

Company registration number 08651758 (England and Wales)

**NORTHERN MONK BREWING CO. LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

# NORTHERN MONK BREWING CO. LTD

## COMPANY INFORMATION

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<b>Directors</b>	R A Bisset B R Dickson T Profumo
<b>Company number</b>	08651758
<b>Registered office</b>	The Old Flax Store Marshalls Mills Marshall Street Leeds West Yorkshire LS11 9YJ
<b>Auditor</b>	BHP LLP New Chartford House Centurion Way Cleckheaton Bradford West Yorkshire BD19 3QB
<b>Business address</b>	The Old Flax Store Marshalls Mills Marshall Street Leeds West Yorkshire LS11 9YJ

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# **NORTHERN MONK BREWING CO. LTD**

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# NORTHERN MONK BREWING CO. LTD

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 AUGUST 2021**

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The directors present the strategic report for the year ended 31 August 2021.

### **Fair review of the business**

The 2020/21 Financial Year brought some of our most proud accomplishments to date for us at Northern Monk, but it was also one where the Global Pandemic and resulting supply chain impacts meant the most significant headwinds in our history. Turnover for the year ended 31 Aug 2021 was £10,804,448 (2020: £8,322,746), representing top line growth of 30%. We're incredibly grateful to our team for accomplishing this growth against the backdrop of the Pandemic, which meant we faced significant trading restrictions in 9 of the 12 months in the financial year, including 5 months where the hospitality industry, including our own bars, were unable to open. We delivered this growth through constant innovation, including launching our first alcohol free beers, and creating leading beer experiences that drove significant demand online, in bottleshops and in grocery. What really drove home this accomplishment, was being awarded the Fastest growing Company in Yorkshire by Ward Hathaway. There are around 0.5 million companies in Yorkshire, and our team and their incredible efforts have made Northern Monk number 1.

Additionally, this was a year where the focus was on capital investment to grow the production capacity of the brewery, and unlock even further growth, as capacity has always been our bottleneck to meet customer demand. We successfully completed the largest brewery expansion for Northern Monk to date, with Capital Investment of £3.7M to bring a step change to the capacity of the brewery from 45kHLs to 70kHL. This work, which was completed in stages from April to November 2021, allowed us to service some increased customer demand during the year in review, and has built the capacity to grow into customer demand for the coming years with minimal further Capital Investment.

The 2020/21 Financial Year was one of the most challenging periods of trading for UK businesses in decades. Despite the significant top line growth these trading conditions took their toll at Northern Monk, resulting in a loss for the year before taxation of (£1,168,721). The largest contribution to this result was the channel mix of sales due to the Global Pandemic. Three of our more profitable channels, On Trade, Export and our own Refectories, were closed or highly restricted for most of this financial year. Additionally, we faced significant supply chain disruptions related to the Pandemic, including having several months of shipping delays on new fermentation tanks and a National CO2 shortage. This resulted in having to contract brew some batches at a low margin, and the brewery only being able to operate 80% of working days in Q4 due to lack of CO2. This has impacted sales potential during the financial year under review and the first few months of the 2021/22 financial year.

As we've now completed the expansion works and restrictions have lifted, we do not foresee the above impacts as sustained, however, like other businesses around the world, some of the supply chain headwinds which started in 2020 continue to be felt, and we must change the way we operate to mitigate them and bring the results back to profitability; most notably, increasing raw material and input costs such as aluminium, cardboard and Co2. Now that the expansion works at the Brewery are complete, there is clear focus on improving the efficiency of production to offset rising input costs, including, but not limited to, improving yields, yeast propagation/health and packaging efficiency.

Despite the unforeseen challenges we were hit with, we've come out of the year stronger than ever. We were once again awarded as one of the top 10 food and drinks companies to work for in the UK, and we've now added the capacity and operation efficiency capabilities to enable Northern Monk to bring further, profitable growth.

# **NORTHERN MONK BREWING CO. LTD**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **Principal risks and uncertainties**

The directors of the business closely monitor the risks and uncertainties of the business, and build plans to mitigate those risks. The principal risks of the business are financial risks (financial market & liquidity risks) and operational risks (supply chain, business continuity, reputational, compliance and cyber risk).

### **Financial Risks**

#### **Market & Economic**

Market and economic risk are managed by expansion of the business within existing and new key market channels to help mitigate risk.

#### **Liquidity**

Northern Monk has significant working capital requirements at key times during the year and we ensure that we have sufficient resources to meet our obligations as they fall due. We manage this by preparing detailed cash flow forecasts and working with our bank and other lenders to ensure the company has sufficient working capital as required. Trade debtors are managed in respect to credit and payment terms and with regular monitoring of amounts outstanding for both time and credit limits.

### **Non-Financial**

#### **Supply Chain**

Northern Monk is affected by the economies in the territories that it operates. Supply chain risks are managed by maintaining close relationships with all our suppliers to enable us to identify supply chain problems together with securing alternative supply chain partners where possible or required to help mitigate supply chain risk.

#### **Cyber risks & IT system failure**

Cyber and IT System risks are managed by controls & safeguards put in place by IT team together with cyber risk insurance in the event we are not able to prevent a cyber event.

#### **Reputational/brand**

Northern Monk has made investment in quality control including laboratory facilities to ensure we produce beer of the highest quality of standard which align with the standards expected from both ourselves and that of our customers. Investment has been made in our brewery production facility which together with the undertaking of timely scheduled preventative maintenance combines to create an infrastructure for the business to service existing and new customer demand.

#### **Regulation Compliance**

Compliance with regulations is monitored by our team and investment is made in our infrastructure to ensure Northern Monk maintains full compliance in all areas of the business.

#### **Staff turnover**

Exposure to staff turnover is managed by investment in our people including providing training and progression opportunities. Northern Monk's culture has clearly defined employee values and behaviours which are closely aligned to our strategic objectives which includes diversity and inclusion within our workforce.

# NORTHERN MONK BREWING CO. LTD

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### Key performance indicators

The company's key performance indicators during the year were as follows:

	Unit	2021	2020
Turnover	£(M)	10.8	8.3
Turnover growth	%	29.8	38.9
EBITDA	£(K)	(396)	422
GP%	%	17.9	29.5
Cash at bank	£(K)	527	1,947

The results reflected in these financial statements includes a prior year adjustment of £224k made due to an error noted in relation to the stock valuation. The directors are confident that procedures are now in place to correct such an error occurring in the future.

The reported loss for the year under review after taxation of £1.7M includes a provision made for deferred taxation of £678k as detailed in Note 17 to the Financial Statements. £58k of this provision is expected to reverse within 12 months from the date of the Financial Statements and this provision does not recognise the effect of tax losses the company is able to utilise in future profitable trading periods which upon being recognised would reduce this provision by £686k based on current taxation rates.

On behalf of the board

R A Bisset

**Director**

30 May 2022

# **NORTHERN MONK BREWING CO. LTD**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 AUGUST 2021***

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The directors present their annual report and financial statements for the year ended 31 August 2021.

### **Principal activities**

Northern Monk designs and creates premium, highest quality beer and near beer products and experiences. Born of the North, together we create the best beer and near beer experiences in the world, growing in stature as we grow in scale.

### **Results and dividends**

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid.

### **Directors**

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

R A Bisset  
B R Dickson  
T Profumo

### **Post reporting date events**

To assist with the working capital requirements of the company, in September 2021 the company secured additional bank funding of £987k over a 5 year term. In addition to this, in January 2022 further Investor funding was received by way of convertible loans of £1.7M.

### **Auditor**

BHP LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

R A Bisset  
**Director**

30 May 2022

# **NORTHERN MONK BREWING CO. LTD**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 AUGUST 2021***

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



# **NORTHERN MONK BREWING CO. LTD**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF NORTHERN MONK BREWING CO. LTD**

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#### **Opinion**

We have audited the financial statements of Northern Monk Brewing Co. Ltd (the 'company') for the year ended 31 August 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# **NORTHERN MONK BREWING CO. LTD**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF NORTHERN MONK BREWING CO. LTD**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations, relevant to the company, which could give rise to a material misstatement in the financial statements. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management, review of company minutes and legal expenses. There are inherent limitations in the audit procedures described and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

# **NORTHERN MONK BREWING CO. LTD**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF NORTHERN MONK BREWING CO. LTD**

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As part of our audit, we addressed the risk of management override of internal controls, including testing of journals and review of nominal ledger. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Other matters which we are required to address**

Comparative information in the financial statements is derived from the company's prior period financial statements which were not audited.

#### **Use of our report**

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

**Nigel Bullas (Senior Statutory Auditor)**  
**For and on behalf of BHP LLP**

30 May 2022

**Chartered Accountants**  
**Statutory Auditor**

New Chartford House  
Centurion Way  
Cleckheaton  
Bradford  
West Yorkshire  
BD19 3QB

# NORTHERN MONK BREWING CO. LTD

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2021

		2021	2020
	Notes	£	as restated £
<b>Turnover</b>	<b>3</b>	10,804,448	8,322,746
Cost of sales		(8,868,607)	(5,870,879)
<b>Gross profit</b>		1,935,841	2,451,867
Administrative expenses		(3,212,998)	(2,738,835)
Other operating income		164,768	209,651
<b>Operating loss</b>	<b>4</b>	(1,112,389)	(77,317)
Interest receivable and similar income	<b>7</b>	56	5,493
Interest payable and similar expenses	<b>8</b>	(56,388)	(13,809)
<b>Loss before taxation</b>		(1,168,721)	(85,633)
Tax on loss	<b>9</b>	(563,648)	36,550
<b>Loss for the financial year</b>		(1,732,369)	(49,083)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# NORTHERN MONK BREWING CO. LTD

## BALANCE SHEET

AS AT 31 AUGUST 2021

		2021		2020	
	Notes	£	£	as restated	£
<b>Fixed assets</b>					
Tangible assets	10		5,263,916		2,415,695
<b>Current assets</b>					
Stocks	11	1,332,695		892,502	
Debtors	12	1,373,777		1,729,012	
Cash at bank and in hand		527,296		1,946,556	
		<u>3,233,768</u>		<u>4,568,070</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(2,802,337)</u>		<u>(1,836,184)</u>	
<b>Net current assets</b>			431,431		2,731,886
<b>Total assets less current liabilities</b>			<u>5,695,347</u>		<u>5,147,581</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(1,471,299)		(1,057,595)
<b>Provisions for liabilities</b>					
Deferred tax liability	17	<u>678,000</u>	(678,000)	<u>55,000</u>	(55,000)
<b>Net assets</b>			<u>3,546,048</u>		<u>4,034,986</u>
<b>Capital and reserves</b>					
Called up share capital	19		273		258
Share premium account			5,070,038		3,826,622
Profit and loss reserves			<u>(1,524,263)</u>		<u>208,106</u>
<b>Total equity</b>			<u>3,546,048</u>		<u>4,034,986</u>

The financial statements were approved by the board of directors and authorised for issue on 30 May 2022 and are signed on its behalf by:

R A Bisset  
Director

Company Registration No. 08651758

# NORTHERN MONK BREWING CO. LTD

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
As restated for the period ended 31 August 2020:					
Balance at 1 September 2019		258	3,826,622	257,189	4,084,069
Year ended 31 August 2020:					
Loss and total comprehensive income for the year		-	-	(49,083)	(49,083)
Balance at 31 August 2020		258	3,826,622	208,106	4,034,986
Year ended 31 August 2021:					
Loss and total comprehensive income for the year		-	-	(1,732,369)	(1,732,369)
Issue of share capital	19	15	1,243,416	-	1,243,431
Balance at 31 August 2021		273	5,070,038	(1,524,263)	3,546,048

# NORTHERN MONK BREWING CO. LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

		2021	2020
	Notes	£	as restated £
<b>Cash flows from operating activities</b>			
Cash absorbed by operations	24	(142,116)	(4,120)
Interest paid		(56,388)	(13,809)
Income taxes refunded		13,982	-
<b>Net cash outflow from operating activities</b>		<b>(184,522)</b>	<b>(17,929)</b>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(3,411,111)	(1,429,689)
Proceeds on disposal of tangible fixed assets		99,998	-
Interest received		56	5,493
<b>Net cash used in investing activities</b>		<b>(3,311,057)</b>	<b>(1,424,196)</b>
<b>Financing activities</b>			
Proceeds from issue of shares		1,243,431	-
Proceeds of new bank loans		600,000	900,000
Repayment of bank loans		(56,799)	(5,000)
Payment of finance leases obligations		(13,949)	(1,717)
<b>Net cash generated from financing activities</b>		<b>1,772,683</b>	<b>893,283</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,722,896)</b>	<b>(548,842)</b>
Cash and cash equivalents at beginning of year		1,946,556	2,495,398
<b>Cash and cash equivalents at end of year</b>		<b>223,660</b>	<b>1,946,556</b>
<b>Relating to:</b>			
Cash at bank and in hand		527,296	1,946,556
Bank overdrafts included in creditors payable within one year		(303,636)	-

# NORTHERN MONK BREWING CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

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### 1 Accounting policies

#### Company information

Northern Monk Brewing Co. Ltd is a private company limited by shares incorporated in England and Wales. The registered office is The Old Flax Store, Marshalls Mills, Marshall Street, Leeds, West Yorkshire, LS11 9YJ.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern.

The directors have considered the legacy of the impact that Covid-19 on the company's trade, workforce as well as the wider economy together with ongoing supply chain pressures. This includes securing post reporting date additional bank and shareholder funding and performing supply chain stress tests to ensure continued supply. Whilst it is not considered practical to accurately assess the duration and extent of the disruption, the directors are confident that they have plans in place to deal with any disruption that may arise.

The directors therefore continue to adopt the going concern basis of preparation for the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.



# NORTHERN MONK BREWING CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	In accordance with the lease term
Plant and machinery	10% to 25% straight line basis
Fixtures, fittings & equipment	25% straight line basis
Computer equipment	25% straight line basis
Motor vehicles	25% straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

# NORTHERN MONK BREWING CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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### 1 Accounting policies

(Continued)

#### 1.7 Cash and cash equivalents

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

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# NORTHERN MONK BREWING CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 1 Accounting policies

(Continued)

#### **Classification of financial liabilities**

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 company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# NORTHERN MONK BREWING CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.11 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.13 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

# NORTHERN MONK BREWING CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 1 Accounting policies

(Continued)

#### 1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Grants received in relation to the government Coronavirus Job Retention Scheme (Furlough) have been recognised within other operating income. The grant is accounted for on the accruals basis once the related payroll return has been submitted.

Support received in relation to the interest paid by the UK government under the Coronavirus Business Interruption Loan Scheme is recognised within other operating income on the accruals basis to match the corresponding expense.

#### 1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Depreciation

There is an element of estimation uncertainty in the depreciation rates chosen by the directors. These rates are chosen using the expertise and prior knowledge of the directors, and are reviewed each year to ensure the useful economic life of assets are correctly reflected.

### 3 Turnover and other revenue

	2021	2020
	£	£
<b>Turnover analysed by class of business</b>		
Sale of goods	10,804,448	8,322,746

# NORTHERN MONK BREWING CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 3 Turnover and other revenue (Continued)

	2021 £	2020 £
<b>Turnover analysed by geographical market</b>		
Sales (UK)	10,060,486	7,509,741
Sales (Rest of World)	743,962	813,005
	<u>10,804,448</u>	<u>8,322,746</u>

	2021 £	2020 £
<b>Other revenue</b>		
Interest income	56	5,493
Grants received	132,882	181,821
	<u>132,938</u>	<u>187,314</u>

### 4 Operating loss

	2021 £	2020 £
Operating loss for the year is stated after charging/(crediting):		
Government grants	(132,882)	(181,821)
Fees payable to the company's auditor for the audit of the company's financial statements	10,500	-
Depreciation of owned tangible fixed assets	590,313	496,693
Depreciation of tangible fixed assets held under finance leases	5,938	2,433
Loss on disposal of tangible fixed assets	119,657	-
Operating lease charges	291,319	258,996
	<u>984,840</u>	<u>676,301</u>

### 5 Employees

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

	2021 Number	2020 Number
Production	75	54
Admin	9	7
	<u>84</u>	<u>61</u>

# NORTHERN MONK BREWING CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 5 Employees (Continued)

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,954,774	1,458,111
Social security costs	175,757	125,062
Pension costs	35,171	26,233
	<u>2,165,702</u>	<u>1,609,406</u>

### 6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	135,066	96,000
Company pension contributions to defined contribution schemes	2,351	1,806
	<u>137,417</u>	<u>97,806</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2).

### 7 Interest receivable and similar income

	2021 £	2020 £
<b>Interest income</b>		
Interest on bank deposits	56	5,493
	<u>56</u>	<u>5,493</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	56	5,493
	<u>56</u>	<u>5,493</u>

### 8 Interest payable and similar expenses

	2021 £	2020 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	46,855	7,212
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	3,626	-
Other interest	5,907	6,597
	<u>56,388</u>	<u>13,809</u>

# NORTHERN MONK BREWING CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 9 Taxation

	2021 £	2020 £
<b>Current tax</b>		
Adjustments in respect of prior periods	(59,352)	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	623,000	(36,550)
Total tax charge/(credit)	563,648	(36,550)

The actual charge/(credit) for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Loss before taxation	(1,168,721)	(85,633)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(222,057)	(16,270)
Tax effect of expenses that are not deductible in determining taxable profit	3,793	7,008
Tax effect of income not taxable in determining taxable profit	-	(15,744)
Change in unrecognised deferred tax assets	926,433	(47,481)
Effect of change in corporation tax rate	-	(16,109)
Permanent capital allowances in excess of depreciation	(36,241)	9,760
Research and development tax credit	(3,000)	(19,522)
Other permanent differences	-	6,600
Remeasurement of deferred tax for changes in tax rates	(45,928)	9,986
Current year over provision	-	61,478
Adjustments to tax charge in respect of previous periods - deferred tax	(59,352)	(16,256)
Taxation charge/(credit) for the year	563,648	(36,550)



# NORTHERN MONK BREWING CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 10 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 September 2020	264,011	3,187,424	371,785	52,663	20,240	3,896,123
Additions	507,315	3,073,118	17,427	47,737	18,530	3,664,127
Disposals	-	(667,366)	-	-	-	(667,366)
At 31 August 2021	771,326	5,593,176	389,212	100,400	38,770	6,892,884
<b>Depreciation and impairment</b>						
At 1 September 2020	159,311	1,097,579	187,711	21,407	14,420	1,480,428
Depreciation charged in the year	77,871	414,528	88,238	10,830	4,784	596,251
Eliminated in respect of disposals	-	(447,711)	-	-	-	(447,711)
At 31 August 2021	237,182	1,064,396	275,949	32,237	19,204	1,628,968
<b>Carrying amount</b>						
At 31 August 2021	534,144	4,528,780	113,263	68,163	19,566	5,263,916
At 31 August 2020	104,700	2,089,845	184,074	31,256	5,820	2,415,695

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Plant and machinery	231,595	3,057

### 11 Stocks

	2021 £	2020 £
Finished goods and goods for resale	1,332,695	892,502

# NORTHERN MONK BREWING CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 12 Debtors

	2021	2020
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	1,182,289	1,309,619
Corporation tax recoverable	45,370	-
Other debtors	37,562	28,928
Prepayments and accrued income	108,556	390,465
	<u>1,373,777</u>	<u>1,729,012</u>

### 13 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Bank loans and overdrafts	15	566,670	11,000
Obligations under finance leases	16	50,965	2,176
Trade creditors		1,093,668	549,988
Taxation and social security		275,249	324,246
Other creditors		179,461	447,980
Accruals and deferred income		636,324	500,794
		<u>2,802,337</u>	<u>1,836,184</u>

Creditors falling due within one year of £163,999 (2020 - £10,509) are secured by fixed charges over the assets they relate to.

### 14 Creditors: amounts falling due after more than one year

	Notes	2021	2020
		£	£
Bank loans and overdrafts	15	1,191,167	900,000
Obligations under finance leases	16	190,278	-
Other creditors		89,854	157,595
		<u>1,471,299</u>	<u>1,057,595</u>

Creditors falling due in more than one year of £631,445 (2020 - £0) are secured by fixed charges over the assets they relate to.

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	166,667
	<u>-</u>	<u>166,667</u>

# NORTHERN MONK BREWING CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 15 Loans and overdrafts

	2021 £	2020 £
Bank loans	1,454,201	911,000
Bank overdrafts	303,636	-
	<u>1,757,837</u>	<u>911,000</u>
Payable within one year	566,670	11,000
Payable after one year	<u>1,191,167</u>	<u>900,000</u>

Included within bank loans is a government-backed Coronavirus Business Interruption Loan of £900,000 which is interest free and payment free for 1 year, and is then due to be repaid in monthly instalments until June 2026.

### 16 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	50,965	2,176
In two to five years	<u>190,278</u>	<u>-</u>
	<u>241,243</u>	<u>2,176</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

# NORTHERN MONK BREWING CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
<b>Balances:</b>		
Accelerated capital allowances	678,000	55,000
<b>Movements in the year:</b>		2021 £
Liability at 1 September 2020		55,000
Charge to profit or loss		623,000
Liability at 31 August 2021		678,000

Of the deferred tax liability set out above, £58,000 is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

Deferred tax is not recognised in respect of tax losses of £3,612,856 as it is not probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

### 18 Retirement benefit schemes

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	35,171	26,233

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The closing liability payable in respect of defined contribution schemes is £8,681 (2020 £6,089).

# NORTHERN MONK BREWING CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 19 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital Issued and fully paid</b>				
A Ordinary Shares of 0.001p each	17,494,124	18,929,467	175	189
B Investment Shares of 0.001p each	1,165,328	1,165,328	12	12
	<u>18,659,452</u>	<u>20,094,795</u>	<u>187</u>	<u>201</u>
<b>Preference share capital Issued and fully paid</b>				
Preferred A of 0.001p each	<u>8,612,056</u>	<u>5,741,370</u>	<u>86</u>	<u>57</u>
Preference shares classified as equity			<u>86</u>	<u>57</u>
<b>Total equity share capital</b>			<u>273</u>	<u>258</u>

On 7 May 2021 the company issued 1,435,343 A Ordinary shares of £0.00001 each for total consideration of £1,250,000 and redesignated 1,435,343 A Ordinary shares of £0.00001 each to Preferred A Ordinary shares of £0.00001 each.

#### A Ordinary shares

Carry the right to a vote, right to a dividend, a right to participate on a return of capital pro-rata and pari-passu with B Investment shares and Preferred A shares. Not redeemable.

#### B Investment shares

No right to vote, right to a dividend, right to participate on a return of capital pro-rata and pari-passu with A Ordinary shares and A Preferred shares. Not redeemable.

#### A Preferred shares

Carry the right to a vote, right to a dividend, a right to participate on a return of capital pro-rata and pari-passu with B Investment shares and A Ordinary shares. Not redeemable.

### 20 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	290,203	291,090
Between two and five years	544,406	531,684
In over five years	<u>34,583</u>	<u>53,333</u>
	<u>869,192</u>	<u>876,107</u>

# NORTHERN MONK BREWING CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 21 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021 £	2020 £
Acquisition of tangible fixed assets	226,601	1,107,877

### 22 Events after the reporting date

In September 2021 the company secured additional bank funding of £987k over a 5 year term. In addition to this, in January 2022 further Investor funding was received by way of convertible loans of £1.7M.

### 23 Prior period adjustment

#### Reconciliation of changes in equity

	1 September 2019 £	31 August 2020 £
<b>Adjustments to prior year</b>		
Stock adjustment	-	(223,901)
Equity as previously reported	4,084,069	4,258,887
Equity as adjusted	4,084,069	4,034,986
<b>Analysis of the effect upon equity</b>		
Profit and loss reserves	-	(223,901)

#### Reconciliation of changes in profit/(loss) for the previous financial period

	2020 £
<b>Adjustments to prior year</b>	
Stock adjustment	(223,901)
Profit as previously reported	174,818
Loss as adjusted	(49,083)

#### Notes to reconciliation

A prior year adjustment has been made to the financial statements due to an error noted in the prior period in relation to stock valuation.

The company is confident that plans are now in place to correct this error moving forwards.

A prior year adjustment has also been made to correctly disclose CJRS income which had previously been included within the wages and salaries costs.

# NORTHERN MONK BREWING CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 24 Cash absorbed by operations

	2021 £	2020 £
Loss for the year after tax	(1,732,369)	(49,083)
<b>Adjustments for:</b>		
Taxation charged/(credited)	563,648	(36,550)
Finance costs	56,388	13,809
Investment income	(56)	(5,493)
Loss on disposal of tangible fixed assets	119,657	-
Depreciation and impairment of tangible fixed assets	596,251	499,126
<b>Movements in working capital:</b>		
Increase in stocks	(440,193)	(409,470)
Decrease/(increase) in debtors	400,605	(759,786)
Increase in creditors	293,953	743,327
<b>Cash absorbed by operations</b>	<b>(142,116)</b>	<b>(4,120)</b>

### 25 Analysis of changes in net funds/(debt)

	1 September 2020 £	Cash flows £	New finance leases £	31 August 2021 £
Cash at bank and in hand	1,946,556	(1,419,260)	-	527,296
Bank overdrafts	-	(303,636)	-	(303,636)
	1,946,556	(1,722,896)	-	223,660
Borrowings excluding overdrafts	(911,000)	(543,201)	-	(1,454,201)
Obligations under finance leases	(2,176)	13,949	(253,016)	(241,243)
	1,033,380	(2,252,148)	(253,016)	(1,471,784)

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.