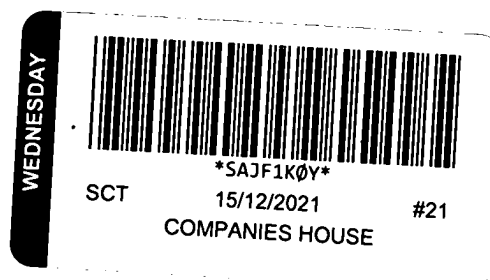


COMPANY REGISTRATION NUMBER: SC039605

**Pure Malt Products Limited**  
**Financial Statements**  
**For the year ended**  
**31 March 2021**



# **Pure Malt Products Limited**

## **Financial Statements**

**Year ended 31 March 2021**

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# **Pure Malt Products Limited**

## **Officers and Professional Advisers**

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### **The Board of Directors**

B K Turner MBE  
P Williams  
M Kelly  
R Turner

### **Company Secretary**

J T Booth

### **Registered Office**

Victoria Bridge  
Haddington  
EH41 4BD

### **Auditor**

Chiene + Tait LLP  
Chartered accountants & statutory auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

### **Bankers**

HSBC Bank plc  
76 Hanover Street  
Edinburgh  
EH2 1EL

# Pure Malt Products Limited

## Strategic Report

Year ended 31 March 2021

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The directors present their strategic report of the company for the year ended 31 March 2021.

### Review and analysis of the business during the current year

The directors consider the balance sheet to be strong and well placed to support future growth.

The company has invested to improve the efficiencies of its core activities and continues to innovate niche technologies which are delivering profitable growth.

### Key performance indicators

Management use a range of performance measures to monitor and manage the business. The performance measures are split into financial and non-financial key performance indicators as set out below.

### Analysis using key performance indicators

The company is reporting a profit before tax of £1,689,031 (2020: £3,730,877) for the financial year to 31 March 2021. Turnover to 31 March 2021 was negatively impacted by COVID-19 and decreased by 6.6% to £17.8m (2020: £19.0m).

Gross profit margin decreased from 56.1% to 52.4% and operating profit margin decreased from 19.8% to 9.5%. Despite this fall in profits the company has a strong financial position that has allowed us to invest in expanded capacity to meet the continuing growth in demand for our products. The company has also undertaken a series of restoration and repair works on its heritable property, these cost £1.6m (2020: £0.4m) during the year.

### Financial position at the reporting date

The balance sheet shows that the company's net assets at the year end are £15,265,327 (2020: £13,732,615). The company generated cash from operations of £1.93m (2020: £3.62m), invested £3.12m (2020: £4.92m) in plant and machinery and paid a dividend of £nil (2020: £200k).

### Principal risks and uncertainties facing the business

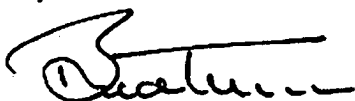
Management continually monitor the key risks facing the company. The principal risks of Pure Malt Products Limited are as follows:

Loss of trade due to COVID-19 - There was an initial increase in trade early in the pandemic followed by a decrease and subsequent levelling out. Operational staff have been able to continue as normal, though with social distancing measures in place, and all non-operational staff have been working from home. Downtime as a result of COVID-19 has been negligible.

Loss of a key customer resulting in a decrease in turnover - Management engage in active marketing of the Company's products and aim to develop new customer relationships.

Loss of key personnel - which could result in significant operational difficulties for the company. Management are actively trying to develop staff to ensure adequate cover in place to support the loss of key personnel.

This report was approved by the board of directors on .....1st Dec 2021..... and signed on behalf of the board by:



B K Turner MBE  
Director

# **Pure Malt Products Limited**

## **Directors' Report**

**Year ended 31 March 2021**

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The directors present their report and the financial statements of the company for the year ended 31 March 2021.

### **Principal activities**

The principal activity of the company during the year was the manufacture of malt extracts, cereal extracts, malt flours and non-alcoholic beer.

### **Directors**

The directors who served the company during the year were as follows:

B K Turner MBE  
P Williams  
M Kelly  
R Turner

### **Dividends**

The directors declared and paid an interim dividend of £nil (2020: £200,000) and have not recommended a final dividend payable for the year to 31 March 2021 (2020: £nil).

### **Financial instruments**

The Company's activities expose it to a number of financial risks including credit risk, foreign currency risk and liquidity risk.

#### **Credit risk**

The Company's principal financial assets are bank balances. The credit risk on liquid funds with financial institutions is limited because the counterparties are financial institutions with high credit ratings assigned by international credit rating agencies.

#### **Foreign currency risk**

The Company's principal foreign currency exposures arise from trading operations in overseas markets. The Company reviews exposure to foreign currencies on a regular basis by considering the effect on the Company's net asset value and income of a movement in rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. Foreign currency exposure and sensitivity analysis has been detailed in note 27 to the financial statements.

#### **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company reviews cash requirements on a regular basis and holds funds in current or deposit accounts as appropriate. The company also maintains lending facilities with a major international bank. It has operated well within these facilities during the year.

### **Covid-19**

Particulars of events after the reporting date are detailed in note 28 to the financial statements.

### **Research and development**

The company does not capitalise research and development costs and all costs are charged to the profit and loss account as they are incurred. Tax reliefs are claimed on research and development expenditure and relevant tangible fixed assets that are used for research and development purposes.

### **Disclosure of information in the strategic report**

The Strategic report is set out on page 2.

# Pure Malt Products Limited

## Directors' Report *(continued)*

Year ended 31 March 2021

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### Directors' responsibilities statement

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

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

In preparing these financial statements, the directors are required to:

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

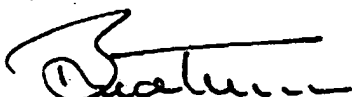
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on ..... 1st Dec 2021 ..... and signed on behalf of the board by:



B K Turner MBE  
Director

# **Pure Malt Products Limited**

## **Independent Auditor's Report to the Members of Pure Malt Products Limited**

**Year ended 31 March 2021**

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### **Opinion**

We have audited the financial statements of Pure Malt Products Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

### **Basis for opinion**

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

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

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

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

# **Pure Malt Products Limited**

## **Independent Auditor's Report to the Members of Pure Malt Products Limited** (continued)

**Year ended 31 March 2021**

---

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

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

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

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

### **Responsibilities of directors**

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

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



# **Pure Malt Products Limited**

## **Independent Auditor's Report to the Members of Pure Malt Products Limited** *(continued)*

**Year ended 31 March 2021**

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### **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.

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 gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Companies Act 2006 and Health and Safety Regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the company's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the senior management team and the directors;
- review of minutes of board meetings throughout the year;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

# **Pure Malt Products Limited**

## **Independent Auditor's Report to the Members of Pure Malt Products Limited** (continued)

**Year ended 31 March 2021**

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### **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.



Barry Truswell CA (Senior Statutory Auditor)

For and on behalf of  
Chiene + Tait LLP  
Chartered accountants & statutory auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

14 December 2021

**Pure Malt Products Limited**  
**Statement of Comprehensive Income**  
**Year ended 31 March 2021**

	Note	2021 £	2020 £
Turnover	4	17,772,676	19,027,008
Cost of sales		<u>8,459,260</u>	<u>8,347,334</u>
Gross profit		9,313,416	10,679,674
Distribution costs		649,374	603,213
Administrative expenses		6,983,275	6,311,773
Other operating income		<u>2,257</u>	<u>—</u>
Operating profit	5	1,683,024	3,764,688
Other interest receivable and similar income	9	145,773	735
Interest payable and similar expenses	10	<u>139,766</u>	<u>34,546</u>
Profit before taxation		1,689,031	3,730,877
Tax on profit	11	<u>156,319</u>	<u>684,441</u>
Profit for the financial year and total comprehensive income		<u>1,532,712</u>	<u>3,046,436</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 26 form part of these financial statements.

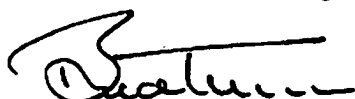
# Pure Malt Products Limited

## Statement of Financial Position

31 March 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	13	14,476,131	11,890,856
Investments	14	500	500
		<u>14,476,631</u>	<u>11,891,356</u>
<b>Current assets</b>			
Stocks	15	2,265,527	2,385,986
Debtors	16	5,672,884	5,909,475
Cash at bank and in hand		392,550	557,098
		<u>8,330,961</u>	<u>8,852,559</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>3,565,943</u>	<u>4,752,374</u>
<b>Net current assets</b>		<u>4,765,018</u>	<u>4,100,185</u>
<b>Total assets less current liabilities</b>		<u>19,241,649</u>	<u>15,991,541</u>
<b>Creditors: amounts falling due after more than one year</b>	18	2,670,974	1,109,897
<b>Provisions</b>			
Taxation including deferred tax	19	1,305,348	1,149,029
<b>Net assets</b>		<u>15,265,327</u>	<u>13,732,615</u>
<b>Capital and reserves</b>			
Called up share capital	22	84,750	84,750
Revaluation reserve	23	809,639	838,222
Capital redemption reserve	23	200,250	200,250
Profit and loss account	23	14,170,688	12,609,393
<b>Shareholders funds</b>		<u>15,265,327</u>	<u>13,732,615</u>

These financial statements were approved by the board of directors and authorised for issue on 1st Dec 2021, and are signed on behalf of the board by:



B K Turner MBE  
Director

Company registration number: SC039605

**Pure Malt Products Limited**  
**Statement of Changes in Equity**  
**Year ended 31 March 2021**

	Called up share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
<b>At 1 April 2019</b>	84,750	867,432	200,250	9,733,747	10,886,179
Profit for the year				3,046,436	3,046,436
Other comprehensive income for the year:					
Reclassification from revaluation reserve to profit and loss account	—	(29,210)	—	29,210	—
<b>Total comprehensive income for the year</b>	—	(29,210)	—	3,075,646	3,046,436
Dividends paid and payable <b>12</b>	—	—	—	(200,000)	(200,000)
<b>Total investments by and distributions to owners</b>	—	—	—	(200,000)	(200,000)
<b>At 31 March 2020</b>	84,750	838,222	200,250	12,609,393	<b>13,732,615</b>
Profit for the year				1,532,712	<b>1,532,712</b>
Other comprehensive income for the year:					
Reclassification from revaluation reserve to profit and loss account	—	(28,583)	—	28,583	—
<b>Total comprehensive income for the year</b>	—	(28,583)	—	1,561,295	<b>1,532,712</b>
<b>At 31 March 2021</b>	<u>84,750</u>	<u>809,639</u>	<u>200,250</u>	<u>14,170,688</u>	<u><b>15,265,327</b></u>

The notes on pages 13 to 26 form part of these financial statements.

# Pure Malt Products Limited

## Statement of Cash Flows

Year ended 31 March 2021

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,532,712	3,046,436
<i>Adjustments for:</i>		
Depreciation of tangible assets	525,820	512,845
Other interest receivable and similar income	(145,773)	(735)
Interest payable and similar expenses	139,766	34,546
Loss on disposal of tangible assets	5,091	709
Tax on profit	156,319	684,441
Accrued (income)/expenses	(297,464)	676,798
<i>Changes in:</i>		
Stocks	120,459	(804,459)
Trade and other debtors	236,591	(170,803)
Trade and other creditors	(295,564)	(328,452)
Cash generated from operations	1,977,957	3,651,326
Interest paid	(139,766)	(34,546)
Interest received	145,773	735
Net cash from operating activities	<u>1,983,964</u>	<u>3,617,515</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(3,121,363)	(4,917,039)
Proceeds from sale of tangible assets	5,177	—
Net cash used in investing activities	<u>(3,116,186)</u>	<u>(4,917,039)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,017,678	2,489,436
Repayments of borrowings	—	(470,924)
Proceeds from loans from group undertakings	(50,004)	—
Dividends paid	—	(200,000)
Net cash from financing activities	<u>967,674</u>	<u>1,818,512</u>
Net (decrease)/increase in cash and cash equivalents	(164,548)	518,988
Cash and cash equivalents at beginning of year	557,098	38,110
Cash and cash equivalents at end of year	<u>392,550</u>	<u>557,098</u>

The notes on pages 13 to 26 form part of these financial statements.

# **Pure Malt Products Limited**

## **Notes to the Financial Statements**

**Year ended 31 March 2021**

---

### **1. General information**

The company is a private company limited by shares, incorporated in Scotland with registered company number SC039605. The address of the registered office is Victoria Bridge, Haddington, EH41 4BD.

### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain fixed assets.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### **Going Concern**

The financial statements have been prepared on a going concern basis. The directors have assessed the company's ability to continue as a going concern, taking into account the impact of COVID-19 on trading results and have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

#### **Debt factoring**

The company has entered into an invoice discount arrangement with its bankers. A separate presentation is made in accordance with FRS102 reporting the substance of transactions with factored debts being shown as an asset and a corresponding liability within creditors in respect of the proceeds received from the debt factor. The invoice discounting interest and other charges are accrued and charged to the profit and loss account.

#### **Revaluation reserve**

Surpluses arising on the revaluation of fixed assets are transferred to a revaluation reserve.

#### **Consolidation**

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 402 of the Companies Act 2006 on the basis that its subsidiaries are excluded from consolidation on the grounds that their inclusion is not material for the purpose of giving a true and fair view as they are dormant.

# Pure Malt Products Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

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### 3. Accounting policies *(continued)*

#### Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

#### Capitalised wages costs:

The company undertakes production of and overhaul of certain fixed assets along with routine maintenance on those assets. The labour cost involved in respect of production and overhaul is quantified and allocated to plant and machinery additions in the statement of financial position.

#### Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### Useful economic lives of tangible assets:

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

#### Revenue recognition

The turnover shown in the statement of comprehensive income represents amounts invoiced during the year, exclusive of VAT.

#### Corporation tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. Deferred taxation is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. The deferred tax balance has not been discounted.

#### Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.



# Pure Malt Products Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

---

### 3. Accounting policies *(continued)*

#### Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange ruling at the transaction dates. Balance sheet amounts are translated at year end exchange rates. All differences are taken to the Profit and Loss Account.

#### Research and development expenditure

Expenditure on research and development is written off in the statement of comprehensive income in the year in which it is incurred.

#### Tangible assets

All fixed assets are initially recorded at cost and directly attributable labour cost.

Certain fixed assets were subject to revaluation until March 2000 when the company policy changed to not revalue company assets. Consequentially, these book values are treated as though they were historic cost. A release from revaluation reserve is made for the depreciation charged in relation to revalued assets.

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Heritable property	-	1% to 2% straight line
Plant and machinery	-	10% to 25% straight line

Assets under construction are not depreciated until they are recognised within plant and machinery upon completion.

#### Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Costs incurred in bringing each product to its present condition and location:

Raw materials - purchase cost on a weighted average basis or on a first-in, first-out basis, as appropriate to the class of material involved.

Finished goods - cost of materials as above, plus direct costs and attributable overheads based on the period's activity.

Packaging and sundry stocks - purchase cost on a first-in, first-out basis.

Net realisable value is based on estimated selling prices less any further costs to be incurred on completion and disposal.

#### Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

# Pure Malt Products Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

---

### 3. Accounting policies *(continued)*

#### Provisions *(continued)*

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derivative financial instruments are initially measured at fair value at the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. The fair value is determined by publicly available market rates.

#### Defined contribution plans

The company operates two group personal pension schemes on a money purchase basis. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the schemes.

### 4. Turnover

Turnover arises from:

	2021 £	2020 £
Sale of goods	<u>17,772,676</u>	<u>19,027,008</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2021 £	2020 £
United Kingdom	3,807,992	4,130,535
Rest of Europe	6,206,049	7,464,695
Other	7,758,635	7,431,778
	<u>17,772,676</u>	<u>19,027,008</u>

# Pure Malt Products Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

### 5. Operating profit

Operating profit or loss is stated after charging:

	2021 £	2020 £
Depreciation of tangible assets	525,820	512,845
Loss on disposal of tangible assets	5,091	—
Operating lease rentals	<u>125,475</u>	<u>122,805</u>

### 6. Auditor's remuneration

	2021 £	2020 £
Fees payable for the audit of the financial statements	<u>17,200</u>	<u>16,700</u>
Fees payable to the company's auditor and its associates for other services: Other non-audit services	<u>6,750</u>	<u>6,550</u>

### 7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021 No.	2020 No.
Production staff	79	76
Administrative staff	<u>17</u>	<u>15</u>
	<u>96</u>	<u>91</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021 £	2020 £
Wages and salaries	3,540,340	3,247,203
Social security costs	362,426	336,652
Other pension costs	<u>242,847</u>	<u>228,166</u>
	<u>4,145,613</u>	<u>3,812,021</u>

### 8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021 £	2020 £
Remuneration	341,249	334,025
Company contributions to defined contribution pension plans	<u>27,621</u>	<u>24,987</u>
	<u>368,870</u>	<u>359,012</u>

# Pure Malt Products Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

### 8. Directors' remuneration *(continued)*

Remuneration of the highest paid director in respect of qualifying services:

	2021 £	2020 £
Aggregate remuneration	<u>133,729</u>	<u>134,146</u>

### 9. Other interest receivable and similar income

	2021 £	2020 £
Interest on loans and receivables	90	735
Gain on financial instruments	<u>145,683</u>	<u>—</u>
	<u>145,773</u>	<u>735</u>

### 10. Interest payable and similar expenses

	2021 £	2020 £
Interest on banks loans and overdrafts	27,016	30,556
Interest on invoice discounting	66,150	65,824
Exchange (gain)/loss	46,600	(72,804)
Loss on financial instruments	<u>—</u>	<u>10,970</u>
	<u>139,766</u>	<u>34,546</u>

### 11. Tax on profit

Major components of tax expense

	2021 £	2020 £
Deferred tax:		
Origination and reversal of timing differences	<u>156,319</u>	<u>684,441</u>
Tax on profit	<u>156,319</u>	<u>684,441</u>

# Pure Malt Products Limited

## Notes to the Financial Statements (continued)

Year ended 31 March 2021

### 11. Tax on profit (continued)

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Profit on ordinary activities before taxation	<u>1,689,031</u>	<u>3,730,877</u>
Profit on ordinary activities by rate of tax	320,916	708,867
Adjustment to tax charge in respect of prior periods	(46,733)	–
Effect of expenses not deductible for tax purposes	423	4,414
Effect of revenue exempt from tax	287	411
Effect of different UK tax rates on some earnings	–	54,658
Effect of capital allowances and depreciation	34,458	22,630
Enhanced relief on research and development	(153,032)	(106,301)
Effect of land remediation relief	–	(238)
Tax on profit	<u>156,319</u>	<u>684,441</u>

### 12. Dividends

	2021 £	2020 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year )	<u>–</u>	<u>200,000</u>

### 13. Tangible assets

	Heritable property £	Plant and machinery £	Assets under construction £	Total £
<b>Cost</b>				
At 1 April 2020	2,162,171	20,183,352	6,082,346	<b>28,427,869</b>
Additions	8,054	156,238	2,957,071	<b>3,121,363</b>
Disposals	–	(74,953)	–	<b>(74,953)</b>
Transfers	25,628	314,236	(339,864)	<b>–</b>
<b>At 31 March 2021</b>	<u><b>2,195,853</b></u>	<u><b>20,578,873</b></u>	<u><b>8,699,553</b></u>	<u><b>31,474,279</b></u>
<b>Depreciation</b>				
At 1 April 2020	539,844	15,997,169	–	<b>16,537,013</b>
Charge for the year	23,288	502,532	–	<b>525,820</b>
Disposals	–	(64,685)	–	<b>(64,685)</b>
<b>At 31 March 2021</b>	<u><b>563,132</b></u>	<u><b>16,435,016</b></u>	<u><b>–</b></u>	<u><b>16,998,148</b></u>
<b>Carrying amount</b>				
<b>At 31 March 2021</b>	<u><b>1,632,721</b></u>	<u><b>4,143,857</b></u>	<u><b>8,699,553</b></u>	<u><b>14,476,131</b></u>
<b>At 31 March 2020</b>	<u><b>1,622,327</b></u>	<u><b>4,186,183</b></u>	<u><b>6,082,346</b></u>	<u><b>11,890,856</b></u>

# Pure Malt Products Limited

## Notes to the Financial Statements (continued)

Year ended 31 March 2021

### 13. Tangible assets (continued)

#### Tangible assets held at valuation

Heritable property and plant and machinery were professionally revalued by Colliers, Bigwood and Bewlay, Chartered Surveyors, on 31 March 1987. The valuation of property was based on the open market value and plant and machinery was revalued on a going concern basis. In March 2000 the company policy changed to not revalue company assets. Consequentially, these book values are treated as though they were historic cost. A release from revaluation reserve is made for the depreciation charged in relation to revalued assets.

The Directors have considered impairment of buildings as required by Financial Reporting Standard 102 when assets are depreciated over more than 50 years. The directors are of the opinion that based on the trading potential, the value in use of the heritable property is greater than or equal to the carrying amount in the balance sheet and accordingly in their opinion no impairment exists at 31 March 2021.

The directors do not have any intention of making any sales of the properties or plant concerned, which are held for long-term use in the company's business. Provision has not therefore been made for any liability to taxation on capital gains which might arise if the properties and plant were sold at their revalued amount.

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Heritable property £	Plant and machinery £	Total £
<b>At 31 March 2021</b>			
Aggregate cost	1,821,182	19,546,093	21,367,275
Aggregate depreciation	(417,837)	(15,989,641)	(16,407,478)
<b>Carrying value</b>	<u>1,403,345</u>	<u>3,556,452</u>	<u>4,959,797</u>
<b>At 31 March 2020</b>			
Aggregate cost	1,787,500	19,153,727	20,941,227
Aggregate depreciation	(398,523)	(15,573,251)	(15,971,774)
<b>Carrying value</b>	<u>1,388,977</u>	<u>3,580,476</u>	<u>4,969,453</u>

### 14. Investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 April 2020 and 31 March 2021	<u>500</u>
<b>Impairment</b>	
At 1 April 2020 and 31 March 2021	<u>-</u>
<b>Carrying amount</b>	
At 31 March 2021	<u>500</u>
At 31 March 2020	<u>500</u>

# Pure Malt Products Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

### 14. Investments *(continued)*

The company owns the whole of the share capital of the following dormant companies registered in Scotland:

	Profit/(loss) for year £	Capital and reserves £
Bermaline Limited - 100%	–	100
Bermaline Foods Limited - 100%	–	50,104
Pure Food Ingredients Limited - 100%	–	100
Pure Natural Foods Limited - 100%	–	100
Pure Malt Whisky Liqueur Limited - 100%	–	100

### 15. Stocks

	2021 £	2020 £
Raw materials and consumables	649,242	422,439
Finished goods and goods for resale	1,616,285	1,963,547
	<u>2,265,527</u>	<u>2,385,986</u>

### 16. Debtors

	2021 £	2020 £
Trade debtors	5,221,172	5,320,480
Amounts owed by group undertakings	–	50,004
Prepayments and accrued income	63,476	80,069
Corporation tax repayable	–	124,608
Directors loan account	2,277	127
Derivative financial assets	115,425	–
Other debtors	270,534	334,187
	<u>5,672,884</u>	<u>5,909,475</u>

Included within trade debtors are balances totalling £3,758,928 (2020: £3,876,606) that are subject to factoring arrangements. The associated liability recognised in creditors amounts to £13,548 (2020: £1,288,001).

At 31 March 2021, the company held contracts to sell €1,000,000 and \$1,970,000 for £2,395,320, which were to be settled on or before 15 December 2021. Details of derivative financial instruments open contracts held at 31 March 2020 are provided in note 17 below.

# Pure Malt Products Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

### 17. Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans and overdrafts	1,098,458	1,641,857
Trade creditors	1,297,773	1,630,408
Amounts owed to group undertakings	500	50,504
Accruals and deferred income	924,724	1,222,188
Social security and other taxes	120,892	150,967
Derivative financial liability	–	30,258
Other creditors	123,596	26,192
	<u>3,565,943</u>	<u>4,752,374</u>

HSBC Bank plc has standard security over the heritable property, first legal charge over the book debts of the company and a floating charge over all other assets. In addition the company has granted an unlimited multilateral guarantee along with the subsidiary companies as listed in note 14.

At 31 March 2020, the company held derivative financial instruments, being contracts to sell €550,000 and \$700,000 for £1,053,000, to be settled on or before 10 March 2021. Details of open contracts at 31 March 2021 are provided in note 16 above.

### 18. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Bank loans and overdrafts	<u>2,670,974</u>	<u>1,109,897</u>

Details of securities granted in respect of bank funding is provided in note 17.

### 19. Provisions

	Deferred tax (note 20) £
At 1 April 2020	1,149,029
Additions	156,319
At 31 March 2021	<u>1,305,348</u>



# Pure Malt Products Limited

## Notes to the Financial Statements (continued)

Year ended 31 March 2021

### 20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021 £	2020 £
Included in provisions (note 19)	<u>1,305,348</u>	<u>1,149,029</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2021 £	2020 £
Accelerated capital allowances	1,904,264	1,334,877
Other timing differences	(18,270)	(15,438)
Losses and other deductions	<u>(580,646)</u>	<u>(170,410)</u>
	<u>1,305,348</u>	<u>1,149,029</u>

The net reversal of deferred tax assets and liabilities in 2021/22 is not possible to quantify at this stage but this is not expected to be significant.

### 21. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £242,847 (2020: £228,166).

### 22. Called up share capital

#### Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>84,750</u>	<u>84,750</u>	<u>84,750</u>	<u>84,750</u>

### 23. Reserves

Called-up share capital - represents the nominal value of shares that have been issued.

Revaluation reserve - represents the increase in value of assets that have been revalued.

Capital redemption reserve - represents funds set aside to maintain the level of share capital after a redemption of share capital.

Profit and loss account - includes all current and prior period retained profits and losses.

# Pure Malt Products Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

### 24. Analysis of changes in net debt

	At 1 Apr 2020 £	Cash flows £	At 31 Mar 2021 £
Cash at bank and in hand	557,098	(164,548)	392,550
Debt due within one year	(1,692,361)	593,403	(1,098,958)
Debt due after one year	(1,109,897)	(1,561,077)	(2,670,974)
	<u>(2,245,160)</u>	<u>(1,132,222)</u>	<u>(3,377,382)</u>

### 25. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2021 £	2020 £
Tangible assets	<u>249,756</u>	<u>683,458</u>

### 26. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021 £	2020 £
Not later than 1 year	121,896	120,734
Later than 1 year and not later than 5 years	<u>30,602</u>	<u>59,889</u>
	<u>152,498</u>	<u>180,623</u>

# Pure Malt Products Limited

## Notes to the Financial Statements (continued)

Year ended 31 March 2021

### 27. Currency risk

#### Foreign currency exposure

The fair value of the Company's monetary items that have foreign currency exposure at 31 March are shown below. Where the Company's equity investments (which are not monetary items) are priced in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	US Dollar £	Euro £	2021 £
Net current assets	<u>837,138</u>	<u>2,037,820</u>	<u>2,874,959</u>
	US Dollar £	Euro £	2020 £
Net current assets	<u>149,476</u>	<u>2,759,276</u>	<u>2,908,752</u>

In the opinion of the Directors, the above year end amounts are broadly representative of the exposure to foreign currency risk during the year. This analysis is presented on an un-hedged basis.

Details of derivative financial instruments acquired to mitigate the effect of adverse foreign exchange rate movements are provided in notes 16 and 17.

#### Foreign currency sensitivity

The following table illustrate the sensitivity of return after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2020: 10%) appreciation or depreciation in sterling against the Euro, and the other currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

	If Sterling strengthens by 10% 2020 £	If Sterling weakens by 10% 2020 £	If Sterling strengthens by 10% 2019 £	If Sterling weakens by 10% 2019 £
From turnover receivable for the year	(1,373,505)	1,373,505	(1,489,647)	1,489,647
From translation of the year end monetary balances	<u>(287,496)</u>	<u>287,496</u>	<u>(290,875)</u>	<u>290,875</u>
Total Comprehensive income after taxation	<u>(1,661,001)</u>	<u>1,661,001</u>	<u>(1,780,522)</u>	<u>1,780,522</u>

In the opinion of the Directors, the above sensitivity analysis is broadly representative of the whole year.

# Pure Malt Products Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

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### 28. Covid-19

During the year, COVID-19 continued to impact the business, as it has industry throughout the UK. The company has an essential role in the food and drink sector, which enabled it to continue operating throughout the year.

All non-operational staff moved to a fully remote working environment and all operational staff were able to work as normal, subject to COVID-19 guidelines, including social distancing. The directors are confident that all practical steps have been taken to safeguard personnel and to ensure the on-going operation of the business.

### 29. Directors' advances, credits and guarantees

The amount due from Directors at 31 March 2021 was £2,277 (2020: £127). The loan is interest free and has no set repayment terms. During the year the company advanced £600,000 to a director. The full amount was repaid by the director during the year.

During the year, one director provided a personal guarantee on behalf of the company for £200,000 in respect of bank funding. This guarantee was outstanding at the year end.

### 30. Related party transactions

The company was charged rent of £54,300 (2020: £54,300) for the year by the Pure Malt Products Executive Members Pension Scheme, from whom Pure Malt Products Limited rents premises. A balance of £nil (2020: £nil) was payable at the balance sheet date.

All of the above transactions were carried out on an arm's length basis.

Throughout the year the company's controlling party was B K Turner.