THE BRITISH HONEY COMPANY PLC

Registered number: 09300046 (England and Wales)

STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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COMPANY INFORMATION

Directors	Non-Executive - L Guifang Non-Executive Chairman - R J Day (appointed 14 October 2021) Executive - M M Gamble (appointed 14 October 2021) Chief Executive Officer - M V Jones (appointed 30 March 2022)
Company Secretary	P F Parker (appointed 30 June 2022)
Registered number	09300046 (England and Wales)
Registered office	Sanderum House Oakley Road Chinnor England OX39 4TW
Independent auditors	PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London United Kingdom E14 4HD
Bankers	HSBC UK Bank PLC 15 High Street Market Harborough LEI6 7NN
Corporate Brokers	Stanford Capital Partners Limited 5-7 Cranwood Street London EC1V 9EE FinnCap Group PLC 1 Bartholomew Close London EC1A 7BL
Registrar	Neville Registrars Limited Neville House Streelpark Road Halesowen B62 8HD
Lawyers	Marriot Harrison 80 Cheapside London EC2V 6EE

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Board of Directors (Board) of The British Honey Company PLC (BHC or Company) present their Group Strategic Report for the year ended 31 December 2021.

Historic developments

The general strategy for 2020 was to become a listed company and raise monies to invest in various related businesses. It is useful to look at what the Company achieved during 2020:

1. In January 2020, the Company purchased the trade and assets of The London Distillery Company Limited by way of an Administrative Sale Agreement. The London Distillery Company Limited was the manufacturer of Dodd's Gin and Rye Whiskey brand. The, then, directors believed it made the first whiskey to be produced in London for over a century. The driving reason for the acquisition was the fact that the acquired company sold products to 20 countries around the world.

2. In February 2020, the Company entered into a collaboration agreement with AIM quoted Distil plc ("Distil"), the owner of several spirits including Blavod Black Vodka, Blackwood's Gin and Vodka, Blackwood's Limited Edition Vintage Gin, Diva Vodka and Jago's Vanilla Cream. The Company and Distil agreed to collaborate to produce a botanical vodka with the Company taking responsibility for production and Distil providing sales expertise. It was anticipated that the new brand would be launched in 2020. This was supposedly a key development step for the Company as it would enable it to leverage off Distil's marketing and distribution expertise, which, if successful, could benefit other products in the Company's range. The Company was also in preliminary discussions with Distil to work together to establish a London based spirit distillery.

3. Floated on the Aquis Stock Exchange on 16 March 2020 and raised £4.25 million via the IPO.

4. On 30 June 2020, the Company entered into a share swap agreement with List Distilleries LLC (List), a USA based company. BHC acquired 10% of List and issued circa £0.5 million of BHC shares to List. This was approximately 4.25% of BHC's issued share capital. There was no cash consideration involved. The Company had an option to acquire the other 90% of List for £4.5 million plus an earn out of up to £0.5 million.

5. A Joint Venture, Tusmore Collection Limited (Tusmore), was announced on 15 July 2020. It was a 50:50 venture between the Company and Cottisford Limited its then 29% shareholder. This was to be a distillery and bonded warehouse business based at the Tusmore Estate in Oxfordshire. Both parties agreed to invest £1million each into this venture.

Key Performance Indicators

Review of Prior Years' Turnover, Profit before Tax and Cash Balances at Reporting Period End:

Period	Turnover	Loss before Tax	Cash Balances
	£k	£k	£k
Year to 31st March 2017	105	(106)	19
Year to 31st March 2018	358	(389)	81
Year to 31st March 2019	558	(944)	500
Year to 31st March 2020	635	(1,963)	4,034
Period to 31st December 2020	1,547	(1,220)	2,458

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Business and Strategy for 2021

The expansion strategy for 2020 continued in 2021 when the acquisition of Union Distillers Limited (Union) was complete on 24 February 2021. The acquisition was for an initial consideration of £8.0 million and an earn out of up to £2.0 million. The Company raised £4.59 million from new issued shares and £1.63 million from a convertible loan note. Union Distillers Limited had net assets of approximately £1.5 million which was subsequently uplifted by £3.0 million in intangibles as a result of the purchase price allocation. The net effect resulted in goodwill of £5.5 million being recorded. Considering the going concern position of the Company at the date of signing these financials, the Board reviewed the value of the intangibles and goodwill and considered both to be fully impaired (Refer to note 9 and 36 for more details).

2021 saw several Board changes and shareholders' disquiet which resulted in a request for an Extraordinary General Meeting. This disruption was very costly in terms of advisers' fees and termination payments to ex directors, associated family members and other employees. This excessive expenditure and lack of integration of acquisitions forced the revised Board to look very closely at the investments.

The Board reviewed the investment in List and decided not to exercise the option to acquire the other 90% of List for £4.5-5.0 million in cash. This was agreed amicably with List and the legal unwinding was completed in late 2022. The investment of £500k has been fully provided for in these financial statements. During the period of interest there were negligible sales of List products by the Company and vice versa.

The Company has also decided to exit the Tusmore Joint Venture in late 2021. This was completed in May 2022. This has resulted in a loss of approximately £290,000. The exit was deemed essential as the Company was not prepared to invest the extra investment monies needed to complete the project. These monies were estimated at over £1million. There is a corporate need for whiskey product to be sold via the existing Company and Union sales channels. Whether this is an English prestige whiskey, or a more traditional Scottish offering has not yet been decided.

The Union acquisition was completed in February 2021. At that time there was no completion set of financial statements compiled. A completion date stocktake was also not conducted. This may have been influenced by covid restrictions. There was also no formal integration plan that was followed to merge Union with British Honey. This had caused many organisational and control issues. With hindsight, these were not addressed as promptly, or fully, as necessary. These have led to additional costs being incurred.

The Board have had to take the decision, in late 2021, to close the Worminghall site and move all production to Union's site at Market Harborough. The Worminghall site closed in June 2022. There are cost savings, in the longer term, for this move. Union has had to change several procedures, financial controls, and policies to come into line with British Honey. This has been an on-going process. Union managed to achieve British Retail Consortium approvals for its production which should lead to the possibility of tendering for UK supermarkets' contracts. There were many customers without formal contracts in place. This is being addressed by management as contracts move from a less formal basis to a more controlled environment without negativing the company's current flexibility which has provided a competitive edge.

The expected distribution of BHC Group products via London Distillery sales channels and sales via Distil's sales force did not occur. This lack of sales penetration is a key issue that the Directors are focused on.

The Group strategy going forward is to fully integrate the British Honey and Union businesses. There are reviews looking at stock levels and utilisation. Group sales are focused on expanding both own brands and the white label business. The business is looking at its home market and not to international expansion. The business has been starved of cash, and the necessary investment in controls and marketing. The business needs a year of stability and no excessive cash burn to be able to form a firm base, to build out the business in future years.

The Group has a range of good products, as witnessed by the raft of product awards in 2021/22. The strategic focus is now on how to sell more of these.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties are provided in the note 30 of the notes to the financial statements.

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

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M Jones
Chief Executive Officer

Date: 16 December 2022

GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of compliance with the 2018 QCA Corporate Governance Code

Chairman's introduction
High standards of corporate governance are a key priority for the Board of the British Honey Company and, in line with the Aquis Stock Exchange's rules requiring all Aquis-quoted companies to adopt and comply with a recognised corporate governance code, the Board has adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as the basis of the Group's governance framework. The QCA Code is constructed around ten broad principles and a set of disclosures.

We have considered how we apply each principle to the extent that the Board judges these to be appropriate in the circumstances, and an explanation of the approach taken in relation to each and how we comply with them can be found on the Company's website under the Governance section at https://britishhoney.co.uk/pages/governance

Board composition

The Chairman is responsible for leading the Board and looking at strategic matters, as well as overseeing the business of the Company and setting appropriate governance standards. The QCA Code recommends that the board of directors should include a balance of executive and non-executive directors, such that no individual or small company of individuals can dominate the board's decision taking. In the case of a smaller company, such as the Company, the QCA Code recommends that the board should include at least two non-executive directors who are independent.

The Company holds regular board meetings and the Directors are responsible for formulating, reviewing and approving the Company's strategy, budget and major items of capital expenditure. An audit committee and a remuneration committee have been established with formally delegated rules and responsibilities. Each of these committees normally meet at least twice a year, however due to the changes in the Board in 2021 fewer meetings were convened as below.

Both the Non-executive Chairman Richard Day and Non-executive Director Sophie Guifang Luo are considered to be independent directors on the board.

The Board consists of four directors of which two are executive and two are independent non-executives. The Board is supported by two committees: audit and remuneration. Non-executive directors are required to attend all Board meetings and to be available at other times as required for face-to-face and telephone meetings with the executive team and investors. In addition, they attend Board committee meetings as required. There have been changes in the composition of the board over the year. On 14th October 2021, Alex Maurice left the Board and both Richard Day and Mark Gamble were re-appointed. The other members of the Board continued as Sophie Guifang Luo and Nicholas Agbo. Meetings held during 2021 and the attendance of Directors is summarised below:

Director	Board	Audit	Remuneration
Richard Day	4	1	0
Nicholas Agbo	4	N/A	N/A
Mark Gamble	4	N/A	N/A
Sophie Guifang Luo	3	1	0

After the year end, Nicholas Agbo left the Board and Mark Jones joined.

Remuneration Committee
The Remuneration Committee is chaired by Sophie Guifang Luo and also comprises Richard Day. It is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company. The Remuneration Committee did not meet during 2021 due to the changes on the Board.

GOVERNANCE REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Audit Committee
The Audit Committee is chaired by Richard Day and also comprises Sophie Guifang Luo. It is responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Company is properly monitored and reported. In addition, the Audit Committee will receive and review reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the Company.

It is the responsibility of the Board to ensure that the Group is managed for the long-term benefit of all shareholders and stakeholders, with effective and efficient decision-making. Corporate governance is an important aspect of this, reducing risk and adding value to the Group's business.

RJDay.

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Non-executive Chairman - R J Day
Director

Date 16 December 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the Group in the year was that of the production, bottling and wholesale of spirits, the sale of honey products and related products.

There have been no material changes to the nature of the Groups business from the prior year.

Review of financial results and activities

The financial statements have been prepared in accordance with International Accounting Standards as adopted by the UK and the requirements of the Companies Act 2006. The accounting policies have been applied consistently compared to the prior period.

The consolidated financial statements for the year ended 31 December 2021 include the results of Union Distillers Limited from the date of its acquisition on 24 February 2021. The comparative period, which only includes The British Honey Company PLC figures, is for the nine months ended 31 December 2020. Union Distillers Limited changed its year end to 31 December from 30 September during 2021.

All trading activities of The British Honey Company PLC moved to Union Distillers on the date of acquisition, therefore all revenues from 1 March 2021 are that of the Group.

Full details of the consolidated financial position, results of operations and cash flows of the Group are set out in these financial statements.

Comparative figures

The prior reporting period was for the Company only and was shorter than a year, therefore comparative amounts are not directly comparable to the current balances.

Dividends

The Board has resolved not to declare a dividend for the financial year ended 31 December 2021. The same decision was made in the nine month period ended 31 December 2020.

Ongoing Economic Uncertainties

With the advent of COVID-19, a large number of companies and the global economy in general has been disrupted severely. The Company was well placed to deal with the effects of Covid, by providing sanitiser products during the pandemic, which saw revenues increase. Covid restrictions have now been lifted, the hospitality sector is returning gradually, and the Directors anticipate increased revenues from on-trade sales. The war in Ukraine and the resultant impact on the Cost of Living which whilst being felt globally has specific impacts within the UK market produces an environment of challenging trading which is affecting all sectors of the economy. Improved management control has prepared the Company to meet these challenges in a positive manner seeing opportunities with the demise of other operators in the sector.

Interests in joint arrangements

The Company signed a joint venture agreement with Tusmore Park Farm Ltd (formerly "Cottisford Limited") to set up a new company called Tusmore Collection Limited, which was incorporated on the 15th July 2020. Tusmore Collection Limited had been established specifically to set up and operate a new distillery and bonded warehouse within the grounds of Tusmore Park Estate in Oxfordshire, which is owned indirectly by Tusmore Park Farms Ltd (formerly Cottisford Ltd).

Subsequent to the year-end the investment in Tusmore Collection Ltd has been disposed of (See note 19). The joint venture was accounted for under the equity method of accounting in 2020. It was reclassified as an asset held for resale at 31 December 2021.

Board Committees

The Company has a mandated Audit Committee. The Audit Committee comprises of R Day and L Guifang (both non-executive directors). The Audit Committee has a responsibility to monitor the quality of internal controls and ensure that the financial performance of the Company is properly measured and reported.

Share Capital

Issue share capital

		Year ended 31/12/2021 # of shares	9 months ended 31/12/2020 # of shares	Year ended 31/12/2021 £	9 months ended 31/12/2020 £
Class:	**Nominal value:**				
Ordinary	10p per share	16,487,735	9,525,462	1,648,773	952,546

Subsequent to the year end, the Company placed an additional 675,000 new ordinary shares which has given rise to gross proceeds of £540,000 (See note 27).

Share incentives schemes / Share based payments

Refer to note 32 of the financial statements for the details of the Company's share incentive scheme.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Directors

The Directors shown below have held office during the year and subsequent to the year end.

Non-Executive - L Guifang (appointed 30 October 2021)
Chief Executive Officer - M V Jones (appointed 30 March 2022)
P A G Seers (resigned 24 September 2021)
A L Wallace (resigned 7 August 2021)
M D Williams (resigned 8 October 2021)
G Lennox (resigned 7 August 2021)
Executive - M M Gamble (appointed 14 October 2021)
R A Porter-Smith (resigned 8 October 2021)
Non-Executive Chairman - R J Day (appointed 14 October 2021)
J C R Morley-Kirk (appointed 24 January 2022, resigned 25 May 2022)
N Agbo (appointed 9 August 2021, resigned 24 January 2022)
A Maurice (appointed 29 September 2021, resigned 14 October 2021)

Directors' interests

(1) L Guifang has a combined shareholding of 198,020 Ordinary Shares through her personal holdings (49,505) along with holdings held by her son Di Wu (148,515).

(2) R A Porter-Smith had an opening combined shareholding balance of 910,455 Ordinary Shares, resigned as a director on the 8 October 2021 and his combined shareholding as of the date of resignation remained at 910,455, made up of his personal holdings (750,455) along with holdings held by his wife, G Porter-Smith (60,000) and his daughter, S Porter-Smith (100,000).

(3) P A G Seers is a beneficiary of BGL Reads Trust Company Ltd as Trustee of the Philip Seers 2002 Life Interest Settlement which held 363,636 shares. P A G Seers resigned as a director on 24 September 2021 and his shareholding as at the date of resignation remained at 363,636.

(4) A L Wallace held 261,136 ordinary shares, through his personal holdings (130,568) along with holdings held by his wife, L Wallace (130,568). He resigned as a director on 7 August 2021 and his combined shareholding as at the date of resignation remained at 261,136.

(5) M D Williams has a combined shareholding of 730,083 Ordinary Shares, through his personal holdings (266,630) along with holdings held by the Brackenwood Pension Fund (119,000), his sons H Williams (40,000) and O Williams (70,000), his daughter B Williams (5,454) and his wife, C Williams (228,999). He resigned as a director on 8 October 2021 and his combined shareholding as at the date of resignation remained at 730,083.

(6) G Lennox resigned as a director on 7 August 2021 and his shareholding as at the date of resignation was 91,818.

The Company provides Directors and Officers insurance.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Current Year

Name	*Number of shares held at 31 December 2021 and on signing of this report*	*Share Options held at 31 December 2021 and on signing of this report*	*Warrants held at 31 December 2021 and on signing of this report*
L Guifang (1)	198,020	100,000	-
M M Gamble	1,363,637	-	-

Prior Period

Name	*Number of shares held at 31 December 2020 and on signing of last years report*	*Share Options held at 31 December 2020 and on signing of last years report*	*Warrants held at 31 December 2020 and on signing of last years report*
L Guifang (1)	198,020	100,000	-
R A Porter-Smith (2)	910,455	575,000	-
P A G Seers (3)	363,636	200,000	-
The Rt Hon Sir H Swire KCMG	-	233,000	13,636
A L Wallace (4)	261,136	50,000	-
M D Williams (5)	716,993	1,495,000	12,000
G Lennox (6)	91,818	100,000	-
M M Gamble	1,363,637	-	-

Future developments

The Group has a range of award winning products. The strategic focus is to concentrate on selling these in the UK market and employ the intellectual property of the Group in developing further attractive products.

The short term focus is to achieve the stability of the Group, which has been secured through the short term working capital funding and will be supplemented by a future equity fundraise. See the 'Going concern' section for further details in this regard.

Directors Compensation

Please refer to Note 10 for the disclosure of Director's Compensation.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Section 172 disclosures

Directors of a Company must act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, taking into account the non-exhaustive list of factors set out in Section 172 of the Companies Act 2006.

Section 172 also requires Directors to take into consideration the interests of other stakeholders set out in Section 172(1) in their decision making.

Engagement with the Company's Shareholders and wider stakeholder groups plays an essential role throughout the business. The Company is cognisant of fostering an effective and mutually beneficial relationship with all stakeholders. The understanding of stakeholder needs and concerns is factored into boardroom discussions regarding the potential long-term impacts of strategic decisions.

The Board also continues to take all necessary measures to ensure the Company is acting in good faith and fairly, and is promoting the success of the Company for all Shareholders in the long term.

The table below acts as our Section 172 statement by setting out the key stakeholder groups and how BHC has engaged with them over the reporting year.

Stakeholder	Why we engage	How we engage
Investors	We maintain and value regular dialogue with our investors and place great importance on our relationship with them. We know that our investors expect a comprehensive insight into the financial performance of the company, and awareness of long-term strategy and direction. As such, we aim to provide high levels of transparency and clarity about our results and long-term strategy to build trust in our future plans.	- Regular reports and analysis on investors and shareholders - Annual Report - Company website - AGM - Stock exchange announcements - Press releases - Analyst's research
Employees	People are at the heart of our business. Effective employee engagement leads to a happier, healthier workforce who are invested in the success of the Company and who are all pulling in the same direction. This engagement seeks to address any employee concerns regarding working conditions, health and safety, training and development, as well as workforce diversity.	- Open and regular informal dialogue - Employee benefit packages - Encouraging employee training and development - Board level communication and interaction

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Regulatory bodies	BHC's operations are subject to a wide range of laws, regulations, and listing requirements including data protection, tax, employment, environmental as well as health and safety legislation.	- Company website - Stock exchange announcements - Annual Report - Direct contact with regulators - Compliance updates at Board meetings - Risk reviews - Dedicated Aquis Rule Compliance Committee
Customers	The Company aim to listen to and engage with customers on a regular basis to ensure that their requirements are understood. The Company ensures that information is easily accessible and customer concerns are dealt with in a timely and professional manner.	- Ongoing review of customer feedback - Face-to-face meetings with customers to further develop relationships. - Ongoing promotional and advertising activity
Suppliers	There are a number of key partners and suppliers with whom the Company has built strong relationships with and value strongly. There are effective engagement channels to ensure relationships remain collaborative and forward-focused, and to foster relationships of mutual trust and loyalty.	- Open two-way dialogue and regular face to face meetings - Performance review and feedback

The above statement should be read in conjunction with the Strategic Report on pages 3 to 5 and the Governance Report on pages 6 to 7.

Delivery of Section 172 obligations

Having stated how the Company intends to deliver its Section 172 obligation the Company has reviewed its delivery during the year and summarises its performance as follows:

Investors
The Chairman and CEO met regularly with shareholders and their representatives. The Annual Report and Financial Statements for 2021 will be circulated before the end of 2022. The Company Website provides regular updates and links to all Stock Exchange Announcements and Press releases. Analyst research where undertaken is available in the public domain.

Employees
Daily meetings are held with the Senior Managers in the business. The CEO meets with all staff in a "Town Hall" style meeting and updates all staff on matters in general on the company's performance and on matters affecting the staff directly. Employee training is encouraged but has been limited due to the circumstances during this challenging period.

Regulatory Bodies
The Company employs the relevant Advisors to ensure all objectives of dealing with the Regulatory Bodies are fully complied with. This has been achieved.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Customers
Customer feedback is encouraged, and the feedback is reported as part of the monthly staff "Town Hall".
Dedicated Customer Relationship Managers attend the Company's premises weekly and have regular briefings with the CEO. Customer visits and inspections are encouraged and provide the basis for product and performance improvement.

Suppliers
Suppliers are key in delivering to our customer expectations and accordingly the Works Manager has a close and open dialogue on a monthly basis, including regular visits with key suppliers.

Auditors and disclosure of information to auditors

Every Director at the time when this Directors' Report was approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Secretary

The current Company Secretary is Mrs P F Parker.

Events after the reporting period

Production site consolidation
The Company has taken the decision to consolidate all elements of production, despatch and R&D at the Market Harborough distillery, which has ample space and capacity, and which can be utilised effectively for the Group. This should, through time, produce significant cost savings and enable them to operate in a much more efficient and cost-effective manner. The Company closed the Worminghall, Buckinghamshire office and distillery in July 2022. There will be one off closure costs relating to the Worminghall site.

Sale of major components plant and machinery
With the moving of the Company's operations there has, subsequent to year-end, been the sale of major parts of plant and machinery which was held at the Company's Worminghall, Buckinghamshire office. Reclassifications of assets held for sales and impairment losses have been raised subsequent to year-end.

Sale of interest in Joint venture
On the 24 May 2022, the Company sold their 50% ownership in the Joint Venture. Refer to note 24 for more information.

Placing of new Ordinary shares
At the end of March 2022, the Company placed an additional 675,000 new ordinary shares. The Placing Shares were issued out of the Boards existing allotment authorities granted at the last Annual General Meeting dated 23 July 2021 (See note 27).

Consideration of change of operating name
To reflect the expanding product range of the business and the location of production, the Board are considering to change the Company's name to Union Distillers PLC. Whilst this consideration has been given, no action has been taken at the signing of these Financial Statements.

End of Strategic Options Review under Formal Sale Process and securing of Additional Funding
The Company's shares were suspended on 30th June 2022 following the inability to complete the preparation and audit of the Financial Statements due to the difficulties in the Stock Valuation and the extent to which the Intangible Assets required writing down.

On 13th October the Company launched a formal review of its Strategic Operations and opened a Formal Sale Process as this was in the best interests of all stakeholders at this time.

The end of the Formal Sale Process was announced on 14th December 2022. The process generated interest from a number of interested parties. The securing of additional near term working capital from a significant existing shareholder coupled with a planned additional capital raise during the first quarter of 2023 was considered the most favourable option for all stakeholders of the business.

The Company has secured additional funding of £750,000 to provide additional working capital in December 2022, which will meet the near-term working capital requirements enabling the Board to explore alternative funding opportunities in early 2023 to fund the expansion and development of the business.

The Directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Going Concern

The financial stability of the Company is challenging, like a lot of other small businesses, in these difficult financial times.

It is the Directors responsibility to prepare the financial statements and 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 alternate but to do so.

The 2021 financial statements show that the loss before tax was £12,102,565. This is made up of many exceptional items amounting to £8,934,668 (see Note 9) as well as the underlying trading loss of £3,167,897. The Directors have had to take some tough decisions and change strategic direction (see the Group Strategic Report on pages 3 to 5).

These exceptional losses represent the realignment of the management structure and the revised group strategy and upon which a future business can be built. The Directors have been handicapped by the lack of normal overdraft facilities to fund the working capital of the business, in which there can be significant spikes of cash flow required in the business. The Company's bank has been consulted and should be able to produce some leasing lines of credit and other financing arrangements after they have reviewed these audited accounts along with the relevant assets. These negotiations have not been agreed formally. The Company is also looking at other forms of debt financing, including invoice factoring.

The Directors have secured a £750,000 Loan Facility which has provided a near-term working capital facility. Whilst this facility provides a solid base for the Company, additional funding requirements are expected which will be addressed during Q1 of 2023. The Directors do have a track record of being able to raise funding for businesses.

The Directors have identified another round of cost savings which will be finalised shortly. The Directors believe that the going concern basis is the best to use for these financial statements, however emphasis is drawn to the fact that the Group requires significant additional funding to continue as a going concern. At the date of this report, this funding is unconfirmed, however the Directors are confident that the above sources of financing will be completed in due course. The auditors have made reference to this uncertainty in their audit report.

The Directors do not intend to liquidate the Company or cease operations at this point.

The financial statements have been produced under the going concern basis.

Auditors

The auditors, PKF Littlejohn LLP, will be proposed for reappointment as auditors for 2022 at the AGM in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 16 December 2022 and signed on its behalf.

....	....
Non-Executive Chairman - R J Day	**Chief Executive Officer - M V Jones**
Director	Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors are responsible for preparing the Group Strategic Report, Directors' Report and the consolidated financial statements, in accordance with applicable laws.

Company law requires the Directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare the consolidated financial statements in accordance with International Accounting Standards as adopted by the UK.

Under company law the Directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the consolidated financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the UK, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BRITISH HONEY COMPANY PLC

Qualified opinion

We have audited the financial statements of The British Honey Company plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2021 which comprise the Consolidated Statement of Profit and Loss, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements 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 UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section of our report:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

On 24 February 2021, the Company completed the acquisition of Union Distillers Limited ("Union") for a total consideration of £9.7m. Union did not have an inventory management system in place at the time of acquisition or throughout the period. There were limited procedures and controls in place around inventory management meaning that the movement of inventory from Union during the period could not be substantiated.

The inventory balance held by Union at acquisition was £530k and £480k at the year end. We were able to perform alternative procedures to confirm the existence of inventory at the year end, however, we were unable to attend an inventory count to confirm existence of inventory held at Union as at 24 February 2021.

We were unable to satisfy ourselves through alternative audit procedures that the inventory balance at Union totalling £530k as at 24 February 2021 was not materially misstated. As the value of inventory at acquisition is material, there is potential that a material misstatement exists in the acquisition inventory balance and consequently the cost of sales figures recognised in the period.

There is insufficient information to conclude on the accuracy of the inventory used in the purchase price allocation and acquired balance sheet of the Group. As a result, there is insufficient information to confirm the valuation of the goodwill recognised at acquisition. The goodwill has been fully impaired at the year end and therefore there is no impact on the statement of financial position as at 31 December 2021, however there is the potential that the classification in the profit and loss account is incorrect and a proportion of the goodwill impairment may be cost of sales or inventory impairment.

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 as applied to listed entities, 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 qualified opinion.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that the Group incurred a loss for the year of £11,864,374 during the year ended 31 December 2021.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BRITISH HONEY COMPANY PLC

As stated in note 2, the Company is reliant on further financing, which is unconfirmed, in order to fulfil its working capital obligations in the going concern period. These events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- reviewing the Group's cash flow projections which cover a period of at least 12 months from when the financial statements are authorised for issue;
- challenging significant management judgements with the projections and estimates and agreeing these to supporting documentation, such as:
  - post period end bank statements;
  - post period end management accounts; and
  - post period end Regulatory News Service (RNS) announcements.
- assessing the mathematical accuracy of the projections and comparing these to performance of the Group post period end;
- substantiating key inputs and stress testing the model as considered appropriate;
- discussing with management the expected financing activities and progress of negotiations with financing parties; and
- assessing the projections in line with our understanding of the Group and management plans, and performing a sensitivity analysis of the expenditure incurred.

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

Our application of materiality

Entity	Materiality for the year ended 31 December 2021	Performance materiality for the year ended 31 December 2021	Basis for materiality
Group	£210,000	£147,000	7% of loss before tax before impairments
Company	£90,000 (2020: £70,000)	£63,000 (2020: £64,000)	2% of expenses (2020: 3% of expenses) before impairments

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. The materiality applied to the Group financial statements was £210,000, based on 7% of the loss before tax. There was no Group materiality in the prior year, as this is the first year of preparation of consolidated financial statements due to the acquisition of the subsidiary occurring during the year . The benchmark was selected as the entity is a trading business with its financial performance being the key metric used.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures. We have concluded that 70% of materiality is appropriate to set performance materiality for the Group and Company financial statements as a whole. The performance materiality for the Group was £147,000. The materiality applied to the Company financial statements was £90,000 (2020: £70,000) based on 2% of expenditure. Expenditure was chosen for the Company as cash management and the financial performance of the entity are the key metrics. The performance materiality for the Company was £63,0000 (2020: £56,000).

Component materiality for the subsidiary was set lower than our overall group materiality and was set at £156,000, based on 2% of expenditure, with a performance materiality of £109,000. The benchmark was selected as the subsidiary is the trading business with its financial performance, expenditure and in particular cash management being the key metrics used.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BRITISH HONEY COMPANY PLC

We agreed with the audit committee that we would report all audit differences identified during the course of our audit in excess of £10,500 at Group level, and £4,500 for the Company (2020: £3,500), as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds.

Our approach to the audit

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

As part of designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. These areas of estimate and judgement included:

- the carrying value and recoverability of intangible assets and investments, as the future profitability of the Group and investments is uncertain;
- the valuation of finished goods held in inventory; and
- the valuation of share based payments,

We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The accounting records of the Company and the subsidiary are centrally located and audited by PKF Littlejohn in London.

The key audit matters and how these were addressed are outlined below.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for qualified opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

The existence and valuation of inventory was considered to be a key audit matter at the planning stage of the audit. This is not included here and is described in the *Basis for qualified opinion* section.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BRITISH HONEY COMPANY PLC

Key Audit Matter	How our scope addressed this matter
Accounting for the acquisition of Union Distillers Limited ("Union") (Note 36) and carrying value of the investment at the year end On the 24 February 2021, the Company completed the acquisition of Union for an initial consideration of £8 million and an earn-out consideration of up to £2.0 million, to be satisfied though a combination of cash and BHC shares. Under IFRS 3, the assets acquired should be recognised at their fair value. There is a risk that the acquisition accounting is incorrect and that the investment and goodwill valuation are overstated and require impairment.	Our work in this area included: • Reviewing the sale and purchase agreement and ensuring the consideration recognised is in line with the agreed terms; • Completing opening balances testing for Union at the acquisition date, agreeing balances to supporting documentation; • Reviewing the independent expert purchase price allocation ("PPA") report and assumptions made and challenging these assumptions and the fair values applied to the acquired assets; • Obtaining documentation which verifies 100% ownership of the new subsidiary; and • Reviewing management's assessment of potential impairment of the investment (company) and acquired intangibles (group), and challenging the valuations used. The PPA identified £2.8m of identifiable assets acquired and resulting goodwill of £5.2m. Management took the decision to impair the acquired intangible assets and goodwill in full at the year end. This was as a result of ongoing trading difficulties of Union and the uncertainty of future profits. Sales of premium brands acquired were assessed and it was concluded that the decrease in sales volume during the year and post year end did not support the valuation of the assets. An impairment has been recognised against these assets. Based on the audit procedures performed, nothing has come to our attention which suggests that the PPA is materially misstated, with the exception of the valuation of inventory as outlined in the *Basis for qualified opinion* section. A change in the inventory valuation at acquisition would have impacted the carrying value of goodwill. As goodwill has been written off in full, there is no misstatement to the statement of financial position as at 31 December 2021.

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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

Notwithstanding our qualified opinion on the financial statements, in the light of the knowledge and understanding of the Group and Parent Company and their 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 (with the exception of inventory at Union at acquisition as noted below), or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit (except in relation to inventory at Union at acquisition as noted below).
-

Arising from the limitation of our work referred to in the *Basis for qualified opinion* section:

- we were unable to determine whether adequate accounting records have been kept, specifically in relation to inventory at Union; and
- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit in relation to inventory and movement of inventory during the period.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BRITISH HONEY COMPANY PLC

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Group and Parent Company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through detailed discussions with management about actual and potential instances of non-compliance with laws and regulations. We also selected a specific audit team based on experience with auditing AQSE Growth Market ("AQSE") listed entities within this industry, of a similar size.
- We determined the principal laws and regulations relevant to the Group and Parent Company in this regard to be those arising from:
  - AQSE Growth Market Rulebook
  - Companies Act 2006
  - UK adopted international accounting standards
  - General Data Protection Regulation

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group and Parent Company with those laws and regulations. These procedures included, but were not limited to:
  - Making enquiries of management
  - Review of Board minutes
  - Review of accounting ledgers
  - Review of RNS announcements

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: testing over all journals on a risk based approach to identify any unusual transactions that could be indicative of fraud; reviewing accounting estimates for evidence of bias; evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and reviewing transactions through the bank statements to identify potentially large or unusual transactions that do not appear to be in line with our understanding of business operations

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BRITISH HONEY COMPANY PLC

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.

AHumphreys.

Adam Humphreys (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London, E14 4HD

16 December 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group Year ended 31 December 2021 £	Company 9 months ended 31 December 2020 £
Revenue	4	7,957,478	1,547,066
Cost of sales	5	(4,731,118)	(630,573)
Gross profit		3,226,360	916,493
Government grants	6	8,146	7,445
(Loss) / Profit on disposal of fixed assets		(8,042)	7,880
Other income	7	58,433	40,300
Administrative expenses	8	(5,890,258)	(1,689,329)
Exceptional expenses	9	(8,934,668)	(245,048)
Share based payments	32	(341,287)	(213,943)
Loss from operations		(11,881,316)	(1,176,202)
Finance income	12	11,355	3,223
Finance expense	12	(112,390)	(3,509)
Share of post-tax profits of equity accounted joint ventures	19	(120,214)	(43,281)
Loss before tax		(12,102,565)	(1,219,769)
Tax credit	13	238,191	4,429
Loss for the year / period		(11,864,374)	(1,215,340)

		2021 Pence	2020 Pence
Earnings per share attributable to the ordinary equity holders of the parent			
Profit or loss			
Basic	14	(76.793)	(12.952)
Profit or loss from continuing operations			
Basic	14	(76.793)	(12.952)

The notes on pages 39 to 107 form part of these financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Group Year ended 31 December 2021 £	Company 9 months ended 31 December 2020 £
Loss for the year /period	(11,864,374)	(1,215,340)
Total comprehensive income	(11,864,374)	(1,215,340)

The notes on pages 39 to 107 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Assets			
Non-current assets			
Intangible assets	15	238,608	259,528
Property, plant and equipment	16	1,286,482	647,745
Right-of-use assets	17	696,722	112,675
Goodwill	18	-	-
Investments in equity-accounted joint ventures	19	-	56,998
Other non-current investments	19	-	500,000
		2,221,812	1,576,946
Current assets			
Inventories	20	857,160	614,127
Trade and other receivables	21	1,665,974	708,453
R&D tax credit	22	122,294	4,425
Cash and cash equivalents	23	718,773	2,458,244
Available-for-sale investments	24	450,000	-
		3,814,201	3,785,249
Total assets		6,036,013	5,362,195
Liabilities			
Non-current liabilities			
Trade and other liabilities	25	1,481,682	-
Loans and borrowings	26	2,153,330	117,309
		3,635,012	117,309
Current liabilities			
Trade and other liabilities	25	1,336,462	418,486
Loans and borrowings	26	249,178	38,816
Provisions	29	5,250	-
		1,590,890	457,302
Total liabilities		5,225,902	574,611
Net assets		810,111	4,787,584

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Issued capital and reserves attributable to owners of the parent			
Share capital	27	1,648,773	952,546
Share premium reserve	27	11,435,233	4,764,137
Share based payment reserve	28	616,205	490,086
Retained earnings		(12,890,100)	(1,419,185)
		810,111	4,787,584
TOTAL EQUITY		810,111	4,787,584

The financial statements on pages 3 to 107 were approved and authorised for issue by the Board of Directors on 16 December 2022 and were signed on its behalf by:

....
Non-Executive Chairman - R J Day
Director

....
Chief Executive Officer - M V Jones
Director

The notes on pages 39 to 107 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

	Note	Company 2021 £	Company 2020 £
Assets			
Non-current assets			
Intangible assets	15	214,905	259,528
Property, plant and equipment	16	484,207	647,745
Right-of-use assets	17	75,116	112,675
Investments in equity-accounted joint ventures	19	-	56,998
Other non-current investments	19	2,579,025	500,000
		3,353,253	1,576,946
Current assets			
Inventories	20	-	614,127
Trade and other receivables	21	415,158	708,453
R&D tax credit	22	122,294	4,425
Cash and cash equivalents	23	85,813	2,458,244
Available-for-sale investments	24	450,000	-
		1,073,265	3,785,249
Total assets		4,426,518	5,362,195
Liabilities			
Non-current liabilities			
Trade and other liabilities	25	1,481,682	-
Loans and borrowings	26	1,676,227	117,309
		3,157,909	117,309
Current liabilities			
Trade and other liabilities	25	379,866	418,486
Loans and borrowings	26	39,964	38,816
Provisions	29	5,250	-
		425,080	457,302
Total liabilities		3,582,989	574,611
Net assets		843,529	4,787,584

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED) AT 31 DECEMBER 2021

	Note	Company 2021 £	Company 2020 £
Issued capital and reserves attributable to owners of the parent			
Share capital	27	1,648,773	952,546
Share premium reserve	27	11,435,233	4,764,137
Share based payment reserve	28	616,205	490,086
Retained earnings		(12,856,682)	(1,419,185)
TOTAL EQUITY		843,529	4,787,584

The Company's loss for the year was £11,830,955 (2020 - £1,215,340).

As permitted by s408 of the Companies Act 2006, the Company has not presented its own statement of comprehensive income

The financial statements on pages 3 to 107 were approved and authorised for issue by the Board of Directors on 16 December 2022 and were signed on its behalf by:

....
Non-Executive Chairman - R J Day
Director

....
Chief Executive Officer - M V Jones
Director

The notes on pages 39 to 107 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium	Share Based Payment Reserve	Retained earnings	Total attributable to equity holders of parent	Total equity
	£	£	£	£	£	£
At 1 January 2021	952,546	4,764,137	490,086	(1,419,185)	4,787,584	4,787,584
Comprehensive income for the year						
Loss for the year	-	-	-	(11,864,374)	(11,864,374)	(11,864,374)
Total comprehensive income for the year	-	-	-	(11,864,374)	(11,864,374)	(11,864,374)
Contributions by and distributions to owners						
Issue of share capital	696,227	6,947,273	-	-	7,643,500	7,643,500
Share issue costs	-	(212,602)	-	-	(212,602)	(212,602)
Issue of warrants	-	(63,575)	-	-	(63,575)	(63,575)
Transfers between other reserves	-	-	63,575	-	63,575	63,575
Equity portion of convertible loan	-	-	114,716	-	114,716	114,716
Expiry of share options	-	-	(391,320)	391,320	-	-
Equity-settled share-based payment transactions	-	-	341,287	-	341,287	341,287
Exercise of share options	-	-	(2,139)	2,139	-	-
Total contributions by and distributions to owners	696,227	6,671,096	126,119	393,459	7,886,901	7,886,901
At 31 December 2021	1,648,773	11,435,233	616,205	(12,890,100)	810,111	810,111

The notes on pages 39 to 107 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Share capital	Share premium	Share Based Payment Reserve	Retained earnings	Total attributable to equity holders of parent	Total equity
	£	£	£	£	£	£
At 1 April 2020	909,993	4,306,690	276,143	(203,845)	5,288,981	5,288,981
Comprehensive income for the year						
Loss for the period	-	-	-	(1,215,340)	(1,215,340)	(1,215,340)
Total comprehensive income for the year	-	-	-	(1,215,340)	(1,215,340)	(1,215,340)
Contributions by and distributions to owners						
Issue of share capital	42,553	457,447	-	-	500,000	500,000
Equity-settled share based payment transactions	-	-	213,943	-	213,943	213,943
Total contributions by and distributions to owners	42,553	457,447	213,943	-	713,943	713,943
At 31 December 2020	952,546	4,764,137	490,086	(1,419,185)	4,787,584	4,787,584

The notes on pages 39 to 107 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium	Share Based Payment Reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 January 2021	952,546	4,764,137	490,086	(1,419,185)	4,787,584
Comprehensive income for the year					
Loss for the year	-	-	-	(11,830,955)	(11,830,955)
Total comprehensive income for the year	-	-	-	(11,830,955)	(11,830,955)
Contributions by and distributions to owners					
Issue of share capital	696,227	6,947,273	-	-	7,643,500
Share issue costs	-	(212,602)	-	-	(212,602)
Issue of warrants	-	(63,575)	-	-	(63,575)
Transfers between other reserves	-	-	63,575	-	63,575
Equity portion of convertible loan	-	-	114,716	-	114,716
Expiry of share options	-	-	(391,320)	391,320	-
Equity-settled share based payment transactions	-	-	341,287	-	341,287
Exercise of share options	-	-	(2,139)	2,139	-
Total contributions by and distributions to owners	696,227	6,671,096	126,119	393,459	7,886,901
At 31 December 2021	1,648,773	11,435,233	616,205	(12,856,681)	843,530

The notes on pages 39 to 107 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Share capital	Share premium	Share Based Payment Reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 April 2020	909,993	4,306,690	276,143	(203,845)	5,288,981
Comprehensive income for the year					
Loss for the period	-	-	-	(1,215,340)	(1,215,340)
Total comprehensive income for the year	-	-	-	(1,215,340)	(1,215,340)
Contributions by and distributions to owners					
Issue of share capital	42,553	457,447	-	-	500,000
Equity-settled share based payment transactions	-	-	213,943	-	213,943
Total contributions by and distributions to owners	42,553	457,447	213,943	-	713,943
At 31 December 2020	952,546	4,764,137	490,086	(1,419,185)	4,787,584

The notes on pages 39 to 107 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Loss for the year		(11,864,374)	(1,215,340)
Adjustments for			
Depreciation and amortisation charges		803,968	186,588
Impairment losses on Investment in Joint Venture		59,955	-
Impairment losses on Equity Investment		500,000	-
Impairment losses on Goodwill		5,276,474	-
Impairment losses on intangible assets - Internally generated software		80,193	-
Impairment losses on intangible assets - Customer relations		2,467,833	-
Impairment losses on intangible assets - Brands		167,750	-
Finance income		(11,355)	(3,223)
Finance expense		111,594	3,509
Share of post-tax profits of equity accounted joint ventures		120,214	43,281
Loss / (Profit) on sale of fixed assets		8,042	(7,880)
Share-based payment expense		341,287	213,944
Other non-cash share-based payments		102,046	-
		(1,836,373)	(779,121)
Movements in working capital:			
(Increase) in trade and other receivables		(282,268)	(329,400)
Decrease / (Increase) in inventories		284,753	(205,223)
(Increase) in tax receivables		(222,876)	(4,429)
Increase in trade and other payables		230,345	511
Increase in provisions		5,250	-
Cash generated from operations		(1,821,169)	(1,317,662)
Income taxes received		3,584	40,402
Net cash used in operating activities		(1,817,585)	(1,277,260)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

		2021 £	2020 £
Cash flows from investing activities			
Acquisition of subsidiary	36	(5,034,000)	-
Purchase of intangibles		(98,712)	(60,092)
Purchases of property, plant and equipment		(340,556)	(150,646)
Proceeds from disposal of property, plant and equipment		12,000	63,187
Investment in Joint Venture		(573,170)	(100,280)
Interest received		11,355	3,223
Net cash used in investing activities		(6,023,083)	(244,608)
Cash flows from financing activities			
Issue of ordinary shares		4,328,852	-
Issue of convertible debt		1,632,000	-
Principle elements of finance lease payments		(357,637)	(49,938)
Interest paid on lease liabilities		(30,147)	(3,509)
Net cash from/(used in) financing activities		5,573,068	(53,447)
Net cash decrease in cash and cash equivalents		(2,267,600)	(1,575,315)
Cash and cash equivalents at the beginning of year		2,458,244	4,033,559
Cash and cash equivalents acquired on acquisition of subsidiary		528,129	-
Cash and cash equivalents at the end of the year		718,773	2,458,244

The notes on pages 39 to 107 form part of these financial statements.

Non-cash transactions
The Company issued 2,727,273 ordinary shares within the year which were valued at £3,000,000 which formed part of the purchase price for the acquisition of Union Distillers Limited.
In addition, there is a £1,481,682 earn-out consideration which forms part of the purchase price, which is to be settled in shares and which has not yet been issued.
Share based payments to employees and suppliers in lieu of services amounted to £49,000 and £53,046 respectively.
Share options realised an expense of £341,287 and share warrants of £63,575, raised against share premium during the current year, increased the share based payment equity reserve (Refer to note 32).

In the prior year, the Company issued 425,532 ordinary shares in the year as part of the share swap with List Distillery LLC (Refer to note 19).

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Loss for the year		(11,830,955)	(1,215,340)
Adjustments for			
Depreciation and amortisation charges		241,980	186,588
Impairment losses on Investment in Joint Venture		59,955	-
Impairment losses on Equity Investment		500,000	-
Impairment of Investment in Subsidiary		7,912,057	-
Impairment losses on intangible assets - Internally generated software		80,193	-
Finance income		(11,344)	(3,223)
Finance expense		84,431	3,509
Share of post-tax profits of equity accounted joint ventures		120,214	43,281
Loss / (Profit) on sale of fixed assets		5,386	(7,880)
Share-based payment expense		341,287	213,944
Other non-cash share-based payments		102,046	-
		(2,394,750)	(779,121)
Movements in working capital:			
Decrease / (Increase) in trade and other receivables		293,295	(329,400)
Decrease / (Increase) in inventories		614,127	(205,223)
(Increase) in tax receivable		(121,453)	(4,429)
(Decrease) / Increase in trade and other payables		(208,907)	511
Increase in provisions		5,250	-
Cash generated from operations		(1,812,438)	(1,317,662)
Income taxes received		3,584	40,402
Net cash used in operating activities		(1,808,854)	(1,277,260)

COMPANY STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

		2021 £	2020 £
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	36	(5,034,000)	-
Purchase of intangibles		(91,212)	(60,092)
Purchases of property, plant and equipment		(2,628)	(150,646)
Proceeds from disposal of property, plant and equipment		12,000	63,187
Investment in Joint Venture		(573,170)	(100,280)
Amounts advanced to related parties		(805,113)	-
Interest received		11,344	3,223
Net cash used in investing activities		(6,482,779)	(244,608)
Cash flows from financing activities			
Issue of ordinary shares		4,328,852	-
Issue of convertible debt		1,632,000	-
Principle elements of finance lease payments		(38,666)	(49,938)
Interest paid lease liabilities		(2,984)	(3,509)
Net cash from/(used in) financing activities		5,919,202	(53,447)
Net cash decrease in cash and cash equivalents		(2,372,431)	(1,575,315)
Cash and cash equivalents at the beginning of year		2,458,244	4,033,559
Cash and cash equivalents at the end of the year		85,813	2,458,244

The notes on pages 39 to 107 form part of these financial statements.

Non-cash transactions
The Company issued 2,727,273 ordinary shares within the year which were valued at £3,000,000 which formed part of the purchase price for the acquisition of Union Distillers Limited.
In addition, there is a £1,481,682 earn-out consideration which forms part of the purchase price, which is to be settled in shares and which has not yet been issued.
Share based payments to employees and suppliers in lieu of services amounted to £49,000 and £53,046 respectively.
Share options realised an expense of £341,287 and share warrants of £63,575, raised against share premium during the current year, increased the share based payment equity reserve (Refer to note 32).

In the prior year, the Company issued 425,532 ordinary shares in the year as part of the share swap with List Distillery LLC (Refer to note 19).

1. Statutory Information

The British Honey Company Plc is a public company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2. Basis of preparation

During the prior period the Company changed its accounting reference date from 31st March to 31st December in order to align its year-end reporting with the commercial operating cycle of the business. Consequently, the prior period covers the 9 months ended 31 December 2020 and so is not comparable with the current period.
The Company acquired Union Distillers Ltd on the 24 February 2021 and so the accounts have been consolidated from that date. Union Distillers Ltd have changed its year end from 30 September to 31 December within 2021 to align its reporting period with that of the Group.
All trading activities of the group moved to Union Distillers on the date of acquisition, therefore all revenues from 1 March 2021 are that of the group. More detail in this regard is included in Note 36.

Basis of measurement
The consolidated financial statements have been prepared on a historical cost basis, except for the following items (refer to individual accounting policies for details):
- Financial instruments - fair value through profit or loss

(i) **Compliance with IFRS**

The financial statements have been prepared in accordance with UK adopted International Accounting Standards in accordance with the requirements of the Companies Act 2006.

(ii) New standards, interpretations and amendments not yet adopted

There were no new standards, amendments or interpretations applied to the financial statements in the year.

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and not early adopted:

New standard or interpretation	EU Endorsement status	Mandatory effective date (period beginning)
IFRS 3 (Amendments)	Business combinations - reference to conceptual framework	*1 January 2022
IAS 16 (Amendments)	Property, plant and equipment	*1 January 2022
Annual Improvements	Annual Improvements to IFRS 2018-2020 cycle	*1 January 2022
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2022
IFRS 17, IFRS 9	Initial application of IFRS 17 and IFRS 9 - Comparative Information	1 January 2023
IFRS1, IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IAS 19	IFRS Taxonomy 2020 - General improvements and Common Practice - IAS 19 Employee Benefits	TBC

2. Basis of preparation (continued)

(ii) New standards, interpretations and amendments not yet adopted (continued)

IFRS 3, IFRS 15, IAS 1, IAS 21, IAS 12, IAS 7, IFRS 5, IAS 33	IFRS Taxonomy 2020 General Improvements and Common Practice Presentation of information in primary financial statements	TBC
IAS 16, IFRS 17, IFRS 9	IFRS Taxonomy 2020 Amendments to IFRS17, Extension of the Temporary Exemption from Applying IFRS 9 and Property, Plant and Equipment - Proceeds before intended Use Amendments to IFRS 17, IFRS 4 and IAS 16	TBC
Practice statement 2, IAS 1, IFRS 8, IAS 34, IAS 26, IFRS 7	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
IAS 8	Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023

*Subject to endorsement

The Directors do not expect that the adoption of these Standards listed above will have a material impact on the financial statements of the Company.

(iii) Going concern

The financial stability of the Company is challenging, like a lot of other small businesses, in these difficult financial times.

It is the Directors responsibility to prepare the financial statements and 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 alternate but to do so.

The 2021 financial statements show that the loss before tax was £12,102,565. This is made up of many exceptional items amounting to £8,934,668 (see Note 9) as well as the underlying trading loss of £3,167,897. The Directors have had to take some tough decisions and change strategic direction (see the Group Strategic Report on pages 3 to 5).

These exceptional losses represent the realignment of the management structure and the revised group strategy and upon which a future business can be built. The Directors have been handicapped by the lack of normal overdraft facilities to fund the working capital of the business, in which there can be significant spikes of cash flow required in the business. The Company's bank has been consulted and should be able to produce some leasing lines of credit and other financing arrangements after they have reviewed these audited accounts along with the relevant assets. These negotiations have not been agreed formally. The Company is also looking at other forms of debt financing, including invoice factoring.

The Directors have secured a £750,000 Loan Facility which has provided a near-term working capital facility. Whilst this facility provides a solid base for the Company, additional funding requirements are expected which will be addressed during Q1 of 2023. The Directors do have a track record of being able to raise funding for businesses.

The Directors have identified another round of cost savings which will be finalised shortly. The Directors believe that the going concern basis is the best to use for these financial statements, however emphasis is drawn to the fact that the Group requires significant additional funding to continue as a going concern. At the date of this report, this funding is unconfirmed, however the Directors are confident that the above sources of financing will be completed in due course. The auditors have made reference to this uncertainty in their audit report.

The Directors do not intend to liquidate the Company or cease operations at this point.

The financial statements have been produced under the going concern basis.

(iv) Accounting estimates and judgements

The preparation of the financial statements requires the Directors to make several judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The actual results are likely to differ from the judgements, estimates and assumptions made by the Directors, and will seldom equal the estimated results. Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Calculation of lease liabilities

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all the economic benefits of an identified asset for a period of time in exchange for consideration. The IFRS 16 lease calculation required significant judgement to be used for the determination of the discount rate. The incremental borrowing rate was determined at various rates ranging from 3.1% - 4.1% as it reflects the rate it would have to pay to borrow over a similar term and a similar asset.

Valuation of assets held at fair value through profit or loss

The 10% equity investment in List Distillery LLC is accounted for at fair value through profit or loss. The carrying value as at 31 December 2021 was £nil (31 December 2020 : £500,000). On 29 December 2021 the Board decided to not pursue the acquisition opportunity with List Distillery LLC in the US, the transaction to unwind the arrangement was completed in late September 2022.

Valuation of inventory

An assessment as to the ability of the Company to recover the value of inventory for above its original cost is made at each financial year end. A provision is made for any amounts that are not considered to be recoverable, either due to the net realisable value being less than cost for that inventory, or due to the level of inventory resulting in a risk of obsolescence. Due to the nature of this provision an estimate is made as to the amounts that will be recoverable which involves judgement, based on knowledge of the inventory held and the market, taking into account the current order book, inventory has been impaired.

Valuation of share options

The Company has made awards of options and warrants over its unissued share capital. The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and default rates. These assumptions have been described in more detail in Note 32 and 33.

Valuation of intangible assets

The Company has capitalised intangible assets at cost and these have been amortised over their estimated useful lives as disclosed at Note 3.11. The Company has also acquired intangibles assets, and recognised goodwill, as part of its acquisition of Union Distillers Ltd as disclosed in Note 36. The cost of the intangibles acquired through the business combination was taken from an independent report which detailed the Purchase Price Allocation and these intangibles have been amortised over their estimated useful lives. The impairment review considered the indicators of impairment per IAS 36, including the future cashflows expected to flow from the intangible assets. An impairment review has been carried out on each intangible asset which has resulted in a total impairment of intangibles by £2,715,775 and an impairment to goodwill of £5,276,474 (Refer to Note 9 and 36 for further information on this).

(iv) Accounting estimates and judgements (continued)

Estimates and assumptions (continued)

Valuation of Investment in Subsidiary

Note 36 describes Union Distillers Limited as a subsidiary of the Group. 100% of the shareholding of Union Distillers was obtained on the 24 February 2021. The Company has obtained an independent Purchase Price Allocation report whereby it has allocated the relevant assets / liabilities obtained from the purchase. The Company has been left with a Goodwill figure which management has accessed for impairment. The Impairment review considered a fair value of the investment versus the carrying value and consequently an impairment loss of £7,912,057 has been raised (Refer to Note 36 for further information on this)..

(v) Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so, to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount. See note 9 for further details on exceptional items incurred in the year.

vi.) Functional and presentation currency

i) Functional and presentation currency:
These consolidated financial statements are presented in British pounds sterling, which is the Group's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

ii) Transactions and balances:
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of profit or loss. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within Administrative Expenses.

3. Accounting policies

3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Refer to Note 19 for a list of Investments held by the Company.

The consolidated financial statements incorporate the results of the business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of the acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

In 2021 the Company acquired its only operating subsidiary - Union Distillers Ltd (Refer to Note 36).

3. Accounting policies (continued)

3.2 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

The company's efforts to consolidate the operations into a single location in Market Harborough reflects the company's view of a single cash generating unit reflected in its single segment for operations and reporting purposes.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described at Note 3.19.

3.3 Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the operating director.

The operating director who is responsible for allocating resources and performance of operating segments, during the year was Mark Jones.

All operations and information are reviewed together so that at present there is only one reportable operating segment (The British Honey Company Group) this year as a result of the consolidation of the business subsequent to Union Distillers Ltd acquisition.

3.4 Revenue recognition

Revenue is recognised when the Group's performance obligations are fulfilled, namely the delivery of inventory or the making available of inventory for ex-works collection.

Revenue is recorded based on the price specified in sales invoices, net of any agreed discounts and rebates and exclusive of value added tax but inclusive of excise duty on goods supplied to customers during the year.

Accruals are included in the statement of financial position in respect of expected amounts necessary to meet the claims of the Group's customers based on discount and rebate agreements in place.

3. Accounting policies (continued)

3.5 Income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the United Kingdom. The Directors periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.
Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3.6 Leases

The Company leases certain plant and equipment. Leases of plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases under IFRS 16. Finance leases are capitalised on the leases' commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Other leases are either small in value or cover a period of less than 12 months.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. The interest element of the finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets obtained under finance leases are depreciated over the shorter of the lease term and their useful lives. The lease liabilities are shown in Note 26.

Rent payable under operating leases on which the short-term exemption has been taken, less any lease incentives received, is charged to the income statement 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 lease asset are consumed.

In the Consolidated Statement of Financial Position, the right-of-use asset is recorded in non-current assets and the lease liability is split between Current liabilities for the portion due within 12 months and non-current liabilities for the remainder.

To determine the split between principal and interest in the lease the incremental borrowing rate was determined at various rates ranging from 3.1% - 4.1% as it reflects the rate it would have to pay to borrow over a similar term and a similar asset (Refer to note 17 for further details).

3. Accounting policies (continued)

3.7 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Initial recognition and measurement
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

De-recognition
Financial assets are de-recognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

3.8 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 30.6 for a description of the Company's impairment policies.

3.10 Inventories

Inventory compromises of the following categories:
- Raw materials and stores,
- finished goods.

Inventories are stated at the lower of cost and net realisable value.

Cost comprises straight direct material costs only.

Costs are assigned to individual items of inventory on the weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts, net of VAT.

Net realisable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and costs necessary to make the sale.

3.11 Investments and other financial assets

The Company measures its equity investments as financial asset at fair value through profit or loss. The fair value of the investments is discussed further in Note 2 (iv).

3. Accounting policies (continued)

3.12 Property, plant and equipment

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

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

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life:

Freehold property	No depreciation
Long-term leasehold property	16.67% on straight line
Plant and machinery	25% on reducing balance
Motor vehicles	25% on reducing balance
Fixtures and fittings	25% on reducing balance

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

An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Company policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

3.13 Intangible assets

(i) Trademarks, brands, licences and customer contracts

Separately acquired trademarks and licences are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. The amortisation is presented within Administrative Expenses

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful life of intangible assets, unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Brands and Trademarks	5 - 10	years
Website development	3	years
Customer relationships	12	years
Internally developed software	5	years

3. Accounting policies (continued)

3.13 Intangible assets (continued)

(ii) Internally-generated software

Costs associated with maintaining software programmes are recognised as an expense as incurred.

Development costs that are attributable directly to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(iii) Research and development

Research expenditure and development expenditure that do not meet the criteria in (ii) above are recognised as an expense as incurred. Development costs recognised previously as an expense are not recognised as an asset in a subsequent period.

3.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.15 Employee benefits

i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

3. Accounting policies (continued)

ii) Share-based payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

3.16 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

3.17 Capital and reserves

Ordinary shares are classified as equity and accounted for at their nominal value in share capital. Amounts paid over the nominal value are recorded as share premium. Incremental costs directly attributable to the issue of new shares or options are shown in equity, as a deduction, net of tax from the proceeds provided there is sufficient premium available. Should sufficient premium not be available, placing costs are recognised in the Income statement.

The share-based payment reserve consists of the fair value of options and warrants issued, which are recycled to retained earnings upon exercise or expiry, as well as the equity portion of the convertible loan.

3. Accounting policies (continued)

3.18 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified a held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3.19 Investments in Joint Arrangements - Joint Ventures

The Company has applied IFRS 11 and IAS 28 to its joint arrangement. Under IFRS 11 a joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The British Honey Company PLC has assessed the nature of its joint arrangement and determined it to be a joint venture. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses and movements in other comprehensive income, When the Company's share of losses in joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint ventures), the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Investments in joint ventures are carried at cost less any impairment losses.

3. Accounting policies (continued)

3.20 Government grants

Government grants are recognised when there is reasonable assurance that:

- The Company will comply with the conditions attaching to them; and
- The grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income in the periods in which it becomes receivable

3.21 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.22 Convertible debt

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in the "Share based payment reserve" within shareholders' equity, net of income tax effects.

4. Revenue

The following is an analysis of the Group's revenue for the year from continuing operations:

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Sale of goods	1,584,434	658,483
Sale of honey products	72,623	56,007
Sale of sanitiser and PPE	46,798	694,326
White label and other sales	6,253,623	138,250
	7,957,478	1,547,066

Analysis of revenue by country of destination:

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
United Kingdom	7,919,977	1,487,888
France	25,126	21,508
USA	340	12,145
Rest of the world	12,035	25,525
	7,957,478	1,547,066

Receivables from contracts with customers comprise solely of trade receivables.

5. Cost of Sales

	Year ended 31 December 2021	9 months ended 31 December 2020
	£	£
Cost of goods sold	4,731,118	630,573
	4,731,118	630,573

6. Government grants

The Group received government grants in relation to the Covid-19 pandemic. The Coronavirus Job Retention Scheme was announced on 20 March 2020 where companies could claim for furloughed staff extending back to 1 March 2020. The following claims were made:

	Year ended 31 December 2021	9 months ended 31 December 2020
	£	£
Claims made	8,146	7,445
	8,146	7,445

7. Other Income

Other income comprises the following:

	Year ended 31 December 2021	9 months ended 31 December 2020
	£	£
- Project management charges - Tusmore Collection Ltd	58,433	38,483
- Project management charges - Tusmore Park Farm Ltd	-	1,817
	58,433	40,300

Management charges are raised at an 8% mark-up of costs incurred by The British Honey Company PLC on behalf of Tusmore Collection Ltd (Note 19).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Expenses by nature

	Year ended 31 December 2021	9 months ended 31 December 2020
	£	£
Depreciation - Tangible assets	332,718	125,995
Depreciation - Right-of-Use assets	208,910	28,169
Amortisation - Brands and Trademarks	36,021	14,808
Amortisation - Website development	6,240	-
Amortisation - Customer Relationships	184,167	-
Amortisation - Internally generated software	35,898	17,617
Employee benefit expenses	3,177,253	816,367
Staff training costs	9,859	845
Other operating leases	104,234	29,919
Hire of plant and machinery	18,528	5,098
Premises costs	212,537	45,202
Bad Debts	56,602	594
Repairs & Maintenance	194,319	11,133
Professional and consulting fees	549,693	122,282
Transportation and travelling expenses	46,509	35,516
Marketing and promotions	183,921	147,421
Operational costs	357,640	149,375
Other costs	161,435	132,545

9. Exceptional items incurred during the year comprised:

	Year ended 31 December 2021	9 months ended 31 December 2020
	£	£
Audit (1)	85,000	-
Legal and Consulting (2)	203,274	117,500
List LLC (3)	513,032	80,344
New product development (4)	500	2,745
Severance payments (5)	136,792	19,500
Dilapidation costs at Worminghall (6)	5,250	-
Impairment of Goodwill (7)	5,276,474	-
Impairment of Customer Relations (7)	2,467,833	-
Impairment of Brands (7)	167,750	-
Impairment of internally generated software (8)	80,192	-
Tusmore Collection Ltd - Joint Venture (9)	168,858	24,959
Union Distillers Limited (10)	(170,287)	-
	8,934,668	245,048

(1) The audit of the 2021 accounts required significant additional time to be finalised as the auditors needed to gain satisfactory comfort of the year-end inventory figure, as highlighted in their audit report, as well as the going concern position of the company.

(2) Exceptional Legal and Consultancy fees comprise of costs incurred in relation to the acquisition of Union Distillers Ltd, funding raising activities and due to conflicts between directors.

(3) In the prior year, on 30 June 2020 the Company acquired a 10% equity interest in List Distillery LLC in exchange for 452,523 of its own shares with a fair value of £500,000 (refer to Note 19). Due diligence costs of £80,344 were incurred in connection with the transaction in the prior year. In the current year consultancy cost have been incurred to unwind the transaction, as announced on the 29th December 2021 and the Investment has been fully impaired which resulted in the charge of £513,031.

(4) New product development costs relate to costs incurred for product development that was not capitalised.

(5) In the current year, severance payments amounting to £136,792 was paid to Mr M Williams (former CEO).
In the prior period Sir Hugo Swire KCMH resigned as a Director of the Company and a severance payment of £12,500 was made, and legal costs relation to employment advice of £7,000 were incurred.

(6) In the current year the Board decided to close the Worminghall operations and expect dilapidation costs to be £5,250 which has been provided for.

(7) The Board assessed the Goodwill for impairment, which ultimately refers to the fair value of the investment in Union Distillers. The fair value was found to be significantly lower than that of the carrying value of the investment, therefore an impairment of £7,912,057 was raised which results in the following items being impaired:
- Goodwill = £5,276,474
- Intangible assets - Customer Relations = £2,467,833

- Intangible assets - Brands = £167,750

(8) The Board assessed the internally generated software for impairment and has decided to impair the intangible asset down to its' net realisable value of £80,192

(9) In the prior period, on 15th of July 2020 the Company entered into a joint venture agreement with Cottisford Ltd to establish the joint venture company, Tusmore Collection Limited (Refer to note 19.). Tusmore Collection Limited had been established specifically to setup and operate a new distillery and bonded warehouse within the grounds of Tusmore Park Estate in Oxfordshire. Both parties held 50% interest in the new company. Legal fees of £24,959 were incurred in the prior year in relation to establishing the joint venture arrangement.
In the current year, the investment in the joint venture has been impaired by £59,954 as subsequent to the year-end the 50% holding was sold to Tusmore Park Farms Ltd. The receivable held between Tusmore Collection Ltd and the Company has also been provided for amounting to £108,904 excl.VAT.

(10) On the 24 February 2021, the company acquired 100% ownership of Union Distillers Limited, a revaluation of the fair value of the earn-out consideration to £1,481,682 resulted in a profit of £ 170,287 (See note 36).

10. Employee benefit expenses

Group

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Employee benefit expenses (including Directors) comprise:		
Wages and salaries	2,798,571	731,497
National insurance	318,396	74,269
Defined contribution pension cost	60,286	10,601
	3,177,253	816,367

The monthly average number of persons, including the Directors, employed by the Group during the year was as follows:

	Year ended 31 December 2021 No.	9 months ended 31 December 2020 No.
Sales and marketing	12	6
Administration	27	6
Operations	72	12
	111	24

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Directors compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company.

Year ended 31 December 2021

		Basic annual contractual amount	Basic salaries and fees paid	Bonuses/ Compensation	Other allowances	Total
		£	£	£	£	£
R J Day	Non-Executive Chairman	*55,000*	11,705	2,917		14,622
L Guifang	Non-Executive	*10,000*	10,000	-	-	10,000
P A G Seers	Non-Executive	*25,000*	20,513	-	-	20,513
N Agbo	Executive	*60,000*	34,846	5,000	3,159	43,005
M M Gamble	Executive	*100,000*	69,093	-	5,760	74,853
G Lennox	Executive	-	7,277	-	-	7,277
R A Porter-Smith	Executive	-	53,167	-	4,200	57,367
A L Wallace	Executive	-	23,192	-	-	23,192
M D Williams	Executive *	*140,000*	95,282	173,333	9,089	277,704
		390,000	325,075	181,250	22,208	528,533

* Former CEO and Chairman whom resigned due to ill health on the 8 October 2021. A severance payment of £136,792 was paid on conclusion of his employment contract.

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FOR THE YEAR ENDED 31 DECEMBER 2021

9 months ended 31 December 2020

		Basic annual contractual amount	Basic salaries and fees paid	Bonuses/ Compensation	Total
		£	£	£	£
L Guifang	Non-Executive	*10,000*	7,500	-	7,500
P A G Seers	Non-Executive	*25,000*	22,500	-	22,500
G Lennox	Executive	-	1,000	-	1,000
The Rt Hon H Swire *	Executive	-	24,487	12,500	36,987
R A Porter-Smith	Executive	-	17,708	-	17,708
A L Wallace	Former Secretary	-	18,750	-	18,750
M S Riley	Executive	-	10,240	-	10,240
M D Williams	Executive	*140,000*	76,200	10,000	86,200
		175,000	178,385	22,500	200,885

* The Rt Hon H Swire resigned on 25 September 2020. A severance payment of £12,500 was paid on conclusion of his employment contract.

11. Auditors' remuneration

During the year, the Group obtained the following services from the Group's auditors:

	Year ended 31 December 2021	9 months ended 31 December 2020
	£	£
Audit of the Company and Group's financial statements	150,000	25,000
Other non-audit services - review of interim financial statements	3,000	18,000

12. Finance income and expense

Recognised in profit or loss

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Finance income		
Interest on:		
- Deposit account interest	124	3,223
Share of joint ventures' interest receivable	11,220	-
Other interest receivable	11	-
Total finance income	11,355	3,223
Finance expense		
Finance leases (interest portion)	34	2,985
Interest on lease liabilities	27,979	-
Other loan interest payable (Note 26)	81,447	-
Hire purchase interest payable	2,930	524
Total finance expense	112,390	3,509
Net finance expense recognised in profit or loss	(101,035)	(286)

13. Income tax

13.1 Income tax recognised in profit or loss

Any current or deferred tax amounts recognised in the prior period has been reversed as the Group is loss making. A tax credit of £121,454 (Dec 2020: £4,429) has been received in relation to an R&D tax credit as per Note 22.

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Current tax		
Current tax on profits for the year	(129,878)	(4,429)
Total current tax	(129,878)	(4,429)
Deferred tax expense		
Origination and reversal of timing differences	(108,313)	-
Total deferred tax	(108,313)	-
	(238,191)	(4,429)
Total tax expense		
Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates and joint ventures	(238,191)	(4,429)
	(238,191)	(4,429)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Loss for the year	(11,864,373)	(1,215,340)
Income tax credit/expense (including income tax on associate, joint venture and discontinued operations)	(238,191)	(4,429)
Loss before income taxes	(12,102,564)	(1,219,769)
Tax using the Company's domestic tax rate of 19% (2020:19%)	(2,299,487)	(231,756)
Non-tax deductible amortisation of goodwill and impairment	1,624,919	-

13. Income tax (continued)

13.1 Income tax recognised in profit or loss (continued)

Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	64,844	40,649
Capital allowances for the year in excess of depreciation	58,993	(303)
Rollover relief on profit on disposal of property, plant and equipment	1,528	(1,497)
Fair Value of Earn-out consideration	(32,351)	-
Other disallowables	61,298	-
Adjustment in research and development tax credit leading to an increase/(decrease) in the tax charge	(39,860)	(11,417)
Amendment of research and development tax credit	(121,454)	-
Special factors affecting joint-ventures and associates leading to an increase/(decrease) in the tax charge	22,841	8,223
Unrecognised deferred tax	420,538	191,672
Total tax expense	(238,191)	(4,429)

At the year end, there were unrecognised deferred tax assets of £1,305,816 (December 2020: £885,278) in respect of unutilised tax losses. These have not been recognised as their recovery cannot be determined with reasonable certainty.

Changes in tax rates and factors affecting the future tax charges

Corporation tax rates are due to remain at 19% for the FY 2022, thereafter chargeable profits will be taxed at marginal tax rates increasing from 19% up to 25%.

13.2 Current tax assets and liabilities

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Current tax liabilities		
Corporation tax payable	16,616	-
	16,616	-

The above tax expense relates to taxable profits made by Union Distillers Ltd before becoming part of the Group.

14. Earnings per share

(i) Basic and Diluted earnings per share

Basic earnings per share, also being the diluted earnings due to the losses incurred, is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	Year ended 31 December 2021 Pence	9 months ended 31 December 2020 Pence
From continuing operations attributable to the ordinary equity holders of the Company	(76.793)	(12.952)
Total basic and diluted earnings per share attributable to the ordinary equity holders of the Company	(76.793)	(12.952)

(ii) Reconciliation of earnings used in calculating earnings per share

Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:

Used in calculating basic earnings per share	(11,864,374)	(1,215,340)

(iii) Weighted average number of shares used as the denominator

	Year ended 31 December 2021 Number	9 months ended 31 December 2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	15,449,892	9,383,102
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	15,449,892	9,383,102

15. Intangible Assets

Group

	31 December 2021			31 December 2020		
	Cost	Accumulated Amortisation & Impairment	Carrying Value	Cost	Accumulated Amortisation & Impairment	Carrying Value
	£	£	£	£	£	£
Brand and Trademarks	387,979	(233,851)	154,128	191,215	(28,566)	162,649
Website development	18,720	(6,240)	12,480	-	-	-
Customer Relationships	2,652,000	(2,652,000)	-	-	-	-
Internally generated software	224,557	(152,557)	72,000	133,345	(36,466)	96,879
	3,283,256	(3,044,648)	238,608	324,560	(65,032)	259,528

Reconciliation of Intangible assets - 31 December 2021

	Opening Balance	Additions through business combinations	Additions / Internally generated	Amortisation / Impairment for the year	Total
	£	£	£	£	£
Brand and Trademarks (1)	162,649	187,750	7,500	(203,771)	154,128
Website development	-	18,720	-	(6,240)	12,480
Customer Relationships (2)	-	2,652,000	-	(2,652,000)	-
Internally generated software (3)	96,879	-	91,212	(116,091)	72,000
	259,528	2,858,470	98,712	(2,978,102)	238,608

During the year ended 31 December 2021, the Group acquired £2,858,470 of intangible assets through the acquisition of Union Distillers Ltd.
As part of allocating the purchase price of the business combination, intangible assets were recognised, Customer Relationships valued at £2,652,000 and the Brand of Two Birds valued at £183,000.
The valuation was done by an independent valuer, Crowe U.K. LLP.

Intangibles were reviewed by management and certain impairments were deemed necessary:
(1) An impairment of the Brand acquired on acquisition has been impaired by £167,750 (Refer to Note 36).
(2) An impairment of the Customer relationships acquired on acquisition has been impaired by £2,467,833 (Refer to Note 36).
(3) The Internal generated software was impaired by £80,193 due to some impractical implementation issues at the Company's Market Haborough site, however the Company is continuing to utilise some of the capabilities of the system and are working on improving the software to meet the future needs of the Company.

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Reconciliation of Intangible assets - 31 December 2020

	Opening Balance	Additions through business combinations	Additions / Internally generated	Amortisation / Impairment for the period	Total
	£	£	£	£	£
Brand and Trademarks	177,457	-	-	(14,808)	162,649
Internally generated software	54,403	-	60,092	(17,616)	96,879
	231,860	-	60,092	(32,424)	259,528

Company

	31 December 2021			31 December 2020		
	Cost	Accumulated Amortisation & Impairment	Carrying Value	Cost	Accumulated Amortisation & Impairment	Carrying Value
	£	£	£	£	£	£
Brand and Trademarks	191,215	(48,310)	142,905	191,215	(28,566)	162,649
Internally generated software	224,557	(152,557)	72,000	133,346	(36,467)	96,879
	415,772	(200,867)	214,905	324,561	(65,033)	259,528

Reconciliation of Intangible assets - 31 December 2021

	Opening Balance	Additions / Internally generated	Amortisation / Impairment for the year	Total
	£	£	£	£
Brand and Trademarks	162,649	-	(19,744)	142,905
Internally generated software	96,879	91,212	(116,091)	72,000
	259,528	91,212	(135,835)	214,905

* The Internal generated software was impaired by £80,193 due to some impractical implementation issues at the Company's Market Haborough site, however the Company is continuing to utilise some of the capabilities of the system and are working on improving the software to meet the new needs of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Reconciliation of Intangible assets - 31 December 2020

	Opening Balance	Additions/ Internally generated	Amortisation / Impairment for the period	Total
	£	£	£	£
Brand and Trademarks	177,457	-	(14,808)	162,649
Internally generated software	54,403	60,092	(17,616)	96,879
	231,860	60,092	(32,424)	259,528

During 2020 The British Honey Company Plc purchased the trade and assets of The London Distillery Company Limited by way of an Administrative Sale Agreement. The consideration for the assets acquired was £65,975 in cash and the issue of 132,363 shares in order to settle a loan with the previous owners. The assets acquired included inventory, plant and equipment and Brands and Trademarks.

Union Distillers Ltd have acquired the right to use the trademark "Two Birds", which was registered on 9th July 2012.

On the 11th March 2020 Union Distillers entered into a Trade Mark Co-Existence Agreement with Two Birds IP Pty Limited (based in Australia), in order to sell and distribute Union Distillers Brand "Two Birds" within Australia and New Zealand. Two Birds IP Pty Limited hold their own trademarks within these countries and hence the agreement was entered into with certain conditions, one of which being Royalties being due to Two Birds IP Pty Limited.

The royalty agreement provides that the Company will pay Two Birds IP Pty Limited royalties on a per bottle basis on sales made in Australia and New Zealand.

Royalty payments are included in cost of sales.

16. Property, plant and equipment

Group

	31 December 2021			31 December 2020		
	Cost	Accumulated Depreciation / Amortisation	Carrying Value	Cost	Accumulated Depreciation / Amortisation	Carrying Value
	£	£	£	£	£	£
Freehold Land	50,000	-	50,000	50,000	-	50,000
Leasehold Improvements	18,339	(8,150)	10,189	-	-	-
Plant & Machinery	1,799,908	(891,154)	908,754	760,520	(368,455)	392,065
Fixtures & Fittings	380,152	(179,693)	200,459	208,264	(88,502)	119,762
Motor Vehicles	178,543	(61,463)	117,080	120,846	(34,928)	85,918
	2,426,942	(1,140,460)	1,286,482	1,139,630	(491,885)	647,745

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Reconciliation of Property, plant and Equipment - 31 December 2021

	Opening Balance	Additions through business combinations	Additions	Disposals	Depreciation for the year	Total
	£	£	£	£	£	£
Freehold Land	50,000	-	-	-	-	50,000
Leasehold improvements	-	-	11,202	-	(1,013)	10,189
Plant & machinery	392,065	551,691	221,521	(13,603)	(242,920)	908,754
Fixtures & Fittings	119,762	55,795	82,179	-	(57,277)	200,459
Motor Vehicles	85,918	1,701	67,423	(6,440)	(31,522)	117,080
	647,745	609,187	382,325	(20,043)	(332,732)	1,286,482

During the 12 months ended 31 December 2021, the Group acquired £609,187 of property, plant and equipment through the acquisition of Union Distillers Ltd.

Reconciliation of Property, plant and Equipment - 31 December 2020

	Opening Balance	Additions through Business Combinations	Additions	Disposals	Depreciation for the period	Total
	£	£	£	£	£	£
Freehold Land	50,000	-	-	-	-	50,000
Plant & Machinery	443,912	-	45,182	(8,639)	(88,390)	392,065
Fixtures & Fittings	76,177	-	71,849	(4,648)	(23,616)	119,762
Motor Vehicles	66,712	-	75,215	(42,020)	(13,989)	85,918
	636,801	-	192,246	(55,307)	(125,995)	647,745

Company

	31 December 2021			31 December 2020		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
	£	£	£	£	£	£
Land	50,000	-	50,000	50,000	-	50,000
Plant & Machinery	721,590	(438,338)	283,252	760,519	(368,454)	392,065
Fixtures & Fittings	210,892	(118,985)	91,907	208,263	(88,502)	119,761
Motor Vehicles	105,120	(46,072)	59,048	120,846	(34,927)	85,919
	1,087,602	(603,395)	484,207	1,139,628	(491,883)	647,745

Reconciliation of Property, plant and Equipment - 31 December 2021

	Opening Balance	Additions	Disposals	Depreciation	Total
	£	£	£	£	£
Land	50,000	-	-	-	50,000
Plant & machinery	392,065	-	(10,947)	(97,866)	283,252
Fixtures & Fittings	119,762	2,628	-	(30,483)	91,907
Motor Vehicles	85,918	-	(6,439)	(20,431)	59,048
	647,745	2,628	(17,386)	(148,780)	484,207

Reconciliation of Property, plant and Equipment - 31 December 2020

	Opening Balance	Additions	Disposals	Depreciation	Total
	£	£	£	£	£
Land	50,000	-	-	-	50,000
Plant & Machinery	443,912	45,182	(8,639)	(88,390)	392,065
Fixtures & Fittings	76,177	71,849	(4,648)	(23,616)	119,762
Motor Vehicles	66,712	75,215	(42,020)	(13,989)	85,918
	636,801	192,246	(55,307)	(125,995)	647,745

17. Right-of-use assets

The Group holds several leases that it accounts for under IFRS 16. Other leases are either small in value or cover a period of less than 12 months, upon which the short-term exemption has been taken. The leases are for the Company's factory and office spaces.

To determine the split between principal and interest in the lease the Group applied the interest rate implicit in the lease, where available, alternatively an estimate of the interest it would have to pay in order to finance payments under the new lease was used.

Lease liabilities are shown in note 26.

Group

	31 December 2021			31 December 2020		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
	£	£	£	£	£	£
Right-of-Use Assets	1,276,223	(579,501)	696,722	153,363	(40,688)	112,675
	1,276,223	(579,501)	696,722	153,363	(40,688)	112,675

Reconciliation of Right-of-use assets - 31 December 2021

	Opening Balance	Additions through business combinations	Disposals	Depreciation for the year	Total
	£	£	£	£	£
Right-of-Use Assets	112,675	792,959	-	(208,912)	696,722
	112,675	792,959	-	(208,912)	696,722

During the 6 month ended 30 June 2021, the Company acquired £792,959 of right-of-use assets through the acquisition of Union Distillers Ltd which has been added to the Opening Balance above.

Reconciliation of Right-of-use assets - 31 December 2020

	Opening Balance	Additions	Disposals	Depreciation for the period	Total
	£	£	£	£	£
Right-of-Use Assets	131,454	-	-	(18,779)	112,675
	131,454	-	-	(18,779)	112,675

Company

	31 December 2021			31 December 2020		
	Cost	Accumulated Depreciation / Amortisation	Carrying Value	Cost	Accumulated Depreciation / Amortisation	Carrying Value
	£	£	£	£	£	£
Right-of-Use Assets	153,363	(78,247)	75,116	153,363	(40,688)	112,675
	153,363	(78,247)	75,116	153,363	(40,688)	112,675

Reconciliation of Right-of-use assets - 31 December 2021

	Opening Balance	Additions	Disposals	Depreciation	Total
	£	£	£	£	£
Right-of-Use Assets	112,675	-	-	(37,559)	75,116
	112,675	-	-	(37,559)	75,116

Reconciliation of Right-of-use assets - 31 December 2020

	Opening Balance	Additions	Disposals	Depreciation	Total
	£	£	£	£	£
Right-of-Use Assets	131,454	-	-	(18,779)	112,675
	131,454	-	-	(18,779)	112,675

18. Goodwill

Group

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Cost	5,276,474	-
Accumulated impairment (Refer to note 9)	(5,276,474)	-
	-	-

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Cost		
Additions	5,276,474	-
At 31 December	5,276,474	-
Accumulated impairment		
Impairment charge	5,276,474	-
At 31 December	5,276,474	-

On the 24 February 2021, the Company acquired 100% of Union Distillers Ltd, which has resulted in the Goodwill. Management undertook an assessment of goodwill for impairment, taking into account the current fair value versus the carrying value of the underlying investment. The fair value of the underlying investment has been considered to be significantly lower than the carrying value and so the underlying investment in the subsidiary has been impaired which has resulted in a subsequent impairment of the goodwill.

Refer to Note 19 for more detail on the Investment in Subsidiary.
Refer to Note 36 for more detail on the acquisition and impairment.

19. Investments

The following entities have been included in the consolidated financial statements using the equity method:

Name of Entity	**Type of investment**	**Basis of accounting**	Value of ownership interest 9 months ended 31 December 2020
1) Tusmore Collection Limited	Joint Venture	Equity accounting	56,998
2) List Distillery LLC	10% equity investment	Fair value through profit and loss	500,000

(1) On 15th of July 2020 the Company entered into a Joint Venture agreement with Cottisford Ltd to establish the Joint Venture company called Tusmore Collection Limited. Tusmore Collection Limited has been established specifically to setup and operate a new distillery and bonded warehouse within the grounds of Tusmore Park Estate in Oxfordshire. Both parties held 50% interest in the new company. Subsequently the 50% shareholding moved from Cottisford Ltd to Tusmore Park Farms Ltd.

On 24 May 2022, the Investment in the Joint Venture was disposed and has therefore been classified as held for sale at the year-end as noted in note 24.

(i) Summarised financial information

Tusmore Collection Limited

	2021 £	2020 £
Summarised Statement of Financial Position		
Non-current assets - Tangible Assets	1,209,315	301,559
Current assets - Cash & Cash Equivalents	76,398	5
Non-current liabilities - Loans from shareholders	(1,346,800)	(199,900)
Current liabilities - Trade & Other Payables	(265,805)	(188,127)
Net assets	(326,892)	(86,463)
Group share of net assets	(163,446)	(43,281)
Summarised Statement of Profit or Loss and Other Comprehensive Income		
Turnover - Interest Income	-	5
Administrative costs	(240,429)	(86,568)
Total comprehensive income	(240,429)	(86,563)

19. Investments (continued)

Carrying value of the investment in the joint venture is determined as follows:

Joint Venture	Basis of accounting	Year ended 31 December 2021	9 months ended 31 December 2020
		£	£
Investment in Joint Venture at Cost		50	50
Loan notes issued to Joint Venture	Equity accounting	673,400	100,229
Share of losses of Joint Venture		(163,495)	(43,281)
Impairment of Loan to Net realisable Value		(59,955)	-
Reclassified to held for Sale		(450,000)	-
		-	56,998

The above loan is made up of a capital loan of £661,950 and accrued interest of £11,450 with an initial repayment date of 02/12/2025. The loan notes were unsecured and bore interest at 3% per annum. The loan notes form part of the net investment in the investment under IAS 28.

Subsequent to the year end, the Directors made an executive decision to dispose of their investment in Tusmore Collection Ltd it held in conjunction with Tusmore Park Farm Ltd. It has been agreed to dispose of the investment at a total of £450,000 (excluding any receivables still due and any claw back of cash currently sitting within the joint Venture) Refer to Note 24. An impairment on the loan for £59,955 has been raised to bring the investment down to its net realisable value.

Other non-current investments

Group

On 30 June 2020 the Company acquired a 10% equity interest in List Distillery LLC ("List") in exchange for 452,523 of its own ordinary shares (fair value of which was £500,000).

On 29 December 2021 the Board decided to not pursue the acquisition opportunity with List Distillery LLC, the transaction was unwound in September 2022, however due to legalities, the shares held by List Distillery LLC in BHC cannot be sold currently and so the value of the investment has been fully impaired.

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Unlisted investments - List Distillery LLC	-	500,000
	-	500,000

Company

On the 24th February 2021, the Company acquired 100% of Union Distillers Limited (Reg.07962548), registered address is E7 Welland Business Park, Valley Way, Market Harborough, England, LE16 7PS. The principal activities of the subsidiary is distilling, rectifying and blending of spirits. Refer to note 36 for more details on the acquisition.

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Investments in subsidiary company - Union Distillers Ltd *	2,579,025	-
Unlisted investments - List Distillery LLC	-	500,000
	2,579,025	500,000

* The above amount is broken down into the Equity Investment at its fair value of £1,773,912 and an intercompany loan account receivable of £805,113. The equity investment had a carrying value of £9,685,969 which was considered to be impaired by £7,912,057, which resulted in fair value of £1,773,912 fair value.

20. Inventories

Group

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Raw materials	727,484	142,553
Finished goods	129,676	471,574
	857,160	614,127

Amounts recognised as cost of sales in the year amounted to £4,731,118 (2020: £630,573). Amounts written down to net realisable value in the year amounted to £49,855 (2020: £nil).

Company

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Raw materials	-	142,553
Finished goods and goods for resale	-	471,574
	-	614,127

All inventory was transferred to Union Distillers Ltd from the Company during 2021.

21. Trade and other receivables

Group

	Year ended 31 December 2021	9 months ended 31 December 2020
	£	£
Current:		
Trade receivables (Note 30)	1,395,585	425,552
Deposits	126,679	-
Other debtors	20,723	30,092
VAT	2,238	-
Prepayments and accrued income	120,748	252,809
	1,665,973	708,453

Company

	Year ended 31 December 2021	9 months ended 31 December 2020
	£	£
Current:		
Trade receivables	395,630	425,552
Other debtors	5,050	30,092
VAT	2,238	-
Prepayments and accrued income	12,240	252,809
	415,158	708,453

Exposure to credit risk
Trade receivables expose inherently the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

Fair values of trade receivables
Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Refer to Note 30 for details of credit risk management for trade receivables, including the ageing summary.

22. Income tax recoverable

Although the Group has not made taxable profits throughout the current period and preceding years, they have made claims from HMRC for Research and Development costs incurred.

Group and Company	Year ended 31 December 2021	9 months ended 31 December 2020
	£	£
Opening balance receivable	4,425	40,398
HMRC - Research and Development claim	122,294	4,429
Adjustments to receivables b/f	(841)	-
Tax refunded	(3,584)	(40,402)
Closing balance receivable	122,294	4,425

23. Cash and cash equivalents

Group

	Year ended 31 December 2021	9 months ended 31 December 2020
	£	£
Current:		
Cash in hand	-	69
Bank deposit account	-	2,318,846
Bank current accounts	718,773	139,329
	718,773	**2,458,244**

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Credit quality of cash at bank and short-term deposits, excluding cash on hand
The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Bank	**Rating**	**Credit rating institution**	**Year ended 31 December 2021**	**9 months ended 31 December 2020**
			£	£
Citi Bank	Aa3	Fitch	-	150,070
Metro Bank Plc	BB-	Moody's	-	2,300,642
Paypal	A-	Fitch	1,281	7,463
HSBC Plc	F1+	Fitch	716,258	-
TransferWise		Not rated	1,234	-

Company

	Year ended 31 December 2021	9 months ended 31 December 2020
	£	£
Current:		
Cash in hand	-	69
Bank deposit account	-	2,318,846
Bank current accounts	85,813	139,329
	85,813	**2,458,244**

Credit quality of cash at bank and short-term deposits, excluding cash on hand
The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit Rating

Bank	**Rating**	**Credit rating institution**	**Year ended 31 December 2021**	**9 months ended 31 December 2020**
			£	£
Citi Bank	Aa3	Fitch	-	150,070
Metro Bank Plc	BB-	Moody's	-	2,300,642
Paypal	A-	Fitch	-	7,463
HSBC Plc	F1+	Fitch	85,073	-
Transfer Wise			740	-

24. Available-for-sale-investments (current)

Group and Company

Available-for-sale financial assets include the following classes of financial assets:

	2021 £	2020 £
Current assets		
Unlisted securities		
Equity securities	450,000	-
	450,000	-
Available-for-sale investments		
	450,000	-

On 15th of July 2020 the Company entered into a Joint Venture agreement with Cottisford Ltd to establish the Joint Venture company called Tusmore Collection Limited. Tusmore Collection Limited has been established specifically to setup and operate a new distillery and bonded warehouse within the grounds of Tusmore Park Estate in Oxfordshire. Both parties held 50% interest in the new company. Subsequently the 50% shareholding moved from Cottisford Ltd to Tusmore Park Farms Ltd.

On 24 May 2022, the Company has sold the 50% ownership in the Joint Venture to Tusmore Park Farms Ltd

Amounts recognised in profit or loss and other comprehensive income:

	2021 £	2020 £
Net impairments recognised in profit or loss statement	(59,955)	-
Net losses recognised in profit or loss statement	(120,214)	(43,281)

25. Trade and other payables

Group

	Year ended 31 December 2021	9 months ended 31 December 2020
	£	£
Non-Current:		
Contingent consideration payable - Earn-out provision *	1,481,682	-
	1,481,682	-
Current:		
Trade payables	782,494	181,818
VAT	199,595	47,682
Social security and other taxes	95,961	32,137
Corporation tax	16,616	-
Other creditors	15,644	1,107
Accruals and deferred income	226,152	155,742
	1,336,462	418,486

Company

	Year ended 31 December 2021	9 months ended 31 December 2020
	£	£
Non-Current:		
Contingent consideration payable - Earn-out provision *	1,481,682	-
	1,481,682	-
Current:		
Trade payables	123,644	181,817
Social security and other taxes	48,314	79,819
Other creditors	3,859	1,107
Accruals and deferred income	204,049	155,743
	379,866	418,486

* The Earn out provision relates to the acquisition of Union Distillers Ltd. It has been calculated based on the terms of the Purchase Agreement which requires certain revenue targets to be met in order to earn-out a maximum amount of £2 million. As the required targets were not met, the earn-out consideration was calculated as £1,651,969 with a present value of £1,481,682 thereby resulting in a fair value adjustment of £170,287 as disclosed in exceptional items in Note 9. It will be paid out in shares of BHC following the terms of the Purchase Agreement.

Exposure to currency risk
Refer to note 30 Financial instruments and risk management for details of currency risk management for trade payables.

Exposure to liquidity risk
Refer to note 30 Financial instruments and risk management for details of liquidity risk management for trade payables.

Fair values of trade payables
Due to the short-term nature of the current payables, their carrying amount is considered to be the same as their fair value.

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26. Financial liabilities - borrowings

Group

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Non-Current		
Lease liabilities (IFRS 16)	480,347	77,509
HP Liabilities	74,252	39,800
Convertible Debt	1,598,731	-
Closing balance	2,153,330	117,309
	£	£
Current		
Lease liabilities (IFRS16)	241,773	37,016
HP Liabilities	7,405	1,800
	249,178	38,816

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
IFRS 16 lease liability reconciliation		
Balance brought forward	114,525	141,540
Additions - through business combinations	811,997	-
Finance charges	27,978	2,985
Repayments	(232,380)	(30,000)
Closing balance	722,120	114,525

The above lease liabilities relate to the Right-of-use assets raised in Note 17. The leases relate to factory and office space being utilised for the Group's operations.

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	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
HP Liabilities reconciliation		
Balance brought forward	41,600	22,923
Additions	41,768	41,600
Additions - through business combinations	151,524	-
Finance charges	2,165	524
Repayments	(155,400)	(23,447)
Closing balance	81,657	41,600

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Convertible debt reconciliation		
Additions	1,632,000	-
Finance charges	81,447	-
Reclassification of equity portion of loan	(114,716)	-
Closing balance	1,598,731	-

The above convertible debt was received on 19 February 2021 from Mr K Saïd (a substantial shareholder). The debt carries interest at a rate of 4.5% p/a. The convertible loan note can be converted into New Ordinary shares in the Company at the conversion price of 126.5 pence. Conversion can be requested by the holder at any time.

Company

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Non-Current		
Lease liabilities (IFRS 16)	39,346	77,509
HP Liabilities	38,150	39,800
Convertible Debt	1,598,731	-
Closing balance	1,676,227	117,309
	£	£
Current		
Lease liabilities (IFRS16)	38,164	37,016
HP Liabilities	1,800	1,800
	39,964	38,816

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
IFRS 16 lease liability reconciliation		
Balance brought forward	114,525	141,540
Finance charges	2,985	2,985
Repayments	(40,000)	(30,000)
Closing balance	77,510	114,525

The above lease liabilities relate to the Right-of-use assets raised in Note 17. The leases relate to factory and office space being utilised for the Group's operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
HP Liabilities reconciliation		
Balance brought forward	41,600	22,923
Additions	-	41,600
Finance charges	-	524
Repayments	(1,650)	(23,447)
Closing balance	39,950	41,600

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Convertible debt reconciliation		
Additions	1,632,000	-
Finance charges	81,447	-
Reclassification of equity portion of loan	(114,716)	-
Closing balance	1,598,731	-

The above convertible debt was received on 19 February 2021 from Mr K Saïd (a substantial shareholder). The debt carries interest at a rate of 4.5% p/a. The convertible loan note can be converted into New Ordinary shares in the Company at the conversion price of 126.5 pence. Conversion can be requested by the holder at any time.

27. Called up share capital and share premium

Group and Company

Class:	Nominal value:	Year ended 31 December 2021 # of shares	9 months ended 31 December 2020 # of shares	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Ordinary Shares	10p per share	16,487,735	9,525,462	1,648,773	952,546

New shares were issued in February 2021 (6,947,273 shares) which gave rise to a total share premium of £6,947,273 before issue costs of £212,602.

During the current year, share options were also exercised (15,000 shares) at an exercise price of £0.10 each giving rise to £1,500 share capital.

In the prior year shares issued to List Distillery LLC (425,532 shares) during the prior year gave rise to a total share premium of £457,447 before issue costs of £nil.

Subsequent to year-end, in March 2022, the company issued a further 675,000 shares which gave rise to a total share premium of £472,500 before issue costs of £1,000.

28. Share based payment reserve

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Opening Balance	490,086	276,143
Equity settled share-based convertible loan	114,716	-
Equity settled share-based payment - Warrants issued	63,575	-
Equity settled share-based payment expense	341,287	213,943
Equity settled share-based options cancelled or forfeited	(391,320)	-
Equity settled share-based options exercised	(2,139)	-
Closing Balance	**616,205**	**490,086**

29. Provisions

Group and Company

	Provision for Dilapidation costs £
Charged to profit or loss	5,250
At 31 December 2021	5,250
Due within one year or less	5,250
	5,250

Provision for Dilapidations

Due to the Boards decision to consolidate all elements of production, despatch and R&D at their Market Harborough distillery, the closing of the Worminghall, Buckinghamshire office and distillery requires restoration to its original state as per contractual obligations and so a provision for dilapidation costs has been provided for.

30. Financial instruments - fair values and risk management

30.1 Fair value

All financial assets and liabilities are measured at either amortised cost or at fair value through profit or loss as outlined in the accounting policies and relevant notes.

Overview
The company is exposed to the following risks from its use of financial instruments:

- Currency risk
- Interest risk
- Price risk
- Liquidity risk
- Credit risk

The following sections outline how these risks are managed and mitigated:

30.2 Currency risk management

The Group's exposure to foreign exchange risk is limited because it has minimal transactions which are denominated in foreign currencies. All sales are invoiced in Sterling.

During the year purchases of £214,229 were made in foreign currencies, mainly in Euros and US Dollars (December 2020: £208,406) and at the year-end £33,838 was outstanding (December 2020: £nil).

The Directors continue to monitor these risks as the business grows.

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

	Liabilities	
	2021	2020
	£	£
Euro	14,572	-
US Dollar	19,266	-
	33,838	-

30. Financial instruments - fair values and risk management (continued)

30.2 Currency risk management (continued)

Currency sensitivity analysis

The Group is mainly exposed to the Euro and US Dollar.

The following table details the Group's sensitivity to a 10% increase and decrease in the pounds sterling against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the pounds sterling strengthens 10% against the relevant currency. For a 10% weakening of the pounds sterling against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	Euro impact		US Dollar impact	
	2021	2020	2021	2020
	£	£	£	£
Profit or loss	(1,457)	-	(1,896)	-

30.3 Interest rate risk management

Fluctuations in interest rate impact on the value of investments and financing activities, giving rise to interest rate risk. The Group's exposure to interest rate risk is limited.

Interest received via the Group's Call deposit accounts are minimal with only £124 of interest income being earned within the current period (December 2020: £3,223).

All finance lease obligations are held at a fixed interest rate or at Nil interest for the period of the agreements.

There have been no significant changes in the interest rate risk management policies and procedures since the prior reporting period.

30.4 Price risks

The Company held a 10% share in List Distillery LLC, but the holding is not considered to be exposed to price risk as it has been fully provided for in the current year.

30. Financial instruments - fair values and risk management (continued)

30.5 Liquidity risk management

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. There are two main risks to liquidity that the directors monitor regularly:

Historic losses
BHC remains in its "start-up phase" with planned losses in this year. Union is trading in a more developed way. The Directors continue to plan to take the Group into profit.

Seasonal working capital requirements
Operating in the spirits industry there is seasonality in the business due to the peak Christmas sales period. This requires the Group to build inventory ahead of this time, which is then converted into trade receivables, and in turn to cash. The Directors monitor these risks daily. The liquidity requirements of the Group have been met largely through equity finance to date.

The contractual maturities of the Group's financial liabilities are:

Group

	Carrying amount £	Total £	1 - 12 months £	1 - 2 years £	2 - 5 years £
31 December 2021					
HP Liabilities	81,657	81,657	7,405	6,582	67,670
Convertible debt	1,598,731	1,598,731	-	-	1,598,731
Finance lease liabilities	722,120	722,120	241,773	159,476	320,871
Trade payables	2,814,662	2,814,662	1,332,980	-	1,481,682
	5,217,170	5,217,170	1,582,158	166,058	3,468,954

	Carrying amount £	Total £	1 - 12 months £	1 - 2 years £	1 - 5 years £
31 December 2020					
HP Liabilities	41,600	41,600	1,800	1,800	38,000
Finance lease liabilities	114,525	114,525	37,016	38,163	39,346
Trade payables	262,744	262,744	262,744	-	-
	418,869	418,869	301,560	39,963	77,346

30.6 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet is contractual obligations. Credit risk arises from the Group's trade receivables from customers.

The Group has a diversified trade customer base (retailers, wholesalers, on premises trade, and direct to customers) and there is limited concentration risk against any one customer given the number of customers the Group supplies. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored.

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was:

	Year ended 31 December 2021	9 months ended 31 December 2020
	£	£
Trade receivables (net)	1,395,585	425,552

The aging of trade receivables at the balance sheet date, and information about the exposure to credit risk and ECLs (expected credit losses) is shown below. The simplified approach has been used, as permitted by IFRS 9

	Weighted average loss rate	Gross carrying amount - trade receivables	Impairment loss allowance
	£	£	£
31 December 2021			
Current	0%	729,655	-
More than 30 days past due	0%	318,732	-
More than 60 days past due	0%	76,752	-
More than 90 days past due	71%	183,254	130,685
More than 120 days past due	20%	272,798	54,921
Total		1,581,191	185,606

The Directors have reviewed the long-outstanding receivables as at the year-end and have provided for the expected credit losses accordingly. The percentages above are based on the specific receivable balances considered to be impaired rather than an overall expected credit loss provision over the receivables.
The group has written off only de minimis amounts of impaired trade receivables in its trading history, and therefore the loss rates used to determine the expected credit losses are an estimate, based on the Group's view of the trading conditions in which it operates.

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	Weighted average loss rate £	Gross carrying amount - trade receivables £	Impairment loss allowance £
31 December 2020			
Current	0%	82,457	-
More than 30 days past due	0%	329,327	-
More than 60 days past due	0%	7,458	-
More than 90 days past due	0%	6,302	-
More than 120 days past due	100%	1,834	1,834
Total		427,378	1,834

The Group has written off only de minimis amounts of impaired trade receivables in its trading history, and therefore the loss rates used to determine the expected credit losses are an estimate, based on the Group's view of the trading conditions in which it operates. The movement in the impairment loss allowance has been charged to the statement of profit or loss. No impairment has been recognised against any receivables less than 120 days past due because no losses are expected, and this is in line with historic default rates.

31. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

31.1 Related party disclosures

Refer to Note 10 for Directors Compensation.

Entities with joint control or significant influence over the entity

Party:	**Tusmore Park Farms Ltd**
Relationship:	Joint control over Tusmore Collection Ltd
Transactions:	During the current year there were purchases amounting to £18,192 (Dec 2020: £nil). The purchases related to building costs relating to Tusmore Collection Ltd. During the current year there was sales transactions amounting to £1,920 which related to building work done on the Farm which did not relate to the joint venture.
Balances:	At the balance sheet date, there was a payable balance of £13,467 (Dec 2020: £nil), and there was a receivable balance of £1,920 (Dec 2020: £nil).

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Party:	**Cottisford Ltd**
Relationship:	Previously a 29% shareholder – in the prior period all shares were transferred to Khaled Said on 9th of December 2020. Previous joint control over Tusmore Collection Ltd
Transactions:	During the year, there were transactions relating to rent paid at 2 and 4 Hardwick on The Tusmore Estate amounting to £32,400 (2020: £18,000). There was a charge to Cottisford to the amount of £8,024.58 for products sold to Cottisford Ltd as well as other building related costs (In the prior year, £12,951 was billed for Electrical work done at the Tusmore Estate).
Balances:	At the balance sheet date, there was a payable balance of £53,536 (Dec 2021: 12,900). As at balance sheet date, there was a receivable balance of £nil (Dec 2020: £12,951).

Party:	**Trebor Trust Fund**
Relationship:	Beneficiary – R A Porter-Smith (resigned 8 October 2021)
Transactions:	During the year, there were transactions amounting to £65,500 (Dec 2020: £39,375). The amounts related to the rent of Unit 32A and 50% rental of Unit 32 at Wornal Park.
Balances:	At the balance sheet date, there was a payable balance of £10,250 (Dec 2020: £3,375).

Party:	**Brackenwood Pension Fund**
Relationship:	The Williams family are the beneficial owners. (M D Williams resigned 8 October 2021)
Transactions:	During the year, there was a transaction relating to the rent of offices at Kings Retreat amounting to £7,500 (In January 2020, rent was expensed for the whole of 2020 year and paid, therefore no transactions are reflected in the prior period). £50,000 was received from Brackenwood Pension trust for shares issued in Feb 2021.
Balances:	At the balance sheet date, there was no outstanding balance (Dec 2020: nil).

Party:	**Frames Up Ltd**
Relationship:	The son of director M D Williams (resigned 8 October 2021) is a director of Frames Up Ltd.
Transactions:	During the year, there were purchases amounting to £2,550 (Dec 2020: £1,440). Frames Up Ltd provided the company with digital marketing services.
Balances:	At the balance sheet date, there was no outstanding balance (Dec 2020: Nil).

Party:	**Design Patch Ltd**
Relationship:	The son of director M Gamble is a director of Design Patch Ltd
Transactions:	During the year, there were purchases amounting to £8,108. Design Patch Ltd provided design services for the Company's Advertising and Marketing needs.
Balances:	At the balance sheet date, there was no outstanding balance.

Common Directorship:

Party:	**Clifden Arms Trading Limited**
Relationship:	Common directorship – R A Porter-Smith (resigned 8 October 2021)
Transactions:	During the year, there were sale transactions amounting to £46 (Dec 2020: £1,282). The amounts related to sales of various products made to Clifden Arms Trading Limited. During the year, there were purchase transactions amounting to £282 (Dec 2020: nil) relating to food and accommodation.
Balances:	At the balance sheet date, there was no outstanding balance (Dec 2020, a receivable balance of £79).
Party:	**D2F Fitness Ltd**
Relationship:	Common directorship – R A Porter-Smith (whom resigned 8 October 2021)
Transactions:	During the year, there were purchase transactions amounting to £35,372 (Dec 2020: £39,035). The amounts related to a variety of rental charges, such as storage charges, equipment charges rates and service charges. During the year, there were sales transactions amount to £7,758 (Dec 2020: nil), relating to the recovery of costs for Covid tests and salary costs.
Balances:	At the balance sheet date, there was a payable balance of £7,441 (Dec 2020: £971).
Party:	**BKB Accountants Ltd**
Relationship:	Common directorship – A L Wallace (whom resigned on 7 August 2021)
Transactions:	During the year, there were purchase transactions amounting to £60,720 (Dec 2020: £7,044). The amounts related to accountancy work provided in relation to payroll, monthly accounting assistance and drafting the group annual and interim financial statements. During the year there was an Automatic Alcohol Sanitiser Dispenser to the value of £100 given to the company for no cost.
Balances:	At the balance sheet date, there was a payable balance outstanding of £3,642 (Dec 2020: £216).
Party:	**Just Results Ltd**
Relationship:	Common directorship – M D Williams (resigned 8 October 2021)
Transactions:	During the year, there were purchase transactions amounting to £614,103 (Dec 2020: £307,391). The purchase amounts related to various expenses such as telephone costs, car allowance, software costs and Tusmore Development costs. During the year, there were sales transactions amounting to £1,272 and sales credited amounting to £6,000 (Dec 2020 sales: £6,000). The sales made during the prior year related to 1 barrel of Tusmore Whiskey which was since credited. In the current year, the sales invoice related to computer equipment sold to Just Results Ltd.
Balances:	At the balance sheet date, there was a payable balance of £11,706 (Dec 2020: £13,005).

Key management personnel / Close members of family

Directors compensation is disclosed under Note 10, the below disclosure is to disclose other transactions between the company and Key management personnel / Close members of family.

Party:	**M D Williams**
Relationship:	Former CEO and Director
Transactions:	During the year, M Williams enjoyed the benefit of employee / shareholder discounts when purchasing products from the company. Mr M William has retained 300,000 share options after leaving employment of the Company, which vested immediately.

Party:	**C Williams**
Relationship:	Wife of M Williams, former Director of Union Distillers Ltd
Transactions:	During the year, C Williams was employed by the Company and received a salary of £35,436 in capacity of an employee.

Party:	**O Williams**
Relationship:	Son of M Williams, and former Director of Union Distillers Ltd
Transactions:	During the year, O Williams was employed by the Company and received a salary of £82,620 in capacity of an employee.

Party:	**B Williams**
Relationship:	Daughter of M Williams, and former Director of Union Distillers Ltd
Transactions:	During the year, B Williams was employed by the Company and received a salary of £61,420 in capacity of an employee.

Party:	**A L Wallace**
Relationship:	Former Director and former Company Secretary
Transactions:	During the year, A Wallace enjoyed the benefits of employee/shareholder discounts when purchasing products from the company.

Party:	**L Wallace**
Relationship:	Wife of A L Wallace
Transactions:	During the year, there were transactions amounting to £4,535 (Dec 2020: £1,209). The amounts related to accountancy work provided.
Balances:	At the balance sheet date, there was no balance outstanding (Dec 2020: £923).

Party:	**M M Gamble**
Relationship:	Current Director and Former Shareholder of Union Distillers Ltd
Transactions:	During the year, 1,363,637 shares were issued to M Gamble as part of the purchase price of Union Distillery, a further cash pay-out of £2,5million was also paid for the purchase of the shares in Union Distillers Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Party:	**L Taylor**
Relationship:	Former Director and Former Shareholder of Union Distillers Ltd
Transactions:	During the year, 1,363,636 shares were issued to L Taylor as part of the purchase price of Union Distillery, a further cash pay-out of £2,5million was also paid for the purchase of the shares in Union Distillers Ltd. L Taylor was employed by the Company and received a salary of £31,343 in capacity of an employee.

Party:	**A Maurice**
Relationship:	Former Director of the Group / Employee of the Company
Transactions:	During the year, A Maurice was employed by the Company and received a salary of £82,370 in capacity of an employee.

Party:	**B Jones**
Relationship:	Former Director of Union Distillers Ltd
Transactions:	During the year, B Jones was employed by the Group and received a salary of £52,140 in capacity of an employee.

Party:	**P Eley**
Relationship:	Former Director of Union Distillers Ltd
Transactions:	During the year, P Eley was employed by the Company and received a salary of £25,320 in capacity of an employee.

Party:	**Other employees**
Transactions:	During the year employees and management enjoyed the benefits of employee discounts when purchasing products from the company.

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Investments and Investment in Subsidiary

Party:	**List Distillery LLC**
Relationship:	10% Equity Investment
Transactions:	During the current year there was purchases to the value of £46,356 (Dec 2020: Nil) which related to List Distillery products. List Distillery also received a range of products valued at £418 at no cost. During the prior year, there was a share swap done between the two parties. A 10% equity investment in List Distillery LLC was acquired for a corresponding 452,532 shares in BHC (Refer to note 19).
Balances:	At balance sheet date, there was no outstanding balance

Party:	**Union Distillers Ltd**
Relationship:	100% owned subsidiary of the British Honey Company PLC
Transactions:	During the current year The British Honey Company PLC purchased 100% of Union Distillers Ltd for a total consideration of £9,685,969. Please refer to Note 36 for more information on the acquisition. During the current period, the trading of BHC was moved to Union whereby the trade Debtors and Creditors balances moved to Union via an intercompany loan account. Further to this Union has been paying the wages on behalf of BHC which has decreased the loan account respectively. Cash funds initially held by BHC were also transferred to Union to support the trade activities.
Balances:	At the balance sheet date, the intercompany balances stood at £805,113, being a receivable in The British Honey Company PLC and a payable in Union Distillers Ltd. An exemption of disclosing all transactions with the Subsidiary has been taken.

Joint ventures in which the entity is a partner

Party:	**Tusmore Collection Limited**
Relationship:	50% holding in Joint Venture with Cottisford Limited
Transactions:	During the year £562,000 was invested into Tusmore via a loan (Prior period: £100,000), interest receivable of £11,220 was charged (Prior period: £230). Development costs relating to the new distillery being constructed at Tusmore Estate was on-charged to the value of £1,026,140 (Prior period: £457,535). In the prior period there was an accrual of £138,583 which related to the development costs not yet billed as of year-end 2020. Due to the disposal of the investment in the joint-venture subsequent to year-end, the investment was impaired by £59,955 and was subsequently reclassified to held for sale at the value of £450,000 (refer to note 19).
Balances:	At the balance sheet date, there was a held for sale receivable of £450,000 (Prior period: loan receivable of £100,230), trade receivables of £485,159 (Prior period: £257,535 and accrued income of £138,583 receivable).

32. Share-based payments

Share options

Starting in 2016 the Company established an unapproved share option scheme for key management personnel and employees who were key to the operations of the Company.

In 2021 there were 1,526,000 share options issued, some of the prior year share options were replaced with new options within the current year, numerous share options were forfeited when employees left the employment of the Company, both during the current year and subsequent to the year end. In 2020, there were no cancelled or forfeited options.

The terms and conditions of the remaining grants are as follows:

Date of grant	Number of instruments	Vesting Conditions	Contractual life of options
27 November 2017	70,000	Note i)	27 November 2027
1 December 2018	58,000	Note ii)	1 December 2028
7 January 2019	5,000	Note ii)	7 January 2029
7 February 2019	133,000	Note iii)	7 February 2029
6 April 2019	40,000	Note ii)	6 April 2029
18 March 2020	200,000	Note iv)	Note iv)
18 March 2020	10,000	Note ii)	
22 October 2020	20,000	Note iv)	Note iv)
22 February 2021	468,000	Note v)	Note v)
20 May 2021	151,000	Note iv)	Note iv)
23 July 2021	5,000	Note iv)	Note iv)
Total shares	1,160,000	Note vi)	

Note i) Unapproved options for directors and employees which vested upon a successful sale of the Company in excess of a target valuation, with option holders remaining in post or employment until the exit date. 10,000 options were forfeited in 2019, all remaining options cancelled and replaced on 1 December 2018.

Note ii) Approved options for directors and employees under the EMI scheme which vested upon a successful sale or listing of the Company, with option holders remaining in post or employment until the exit date.

Note iii) Unapproved options which vested immediately upon grant.

Note iv) Unapproved options issued to directors that vest annually in three equal tranches from grant. The contractual life of the option is the earlier of the date the option lapses per the contract or three years from the date of vesting. This means the longest life possible for each vesting tranche is three years.

Note v) Unapproved options issue to directors and employees based on certain market conditions being met. Of the total 468,000 share options 168,000 have been forfeited subsequent to year-end and the remaining share options of 300,000 remain in issue on good leaver terms. The shares vested immediately upon the director leaving the employment of the Company.

Note vi) Subsequent to year-end, 330,000 share options were forfeited due to employees with share options leaving the employment of the company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The number and weighted average exercise price of share options was as follows:

31 December 2021	Weighted average exercise price £	Number of options
Outstanding at 1 January 2021	0.93	1,680,000
Forfeited or cancelled during the period	(1.04)	(2,031,000)
Exercised during the period	(0.10)	(15,000)
Expired during the period	-	-
Granted during the period	1.11	1,526,000
Outstanding at 31 December 2021	0.98	1,160,000
Exercisable at 31 December 2021	0.98	1,160,000

31 December 2020	Weighted average exercise price £	Number of options
Outstanding at 1 April 2020	0.94	1,678,000
Forfeited or cancelled during the period	(1.11)	(148,000)
Exercised during the year	-	-
Granted during the year	1.10	150,000
Outstanding at 31 December 2020	0.93	1,680,000
Exercisable at 31 December 2020	0.57	202,625

The options outstanding at the period-end had a weighted average contractual life of 2.88 (Dec 2020: 4.33 years).

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The fair value of the share options granted are measured using the Black Scholes model. Measurement inputs and assumptions are as follows:

	Year ended 31 December 2021	9 months ended 31 December 2020
February 2021	£	£
Fair value at grant date	£0.42	-
Exercise price	£1.20	-
May 2021		
Fair value at grant date	£0.44	-
Exercise price	£1.20	-
July 2021		
Fair value at grant date	£0.43	-
Exercise price	£1.20	-
Weight average for 2020		
Fair value at grant date	-	£0.44
Exercise price	-	£1.10
Expected volatility expressed	43.2%	43.2%
Expected dividend yield	0%	0%
Risk-free interest rate	0.59%	0.87%

33. Warrants

Starting in 2020 the Company began issuing warrants over the shares of the Company. During the previous period, these have been issued as consideration for the acquisition of the trade and assets of TLDC, compensation for investors not eligible for the tax advantaged EMI scheme and to advisors in lieu of cash payment.

Date of grant	Number of Instruments	Vesting Conditions	Contractual life of warrants
12 March 2020	303,900	Note i)	12 March 2022
12 March 2020	50,000	Note ii)	12 March 2022
12 March 2020	409,361	Note ii)	12 March 2025
12 March 2020	463,498	Note iii)	12 March 2023
18 March 2020	25,351	Note iii)	18 March 2023
19 February 2021	138,055	Note iv)	19 February 2026

Note i) Warrants issued to the shareholders of TLDC as consideration for the asset purchase.

Note ii) Adviser warrants issued in lieu of remuneration of services provided.

Note iii) Investor warrants issued to key investors as part of the listing package.

Note iv) Warrants were issued to Stanford Capital Partners Limited as part of the acquisition of Union Distillers Ltd.

Subsequent to the current year-end, 353,900 warrants expired in March 2022.

31 December 2021	Weighted average exercise price £	Number of warrants
Outstanding at 1 January 2021	1.03	1,252,110
Lapsed during the year	-	-
Exercised during the year	-	-
Granted during the year	1.10	138,055
Outstanding at 31 December 2021	1.03	1,390,165
Exercisable at 31 December 2021	1.03	1,390,165

31 December 2020	Weighted average exercise price £	Number of warrants
Outstanding at 1 April 2020	1.03	1,252,110
Lapsed during the period	-	-
Exercised during the year	-	-
Granted during the year	-	-
Outstanding at 31 December 2020	1.03	1,252,110
Exercisable at 31 December 2020	1.03	1,252,110

The warrants outstanding at the year-end had a weighted average contractual life of 3.3 years.

The fair value of warrants granted is measured using the Black Scholes model. No warrants were issued in the period. Measurement inputs and assumptions used for option issued in the prior period are as follows:

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Fair value at grant date	0.45	0.27
Exercise price	1.10	0.94
Expected volatility expressed as a % using the Black Scholes model	43.2%	43.2%
Warrant life (expressed as weighted average life using the black Scholes model)	5	3
Expected dividend yield	0%	0%
Risk-free interest rate	0.22%	0.22%

The total expense arising from share options and warrants recognised for the year directly in the share-based payment reserve was as follows:

	Year ended 31 December 2021 £	9 months ended 31 December 2020 £
Equity settled share-based payment expense	341,287	213,943
Warrants	63,575	-

Other share-based payments

The Company settled a number of other transactions in its own shares:

	Year ended 31 December 2021	9 months ended 31 December 2020
	£	£
Directors remuneration	-	31,212
Employee remuneration	49,000	-
Supplier settlements	53,046	-
Investment in List Distillery LLC	500,000	500,000
Investment in Union Distillers Ltd (Note 36)	3,000,000	-

34. Comparative figures

The prior reporting period was for the Company only and was shorter than a year, therefore comparative amounts are not comparable to the current balances.

35. Subsequent Events

Production site consolidation
The Company has taken the decision to consolidate all elements of production, despatch and R&D at the Market Harborough distillery, which has ample space and capacity, and which can be utilised effectively for the Group. This should, through time, produce significant cost savings and enable them to operate in a much more efficient and cost-effective manner. The Company closed the Worminghall, Buckinghamshire office and distillery in July 2022. There will be one off closure costs relating to the Worminghall site.

Sale of major components plant and machinery
With the moving of the Company's operations there has, subsequent to year-end, been the sale of major parts of plant and machinery which was held at the Company's Worminghall, Buckinghamshire office. Reclassifications of assets held for sales and impairment losses have been raised subsequent to year-end.

Sale of interest in Joint venture
On the 24 May 2022, the Company sold their 50% ownership in the Joint Venture. Refer to note 24 for more information.

Placing of new Ordinary shares
At the end of March 2022, the Company placed an additional 675,000 new ordinary shares. The Placing Shares were issued out of the Boards existing allotment authorities granted at the last Annual General Meeting dated 23 July 2021 (See note 27).

Consideration of change of operating name
To reflect the expanding product range of the business and the location of production, the Board are considering to change the Company's name to Union Distillers PLC. Whilst this consideration has been given, no action has been taken at the signing of these Financial Statements.

End of Strategic Options Review under Formal Sale Process and securing of Additional Funding
The Company's shares were suspended on 30th June 2022 following the inability to complete the preparation and audit of the Financial Statements due to the difficulties in the Stock Valuation and the extent to which the Intangible Assets required writing down.

On 13th October the Company launched a formal review of its Strategic Operations and opened a Formal Sale Process as this was in the best interests of all stakeholders at this time.

The end of the Formal Sale Process was announced on 14th December 2022. The process generated interest from a number of interested parties. The securing of additional near term working capital from a significant existing shareholder coupled with a planned additional capital raise during the first quarter of 2023 was considered the most favourable option for all stakeholders of the business.

The Company has secured additional funding of £750,000 to provide additional working capital in December 2022, which will meet the near-term working capital requirements enabling the Board to explore alternative funding opportunities in early 2023 to fund the expansion and development of the business.

The Directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

36. Acquisition of Subsidiary

On the 24th February 2021, the Company acquired 100% of Union Distillers Limited for an initial consideration of £8,034,000 and an earn-out consideration of up to £2,000,000, to be satisfied through a combination of cash and BHC shares.
Acquisition costs of £98,800 arose as a result of the transaction. These have been recognised as part of the exceptional expenses in the statement of comprehensive income.

All trading activities of the group moved to Union Distillers on the date of acquisition, therefore all revenues from 1 March 2021 are that of the group. Trading stock, trade related receivables and payables also moved over to the Balance sheet of Union Distillers Ltd as of the 1 March 2021 via the intercompany loan account.

Based in Market Harborough, Leicestershire, Union Distillers was founded in 2012 by Mark Gamble and his business partner Lyn Taylor. Over the years it has grown to become an independent producer and distributor of proprietary and "own-label" spirits. It has a well invested infrastructure which includes its own stills, bonded warehouse and it is proposing to install a canning line. Union has a strong manufacturing capability, established brands and an extensive and growing retail and wholesale customer base. Union will benefit from the British Honey Company's own platform, in particular its software infrastructure. Products include premium, proprietary "Two Birds" range of spirits comprising 11 gins, 7 vodkas, a spiced rum, an absinthe and a 28% ABV espresso vodka liqueur. In addition, Union distils spirits on behalf of a range of B2B customers including some major German supermarkets with a UK presence. Like BHC, Union is also SALSA accredited.

At the time of acquisition, it was thought the enlarged group would benefit from the following:
• Well established brands – Keepr's, Dodds, English Heritage and Two Birds each with strong brand recognition and retail footprint
• Significantly broader access to the UK Off Trade market
• New larger customer base
• Additional production and warehousing capacity
• Integrated production, IT and marketing systems and proprietary software infrastructure.

The strategy of the enlarged group at the time of acquisition was to develop a multi-category brand portfolio across a number of geographies through both organic and acquisitive growth. This would be driven by increased marketing, new product development and significantly increased e-commerce revenue, thereby expanding its combined range of established premium spirits brands, developing new brands and products and further penetrating existing UK and overseas markets. Additionally, it would utilise the experience and expertise of the combined management team, BHC's market-leading proprietary IT systems and the larger distilling and bottling infrastructure of the enlarged group. The proceeds of the Placing would also provide additional working capital to help develop current and future relationships with strategic partners. The enlarged group would represent circa four per cent of the UK 'craft' spirits market.

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Breakdown of consideration paid for Union Distillers Ltd

		At 25th February 2021
Other intangible assets	15	2,858,470
Property, plant and equipment	16	609,187
Right-of-use assets	17	792,959
Bank and Cash	23	528,129
Inventories	20	527,786
Trade & Other Receivables	21	675,253
Trade & Other Payables	25	(618,768)
Loans and Borrowings	26	(963,521)
		4,409,495
Goodwill	18	5,276,474
Total consideration for acquisition of Subsidiary		9,685,969

* The above amounts are considered to approximate their fair values.

Made up of:

Cash consideration	5,034,000
Shares	3,000,000
Earn-out consideration - to be settled in shares	1,651,969
	9,685,969

Non-cash transactions
The Company issued 2,727,273 ordinary shares within the year which were valued at £3,000,000 which formed part of the purchase price for the acquisition of Union Distillers Limited.
In addition, there is an earn-out consideration which forms part of the purchase price, which is to be settled in shares and which has not yet been issued. The earn-out consideration is based on revenue targets to be achieved and a maximum earn-out of £2,000,000 may be paid out. The present value of the earn-out was valued at £1,651,969 on the date when Union Distillers Ltd was purchased. Subsequently the fair value of the liability has been measured to be £1,481,682 which is considered to be the fair value, a corresponding £170,287 profit has been recorded (Refer to Note 9).

Purchase Price Allocation
The net assets acquired at the 24 February 2021 amounted to £1,561,284. The Company engaged an independent expert to perform the Purchase Price Allocation which valued additional identifiable net assets totalling £2,835,000 and Goodwill of £5,276,474. The cost of the intangibles acquired through the business combination was taken from the independent report. Below are key assumptions that are believed to be the best estimate of the future growth and performance:

WACC	
Cost of Equity	17.27%
Cost of Debt	2.59%
Capital structure - equity	88.6%
Capital structure - debt	11.4%
WACC	**15.6%**

Other discount rates and assumptions:

IRR	15.4%
WARA	15.2%
Useful economic life (Customer related)	12 years
Useful economic life (Brand related)	10 years
Sales growth rate	2.0%

Impairment Review

The Company was left with a Goodwill figure which management has accessed for impairment. Given the going concern note to the financial statements the Directors have decided to take a very prudent view on goodwill and intangibles and have decided it does not seem appropriate to include intangibles or goodwill in the balance sheet, at 31 December 2021. The Impairment review considered a fair value of the investment versus the carrying value and consequently an impairment loss of £2,635,583 on Intangibles (£2,467,833 Customer related & £167,750 Brand related) and £5,276,474 on Goodwill has been raised.

The full impairments have been recognised through the statement of Profit or loss as exceptional costs (Refer to Note 9). Refer to Note 15 and 18 for the details on the balance sheet movements.

Further to the impairment of Goodwill, the value of the investment in the subsidiary was also considered in light of the going concern and the investment and has also been impaired (Refer to Note 19).

37. Commitments

The Group has capital commitments to purchase a bottling line for around £230,000.