

# **BRUICHLADDICH**

**PROGRESSIVE HEBRIDEAN DISTILLERS**

**Bruichladdich Distillery Company Limited**

Financial statements for the year ended 31 March 2018

Registered number: SC 209196



# Strategic Report

For the year ended 31 March 2018

The directors present their strategic report for the year ended 31 March 2018.

## Principal activity

The group's principal activity is the distillation, warehousing, marketing and sale of single malt whisky.

## Business review

The audited financial statements for the year ended 31 March 2018 are set out on pages 7 to 29. The group profit for the year before taxation was £1,254,288 (2017 - £2,079,764) and after taxation it was a profit of £822,881 (2017 - £1,631,083). Turnover increased from £17,079,454 to £19,898,167. During the year the investment in distilled bulk whisky stocks increased from £29,576,220 to £33,037,145.

## Key Performance Indicators

	Year ended 31 March 2018	Year ended 31 March 2017
Turnover	£19,898,167	£17,079,454
Turnover increase	16.5%	12.7%
Turnover per employee	£218,661	£208,286
Gross profit margin	42.9%	46.9%
Pre-tax profit margin	6.3%	12.2%
Earnings before interest, tax and depreciation	£2,724,013	£3,312,006

## Future developments

The continued support of Remy Cointreau gives the company the ongoing ability to continue to expand its investment program into bulk whisky stocks. With the global route to market fully integrated, the company will focus on building breadth and depth of distribution and increased rate of sale, in key markets.

## Strategic Report (Continued)

For the year ended 31 March 2018

### Financial risk management objectives and policies

The group uses various financial instruments such as loans, cash and overdraft facilities, equity instruments, trade debtors and trade creditors to raise finance for the group's operations. The existence of these financial instruments exposes the group to a number of financial risks, namely currency risk, liquidity risk, cash flow interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

#### Currency risk

The group is exposed to transaction foreign currency risk. Transaction exposures are not currently hedged but will be kept under continuing review.

#### Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The short and long term needs are achieved through intercompany loans from its holding company Remy Cointreau UK Limited.


#### Interest rate risk

The group finances its operations through a mixture of retained profits, intercompany and other borrowings. The directors are continually assessing this position with a view to implementing appropriate hedging in the future.

#### Credit risk

The group's principal financial asset is trade debtors which carries the principal credit risk. In order to manage credit risk the directors set limits for customers based upon a combination of payment history and credit references. Credit limits are reviewed on a regular basis in conjunction with debt aging and collection history.

Signed on behalf of the Board



S.P. Coughlin  
Director

26/10/18

## Directors' Report

Registered number: SC 209196

For the year ended 31 March 2018

The directors present their annual report on the affairs of the group, together with the financial statements and auditors' report for the year ended 31 March 2018.

### Directors

The directors who held office during the year were as follows:

V.Chapoulaud-Floquet

S.P.Coughlin

F.P.M.Heriard Dubreuil

### Directors' responsibilities statement

The directors are responsible for preparing the Report of the Directors 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

### Going concern

The company is dependent on the continuing finance being made available by its parent company to enable it to continue operating and meet its liabilities as they fall due.

The ultimate parent company has agreed to provide sufficient funds to the company for these purposes. The directors believe that it is therefore appropriate to prepare these financial statements on a going concern basis. The agreement covers a minimum period of 12 months from the date of signing these financial statements.

**Directors' report (Continued)**

Registered number: SC 209196

For the year ended 31 March 2018

**Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**Dividends proposed and transfers to reserves**

Payment of a dividend is not recommended. The retained profit for the year of £822,881 (2017 - £1,631,083) has been transferred to reserves.

**Auditors**

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with S485 of the Companies Act 2006.

Bruichladdich Distillery  
Isle of Islay  
Argyll  
PA49 7UN

**By order of the board**



S.P. Coughlin  
Director

26/10/18

# Independent auditor's report to the members of Bruichladdich Distillery Company Limited

Registered number: SC 209196

For the year ended 31 March 2018

## Opinion

We have audited the financial statements of Bruichladdich Distillery Company Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Group Statement of Comprehensive Income, the Group and Company Statement of Financial Positions, the Group and Company Statement of Changes in Equity, the Group Cash Flow Statement and the notes to the financial statements, including a summary of the significant 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 United Kingdom 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 group's and of the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

## Other information

The other information comprises the information included in the Financial Statements, 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 in 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.

## Opinion on other matter 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 those financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# Independent auditor's report to the members of Bruichladdich Distillery Company Limited

Registered number: SC 209196

For the year ended 31 March 2018

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, 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.

## Respective responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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 the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## 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 the 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.

*Nexia Smith & Williamson*

Christopher Appleton  
Senior Statutory Auditor, for and on behalf of  
**Nexia Smith & Williamson**  
Statutory Auditor  
Chartered Accountants

Cumberland House  
15-17 Cumberland Place  
Southampton  
Hampshire  
SO15 2BG

28.10.18

# Group statement of comprehensive income

For the year ended 31 March 2018

	Note	2018 £	2017 £
<b>Turnover</b>	2	19,898,167	17,079,454
Cost of sales		(11,367,403)	(9,072,425)
<b>Gross profit</b>		8,530,764	8,007,029
Selling and marketing expenses		(2,317,575)	(1,565,913)
Administrative expenses		(4,458,776)	(3,939,271)
<b>Operating profit</b>		1,754,413	2,501,845
Interest payable and similar charges	3	(500,125)	(422,081)
<b>Profit on ordinary activities before taxation</b>	5	1,254,288	2,079,764
Tax on profit on ordinary activities	6	(431,407)	(448,681)
<b>Profit and Total Comprehensive Income for the year</b>		822,881	1,631,083

None of the group's activities were acquired or discontinued during either the current or prior year.

The accompanying notes form part of the financial statements.



# Statement of financial positions

As at 31 March 2018

	Note	31.3.2018		31.3.2017	
		Group £	Company £	Group £	Company £
<b>Fixed assets</b>					
Tangible assets	7	22,408,992	21,857,388	17,838,398	17,286,793
Investments	8	-	1	-	1
		<u>22,408,992</u>	<u>21,857,389</u>	<u>17,838,398</u>	<u>17,286,794</u>
<b>Current assets</b>					
Stocks	9	33,037,145	33,037,145	29,576,220	29,576,220
Debtors	10	2,044,424	2,734,620	1,781,622	2,471,819
Cash at bank and in hand		724,988	719,196	402,554	396,762
		<u>35,806,557</u>	<u>36,490,961</u>	<u>31,760,396</u>	<u>32,444,801</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(37,006,466)</u>	<u>(37,004,880)</u>	<u>(29,275,420)</u>	<u>(29,273,834)</u>
<b>Net current (liabilities)/assets</b>		<u>(1,199,909)</u>	<u>(513,919)</u>	<u>2,484,976</u>	<u>3,170,967</u>
<b>Total assets less current liabilities</b>		<u>21,209,083</u>	<u>21,343,470</u>	<u>20,323,374</u>	<u>20,457,761</u>
<b>Creditors: amounts falling due after more than one year</b>	12	(53,550)	(53,550)	(89,038)	(89,038)
<b>Provisions for liabilities and charges</b>	6	(501,903)	(501,903)	(243,056)	(243,056)
<b>Net assets</b>		<u>20,653,630</u>	<u>20,788,017</u>	<u>19,991,280</u>	<u>20,125,667</u>
<b>Capital and reserves</b>					
Called-up share capital	13	5,109,893	5,109,893	5,109,893	5,109,893
Share premium account		8,110,576	8,110,576	8,110,576	8,110,576
Profit and loss account		7,433,161	7,567,548	6,770,811	6,905,198
<b>Equity Shareholders' funds</b>		<u>20,653,630</u>	<u>20,788,017</u>	<u>19,991,280</u>	<u>20,125,667</u>

The parent company made a profit of £822,881 (2017 – £1,681,083).

Signed on behalf of the Board



S.P. Coughlin  
Director

26/10/18.

Registered number SC 209196

The accompanying notes form part of the financial statements

# Statement of changes in equity

For the year ended 31 March 2018

## Group

	Called-up Share capital	Share Premium	Share- based payment reserve	Profit and loss account	Total Equity
	£	£	£	£	£
At 1 April 2016	5,109,893	8,110,576	348,980	4,790,748	18,360,197
Profit for the year	-	-	-	1,631,083	1,631,083
Transfer			(348,890)	348,980	-
At 1 April 2017	5,109,893	8,110,576	-	6,770,811	19,991,280
Share options movement (note 21)	-	-	-	(160,531)	(160,531)
Profit for year	-	-	-	822,881	822,881
At 31 March 2018	5,109,893	8,110,576	-	7,433,161	20,653,630

## Company

	Called-up Share capital	Share Premium	Share Premium	Profit and loss account	Total Equity
	£	£	£	£	£
At 1 April 2016	5,109,893	8,110,576	348,980	4,925,135	18,495,584
Profit for the year	-	-	-	1,631,083	1,631,083
Transfer			(348,890)	348,980	-
At 1 April 2017	5,109,893	8,110,576	-	6,905,198	20,125,667
Share options movement (note 21)	-	-	-	(160,531)	(160,531)
Profit for year	-	-	-	822,881	822,881
At 31 March 2018	5,109,893	8,110,576	-	7,567,548	20,788,017

Group cash flow statement  
For the year ended 31 March 2018

	Note	2018	2017
		£	£
<b>Cash inflow from operating activities</b>	15a	<u>5,897,745</u>	<u>4,068,059</u>
<b>Investing activities</b>			
Payments to acquire tangible fixed assets		(5,540,194)	(3,884,413)
Receipts from sales of tangible fixed assets		<u>-</u>	<u>14,450</u>
Net cash outflow from investing activities		<u>(5,540,194)</u>	<u>(3,869,963)</u>
<b>Financing activities</b>			
Interest element of finance lease rental payments		(5,662)	(5,748)
Other interest paid		(48)	-
Repayment of capital element of finance leases and hire purchase contracts		<u>(29,407)</u>	<u>(30,093)</u>
Net cash outflow from financing activities		<u>(35,117)</u>	<u>(35,841)</u>
<b>Increase in cash and cash equivalents</b>		322,434	162,255
<b>Cash and cash equivalents at 1 April</b>		<u>402,554</u>	<u>240,299</u>
<b>Cash and cash equivalents at 31 March</b>		<u>724,988</u>	<u>402,554</u>

The accompanying notes form part of the financial statements

## Notes to the financial statements

For the year ended 31 March 2018

### 1 Accounting policies

#### *Statement of Compliance*

Bruichladdich Distillery Company Limited is a private limited company incorporated in Scotland. The Registered Office is Bruichladdich, Isle of Islay, PA49 7UN.

The Group's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group for the year ended 31 March 2018.

The principal accounting policies, have been consistently applied throughout the year:

#### *a) Basis of accounting*

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. The financial statements are prepared in sterling which is the functional currency of the group.

#### *b) Basis of consolidation*

The group accounts consolidate the accounts of Bruichladdich Distillery Company Limited and its subsidiary undertakings for the year ended 31 March 2018. No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006.

The parent company has taken advantage of the following exemptions:

- i) from preparing a statement of Cash Flows, on the basis that it is a qualifying entity and the consolidated Statement of Cash Flows included in these Financial Statements includes the company's cash flows
- ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures.
- iii) from disclosing the company key management personnel compensation, as required by FRS102 paragraph 33.7.

#### *c) Revenue recognition*

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods.

#### *Sale of goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for delivery of the goods.

## Notes to the financial statements

For the year ended 31 March 2018

### 1 Accounting policies (continued)

#### d) Judgements and key sources of estimation uncertainty

Estimates and judgements are evaluated at each reporting date and are based on historical experience adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future in preparing the financial statements and the actual results will not always reflect accounting estimates made. The estimates and assumptions that have significant risk of causing material adjustment to the carrying value of assets and liabilities of the company are outlined below.

##### i) Fixed assets

The group reviews the residual values, estimated useful lives and depreciation rates of its fixed assets at each reporting date to identify where any evidence of significant change exists since the last reporting date. For the year ended 31 March 2018 the Group believes that its fixed assets are fairly stated and no material adjustment to the carrying value of its fixed assets is required.

##### ii) Obsolete stock provision

At each reporting date, the Group's stock holding is analysed to identify items which may be obsolete and a provision is made against these items. The value of this provision at 31 March 2018 £91,287 (2017 - £249,162).

##### iii) Bad debt provision

At each reporting date and throughout the year, the Group's debtor balance is reviewed to identify any impairment required, and specific provisions are made against this balance. The value of these provisions at 31 March 2018 was £7,244 (2017 - £12,857).

#### e) Tangible fixed assets

Fixed assets are stated at original historical cost less aggregate depreciation.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its estimated useful life as follows:

Land	Land is not depreciated
Freehold property	2% per annum
Plant and machinery	5% or 10% per annum
Casks	5% per annum
<i>Other assets comprise:</i>	
Motor vehicles	25% per annum
Equipment and furniture	25% per annum
Computer costs	33.3% per annum

The carrying value of assets in the course of construction is their purchase price together with any incidental cost of acquisition and construction. These assets will be depreciated once the assets are brought into use.

## Notes to the financial statements

For the year ended 31 March 2018

### **1 Accounting policies (continued)**

#### *f) Investments*

Fixed asset investments are shown at cost less provision for impairment.

#### *g) Impairment*

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is any indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### *h) Stocks*

Stocks of whisky are stated at the lower of cost and net realisable value. In the case of the group's own production, cost comprises direct materials, direct labour and attributable overheads, and in the case of other whisky stocks, purchase price. Other stocks (comprising raw materials and dry goods) are valued at the lower of purchase price and net realisable value which is based on estimated selling price.

#### *i) Taxation*

Deferred tax is recognised in respect of all timing differences which are differences between taxable profit and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted at the balance sheet date.

#### *j) Leased assets*

Fixed assets acquired under finance leases and hire purchase contracts are stated at their fair value at the date of acquisition, with an equivalent liability categorised as appropriate under creditors due within or after one year. Finance charges are allocated to accounting years over the year of the lease to produce a constant rate of return on the outstanding balance. Rentals applicable to operating leases are recognised in the income statement as incurred.

## Notes to the financial statements

For the year ended 31 March 2018

### **1      *Accounting policies (continued)***

#### *k) Pensions*

The group operates a defined contribution pension scheme. The amount charged to the income statement in respect of pension costs represents the amount payable by the group in the year.

#### *l) Government grants*

Government grants received in respect of expenditure on fixed assets are credited to accruals and deferred income. Amounts are then released from this account to income over the assets' estimated useful life.

#### *m) Foreign currency*

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in the profit or loss in the period in which they arise.

#### *n) Financial instruments*

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at the initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect the amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short term bank deposits with original maturity of three months or less and bank overdrafts.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the interest rate method.

## Notes to the financial statements

For the year ended 31 March 2018

### **1      *Accounting policies (continued)***

#### *o) Share based payments*

Employees of the group participate in group share based award schemes which are equity settled. The fair value at the date at which the share-based awards are granted is recognised in profit or loss on a straight line basis over the vesting period, with a corresponding increase in the shareholders' equity based on an estimated of the number of shares that will eventually vest. The services received from employees are measured by reference to the fair value of the awards granted. Recharges borne in relation to the share based payment are accounted for as a deduction from equity.



## Notes to the financial statements

For the year ended 31 March 2018

### 2 Turnover information

Geographical segments:

Revenue comprises the value of sales net of trade discounts (excluding VAT) of goods and services supplied in the normal course of business.

	2018 £	2017 £
<b>Turnover by destination:</b>		
United Kingdom	5,281,328	3,977,011
Europe	12,439,635	11,852,472
Rest of the world	2,177,204	1,249,971
	<u>19,898,167</u>	<u>17,079,454</u>

	£	£
<b>Turnover by class of business:</b>		
Liquid sales	17,081,622	14,721,440
Royalties	2,165,880	1,846,760
Other non liquid	650,665	511,254
	<u>19,898,167</u>	<u>17,079,454</u>

### 3 Interest payable and similar charges

	2018 £	2017 £
Interest payable on loans from group undertakings	494,415	416,333
Interest element payable under finance leases and hire purchase contracts	5,662	5,748
Interest on taxation	48	-
	<u>500,125</u>	<u>422,081</u>

## Notes to the financial statements

For the year ended 31 March 2018

### 4 Employees

Average monthly number of people (including directors) employed by the group during the year:

	2018	2017
	Number	Number
Production	50	45
Brand and marketing	15	15
Administration	26	22
	<u>91</u>	<u>82</u>

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	3,697,372	3,361,837
Social security costs	446,078	347,300
Pension contributions to money purchase schemes	227,689	217,449
	<u>4,371,139</u>	<u>3,926,586</u>

The amounts included above also represents employee numbers and staff costs for the parent company.

#### *Directors' emoluments*

	2018	2017
	£	£
Directors' remuneration	305,320	260,620
Directors' pension contributions to money purchase schemes	14,119	13,035
	<u>319,439</u>	<u>273,655</u>
The emoluments of the highest paid director	<u>319,439</u>	<u>273,655</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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The highest paid director had share option gains on exercise of their options during the year.

Two other directors do not perform qualifying services to the company, therefore their emoluments are £nil (2017 - £nil).

## Notes to the financial statements

For the year ended 31 March 2018

### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is arrived at after charging/(crediting):

	2018	2017
	£	£
Depreciation of tangible fixed assets	969,600	810,161
Release of government grants	(12,479)	(14,363)
Auditors' remuneration	27,500	20,250
Exchange losses/(gains)	90,778	(49,174)
Operating lease rentals – land and buildings	41,600	41,600
Operating lease rentals – other	89,480	79,781
Trade debtor write off	(9,038)	12,857
Stock write off	<u>135,824</u>	<u>79,897</u>

## Notes to the financial statements

For the year ended 31 March 2018

### 6 Taxation

Tax on profit on ordinary activities

The tax charge is made up as follows:

	2018	2017
	£	£
UK corporation tax at 19%	-	-
Tax borne on overseas transactions	172,560	-
Total current tax	172,560	-
Deferred tax:		
Origination and reversal of timing differences	258,847	448,681
Total deferred tax	258,847	448,681
Total tax charge	431,407	448,681

### Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£	£
Profit on ordinary activities before tax	1,254,288	2,079,764
Profit on ordinary activities multiplied by the standard rate of tax in the UK of 19%	238,315	415,953
Effects of:		
Tax borne on overseas transactions	172,560	-
Expenses not allowed for tax purposes	20,532	32,728
Group tax on ordinary activities	431,407	448,681

## Notes to the financial statements

For the year ended 31 March 2018

### 6 Taxation (continued)

#### Deferred tax:

The deferred tax included in the balance sheet is as follows:

	2018	2017
	£	£
Included in (provisions)/debtors	<u>(501,903)</u>	<u>(243,056)</u>
Accelerated capital allowances	(761,984)	(640,335)
Tax losses carried forward	260,081	397,279
	<u>(501,903)</u>	<u>(243,056)</u>
		£
At 1 April 2017		(243,056)
Charge to income statement		<u>(258,847)</u>
At 31 March 2018		<u>(501,903)</u>

## Notes to the financial statements

For the year ended 31 March 2018

### 7 Tangible fixed assets

#### Group

	Land & Freehold property	Assets Under construction	Plant and machinery	Casks and other assets	Total
	£	£	£	£	£
<b>Cost</b>					
Beginning of year	4,473,135	-	11,769,293	6,006,704	22,249,132
Additions	1,081,933	1,500,000	1,713,265	1,244,996	5,540,194
Disposals	-	-	-	(119,350)	(119,350)
End of year	<u>5,555,068</u>	<u>1,500,000</u>	<u>13,482,558</u>	<u>7,132,350</u>	<u>27,669,976</u>
<b>Depreciation</b>					
Beginning of year	601,391	-	2,306,784	1,502,559	4,410,734
Charge for the year	67,034	-	441,096	461,470	969,600
Disposals	-	-	-	(119,350)	(119,350)
End of year	<u>668,426</u>	<u>-</u>	<u>2,747,880</u>	<u>1,844,678</u>	<u>5,260,984</u>
<b>Net book value</b>					
End of year	<u>4,886,642</u>	<u>1,500,000</u>	<u>10,734,678</u>	<u>5,287,672</u>	<u>22,408,992</u>
Beginning of year	<u>3,871,744</u>	<u>-</u>	<u>9,462,509</u>	<u>4,504,145</u>	<u>17,838,398</u>
<b>Leased assets included in the above:</b>					
<b>Net book value</b>					
End of year	<u>-</u>	<u>-</u>	<u>102,233</u>	<u>-</u>	<u>102,233</u>
Beginning of year	<u>-</u>	<u>-</u>	<u>126,524</u>	<u>-</u>	<u>126,524</u>

The net book value of assets held and secured under finance leases and hire purchase agreements at 31 March 2018 was £88,731 (2017 - £102,233). Depreciation charged on these assets amounted to £13,502 (2017 - £14,391).

Value of land included in Land and Freehold property above at 31 March 2018 is £2,322,511 (2017 - £1,775,311).

## Notes to the financial statements

For the year ended 31 March 2018

### 7 Tangible fixed assets (continued)

#### Company

	Land & Freehold property	Assets under construction	Plant and machinery	Casks and other assets	Total
	£	£	£	£	£
<b>Cost</b>					
Beginning of year	3,908,732	-	11,769,292	6,006,704	21,684,728
Additions	1,081,933	1,500,000	1,713,265	1,244,996	5,540,194
Disposals	-	-	-	(119,350)	(119,350)
End of year	<u>4,990,665</u>	<u>1,500,000</u>	<u>13,482,557</u>	<u>7,132,350</u>	<u>27,105,572</u>
<b>Depreciation</b>					
Beginning of year	588,592	-	2,306,784	1,502,559	4,397,935
Charge for the year	67,034	-	441,096	461,470	969,600
Disposals	-	-	-	(119,350)	(119,350)
End of year	<u>655,626</u>	<u>-</u>	<u>2,747,880</u>	<u>1,844,679</u>	<u>5,248,185</u>
<b>Net book value</b>					
End of year	<u>4,335,039</u>	<u>1,500,000</u>	<u>10,734,675</u>	<u>5,287,672</u>	<u>21,857,388</u>
Beginning of year	<u>3,320,140</u>	<u>-</u>	<u>9,462,508</u>	<u>4,504,145</u>	<u>17,286,793</u>
<b>Leased assets included in the above:</b>					
<b>Net book value</b>					
End of year	<u>-</u>	<u>-</u>	<u>102,233</u>	<u>-</u>	<u>102,233</u>
Beginning of year	<u>-</u>	<u>-</u>	<u>126,524</u>	<u>-</u>	<u>126,524</u>

The net book value of assets held and secured under finance leases and hire purchase agreements at 31 March 2018 was £88,731 (2017 - £102,233). Depreciation charged on these assets amounted to £13,502 (2017 - £14,391).

Value of land included in Land and Freehold property above at 31 March 2018 is £1,638,107 (2017 - £1,090,907).

## Notes to the financial statements

For the year ended 31 March 2018

### 8 Fixed asset investments

Fixed asset investments comprise the following:

	2018	2017
	£	£
Subsidiary undertakings at cost	<u>1</u>	<u>1</u>
Beginning of year	1	1
Amounts written off during the year	<u>-</u>	<u>-</u>
End of year	<u>1</u>	<u>1</u>

Name	Place of registration	Description	Proportion of nominal value of issued shares held
<i>Subsidiary undertakings:</i>			
Lochindaal Distillery Limited	Scotland	1 £1 ordinary shares	100%
Port Charlotte Limited	Scotland	100 £1 ordinary shares	100%
The Botanist Limited	Scotland	1 £1 ordinary shares	100%

#### *Lochindaal Distillery Limited*

Lochindaal Distillery Limited's principal activity is warehouse storage.

#### *Dormant subsidiaries:*

Port Charlotte Limited

The Botanist Limited

Registered address of all subsidiaries – Bruichladdich Distillery, Bruichladdich, Isle of Islay, PA49 7UN

### 9 Stocks

	2018		2017	
	Group £	Company £	Group £	Company £
Whisky	31,349,021	31,349,021	28,241,395	28,241,395
Other stocks	<u>1,688,124</u>	<u>1,688,124</u>	<u>1,334,825</u>	<u>1,334,825</u>
	<u>33,037,145</u>	<u>33,037,145</u>	<u>29,576,220</u>	<u>29,576,220</u>

Stocks recognised in cost of sales during the year as an expense was £11,367,403 (2017 - £9,072,425)



## Notes to the financial statements

For the year ended 31 March 2018

### 10 Debtors

	2018		2017	
	Group £	Company £	Group £	Company £
Amounts falling due within one year:				
Trade debtors	333,077	333,077	259,480	259,480
Amounts owed by group undertakings	604,877	1,295,073	982,854	1,673,051
Directors' loan accounts	137,376	137,376	-	-
Other debtors	969,094	969,094	539,288	539,288
	<u>2,044,424</u>	<u>2,734,620</u>	<u>1,781,622</u>	<u>2,471,819</u>

### 11 Creditors: Amounts falling due within one year

	2018		2017	
	Group £	Company £	Group £	Company £
Obligations under hire purchase and similar contracts	22,594	22,594	28,992	28,992
Trade creditors	2,593,288	2,593,288	1,041,770	1,041,770
Amounts due to group undertakings	32,211,090	32,211,090	26,811,414	26,811,414
Other taxation and social security	322,626	322,626	84,417	84,417
Other creditors	69,094	67,508	68,300	66,714
Accruals and deferred income	1,787,774	1,787,774	1,240,527	1,240,527
	<u>37,006,466</u>	<u>37,004,880</u>	<u>29,275,420</u>	<u>29,273,834</u>

## Notes to the financial statements

For the year ended 31 March 2018

### 12 Creditors: Amounts falling due after more than one year

	2018		2017	
	Group £	Company £	Group £	Company £
Obligations under hire purchase and similar contracts	6,519	6,519	29,528	29,528
Deferred income	47,031	47,031	59,510	59,510
	<u>53,550</u>	<u>53,550</u>	<u>89,038</u>	<u>89,038</u>

Obligations under hire purchase and similar contracts:

The maturity of these amounts is as follows:

Amounts payable:

- within one year	26,973	26,973	34,225	34,225
- between one to five years	8,446	8,446	36,419	36,419
	<u>35,419</u>	<u>35,419</u>	<u>70,644</u>	<u>70,644</u>
Finance charges allocated to future years	(6,306)	(6,306)	(12,124)	(12,124)
	<u>29,113</u>	<u>29,113</u>	<u>58,520</u>	<u>58,520</u>

Analysed as follows:

Current obligations (Note 11)	22,594	22,594	28,992	28,992
Non current obligations	6,519	6,519	29,528	29,528
	<u>29,113</u>	<u>29,113</u>	<u>58,520</u>	<u>58,520</u>

### 13 Called-up share capital

	2018 £	2017 £
<i>Allotted, called up and fully paid:</i>		
5,109,893 ordinary shares of £1 each	5,109,893	5,109,893
	<u>5,109,893</u>	<u>5,109,893</u>

## Notes to the financial statements

For the year ended 31 March 2018

### 14 Reserves

#### **Share premium account**

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

#### **Profit and loss reserve**

This reserve relates to cumulative retained earnings less amounts distributed to shareholders.

### 15 Cash flow statement

#### *(a) Reconciliation of profit to net cash inflow from operating activities*

	2018 £	2017 £
Profit for the year	822,881	1,631,083
Interest	500,125	422,081
Tax	431,407	448,681
Operating profit	<u>1,754,413</u>	<u>2,501,845</u>
Depreciation of tangible fixed assets	969,600	810,161
Increase in stocks	(3,460,925)	(3,647,069)
(Increase)/decrease in debtors	(262,802)	909,183
Increase in creditors	7,230,550	3,493,939
Tax paid	(172,560)	-
Share option movement	(160,531)	-
Net cash inflow from operating activities	<u>5,897,745</u>	<u>4,068,059</u>

#### b) Cash and cash equivalents

	At 01/04/2017	Cash flows	At 31/03/2018
Cash at bank	<u>402,554</u>	<u>322,434</u>	<u>724,988</u>

## Notes to the financial statements

For the year ended 31 March 2018

### 16 Pension contributions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £227,689 (2017 - £217,449). Contributions totalling £22,810 (2017 - £17,702) were payable by the group to the fund at the year end and are included in creditors.

### 17 Financial commitments

Group & company	Land and buildings		Other	
	2018 £	2017 £	2018 £	2017 £
<i>a) Operating leases</i>				
Future minimum rentals payable under non cancellable operating leases:				
- within one year	23,167	20,800	90,567	72,061
- between two and five years	-	-	103,111	126,743
	<u>23,167</u>	<u>20,800</u>	<u>193,678</u>	<u>198,804</u>
<i>b) Capital commitments</i>				
Contracted for but not provided for	<u>2,629,499</u>	<u>198,303</u>	<u>345,461</u>	<u>227,430</u>

### 18 Financial instruments

	2018 Group £	2017 Group £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>1,115,957</u>	<u>1,243,654</u>
	<u>1,115,957</u>	<u>1,243,654</u>
	2018 Group £	2017 Group £
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>36,672,231</u>	<u>29,200,815</u>
	<u>36,672,231</u>	<u>29,200,815</u>

Financial assets measured at amortised cost comprise trade debtors, inter company debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, inter company creditors and other creditors.

## Notes to the financial statements

For the year ended 31 March 2018

### 19 Related party transactions

(a) In line with the requirements of FRS102, the company does not need to disclose transactions with other wholly owned members of the group.

(b) The key management personnel loan balances due to the company subsisted during the year. All balances were unsecured, interest free and have no fixed date of repayment:

	End of year	Beginning of Year	Maximum balance during year
	£	£	£
Director			
S.P. Coughlin	137,376	-	137,376
D.A. Taylor	39,335	-	39,335

(c) Sales to Key Management Personnel

	2018	2017
	£	£
S.P.Coughlin	13,356	9,604
D.A. Taylor	7,288	3,719
A. Logan	1,309	1,383
G. LeGarrec	118	-
	<u>22,071</u>	<u>14,706</u>

(d) Key Management Personnel Costs  
Group

	2018	2017
	£	£
Short term employee benefits	1,138,098	961,292
Post employment benefits	41,484	36,301
Share based payments	132,000	-
	<u>1,311,582</u>	<u>997,593</u>

### 20 Ultimate Parent Company

The company's immediate parent company is Remy Cointreau UK Limited, a company registered in England & Wales. Copies of the Remy Cointreau UK Limited financial statements can be obtained from Remy Cointreau UK Limited, The Pinnacle, 160 Midsummer Boulevard, Milton Keynes, Buckinghamshire. MK9 1FF.

The ultimate parent undertaking and controlling party is Remy Cointreau SA, a company incorporated in France. Copies of the Remy Cointreau SA consolidated financial statements to which the results of Bruichladdich Distillery Company Limited are included can be obtained from Remy Cointreau SA, Rue Joseph Pataa, 16100 Cognac, France.

## Notes to the financial statements

For the year ended 31 March 2018

### 21 Share options

Certain employees of the company are members of a long term incentive plan granted in the form of a free share award linked to the share performance of the ultimate parent company of the Remy Cointreau SA group.

#### Bonus share plans

Grant date	Plan number	Vesting period	Minimum retention period	Rights initially granted	Rights granted at the end of the vesting period	Rights outstanding at 31 March 2018
27 January 2015	2015A	3 years	2 years	4,500	(4,500)	-
24 November 2015	2015B	3 years	2 years	4,000	-	4,000
22 November 2016	2016	3 years	2 years	3,300	-	3,300
21 November 2017	2017	3 years	2 years	2,300	-	2,300
<b>Total</b>				<b>14,100</b>	<b>(4,500)</b>	<b>9,600</b>

The above plans are based on the achievement of certain performance criteria (share price or total shareholder return for the group). During the year the 2015A plan expired on 27 January 2018 and all outstanding rights were granted in full.

The long term incentive plan is managed at the Parent company level. At vesting date of each free share plan, the purchase cost of shares eventually remitted to the beneficiaries (depending on the level of achievement of the performance criteria) are re-invoiced to the companies employing the beneficiaries.

The share based payment charge in the year totalled £132k and the recharge from other group companies totalled £292k, giving rise to a net movement of £160k in the Statement of Changes in Equity.