

Unaudited Financial Statements
for the Year Ended 31 March 2021
for
Adelphi Distillery Limited

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for the Year Ended 31 March 2021

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Adelphi Distillery Limited

Company Information
for the Year Ended 31 March 2021

DIRECTORS:

A V Bruce
J K R Falconer
E J Macdonald
G J Hamilton
A C Campbell
C Mackenzie

SECRETARY:

E J Macdonald

REGISTERED OFFICE:

The Ardnamurchan Distillery
Glenbeg
Ardnamurchan
Acharacle
Argyll
PH36 4JG

REGISTERED NUMBER:

SC141800 (Scotland)

ACCOUNTANTS:

A H & Co Ltd
Chartered Accountants
6 Logic Mill
Edinburgh
Lothian
EH7 4HG

Balance Sheet
31 March 2021

	Notes	31.3.21 £	£	31.3.20 £	£
FIXED ASSETS					
Intangible assets	4		25,864		11,874
Tangible assets	5		209,142		195,785
Investments	6		<u>1,834,503</u>		<u>1,834,503</u>
			2,069,509		2,042,162
CURRENT ASSETS					
Stocks	7	690,775		418,135	
Debtors	8	10,511,668		9,960,472	
Cash at bank and in hand		<u>1,427,612</u>		<u>81,480</u>	
		12,630,055		10,460,087	
CREDITORS					
Amounts falling due within one year	9	<u>392,788</u>		<u>313,749</u>	
NET CURRENT ASSETS			<u>12,237,267</u>		<u>10,146,338</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			14,306,776		12,188,500
CREDITORS					
Amounts falling due after more than one year	10		(5,524,852)		(7,246,713)
PROVISIONS FOR LIABILITIES	13		-		(11,204)
NET ASSETS			<u>8,781,924</u>		<u>4,930,583</u>
CAPITAL AND RESERVES					
Called up share capital	14		4,871,222		3,201,076
Share premium			3,878,328		1,548,474
Share option reserve			58,689		17,964
Retained earnings			<u>(26,315)</u>		<u>163,069</u>
SHAREHOLDERS' FUNDS			<u>8,781,924</u>		<u>4,930,583</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2021 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

Balance Sheet - continued

31 March 2021

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 25 August 2021 and were signed on its behalf by:

J K R Falconer - Director

A V Bruce - Director

E J Macdonald - Director

G J Hamilton - Director

A C Campbell - Director

C Mackenzie - Director

Notes to the Financial Statements
for the Year Ended 31 March 2021

1. **STATUTORY INFORMATION**

Adelphi Distillery Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represent the fair value of services provided under contracts to the extent that there is a right to consideration and is recorded at fair value of the consideration received or receivable.

Intangible fixed assets

Intangible fixed assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses. Depreciation is provided on all intangible fixed assets, at rates calculated to write off the cost, less residual value, of each asset on a straight line basis over its expected useful life, as follows:

Patents and licences	- 50% on cost and 10% on cost
Development costs	- 25% on cost

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less residual value, of each asset on a straight line basis over its expected useful life, as follows:

Freehold property	- 5% on cost
Improvements to property	- 15% on cost
Plant and machinery	- 20% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 25% on cost

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost. After initial recognition, investment in subsidiary undertakings are measured at cost less any accumulated impairment losses.

Investments

Investments are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Assets held under finance leases, hire purchases and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease to produce a constant periodic rate of interest on the remaining balance of the liability.

Share based payments

The cost of share options granted to employees is calculated based on the fair value of the options at the date the shares were granted and is recognised on an annual basis throughout the anticipated vesting period. The associated cost is allocated to the income statement and a corresponding credit entry is recorded within the share option reserve.

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 that obligation and a reliable estimates 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 balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 26 (2020 - 19) .

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

4. INTANGIBLE FIXED ASSETS

	Patents and licences £	Development costs £	Totals £
COST			
At 1 April 2020	16,499	-	16,499
Additions	15,672	9,000	24,672
At 31 March 2021	32,171	9,000	41,171
AMORTISATION			
At 1 April 2020	4,625	-	4,625
Amortisation for year	9,682	1,000	10,682
At 31 March 2021	14,307	1,000	15,307
NET BOOK VALUE			
At 31 March 2021	17,864	8,000	25,864
At 31 March 2020	11,874	-	11,874

5. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 April 2020	250,179	32,587	41,175
Additions	-	-	17,219
At 31 March 2021	250,179	32,587	58,394
DEPRECIATION			
At 1 April 2020	113,365	32,587	28,453
Charge for year	12,509	-	6,757
At 31 March 2021	125,874	32,587	35,210
NET BOOK VALUE			
At 31 March 2021	124,305	-	23,184
At 31 March 2020	136,814	-	12,722

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

5. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 April 2020	2,618	56,390	5,485	388,434
Additions	31,533	-	3,136	51,888
At 31 March 2021	34,151	56,390	8,621	440,322
DEPRECIATION				
At 1 April 2020	1,178	12,368	4,698	192,649
Charge for year	6,758	11,278	1,229	38,531
At 31 March 2021	7,936	23,646	5,927	231,180
NET BOOK VALUE				
At 31 March 2021	26,215	32,744	2,694	209,142
At 31 March 2020	1,440	44,022	787	195,785

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 April 2020 and 31 March 2021	50,940
DEPRECIATION	
At 1 April 2020	10,188
Charge for year	10,188
At 31 March 2021	20,376
NET BOOK VALUE	
At 31 March 2021	30,564
At 31 March 2020	40,752

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Other investments £	Totals £
COST			
At 1 April 2020 and 31 March 2021	1,832,300	2,203	1,834,503
NET BOOK VALUE			
At 31 March 2021	1,832,300	2,203	1,834,503
At 31 March 2020	1,832,300	2,203	1,834,503

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

6. **FIXED ASSET INVESTMENTS - continued**

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Adelphi Distillery (1826) Ltd

Registered office: The Ardnamurchan Distillery, Glenbeg, Ardnamurchan, Acharacle, Argyll, PH36 4JG

Nature of business: Whisky Distiller

Class of shares:	% holding	31.3.21	31.3.20
Ordinary	100.00	£	£
Aggregate capital and reserves		(1,661,734)	(1,780,715)
Profit/(loss) for the year		<u>118,981</u>	<u>(550,794)</u>

Limerick Distillery Limited

Registered office: The Ardnamurchan Distillery, Glenbeg, Ardnamurchan, Acharacle, Argyll, PH36 4JG

Nature of business: Dormant Company

Class of shares:	% holding	31.3.21	31.3.20
Ordinary	100.00	£	£
Aggregate capital and reserves		<u>100</u>	<u>100</u>

7. **STOCKS**

	31.3.21	31.3.20
	£	£
Stocks	<u>690,775</u>	<u>418,135</u>

8. **DEBTORS**

	31.3.21	31.3.20
	£	£
Amounts falling due within one year:		
Trade debtors	133,284	208,345
Other debtors	<u>158,332</u>	<u>15,978</u>
	<u>291,616</u>	<u>224,323</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>10,220,052</u>	<u>9,736,149</u>
Aggregate amounts	<u>10,511,668</u>	<u>9,960,472</u>

9. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.3.21	31.3.20
	£	£
Hire purchase contracts (see note 11)	6,980	6,980
Trade creditors	200,549	257,566
Other creditors	<u>185,259</u>	<u>49,203</u>
	<u>392,788</u>	<u>313,749</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

10. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.3.21	31.3.20
	£	£
Hire purchase contracts (see note 11)	28,397	35,377
Other creditors	<u>5,496,455</u>	<u>7,211,336</u>
	<u>5,524,852</u>	<u>7,246,713</u>

11. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.3.21	31.3.20
	£	£
Net obligations repayable:		
Within one year	6,980	6,980
Between one and five years	<u>28,397</u>	<u>35,377</u>
	<u>35,377</u>	<u>42,357</u>
	Non-cancellable operating leases	
	31.3.21	31.3.20
	£	£
Within one year	16,568	5,000
Between one and five years	53,989	25,000
In more than five years	<u>50,000</u>	<u>55,000</u>
	<u>120,557</u>	<u>85,000</u>

12. **SECURED DEBTS**

The following secured debts are included within creditors:

	31.3.21	31.3.20
	£	£
Raindance loan	5,233,482	6,995,961
Cask loans	<u>218,768</u>	<u>209,578</u>
	<u>5,452,250</u>	<u>7,205,539</u>

Raindance Investments Limited holds a fixed and floating charge over the assets of the company and a negative pledge over the shares held in Adelphi Distillery (1826) Limited.

13. **PROVISIONS FOR LIABILITIES**

	31.3.21	31.3.20
	£	£
Deferred tax	<u>-</u>	<u>11,204</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

13. **PROVISIONS FOR LIABILITIES - continued**

	Deferred tax
	£
Balance at 1 April 2020	11,204
Credit to Income Statement during year	(11,204)
Balance at 31 March 2021	-

14. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.21	31.3.20
			£	£
4,818,724	A Ordinary	£1	4,818,724	3,148,578
52,498	B Ordinary	£1	52,498	52,498
			<u>4,871,222</u>	<u>3,201,076</u>

Shares were issued during the year as follows:

Issued at premium

1,670,146 A Ordinary shares of £1 were issued for a consideration of £4,000,000.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

15. **RELATED PARTY DISCLOSURES**

Related Party	Transaction	Value (2021) £	Value (2020) £	Balance receivable from/(payable to) related party as at 31.3.21 £	Balance receivable from/(payable to) related party as at 31.3.20 £
(1) Adelphi Distillery (1826) Limited	Inter Company Loan Balance	-	-	10,220,052	9,736,149
	Purchases	(284,867)	(6,540)	-	-
	Working capital transfer	710,913	430,798	-	-
	Management charge	48,000	48,000	-	-
	Loan interest	9,857	461,659	-	-
(2) Raindance Investments Limited	Loan interest on cask loans	(9,189)	(9,578)	(218,767)	(209,578)
	Loan interest on Raindance loan	(237,521)	(288,104)	(5,233,482)	(6,995,961)
	Converted loan capital	2,000,000	-	-	-
(3) Broomhall Farm Partnership	Rent	(5,000)	(5,000)	-	-
(4) Limerick Distillery Limited	Inter Company Loan	791	155	2,583	1,792

During the year, share options totalling nil (2020: 366,524) were granted to directors.

(1) Adelphi Distillery (1826) Limited is a subsidiary company.

(2) Raindance Investments Limited is owned by a shareholder of the company.

(3) Broomhall Farm Partnership is owned by a relative of a company director.

(4) Limerick Distillery Limited is a subsidiary company.

16. **POST BALANCE SHEET EVENTS**

Since March 2020, the spread of COVID-19 has severely impacted many local economies around the globe. The directors ensured that the company was able to react quickly both to protect its workforce and maximise available sales and Government support revenue.

The end result has ensured minimal production cost increases, and allowed the company to record a trading period well ahead of target.

In addition to the COVID-19 impact during the financial year, the company has also been affected by post-Brexit related impacts to shipping within Europe since January 2021. These have primarily delayed shipments and, as a result, adversely phased the dispatch and invoicing of goods. In turn this has had a short-term affect on cash flow, but the company is confident that, with shipments now running more smoothly, the medium to long-term cash flow will catch up with forecast.

17. **ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is D F Irwin Houston.

18. **SHARE-BASED PAYMENT TRANSACTIONS**

During the year ended 31st March 2020, a total of 407,250 share options were granted to employees. The options have a long stop vesting period of ten years and are exercisable at a price of £1 per share. If the options remain unexercised after a period of ten years from the grant date, the options expire. Options are forfeited if the employee leaves the company before the options vest.

None of the above share options were forfeited, exercised or expired during the year ended 31st March 2021.

The total cost recognised in the income statement in relation to the options which have been granted is £38,689 and a further £2,036 has been recognised in the loan due by the subsidiary company, Adelphi Distillery (1826) Limited, as some of these options relate to an employee of this subsidiary.

The total recognised in the share option reserve in respect of the share options granted in the current year is £40,725. The total recognised in the share option reserve in respect of the share options granted to date is £58,689.

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