

BRUICHLADDICH

PROGRESSIVE HEBRIDEAN DISTILLERS

Bruichladdich Distillery Company Limited

Financial statements for the year ended 31 March 2021

Registered number: SC 209196

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Strategic Report

For the year ended 31 March 2021

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

Principal activity

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

Business review

The audited financial statements for the year ended 31 March 2021 are set out on pages 11 to 31. The profit for the year before taxation was £3,408,133 (2020 - £744,637) and after taxation it was a profit of £2,744,065 (2020 - £433,684). Turnover increased from £19,353,784 to £25,406,819. During the year the investment in distilled bulk whisky stocks increased from £40,478,045 to £44,190,164.

Key Performance Indicators

	Year ended 31 March 2021	Year ended 31 March 2020
Turnover	£25,406,819	£19,353,784
Turnover increase/(decrease)	31.2%	(18.8)%
Turnover per employee	£256,635	£197,488
Gross profit margin	49.9%	50.6%
Pre-tax profit margin	13.7%	3.8%
Earnings before interest, tax and depreciation	£5,701,191	£3,155,713

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.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management, risk management and internal audit. Compliance with regulation, legal and ethical standards is a high priority for the Company and the compliance team and Company finance department take on an important oversight role in this regards.

The principal risks in our industry mainly relate to supply of materials, corporate social responsibility, competition and economic conditions.

Strategic Report (Continued)

For the year ended 31 March 2021

Financial risk management objectives and policies

The company uses various financial instruments such as loans, cash and overdraft facilities, trade debtors and trade creditors to raise finance for the company's operations. The existence of these financial instruments exposes the company 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 company is exposed to transaction foreign currency risk. Transaction exposures are not currently hedged but will be kept under continuing review.

Liquidity risk

The company 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 company 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 company'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.

Strategic Report (Continued)

For the year ended 31 March 2021

Section 172 reporting

The Directors consider, both individually and collectively, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s.172 (a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 March 2021.

The Directors set the tone for the company, including culture, values and behaviours that are intended to protect and promote the long-term success of the business.

When making principal decisions, the Directors consider (amongst other matters):

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members/shareholders of the company.

Decision making and Governance

The Company's business strategy is focused on achieving success for the Company in the long term. In setting this strategy, the Directors take into account the impact of relevant factors and stakeholder interests on the Company's performance. The Directors also identify principal risks facing the business and set risk management objectives.

The Directors promote a culture of openness, honesty and integrity whilst upholding the highest standards of business conduct and regulatory conduct. The Directors ensure that these core values are communicated to the Company's employees and embedded into the Company's policies and procedures.

The Board recognises that building long and lasting relationships with our stakeholders will help us to deliver our strategy in line with our long-term values, and operate a sustainable business.

Employees

Bruichladdich's employees are fundamental to the success of the business. The Directors strive to ensure that all employees feel engaged with the business and are empowered to carry out their role to achieve the business strategy. We aim to provide a healthy work-life balance, health and mental well-being and the pursuit of diversity among our employees. We have also worked with our employees to put in place safe working practices in line with government guidance to minimise the risk of Covid-19.

Business Relationships

Our mission is to create the most thought-provoking spirits we can. To do this we need to develop and maintain strong customer relationships. We also need to develop and maintain close relationships with local farmers and our suppliers, many of whom we have worked with for many years, to foster innovation.

Community and Environment

We have a long term vision to be more sustainable in all we do. We are working to reduce the impact of our operations in all of our actions, all with a heightened sensitivity to growing within our island home. We must ensure our impact is positive, that we continue to improve the quality of life for our planet and our people. On 4 May 2020 Bruichladdich became a B-Corp certified company.

Strategic Report (Continued)

For the year ended 31 March 2021

Section 172 reporting (continued)

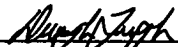
Maintaining Reputation

We are committed to conducting business with high ethical standards, including compliance with all applicable laws and regulations.

Acting fairly

Our intention is to behave responsibly toward our stakeholders and treat them fairly and equally, so they too may benefit from the successful delivery of our long-term plans.

Signed on behalf of the Board



Douglas Taylor (Sep 30, 2021 09:43 GMT+1)

D.A. Taylor
Director

Sep 30, 2021

Directors' Report

Registered number: SC 209196

For the year ended 31 March 2021

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 March 2021.

Directors

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

S.P.Coughlin

D.A. Taylor

L.C.P. Marotta

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 2021

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 company'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 company's auditors are aware of that information.

Dividends proposed and transfers to reserves

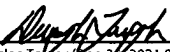
Payment of a dividend is not recommended. The retained profit for the year of £2,744,065 (2020 - £433,684) has been transferred to reserves.

Auditors

The auditors, Mazars, were appointed during the year to audit the 31 March 2021 financial statements.

Bruichladdich Distillery
Isle of Islay
Argyll
PA49 7UN

By order of the board


Douglas Taylor (Sep 30, 2021 09:43 GMT+1)

D.A.Taylor
Director

Sep 30, 2021

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

Registered number: SC 209196

For the year ended 31 March 2021

Opinion

We have audited the financial statements of Bruichladdich Distillery Company 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 and notes to the financial statements, 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Independent auditor's report to the members of Bruichladdich Distillery Company Limited
Registered number: SC 209196
For the 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 light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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.

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

Registered number: SC 209196

For the year ended 31 March 2021

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 the 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. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;

- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

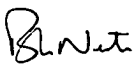
There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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. This description forms part of our auditor's report.

Independent auditor's report to the members of Bruichladdich Distillery Company Limited
Registered number: SC 209196
For the year ended 31 March 2021

Use of the audit 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.



Robert Neate

(Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

100 Queen Street

Glasgow

G1 3DN

Date Sep 30, 2021

Statement of comprehensive income

For the year ended 31 March 2021

	Note	2021 £	2020 £
Turnover	2	25,406,819	19,353,784
Cost of sales		(12,731,831)	(9,551,135)
Gross profit		12,674,988	9,802,649
Selling and marketing expenses		(2,618,540)	(2,475,830)
Administrative expenses		(5,820,859)	(5,549,817)
Operating profit		4,235,589	1,777,002
Interest payable and similar charges	3	(827,456)	(1,032,365)
Profit on ordinary activities before taxation	5	3,408,133	744,637
Tax on profit on ordinary activities	6	(664,068)	(310,953)
Profit and Total Comprehensive Income for the year		<u>2,744,065</u>	<u>433,684</u>

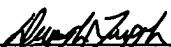
None of the company's activities were acquired or discontinued during either the current or prior year.

Statement of financial position

As at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	7	36,668,367	34,718,790
Intangible assets	8	31,051	-
Investments	9	1	1
		<u>36,699,419</u>	<u>34,718,791</u>
Current assets			
Stocks	10	44,190,164	40,478,045
Debtors	11	6,112,765	5,286,665
Cash at bank and in hand		1,033,074	791,376
		<u>51,336,003</u>	<u>46,556,086</u>
Creditors: amounts falling due within one year	12	(61,635,444)	(58,357,029)
Net current liabilities		<u>(10,299,441)</u>	<u>(11,800,943)</u>
Total assets less current liabilities		26,399,978	22,917,848
Creditors: amounts falling due after more than one year	13	(18,152)	(27,721)
Provisions for liabilities and charges	6	(1,552,316)	(888,248)
Net assets		<u>24,829,510</u>	<u>22,001,879</u>
Capital and reserves			
Called-up share capital	14	5,109,893	5,109,893
Share premium account		8,110,576	8,110,576
Profit and loss account		11,609,041	8,781,410
Equity Shareholders' funds		<u>24,829,510</u>	<u>22,001,879</u>

Signed on behalf of the Board


Douglas Taylor (Sep 30, 2021 09:43 GMT+1)

D.A.Taylor
Director

Registered number SC 209196

The accompanying notes form part of the financial statements

Statement of changes in equity
For the year ended 31st March 2021

	Called-up Share capital £	Share Premium £	Profit and loss account £	Total Equity £
At 1 April 2019	5,109,893	8,110,576	8,491,911	21,712,380
Profit and total comprehensive income for the year	-	-	433,684	433,684
Share option movement	-	-	(144,185)	(144,185)
At 1 April 2020	5,109,893	8,110,576	8,781,410	22,001,879
Profit and total comprehensive income for the year	-	-	2,744,065	2,744,065
Share options movement (note 20)	-	-	83,566	83,566
At 31 March 2021	5,109,893	8,110,576	11,609,041	24,829,510

Notes to the financial statements

For the year ended 31 March 2021

1 Accounting policies

Statement of Compliance

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

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 March 2021.

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 company.

b) Exemptions

In preparing these financial statements, the company has taken advantage of the disclosure exemptions, as permitted by FRS 102 paragraph 1.12. The company's ultimate parent undertaking, Remy Cointreau SA includes the company in its consolidated financial statements. The consolidated financial statements of Remy Cointreau SA are prepared in accordance with IFRS and are available to the public and may be obtained at Remy Cointreau SA, Rue Joseph, Pataa, 16100 Cognac, France. In these financial statements, the company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- from preparing a Cash Flow Statement in accordance with Section 7 'Cash Flow Statements';
- from providing the financial instrument disclosures as this information is provided in the Remy Cointreau SA consolidated financial statements;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23.

c) 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.

Accounting policies (continued)

d) 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 goods have been dispatched to the customer.

e) 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 company 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 2021 the company 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 company's stock holding is analysed to identify items which may be obsolete and a provision is made against these items. The value of the stock holding at 31 March 2021 was £44,190,164 (2020 - £40,478,045).

iii) Bad debt provision

At each reporting date and throughout the year, the Company's debtor balance is reviewed to identify any impairment required, and specific provisions are made against this balance. The value of trade debtors at 31 March 2021 was £246,158 (2020 - £312,078). The value of the bad debt provision at 31 March 2021 was £6,983 (2020 - £7,244).

Notes to the financial statements
For the year ended 31 March 2021

1 Accounting policies (continued)

f) 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
Heritable 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	20% or 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.

g) Intangible fixed assets

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

Amortisation 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:

Software	33.3% per annum
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h) Investments

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

i) 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.

1 *Accounting policies (continued)*

j) Stocks

Stocks of whisky are stated at the lower of cost and net realisable value. In the case of the company'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.

k) 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 reporting date.

l) 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 comprehensive income statement as incurred.

m) Pensions

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

n) 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.

Notes to the financial statements
For the year ended 31 March 2021

1 **Accounting policies (continued)**

o) 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.

p) Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Company 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 Company 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 Company 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 Company after deducting all of its liabilities. Equity instruments issued by the Company 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.

q) Share based payments

Employees of the Company 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 estimate 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 2021

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.

	2021	2020
	£	£
Turnover by destination:		
United Kingdom	2,723,003	5,111,856
Europe	21,304,195	13,555,237
Rest of the world	1,379,621	686,691
	<u>25,406,819</u>	<u>19,353,784</u>

	£	£
Turnover by class of business:		
Liquid sales	25,073,564	16,038,714
Royalties	-	2,588,000
Other non liquid	333,255	727,070
	<u>25,406,819</u>	<u>19,353,784</u>

3 Interest payable and similar charges

	2021	2020
	£	£
Interest payable on loans from group undertakings	829,956	1,030,303
Interest on taxation	(2,550)	-
Interest element payable under finance leases and hire purchase contracts	50	2,062
	<u>827,456</u>	<u>1,032,365</u>

Notes to the financial statements
For the year ended 31 March 2021

4 Employees

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

	2021 Number	2020 Number
Production	54	53
Brand and marketing	22	19
Administration	23	26
	<u>99</u>	<u>98</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	4,623,258	4,095,832
Social security costs	544,427	473,990
Pension contributions to money purchase schemes	319,581	299,156
	<u>5,487,266</u>	<u>4,868,978</u>

Directors' emoluments

	2021 £	2020 £
Directors' remuneration	632,818	611,016
Directors' pension contributions to money purchase schemes	13,333	27,112
	<u>646,151</u>	<u>638,128</u>

The emoluments of the highest paid director (including pension contributions of £5,833)

	<u>355,508</u>	<u>374,758</u>
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The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
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One other director does not perform qualifying services to the company, therefore their emoluments are £nil (2020 - £nil).

Notes to the financial statements
For the year ended 31 March 2021

5 Profit on ordinary activities before taxation

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

	2021	2020
	£	£
Depreciation of tangible fixed assets	1,445,127	1,378,711
Amortisation of intangible assets	20,475	-
Release of government grants	(9,569)	(12,479)
Auditors' remuneration	30,000	30,000
Exchange (gains)/ losses	225,163	(171,980)
Operating lease rentals – land and buildings	86,800	86,800
Operating lease rentals – other	63,894	84,545
Trade debtor write off	-	24
Stock write off	126,245	133,878

Notes to the financial statements
For the year ended 31 March 2021

6 Taxation

Tax on profit on ordinary activities

The tax charge is made up as follows:

	2021	2020
	£	£
Tax borne on overseas transactions	-	207,040
Total current tax	-	207,040
Deferred tax:		
Origination and reversal of timing differences	664,068	103,913
Total deferred tax	664,068	103,913
Total tax charge	664,068	310,953

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:

	2021	2020
	£	£
Profit on ordinary activities before tax	3,408,133	744,637
Profit on ordinary activities multiplied by the standard rate of tax in the UK of 19% (2020: 19%)	647,545	141,481
Effects of:		
Tax borne on overseas transactions	-	207,040
Expenses not allowed for tax purposes	61,068	66,312
Permanent timing differences	(44,545)	(103,880)
Tax on ordinary activities	664,068	310,953

Notes to the financial statements
For the year ended 31 March 2021

6 Taxation (continued)

Deferred tax:

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

	2021 £	2020 £
Included in (provisions)	<u>(1,552,316)</u>	<u>(888,248)</u>
Accelerated capital allowances	(1,517,758)	(1,444,889)
Tax losses carried forward	(34,558)	556,641
	<u>(1,552,316)</u>	<u>(888,248)</u>
		£
At 1 April 2020		(888,248)
Charge to income statement		<u>(664,068)</u>
At 31 March 2021		<u>(1,552,316)</u>

Notes to the financial statements
For the year ended 31 March 2021

7 Tangible fixed assets

	Land & Heritable property	Assets under construction	Plant and machinery	Casks and other assets	Total
	£	£	£	£	£
Cost					
Beginning of year	5,421,265	7,151,935	20,714,886	9,179,186	42,467,272
Transfer	13,859,893	(671,239)	(12,911,245)	(277,409)	-
Transfer to intangibles	-	-	-	(261,986)	(261,986)
Additions	300,075	1,720,699	153,911	1,265,140	3,439,905
Disposals	-	-	-	(5,902)	(5,902)
End of year	<u>19,581,233</u>	<u>8,201,395</u>	<u>7,957,632</u>	<u>9,899,029</u>	<u>45,639,289</u>
Depreciation					
Beginning of year	807,510	-	3,978,899	2,962,073	7,748,482
Transfer	1,202,479	-	(1,124,312)	(78,167)	-
Transfer to intangibles	-	-	-	(222,687)	(222,687)
Charge for the year	368,866	-	495,602	580,659	1,445,127
Disposals	-	-	-	-	-
End of year	<u>2,378,855</u>	<u>-</u>	<u>3,350,189</u>	<u>3,241,878</u>	<u>8,970,922</u>
Net book value					
End of year	<u>17,202,378</u>	<u>8,201,395</u>	<u>4,607,443</u>	<u>6,657,151</u>	<u>36,668,367</u>
Beginning of year	<u>4,613,755</u>	<u>7,151,935</u>	<u>16,735,987</u>	<u>6,217,113</u>	<u>34,718,790</u>
Leased assets included in the above:					
Net book value					
End of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Beginning of year	<u>-</u>	<u>-</u>	<u>47,259</u>	<u>-</u>	<u>47,259</u>

The net book value of assets held and secured under finance leases and hire purchase agreements at 31 March 2021 was £38,034 (2020 - £47,259). Depreciation charged on these assets amounted to £9,225 (2020 - £9,225).

Value of land included in Land and Heritable property above at 31 March 2021 is £1,434,906 (2020 - £1,434,906).

Notes to the financial statements
For the year ended 31 March 2021

8 Intangible assets

	Software	Total
	£	£
Cost		
Beginning of year	-	-
Transfer from tangible assets	261,986	261,986
Additions	12,227	12,227
Disposals	-	-
End of year	<u>274,213</u>	<u>274,213</u>
Amortisation		
Beginning of year	-	-
Transfer	222,687	222,687
Charge for the year	20,475	20,475
Disposals	-	-
End of year	<u>243,162</u>	<u>243,162</u>
Net book value		
End of year	<u>31,051</u>	<u>31,051</u>
Beginning of year	<u>-</u>	<u>-</u>

Notes to the financial statements
For the year ended 31 March 2021

9 Fixed asset investments

Fixed asset investments comprise the following:

	2021 £	2020 £
Subsidiary undertakings at cost	<u>1</u>	<u>1</u>
Beginning of year	<u>1</u>	<u>1</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>			
The Botanist Limited	Scotland	1 £1 ordinary shares	100%

Dormant subsidiary exempt from filing individual accounts under S448A of Companies Act 2006:

The Botanist Limited

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

10 Stocks

	2021 £	2020 £
Whisky	41,826,734	37,887,946
Other stocks	<u>2,363,430</u>	<u>2,590,099</u>
	<u>44,190,164</u>	<u>40,478,045</u>

Notes to the financial statements
For the year ended 31 March 2021

11 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	246,158	312,078
Amounts owed by group undertakings	4,607,854	3,329,919
Directors' loan accounts (note 18)	492,399	518,697
Other debtors	766,354	1,125,971
	<u>6,112,765</u>	<u>5,286,665</u>

12 Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	2,503,861	2,230,454
Amounts due to group undertakings	57,109,827	54,125,221
Other taxation and social security	123,786	111,573
Other creditors	62,614	53,092
Accruals and deferred income	1,835,356	1,836,689
	<u>61,635,444</u>	<u>58,357,029</u>

Notes to the financial statements
For the year ended 31 March 2021

13 Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Deferred income	18,152	27,721
	<u>18,152</u>	<u>27,721</u>

14 Called-up share capital

	2021 £	2020 £
<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>

15 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.

16 Pension contributions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £319,581 (2020 - £299,156). Contributions totalling £31,523 (2020 - £27,911) were payable by the company to the fund at the year end and are included in creditors.

Notes to the financial statements
For the year ended 31 March 2021

17 Financial commitments

	Land and buildings		Other	
	2021	2020	2021	2020
	£	£	£	£
<i>a) Operating leases</i>				
Future minimum rentals payable under non cancellable operating leases:				
- within one year	86,800	86,800	31,950	83,706
- between two and five years	347,200	347,200	22,032	34,513
- in more than five years	434,000	434,000	-	-
	<u>868,000</u>	<u>868,000</u>	<u>53,982</u>	<u>118,219</u>
<i>b) Capital commitments</i>				
Contracted for but not provided for	-	2,088,186	62,623	-
	<u>-</u>	<u>2,088,186</u>	<u>62,623</u>	<u>-</u>

Notes to the financial statements
For the year ended 31 March 2021

18 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 company.

(b) The following 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	349,638	398,819	400,056
D.A. Taylor	143,134	119,878	145,834

(c) Sales to Key Management Personnel

	2021 £	2020 £
S.P. Coughlin	8,058	15,214
D.A. Taylor	-	6,460
A. Logan	-	2,121
G. Joannes-Hurst	375	375
G. Brown	500	-
	<u>8,933</u>	<u>24,170</u>

(d) Key Management Personnel Costs

	2021 £	2020 £
Short term employee benefits	1,053,121	899,749
Post employment benefits	43,750	55,106
	<u>1,096,871</u>	<u>954,855</u>

19 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 2021

20 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 2021
22 November 2016	2016	3 years	2 years	3,300	(3,300)	-
21 November 2017	2017	3 years	2 years	2,300	(2,300)	-
17 January 2019	2019	4 years	0 years	3,475	-	3,475
Total				9,075	(5,600)	3,475

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 2017 plan expired on 22 November 2020 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 £234k (2020 - £138k) and the recharge from other group companies totalled £150k (2020 - £282k), giving rise to a net movement of £84k (2020 - £144k) in the Statement of Changes in Equity.