) :	2018/19	2017/18
	£'000	£'000
Depreciation	822	838
Loss/(gain) on disposal of plant, property and equipment	(6)	(1)
Committee remuneration:		
- Chairman and Deputy Chairman	56	54
- Other Committee members	49	59
Auditor remuneration		
- audit services	43	40
- other services	15	5
Defined benefit pension current service costs (note 13c)	-	155
Defined contribution pension costs (note 13a)	620	568
Establishment costs	1,356	1,291

Other services supplied by the auditor related to taxation advice, accountancy advice and pension scheme audit. Total remuneration for key personnel for 2018/19 was £1m (2017/18 £0.9m).

3 Employees

	2018/19	2017/18
	Number	Number
The average number of full time equivalent permanent and temporary employees during the year was:	242	235
	2018/19	2017/18
	£'000	£'000
Staff costs during the year amounted to:		
Wages and salaries – administration	7,571	7,041
Wages and salaries – transport	660	666
Social security costs	712	700
Defined benefit pension current service costs (note 13c)	-	155
Other defined benefit pension charges (note 13c)	198	(1,498)
Defined contribution pension costs (note 13a)	620	568
	9,761	7,632

Notes to the financial statements

For the year ended 25 January 2019

3 Employees (<i>continued</i>)	2018/19	2017/18
	£'000	£'000
Included in administrative expenses	9,034	6,903
Transport staff costs included in cost of sales	727	729
	<u>9,761</u>	<u>7,632</u>

Wages and salaries – administration excludes any payments to committee members.
Committee remuneration is disclosed in note 2.

4 Other income and charges comprise:	2018/19	2017/18
	£'000	£'000
Rent receivable under operating leases	103	85
Bank interest receivable	62	24
Net interest on defined benefit liability (note 13c)	(65)	(119)
	<u>100</u>	<u>(10)</u>

5 Taxation	2018/19	2017/18
	£'000	£'000
Current tax:		
UK corporation tax at 19% (2017/18: 19%) based on the taxable profit for the year	82	(262)
Adjustment in respect of prior year	(5)	(18)
Total current charge/(credit)	<u>77</u>	<u>(280)</u>
Deferred tax:		
Origination and reversal of timing differences	271	431
Adjustments in respect of prior periods	(254)	-
Effect of tax rate change on opening balance	(29)	-
Total deferred (credit)/charge (see note 12)	<u>(12)</u>	<u>431</u>
Taxation charge on profit on ordinary activities	<u>65</u>	<u>151</u>
Profit before taxation	1,567	978
Dividends appropriated to members	-	-
Retained profit before taxation	<u>1,567</u>	<u>978</u>

Notes to the financial statements

For the year ended 25 January 2019

5 Taxation (continued)

	2018/19 £'000	2017/18 £'000
Retained profit before tax multiplied by the applicable rate of corporation tax in the UK of 19% (2017/18: 19.25%)	298	187
Effect of:		
Expenses not deductible for tax purposes	55	46
Fair value movement	-	-
Adjustment in respect of prior year	(259)	(18)
Other timing differences	(29)	(64)
Total current taxation	<u>65</u>	<u>151</u>

6 Plant property and equipment

	Property £'000	Plant and Equipment £'000	Total £'000
Cost			
26 January 2018	13,282	10,300	23,582
Additions	312	741	1,053
Disposals	-	(651)	(651)
25 January 2019	<u>13,594</u>	<u>10,390</u>	<u>23,984</u>
Depreciation			
26 January 2018	5,677	8,760	14,437
Charge for the year	281	541	822
Disposals	-	(645)	(645)
25 January 2019	<u>5,958</u>	<u>8,656</u>	<u>14,614</u>
Net book value			
26 January 2018	7,605	1,540	9,145
25 January 2019	<u>7,636</u>	<u>1,734</u>	<u>9,370</u>

Freehold land and buildings include land at a cost of £2.42m (2018: £2.42m) which has not been depreciated.

Notes to the financial statements

For the year ended 25 January 2019

7 Inventories	2019	2018
	£'000	£'000
Inventories consist of goods purchased for resale, held as follows:		
In bond and overseas	38,400	35,945
Duty paid	2,177	2,114
	<u>40,577</u>	<u>38,059</u>

8 Trade and other receivables	2019	2018
	£'000	£'000
Trade debtors	808	726
Deferred tax (note 12)	258	-
Corporation tax	-	258
Other receivables	216	118
Prepayments and accrued income	16,504	5,200
	<u>17,786</u>	<u>6,302</u>

9 Current liabilities	2019	2018
	£'000	£'000
Payments received on account from members	2,233	2,487
Trade creditors	16,918	6,537
Deferred tax (note 12)	33	95
Corporation tax	82	-
Other taxes and social security	3,506	3,448
Other current liabilities	118	137
Accruals and deferred income	23,856	21,845
Fair value of foreign exchange contracts	248	227
	<u>46,994</u>	<u>34,776</u>

In 2019 debits in the accounts payables ledger have been transferred to prepayments.

Notes to the financial statements

For the year ended 25 January 2019

10 Financial Risk Management

The Society has exposure to a number of financial risks including:

Defined benefit pension scheme (note 13)

The Society operates a defined benefit pension scheme for the benefit of employees. A full actuarial valuation of the scheme was carried out as at 31 January 2017 which indicated a deficit of £8.2m. The next valuation is due as at 31 January 2020. There is a risk that, as result of poor market returns and adverse changes in other valuation assumptions that the scheme deficit will increase. The Society mitigates this risk by agreeing suitable investment policies with scheme trustees and by managing liquidity risk.

As explained in note 13 the scheme is closed to new entrants and future accruals.

Foreign exchange transactional currency exposure

The Society is exposed to currency exchange rate risk as a significant proportion of its purchases of wine are denominated in non-sterling currencies whereas its operating costs and receivables are denominated in sterling. This risk is mitigated by entering into derivative financial instruments (forward contracts) to purchase non sterling currencies.

Liquidity risk

Liquidity risk is the risk that The Society will be unable to generate or borrow sufficient working capital for its needs. Liquidity risk is managed by short-term and medium-term cash flow forecasts. The Society regularly considers and maintains minimum cash levels that are considered to be prudent for the nature and size of its business. The Society has no current borrowing requirements and therefore has no borrowing facilities.

11 Financial assets and liabilities

The fair values together with the carrying amounts shown in the balance sheet are as follows:

	2018/19 £'000	2017/18 £'000
Financial assets held at amortised cost		
- Cash	13,845	14,652
- Trade debtors	808	726
- Other debtors	216	118
	<u>14,869</u>	<u>15,496</u>

Notes to the financial statements

For the year ended 25 January 2019

11 Financial assets and liabilities (continued)

	2018/19 £'000	2017/18 £'000
Financial liabilities held at amortised cost		
- Payment received on account from members	2,233	2,487
- Trade creditors	16,918	6,537
	<u>19,151</u>	<u>9,064</u>
Financial assets measured at fair value through the profit and loss account (including derivatives such as foreign exchange contracts)	-	-
Financial liabilities measured at fair value through the profit and loss account (including derivatives such as foreign exchange contracts)	(248)	(227)

12 Deferred taxation

Deferred taxation at 17% (2018: 17%) is fully provided in the financial statements as follows:

	2019 £'000	2018 £'000
Accelerated capital allowances	33	18
Short term timing differences	(258)	77
Included in creditors (note 9)/debtors (note 8)	<u>(225)</u>	<u>95</u>

The movement in the provision during the year of (£12,000) was debited to the profit and loss account. In 2017/18 £431,000 was credited to the profit and loss account (see note 5).

13a Pension schemes

Defined contribution scheme

Since January 2007, employees have been offered membership of The Society's stakeholder pension plan, a defined contribution scheme. During the year The Society paid £620,000 (2017/18: £568,000) into the scheme. There were no outstanding or prepaid contributions at the balance sheet date.

Notes to the financial statements

For the year ended 25 January 2019

13a Pension schemes (continued)

Defined benefit scheme

The Society operates a defined benefit pension scheme for the benefit of employees. The Scheme's funds are administered by Trustees and are independent of The Society's finances. Contributions are paid to the Scheme in accordance with the recommendations of an independent actuarial advisor.

The Society closed the Scheme to future accrual on 30 April 2017 after due consultation with affected employees. The effect of the closure has been to decrease the value of the Scheme liabilities which is recognised as a credit to profit or loss.

A full actuarial valuation was carried out as at 31 January 2017 and took into account the closure of the Scheme. It indicated a deficit on the scheme of £8.2m. In light of this, The Society has agreed to pay deficit contributions of £1.25m per annum, payable by year end each year from 31 January 2018 to 2024 inclusive. In the year ended 25 January 2019 The Society chose to prepay £1m of the payment due in 2019/20 taking total payments to the scheme this year to £1.3m (note 13c).

In light of this prepayment, the estimated amount of total Society contributions expected to be paid to the Scheme during 2019/20 is £0.25m.

13b The major assumptions used for the actuarial valuation were:

	2019	2018	2017
Pensionable salary growth	N/A	N/A	4.1%
Pension increases			
- Pre 1997 service	3.0%	3.0%	3.0%
- 1997 to 2005 service	3.2%	3.2%	3.4%
- Post 2005 service	1.8%	1.9%	1.9%
Discount rate	2.8%	2.4%	2.8%
Price inflation (RPI)	3.4%	3.4%	3.6%
Price inflation (CPI)	2.3%	2.4%	2.5%
Life expectancy of male aged 65 at the accounting date	23.6 years	23.8 years	24.4 years
Life expectancy of male aged 65, 20 years after the accounting date	25.4 years	25.5 years	26.7 years

The mortality rates used for life expectancy were 85% of the rates in the S2NA table published by the Bureau of Continuous Mortality Investigation (CMI). The mortality rates are projected by each member's year of birth in line with the CMI 2017 core projection with a long-term annual improvement of 1.5% p.a. for males and females.

Notes to the financial statements

For the year ended 25 January 2019

13b Pension schemes (continued)

The distribution of scheme assets was:

	2019	2018	2017
	Fair value	Fair value	Fair value
	£'000	£'000	£'000
Diversified growth fund and absolute return funds	17,390	22,056	20,283
Absolute return bonds	3,171	-	-
Corporate bonds	7,822	7,468	6,964
Gilts, swaps and derivatives	9,882	-	-
Gilts	-	9,528	9,274
Cash	759	1,850	389
AVCs	-	258	244
Total	<u>39,024</u>	<u>41,160</u>	<u>37,154</u>

To ascertain the assumptions for the expected long term rate of return on assets, The Society considered the current level of expected returns on risk free investments (primarily Government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. During the year, the trustees have partially adopted a Liability Driven Investment (LDI) strategy. This strategy has increased the allocation to gilts, swaps and derivatives, in order to better match the sensitivities of the scheme's assets to those of its underlying liabilities in response to changes in certain factors, most notably interest rates and inflation expectations.

13c The amount recognised in the balance sheet is as follows:

	2019	2018	2017
	£'000	£'000	£'000
Fair value of scheme assets	39,024	41,160	37,154
Present value of scheme liabilities	<u>(39,861)</u>	<u>(43,759)</u>	<u>(43,628)</u>
Deficit	(837)	(2,599)	(6,474)
Related deferred tax asset	142	442	1,028
Net liability	<u>(695)</u>	<u>(2,157)</u>	<u>(5,446)</u>

During the year, contributions by The Society of £1.3m (2017/18: £2.3m) were made to the scheme. The scheme closed to future accrual on April 30 2017.

Notes to the financial statements

For the year ended 25 January 2019

13c Pension schemes (continued)

Amount charged/(credited) to Profit and Loss Account:

	2018/19 £'000	2017/18 £'000
Employer's part of current service cost	-	155
Other defined benefit pension charged/(credited)	198	(1,498)
Running costs in respect of insuring the death in service and investment manager fees	32	(16)
Net interest on net defined benefit liability	65	119
Total charges/(credit)	295	(1,240)

Deferred tax on loss of defined benefit obligation:

	2018/19 £'000	2017/18 £'000
Opening deferred tax on (loss)/gain of defined benefit obligation	442	1,067
Pension liability recognised in Other Comprehensive Income at 17%	142	442
Movement in the year on deferred tax defined benefit obligation	(300)	(625)

Amount recognised in Other Comprehensive Income:

	2018/19 £'000	2017/18 £'000
Amounts recognised in respect of defined benefit obligation	784	313
Deferred tax on defined benefit obligation	(134)	(625)
Prior year adjustment	-	15
Total amount recognised	650	(297)

Notes to the financial statements

For the year ended 25 January 2019

13c Pension schemes (continued)

Reconciliation of net balance sheet position:

	2018/19 £'000	2017/18 £'000
Balance sheet liability at period start	(2,599)	(6,474)
Amount recognised in profit and loss account	(295)	1,240
Amount recognised in other comprehensive income	784	313
Employer's contributions paid	1,273	2,322
Closing defined benefit liability	<u>(837)</u>	<u>(2,599)</u>

13d Changes in the present value of the defined benefit liabilities are as follows:

	2018/19 £'000	2017/18 £'000
Opening defined benefit liabilities	43,759	43,628
Employer's part of current service cost	-	155
Interest cost	1,048	1,199
Contributions from scheme members	-	28
Other defined benefit pension charges	198	(1,498)
Actuarial (gain)/loss	(3,435)	1,152
Benefits paid	(1,709)	(905)
Closing defined benefit liabilities	<u>39,861</u>	<u>43,759</u>

Changes in the fair value of the scheme assets are as follows:

	2018/19 £'000	2017/18 £'000
Opening fair value of scheme assets	41,160	37,154
Interest on scheme assets	983	1,080
Actual return less interest on scheme assets	(2,651)	1,465
Running costs	(32)	16
Contributions by The Society	1,273	2,322
Contributions by scheme members	-	28
Benefits paid	(1,709)	(905)
Closing fair value of scheme assets	<u>39,024</u>	<u>41,160</u>

The actual return on the scheme assets over the year was a loss of £1.67m (2017/18: gain of £2.55m). The amount recognised outside the profit and loss account in the statement of changes in equity for 2018/19 is a gain of £0.133m (2017/18: loss of £0.312m) after deferred tax is deducted.

Notes to the financial statements

For the year ended 25 January 2019

14 Share capital	2019	2018
	£'000	£'000
26 January 2018	8,076	7,766
Additions	300	322
	8,376	8,088
Cancellation of shares	(12)	(12)
25 January 2019	8,364	8,076
	Number	Number
Representing		
“A” shares of £20 each	18,296	18,326
“B” shares of £20 each	399,921	385,491
	418,217	403,817

A and B shares carry the same rights and restrictions except that The Society is obliged under Rule 75 to maintain an A Shareholder’s Reserve of £11,852, which, on a dissolution, ranks for payment in accordance with Rule 78.

15 Share premium account	2019	2018
	£'000	£'000
26 January 2018	4,071	3,749
Share premium additions to share capital	299	322
25 January 2019	4,370	4,071

The premium paid on any issue of shares is carried as a credit to an account called the “Share Premium Account”. Any or all of the Share Premium Account may be converted to capital under Rule 76. None of the Share Premium Account may be distributed or returned to any Member except if The Society is dissolved.

Notes to the financial statements

For the year ended 25 January 2019

16 Accumulated profit account	2019	2018
	£'000	£'000
26 January 2018	14,710	14,743
Cancellation of shares	(33)	(33)
	14,677	14,710
Dividends appropriated from the profit and loss account	-	-
25 January 2019	14,677	14,710

The Committee may resolve during an accounting year that a sum shall be transferred at the end of the accounting year from The Society's net profits (including profits of previous years retained by The Society) to the accumulated profit account. Any sum so credited must be apportioned between and credited to The Society's shares issued at the end of the relevant accounting year in accordance with Rule 71.

17 Sales discount account	2019	2018
	£'000	£'000
26 January 2018	7,353	7,398
Cancellation of shares	(42)	(45)
Discount for the year	-	-
25 January 2019	7,311	7,353

The Committee may resolve during an accounting year that a sum, which is a percentage of the total value of each member's transactions during that accounting year, shall be transferred at the end of the accounting year from The Society's net profits (including profits of previous years retained by The Society) to the Sales Discount Account. Any sum so credited must be credited to The Society's shares issued at the end of the relevant accounting year in proportion to the total value of each member's transactions during the relevant accounting year in accordance with Rule 73.

Notes to the financial statements

For the year ended 25 January 2019

18 Profit and loss account	2019	2018
	£'000	£'000
26 January 2018	(2,997)	(3,527)
Actuarial loss recognised (net of deferred taxation)	650	(297)
Profit/(loss) after taxation	1,502	827
Dividends appropriated in the year	-	-
25 January 2019	<u>(845)</u>	<u>(2,997)</u>

Net profits for any accounting year, after any amounts credited to the Accumulated Profit Account and/or the Sales Discount Account, are credited to the profit and loss account as provided by Rule 70

19 Operating leases

During the year, The Society paid £0.17m (2017/18: £0.17m) in respect of operating leases, all of which related to motor vehicles and office equipment.

At 25 January 2019, The Society non-cancellable operating leases as follows which expire:

	2018/19	2017/18
	Motor	Motor
	vehicles	vehicles
	and office	and office
	equipment	equipment
	£'000	£'000
Within one year	165	108
Between one and five years	342	135
More than five years	-	-
	<u>507</u>	<u>243</u>

Statement of Committee's responsibilities

For the year ended 25 January 2019

The Committee is required by the Co-operative and Community Benefit Societies Act 2014, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of The Society and of the profit or loss of The Society for that period. In preparing those financial statements, it is the responsibility of the Committee to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that The Society will continue in business.

The Committee is responsible for keeping adequate accounting records that are sufficient to show and explain The Society's transactions and disclose with reasonable accuracy at any time the financial position of The Society and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. It is also responsible for safeguarding the assets of The Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Committee is aware:

- There is no relevant audit information of which The Society's auditor is unaware; and
- The Committee has taken all steps that it ought to have taken as Committee Members to make itself aware of any relevant audit information and to establish that the auditor is aware of that information.

Accumulated profit account

The following table shows the amounts of Accumulated Profits to the credit of members, according to their share numbers, as at 25 January 2019. Profits are distributed on the combined value of each share and its relative accumulated profit. Such aggregate values are payable only on the decease of a member.

Years to December	shares issued	£	Years to January	shares issued	£	Years to January	shares issued	£
1874-82	1-1050	1875.59	1914	3581-3689	238.24	1970	45561-47675	93.07
1883	1051-1090	440.44	1915	3690-3805	231.06	1971	47676-49068	91.60
1884	1091-1141	428.85	1916	3806-3875	228.03	1972	49069-50716	89.50
	1142-1176	420.67	1917	3876-3987	225.04	1973	50717-53016	87.16
1885	1177-1203	408.55	1918	3988-4077	220.07	1974	53017-54779	86.65
	1204-1221	406.79	1919	4078-4114	215.46	1975	54780-56495	76.27
1886	1222-1234	404.94	1920	4115-4197	211.19	1976	56496-57960	74.79
	1235-1260	402.59	1921	4198-4399	206.93	1977	57961-64160	74.79
1887	1261-1283	395.03	1922	4400-4997	203.18	1978	64161-69632	73.21
	1284-1313	391.53	1923	4998-5252	199.29	1979	69633-75075	70.43
1888	1314-1332	387.35	1924	5253-5564	197.81	1980	75076-79820	69.08
	1333-1350	383.43	1925	5565-5860	194.13	1981	79821-83605	67.74
1889	1351-1374	380.37	1926	5861-6230	190.72	1982	83606-89386	65.39
	1375-1402	375.43	1927	6231-6666	187.50	1983	89387-94154	63.12
1890	1403-1454	372.79	1928	6667-7188	184.57	1984	94155-98759	60.88
	1455-1498	369.87	1929	7189-7712	181.68	1985	98760-106279	58.89
1891	1499-1554	347.11	1930	7713-8303	178.56	1986	106280-112690	56.92
	1555-1613	344.95	1931	8304-8907	175.94	1987	112691-116698	55.06
1892	1614-1694	341.59	1932	8908-9488	173.48	1988	116699-120997	51.51
	1695-1732	338.02	1933	9489-10311	170.85	1989	120998-128252	48.11
1893	1733-1784	335.20	1934	10312-10807	168.85	1990	128253-135454	44.89
	1785-1826	333.03	1935	10808-11659	166.64	1991	135455-143358	41.76
1894	1827-1860	330.04	1936	11660-12634	164.50	1992	143359-151797	38.85
	1861-1882	325.49	1937	12635-13808	162.63	1993	151798-159300	36.06
1895	1883-1911	322.74	1938	13809-15149	160.73	1994	159301-167394	33.37
	1912-1944	317.82	1939	15150-16551	158.98	1995	167395-175220	30.82
1896	1945-1984	308.47	1940	16552-17480	157.05	1996	175221-182893	29.84
	1985-2024	306.46	1941	17481-17995	155.55	1997	182894-191950	28.91
1897	2025-2059	301.77	1942	17996-18055	155.55	1998	191951-201150	24.06
	2060-2105	299.70	1943	18056-18059	154.21	1999	201151-212344	21.94
1898	2106-2140	297.95	1946	18060	148.20	2000	212345-223503	21.94
	2141-2197	294.34	1949	18061-18081	144.89	2001	223504-230168	19.57
1899	2198-2282	291.86	1950	18082-20881	143.71	2002	230169-236802	18.05
	2283-2336	289.49	1951	20882-23954	143.44	2003	236803-244154	15.25
1900	2337-2378	284.96	1952	23955-26972	142.87	2004	244155-252150	14.91
	2379-2425	282.01	1953	26973-27901	141.89	2005	252151-260127	14.56
1901	2426-2471	281.05	1954	27902-28503	139.63	2006	260128-269960	14.23
	2472-2517	277.50	1955	28504-29127	134.92	2007	269961-281672	14.23
			1956	29128-29874	132.31	2008	281673-292724	14.23
			1957	29875-30676	130.57	2009	292725-304005	11.40
			1958	30677-31510	129.42	2010	304006-314303	9.09
1903	2518-2617	274.55	1959	31511-32180	125.20	2011	314304-326075	4.04
1904	2618-2703	267.53	1960	32181-32999	117.82	2012	326076-339344	2.69
1905	2704-2783	263.84	1961	33000-33975	111.90	2013	339345-353006	2.24
1906	2784-2866	260.69	1962	33976-35183	107.05	2014	353007-368230	0.60
1907	2867-2947	259.51	1963	35184-36367	102.19	2015	368231-382677	0.00
1908	2948-3022	256.74	1964	36368-37906	99.39	2016	382678-397654	0.00
1909	3023-3096	255.52	1965	37907-39443	96.78	2017	397655-411916	0.00
1910	3097-3194	253.70	1966	39444-40923	94.19	2018	411917-428000	0.00
1911	3195-3317	251.62	1967	40924-42234	94.19	2019	428001-443007	0.00
1912	3318-3450	250.46	1968	42235-43765	94.19			
1913	3451-3580	244.59	1969	43766-45560	94.19			

Under the provisions of section 887 of the Income Tax Act, 2007, the above amounts are subject to deduction of income tax if they are payable to a person whose usual place of abode is not within the United Kingdom.



thewinesociety.com
01438 741177

The Wine Society, Gunnels Wood Road,
Stevenage SG1 2BT

Registered name: The International Exhibition Co-operative Wine Society Limited
Registered number: 1824R