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COMPANIES HOUSE

INNIS & GUNN®

INNIS & GUNN HOLDINGS LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Registered number: SC335320

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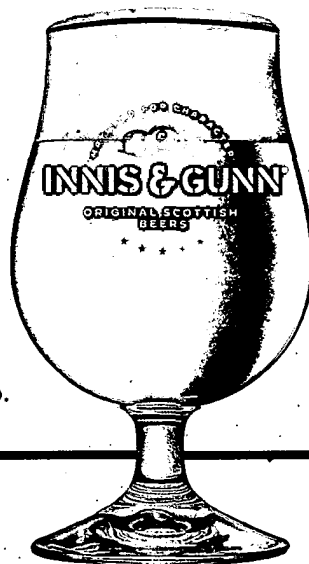
A BEER FOR LIFE'S TRUE ORIGINALS

INNIS & GUNN was born in a spark of originality, fuelled by the desire to walk a new path, to move beyond the everyday to something different, better, truly original.

Our attitude is simple, it shapes everything we do and all that we are. We are all about the complete freedom to see the world differently, to think and act with innate originality.

TO BE WHO WE REALLY ARE.

We believe the world is a better place when people can just be themselves. Their own authentic, imperfect, brilliant selves, in spite of self-doubt, not driven by a need to follow the trends and fashions that come and go.



TO BE AN ORIGINAL.

Our mission is to fuel a global movement of originality, creativity, passion, and purpose, through the beers we make, in the way we make them, and in the ways we celebrate the originality of others.

If you live your life honestly, happily, respectfully, imperfectly, and above all by just being you, then join us.

INNIS & GUNN®
BE YOU, STAY ORIGINAL.

FOUNDER'S UPDATE

1.1



Innis & Gunn's performance in 2021 was very encouraging in a year which again tested our team and business resilience. Bookended by lockdowns, restrictions and peppered with well documented UK and international supply chain issues, 2021 certainly had its challenges, but there was also a huge amount to be proud of.

We were profitable in the second half of 2021 as momentum started to build following restrictions easing, and we were on track to deliver growth vs 2020. The Omicron variant of COVID-19 struck in November and effectively decimated the on-trade once again, particularly in Scotland, stalling our progress.

As a result of well-publicised industry disruption, including shipping and supply chain issues, we were unable to ship over 9,000HL of sales orders. We ended the year £230k down on prior year revenue, which is clearly frustrating, but a result that we can accept within the context of 2021.

The Scottish on-trade reopened in Q2 and our beers, particularly Lager, performed well in the six months we were able to trade. As consumer

confidence grew, events returned and we successfully resumed our sponsorships, pouring at key events, introducing our own 'Oktoberfresh' beer festival, and welcoming back our AGM.

With the return to the on-trade, off-trade purchases for 'at home' consumption naturally slowed across the industry, but Innis & Gunn continued to perform well versus the overall market, but also crucially, still outperforming 2019. Innis & Gunn retained sixth place in the Scottish off-trade alcohol chart¹ and our relationships with retail partners deepened as a result of our overall positive performance and on-going investment in this channel.

Our Taproom business had a successful year, increasing turnover versus 2020 and making a modest EBITDA profit. We have further openings planned for 2022 as this key part of our brand experience builds its own momentum.

Investment in brand and business has continued and we are in a strong position to benefit from the return to normal we are all expecting in 2022.

We completed two major branding updates to our core ranges to better reflect our quality beer and unique brand positioning and ended single-use plastic packaging with our canned ranges.

Continued investment in marketing has helped us maintain our brand and consumer pull and our brand health is strong as a result.

We ran the most successful Lager campaign in our history, driving positive brand momentum, which we are ready to capitalise on.

Our relationship with C&C Group took time to bed in as we both dealt with multiple ongoing issues across the sector. However, because of the significant preparatory work we have completed, we are very well set up to deliver an ambitious on-trade roll out, backed with clear targets and the advantage of strong brand health.

Efforts in the year have been recognised by the industry, with 21 awards received by the business, spanning quality, flavour and design, which we can be very proud of.

2022 is the year in which we will build back. The worst of the pandemic seems to be behind us, and as the on-trade returns to normal, so too does our focus on building our Lager in bars throughout the UK. We have spent the last two years preparing for this moment, and alongside all of my colleagues, we are very much up for the challenge and looking forward to building the sales momentum we know the brand is capable of delivering right across the UK.

Thank you once again to our investors, supporters, customers, and drinkers for your continued support.

Dougal Gunn Sharp
Founder and Master Brewer

2021 HIGHLIGHTS

1.2



**NEW LOOK
SAME QUALITY
BEERS**



INNIS & GUNN IS SCOTLAND'S NO. 2 BEER BRAND AND THE 6TH LARGEST ALCOHOL BRAND

HOLDING 2020 POSITION

Living Wage Foundation

NOW A LIVING WAGE EMPLOYER

I&G LAGER THE ONLY UK / SCOTTISH BEER

IN THE TOP 10 ON-TRADE SCOTTISH PREMIUM LAGER CATEGORY (5th position)

WINNER

OF 21 AWARDS IN 2021

BREWERY PLANNING PERMISSION GRANTED

OSSIAN NO.1 PREMIUM BOTTLED ALE

IN THE SCOTTISH OFF-TRADE

LAUNCHED 0.0% LAGER BEER

100% TASTE 0.0% ALCOHOL

IN

MARKETING CAMPAIGN

STRONG BRAND HEALTH

NEW DYNAMIC MODERN WORKSPACE AND LAUNCH OF HYBRID WORKING

2021 ANNUAL REPORT AND FINANCIAL STATEMENTS



PERFORMANCE UPDATE

1.3

2021 delivered year of two halves, with COVID-19 restrictions easing from late Q2 and momentum building, before restrictions were reintroduced in Q4. Despite this and further industry wide challenges, Innis & Gunn's performance was overall encouraging.

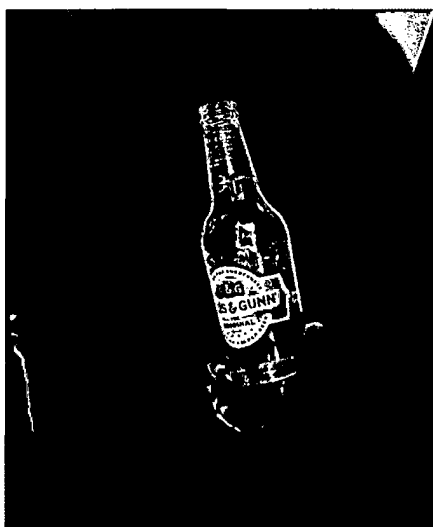
As a Group, Innis & Gunn did achieve a positive EBITDA in the second half of 2021 and had been set to achieve overall EBITDA group profit delivering both YOY volume and revenue growth. However, this was impacted by ongoing supply chain issues, resulting in out of stocks, delayed shipments and the return of restrictions imposed as a result of the new COVID-19 variant.

The return of the on-trade saw volumes in Q3 reach 94% of Q3 2019, despite a limited return of major events, such as The Edinburgh Festival Fringe. Even with the reintroduction of restrictions and year-end shipping delays, our total volume in Q4 was slightly up from Q4 2019.

Off-Trade

In the off-trade, Innis & Gunn remained Scotland's number one craft beer brand⁶ and Scotland's second biggest Scottish beer brand⁷. Inverlmond Ossian owned by Innis & Gunn enjoyed 44% YOY⁸ growth and is the 7th largest mainstream ale brand in Scotland⁹.

As the Low / No category continued to grow, Innis & Gunn 0.0% Lager Beer was introduced to market



in the UK, offering a premium, truly 0.0% ABV beer, brewed using an innovative technique to ensure quality. Initial listings were achieved with Tesco in Scotland, with additional listings secured in further retailers for 2022.

On-Trade

The Scottish on-trade reopened in April, with staggered restrictions in place in the months that followed.

Sales volume rebounded strongly, 61% vs 2020, and we saw an increase in new distribution points gained through partnership with C&C Group.

Innis & Gunn Lager continues to enjoy a strong performance in the on-trade and is the only UK or Scottish beer in the top 10 of the on-trade Scottish premium Lager category, holding fifth position¹⁰.

PERFORMANCE UPDATE

1.3

On-Trade – Innis & Gunn Retail

All four Brewery Taprooms re-opened once restrictions lifted and performed well, with an 84% increase in draught sales from 2020, demonstrating a gradual return to pre-pandemic normality. The new at-table ordering App proved popular, with over 25k downloads and accounted for 32% of all sales.

With a dedicated marketing resource in place to support the Brewery Taprooms, a new strategy was implemented focussing on social channels and the overall experience that our Taprooms offer. Social engagement grew 110% YOY, sign-ups to the Innis & Gunn consumer database grew 308% and 'book now' clicks increase 382%

We ran a hugely successful summer events plan as an extension of our Innis & Gunn Brewery Taprooms which provided a 378% volume uplift in sales vs 2020. We were the official beer partner at a range of events, including a new outdoor Fringe venue at Castle Terrace, Film Fest on the Forth and Film Fest in the City. Innis & Gunn was also the beer provider at Edinburgh's popular Neighbourgood food and drink market, where 67k pints were poured over 12 weeks.

E-commerce

Building on the 2020 success of this sales channel, our new website was launched in May 2021 along with a new integrated fulfilment partner, to improve consumer experience and ecommerce functionality.

There was a 12% YOY increase in visitors to the new site and customer satisfaction levels are at 90%.

Our 'Black Friday' sales promotion, which comprised a week of different offers, resulted in our most successful ever Black Friday, with sales up 54% vs 2020.

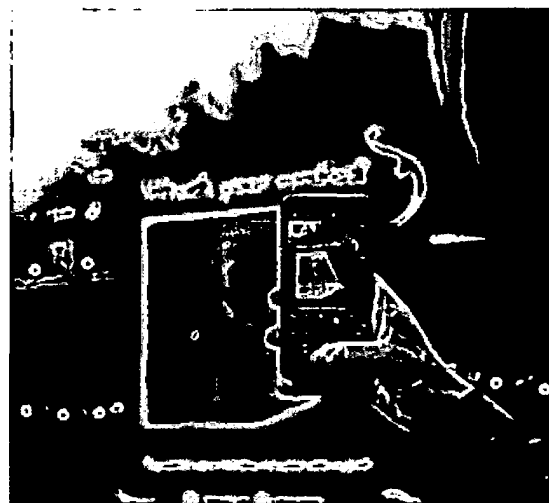
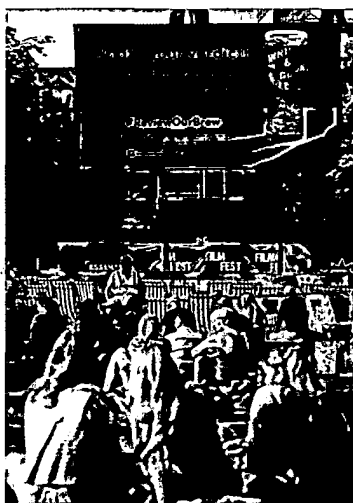
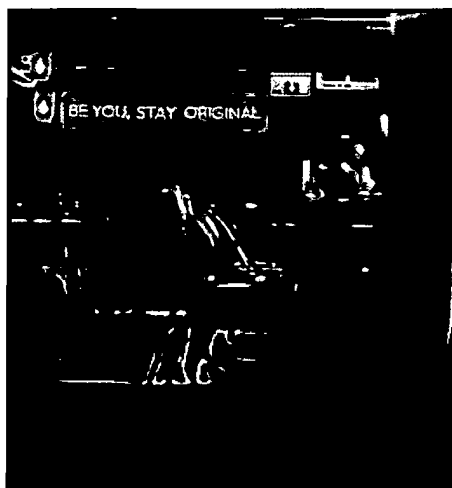
International

In Sweden, the performance of the total ale category in monopoly retailer Systembolaget is overall in 0.4% decline, however Innis & Gunn's total portfolio is performing at +3.4%, with Caribbean Rum Cask

and Session IPA both in double digit volume growth.

In Canada, we ran our largest product display activation across over 200 stores, featuring three core SKUs, which resulted in a 33% increase in sales over this period.

Exports via our partnership with The Sovereign Beverage Company saw both volume and sales increase by over 40% YOY vs 2020, with major new listings secured in Switzerland and Colombia, further increasing the list of countries we export to.



BRAND INVESTMENT

1.4

Investment in the brand and business has continued throughout 2021, as we push forward with ambitious growth plans, in line with our objectives to raise awareness, encourage trial and recruit new consumers to the Innis & Gunn brand and beers.

Events

In October, we launched Oktoberfresh, offering a 'fresh' take on a traditional beer festival. Almost 2,000 tickets were sold, with 78% of ticket purchasers signing up to the Innis & Gunn consumer database. Brewery-fresh Innis & Gunn Tank Lager was available as well as limited-edition Oktoberfresh Lager brewed especially for the event, with over 9k pints enjoyed.

Innis & Gunn was the official beer partner of London Restaurant Festival, part of a strategy to showcase Innis & Gunn as the ultimate food-friendly beer. This London focussed series of events generated premium sampling opportunities with target drinkers.

Highlights included a food and beer pairing menu with Chef Adam Handling of 'Frog', a restaurant hopping tour and a beer and chocolate pairing masterclass.

Brand Redesigns

After considerable development and positive results in research testing, we updated the designs of our core beers.

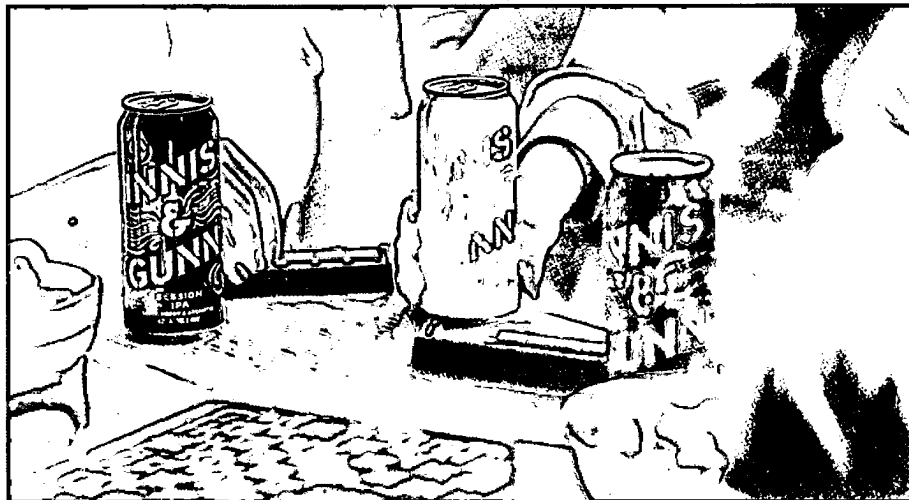
For Original, we have moved back to clear glass bottles which better shows the premium nature of the brand and the vibrant colour of the beer inside. Also moving to clear glass, Blood Red Sky became Caribbean Rum Cask and Irish Whiskey Cask, became a permanent product in the portfolio. A new national listing was secured for The Original with Waitrose, Irish Whiskey Cask received a listing with Tesco Scotland and Caribbean Rum Cask's rate of sale increased 21% YOY¹¹.

We evolved and modernised the designs of Innis & Gunn Lager Beer, Session IPA, Mangoes on the Run and Gunnpowder IPA, which gives greater standout and

cements premium credentials. Both Session IPA and Mangoes on the Run have also increased to 440ml format in response to consumer demand, with an £80k investment program underway in our Perth brewery to support their upweighted production.

In further response to consumer demand, a seasonal 15-pack listing, our largest ever for Lager was achieved with Tesco and Sainsbury's stores in Scotland in time for the busy festive period.

In a huge step forward for the brand's ambitious UK growth plans, a significant listing for Innis & Gunn Lager Beer was achieved with Tesco in England and Wales, increasing availability by almost 500 stores.



BRAND INVESTMENT

1.4

Limited Editions

Investment also continued in our strong limited-editions programme, with four beers released - Islay Whisky Cask, Kriek, Vintage and Vanishing Point 05. These beers demonstrate the skill of our talented team and reinforce our premium and quality credentials within the industry, whilst also providing new talking points for the brand. Each performed well in their available markets, creating intrigue and driving purchase with both new and loyal consumers.

Marketing Campaigns

Both The Original and Lager enjoyed their own standalone marketing campaigns throughout the year.

Our most successful ever marketing campaign for Lager took place over the summer in the UK and Canada, encouraging people to 'get in the know' with Innis & Gunn and rewarding those who already were. Multiple strands of activity were implemented including outdoor advertising, PR stunts, digital and social activity and a unique experiential event.

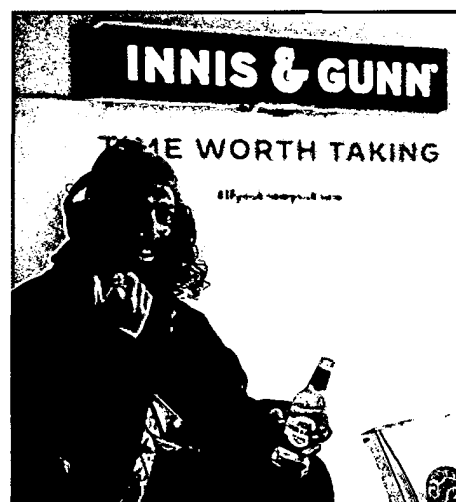
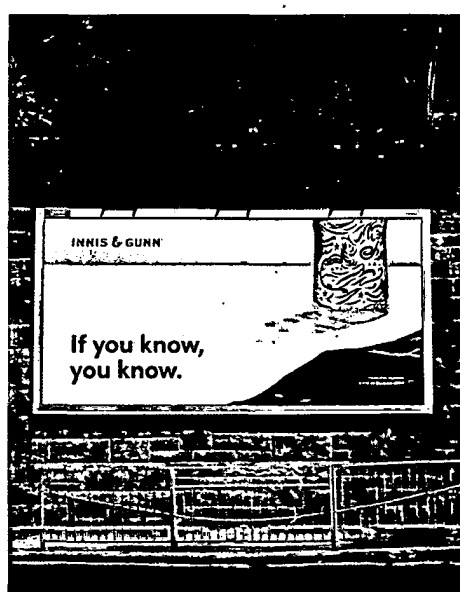
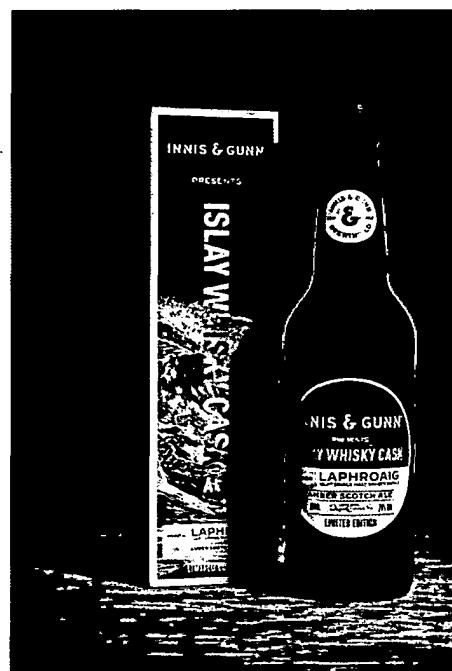
The advertising activity secured significant visibility in target locations and social engagement (likes, shares, comments, tags on our social media channels) increased 44% vs 2020 activity. Sign-ups to the Innis & Gunn consumer database grew by 26% and there was a 17% increase in new users to the online shop.

For The Original, activity was digitally focussed with a variety of advertising lines showcasing just how unique and original, The Original is. This generated 49.3 million impressions (number of times the adverts were displayed) across the UK, Canada, US and Sweden. The results were strong, with 65% of people surveyed in the UK saying the advertising makes them more likely to drink the brand. On social, overall engagements increased by 91% and across the duration of the campaign, Innis & Gunn was on screen 27 million times, a YOY increase of 145%.

Supporting Activity

An overarching PR strategy to provide frequent updates to media in addition to standalone campaigns proved fruitful. Over 750 pieces of media coverage were achieved across the year, with consistent quality and key messaging delivered, reaching a potential audience of over 82 million.

On social, new content more premium in tone and befitting the brand, appeared on 137 million screens, a 56% YOY increase, with four million people actively engaging. PPC activity (Pay Per Click Advertising, a traffic driving tactic) was introduced, generating sales of £45.3k. An improved email marketing strategy also increased revenue from email by 9%.



BRAND INVESTMENT

1.4

Brand Health

The continued investment in marketing has maintained and indeed improved brand health, despite tough commercial context. In commissioned research, Innis & Gunn Lager outsourced the category on all brand perceptions, from quality to taste, to a brand you want to be seen drinking and a brand that offers something different.

Innis & Gunn Lager Beer is the brand thought to be most innovative, different and authentic with our consumer marketing cementing our unique brand positioning. Eight out of ten brand drinkers would also recommend Innis & Gunn to others, the highest of any craft Lager.

Innis & Gunn has the highest future purchase intent of all beer brands in Scotland, with 54% saying they intend to purchase Innis & Gunn as their number one brand.

People and Community

A dedicated resource was hired to further support our valued Investor Community, with quarterly online update sessions introduced, taking place across the year with Innis & Gunn's Founder, which will continue. The AGM in October was our biggest yet with over 600 people in attendance and a strong post-event survey response.

We extended and grew our commitment to charity partner, Meals & More, donating £30k to support their efforts to end children's food poverty.

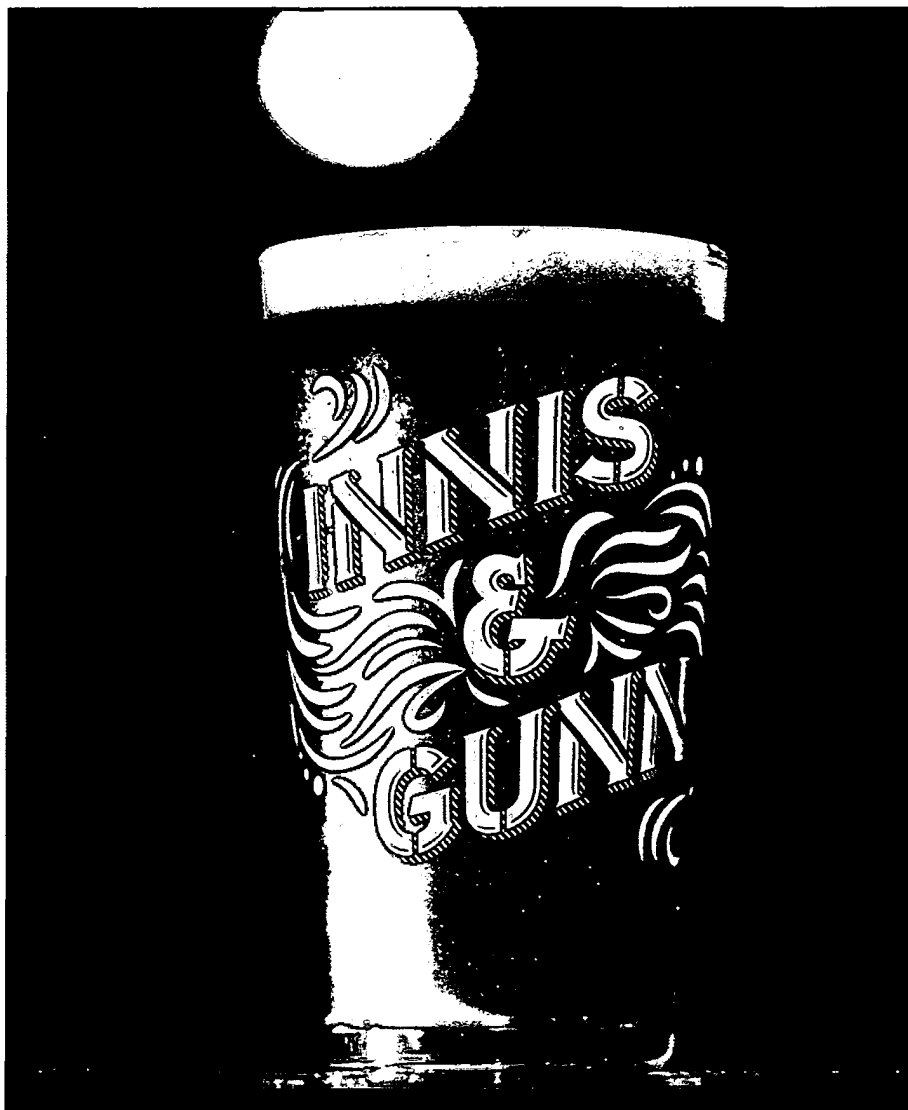
Innis & Gunn became a Living Wage employer which covers all aspects of the business and ensures that all staff will be paid higher than the national minimum wage.

A new office for Innis & Gunn HQ staff was opened at Orchard Brae House in Edinburgh in Q4 which aligns with Innis & Gunn's overarching sustainability aims. The new office uses air source heat pumps, low-energy bulbs and PIR switches. The office design has been created to support a new hybrid working policy, with staff able to create a flexible working pattern to suit them and the requirements of their role, ultimately reducing the requirement for commuting and as a result, lowering carbon footprint.



FINANCIAL KEY PERFORMANCE INDICATORS

1.5



Turnover

2021 was on track to achieve year on year growth as momentum grew following the lifting of restrictions in Scotland to Level 0 in July 2021 with Q3 turnover 23% higher than 2020. The impact of the Omicron variant in late November and delayed year end shipments resulted in a £1.6M shortfall alone. This was offset with the increased trading in our Taprooms due to lower trading restrictions in

2021 compared with 2020. Overall, we ended the year down 1% on prior year turnover.

Gross Profit

At £7,380k (2020: £6,873k) the increase in gross profit was driven by our Taprooms and the difference in trading restrictions from 2020 to 2021. Fewer COVID lockdown restrictions in 2021 resulted in significant increases in trading.

These gains were offset by a reduction in volume in our brewing business. This led to a 3% improvement in GP% compared with the prior year, despite ongoing cost increase pressures. Within the year we incurred several additional manufacturing costs in relation to the rebranding projects and our move out of single use plastic. These additional costs were mitigated to some extent through the increase in on trade volume which is primarily draught and therefore more efficient to produce as well as our ongoing product rationalisation to further drive efficiencies and reduce complexity.

Marketing

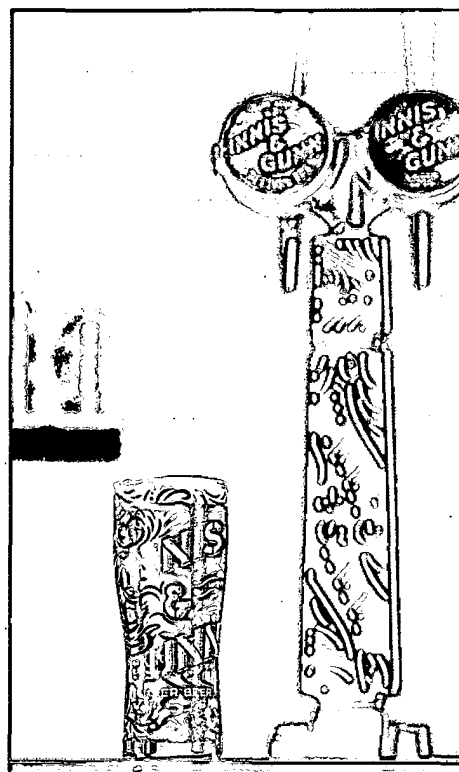
We continued to invest behind our brand increasing our marketing spend by almost 50% from 2020. This enabled us to run our most successful Lager campaign to date, maintain our position for a further year as the 6th largest alcohol brand in Scotland, hold our largest AGM to date and build on our brand health to be the most recommended of any craft Lager.

Administration

Administration and overhead costs at £5,744k represented 27% of turnover (2020: 25%). Throughout the last two years we have had the opportunity to invest in systems and processes to drive efficiencies and manage costs. This has enabled us to continue to recognise the hard work and diligence of our teams by becoming a Living Wage employer and continuing to support our charity partnership with Meals & More.

FINANCIAL KEY PERFORMANCE INDICATORS

1.5



Risks and Uncertainties

Through our continued investment in the quality of our beer and in our brand, winning over 21 awards this year and building on our brand health, notwithstanding the growth we have maintained and continued to achieve through these most challenging of times, validating our belief in the strength of Innis & Gunn and its continued growth. An economic downturn could affect consumer purchasing patterns in one or more markets, especially in light of ongoing cost pressures. We are gradually extending our number of UK and overseas customers which reduces our dependence on any single market or customer. We continue to focus on cost management and rolling

forecasts to ensure we manage our cashflow. The agility we have in our cost base and discretionary areas of spend allows us a high level of flexibility to help compensate against price fluctuations. As proven by our strong results through the COVID-19 pandemic over these past two years, the strength of our brand with existing and new consumers coupled with the mix of markets and sales channels we supply has enabled us to weather this storm.

Financial Risks

Like most companies we are exposed to a variety of financial risks:

Exchange rate risks: fluctuations in the value of overseas currencies may reduce our revenue when we translate our income into British

pounds. To partially off-set this we have a hedging policy in place as well as some natural market hedging. **Credit risk:** to mitigate this risk we apply credit checks to all potential new customers before we make the first sale to them. The level of credit offered to any customer is capped, and this cap is regularly reviewed by the finance team.

Liquidity Risk: to ensure that we have sufficient funding to grow the business we use a mixture of long term and short-term debt. Cash flow forecasts are regularly updated.

Dougal Sharp

Dougal Gunn Sharp
Founder and Master Brewer
30/9/2022

INNIS & GUNN HOLDINGS LIMITED

2.1

COMPANY INFORMATION

Directors	Dougal Gunn Sharp Esther Binnie Jean-Philippe Barade Caroline Folleas (Resigned 26 April 2021) Leonor Ladeira (Appointed 26 April 2021) Crawford Sinclair Anthony Martin Robinson Fiona Kennie (Appointed 27th January 2022) Wade McCann (Appointed 27th January 2022)
Registered number	SC335320
Registered office	Orchard Brae House 30 Queensferry Road Edinburgh EH4 2HS
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 110 Queen Street Level 8 Glasgow G1 3BX
Bankers	The Bank of Scotland plc The Mound Edinburgh EH1 1YZ

INNIS & GUNN HOLDINGS LIMITED**2. 2****DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Results and dividends

The loss for the year, after taxation, amounted to £1,045k (2020: £823k).

Directors

The directors who served during the year were:

Dougal Gunn Sharp
 Esther Binnie
 Jean-Philippe Barade
 Caroline Folleas (Resigned 26 April 2021)
 Leonor Ladeira (Appointed 26 April 2021)
 Crawford Sinclair
 Anthony Martin Robinson

Directors' insurance and indemnities

The Company's Articles of Association contain the Indemnity provision which may be granted to one or more of its directors subject to the conditions set out in the Companies Act 2006 and which were in force throughout the year and remain in force. The Company has maintained throughout the year directors' and officer's liability insurance and relevant keyman insurance for the benefit of the Company, its directors and officers.

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations. The directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable.

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 FRS 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 and profit or loss of the Company and the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INNIS & GUNN HOLDINGS LIMITED

2. 3

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

Research and development activities

The Group incurs research and development expenditure in the quest for producing further innovative flavours of beer.

Matters covered in the Strategic Report

Information relating to results for the year, future developments, assessment of financial risks and risk management are considered to be of strategic importance and have therefore been addressed within the Strategic Report.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30/9/2022 and signed on its behalf by:

Dougal Sharp

Dougal Gunn Sharp
Director

INNIS & GUNN HOLDINGS LIMITED**2. 4****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNIS & GUNN HOLDINGS LIMITED****Opinion**

We have audited the financial statements of Innis & Gunn Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st December 2021, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, Consolidated and company Statement of Changes in Equity, the Consolidated Cash Flow Statement 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 Financial Reporting Standard 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 group's and of the parent company's affairs as at 31st December 2021 and of the group's loss 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 group and the parent 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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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 group's and the parent 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

INNIS & GUNN HOLDINGS LIMITED**2. 5****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNIS & GUNN HOLDINGS LIMITED****Other information**

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report by the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent 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.

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

INNIS & GUNN HOLDINGS LIMITED**2. 6****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNIS & GUNN HOLDINGS LIMITED****Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in the UK.
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices.
- We assessed the susceptibility of Innis & Gunn Holdings Limited Financial Statements to material misstatement, including how fraud might occur by meeting with management to understand where management considered there was a susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts.
- Audit procedures performed by the engagement team included:
 - evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
 - identifying and testing related party transactions.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the industry in which the client operates
 - understanding of the legal and regulatory requirements specific to the group including:
 - the provisions of the applicable legislation
 - the regulator's rules and related guidance, including guidance issued by relevant authorities that interprets those rules.

INNIS & GUNN HOLDINGS LIMITED

2.7



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNIS & GUNN HOLDINGS LIMITED

- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the group's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement
 - the group's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Lynne Bicket

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Glasgow

30/9/2022

INNIS & GUNN HOLDINGS LIMITED**2.8****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Turnover	4	21,114	21,345
Cost of sales		(13,734)	(14,472)
Gross profit		7,380	6,873
Distribution costs		(3,520)	(2,858)
Administrative expenses		(5,744)	(5,415)
Other operating income	5	566	648
Operating Loss	6	(1,318)	(752)
Interest receivable and similar income	10	72	3
Interest payable and expenses	11	(60)	(64)
Other Income		91	-
Loss before tax		(1,215)	(813)
Tax credit / (charge)	13	170	(10)
Loss after tax		(1,045)	(823)
Other comprehensive (loss) / income			
Exchange on translation foreign operations		(1)	(16)
Total comprehensive loss for the year		(1,046)	(839)

The Company has taken the exemption from presenting its unconsolidated profit and loss account under section 408 of the Companies Act 2006.

The notes on pages 2.14 to 2.34 form part of these financial statements.

INNIS & GUNN HOLDINGS LIMITED**2.9****CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	14	661	729
Tangible assets	15	3,314	4,058
Investments	16	20	20
		3,995	4,807
Current assets			
Stocks	17	2,710	1,592
Debtors: amounts falling due within one year	18	5,412	4,564
Cash at bank and in hand		2,943	4,731
		11,065	10,887
Creditors falling due within one year	19	(5,427)	(5,863)
Net current assets		5,638	5,024
Total assets less current liabilities		9,633	9,831
Creditors falling due after one year	20	(337)	(383)
Provisions for liabilities			
Deferred tax	23	-	(104)
Other provisions	24	(1,022)	(25)
		(1,022)	(129)
Net assets		8,274	9,319
Capital and reserves			
Called up share capital	25	886	815
Share premium account		9,667	9,737
Capital redemption reserve		8	8
Foreign exchange reserve		(14)	(13)
Profit and loss account		(2,273)	(1,228)
		8,274	9,319

The notes on pages 2.14 to 2.34 form part of these financial statements.

The financial statements were approved and authorised by the board on/...../..... and are signed on its behalf by:

Dougal Sharp

30/9/2022

Dougal Gunn Sharp, Director

Registered number: SC335320

INNIS & GUNN HOLDINGS LIMITED**2.10****COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Fixed assets			
Investments	16	3,537	3,537
		3,537	3,537
Current assets			
Debtors: amounts falling due within one year	18	4,140	3,180
Cash at bank and in hand		2,660	3,812
		6,800	6,992
Creditors falling due within one year	19	(163)	(1)
Net current assets		6,637	6,991
Total assets less current liabilities		10,174	10,528
Net assets		10,174	10,528
Capital and reserves			
Called up share capital		886	815
Share premium account		9,667	9,737
Capital redemption reserve		8	8
Retained earnings		(32)	(34)
Current year (loss) / profit		(355)	2
		10,174	10,528

The notes on pages 2.14 to 2.34 form part of these financial statements.

The financial statements were approved and authorised by the board on/...../..... and are signed on its behalf by:

Dougal Sharp

30/9/2022

Dougal Sharp, Director

Registered number: SC335320

INNIS & GUNN HOLDINGS LIMITED**2.11****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Foreign exchange reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2020	769	6,739	8	3	(405)	7,114
Comprehensive loss for the year						
Loss for the year	-	-	-	-	(823)	(823)
Currency translation Differences	-	-	-	(16)	-	(16)
Total comprehensive income for the year	-	-	-	(16)	(823)	(839)
Proceeds from share issue	46	3,321	-	-	-	3,367
Costs of issuing shares	-	(323)	-	-	-	(323)
Total transactions with owners	46	2,998	-	-	-	3,044
At 31 December 2020	815	9,737	8	(13)	(1,228)	9,319
Comprehensive loss for the year						
Loss for the year	-	-	-	-	(1,045)	(1,045)
Currency translation differences	-	-	-	(1)	-	(1)
Total comprehensive loss for the year	-	-	-	(1)	(1,045)	(1,046)
Proceeds from share issue	71	-	-	-	-	71
Costs of issuing shares	-	(70)	-	-	-	(70)
Total transactions with owners	71	(70)	-	-	-	1
At 31 December 2021	886	9,667	8	(14)	(2,273)	8,274

The notes on pages 2.14 to 2.34 form part of these financial statements.

INNIS & GUNN HOLDINGS LIMITED**2.12****COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2020	769	6,739	8	(34)	7,482
Comprehensive income for the year					
Profit for the year	-	-	-	2	2
Currency translation Differences	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2	2
Proceeds from share issue	46	2,998	-	-	3,044
Costs of issuing shares	-	-	-	-	-
Total transactions with owners	46	2,998	-	-	3,044
At 31 December 2020	815	9,737	8	(32)	10,528
Comprehensive loss for the year					
Loss for the year	-	-	-	(355)	(355)
Currency translation Differences	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(355)	(355)
Proceeds from share issue	71	(70)	-	-	1
Costs of issuing shares	-	-	-	-	-
Total transactions with owners	71	(70)	-	-	1
At 31 December 2021	886	9,667	8	(387)	10,174

The notes on pages 2.14 to 2.34 form part of these financial statements

INNIS & GUNN HOLDINGS LIMITED**2.13****CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £000	2020 £000
Cash flows from operating activities		
Loss for the financial year	(1,045)	(823)
Adjustments for:		
Amortisation of intangible assets	68	68
Depreciation of tangible assets	619	555
Gain on disposal of tangible assets	(78)	-
Interest paid	60	64
Interest received	(72)	(3)
Taxation charge	-	(10)
Increase in stock	(1,118)	(1)
(Increase)/Decrease in debtors	(849)	1,216
Increase/(Decrease) in creditors	718	(956)
Increase/(Decrease) in provisions	893	(2)
Corporation tax received	15	2
Transfer to foreign exchange reserve	(1)	(16)
Net cash (used in)/from operating activities	(790)	93
Cash flows from investing activities		
Purchase of tangible fixed assets	(400)	(716)
Sale of tangible fixed assets	625	-
Interest received	3	3
Net cash from/(used in) investing activities	228	(713)
Cash flows from financing activities		
Issue of ordinary shares	1	3,044
Repayment of loans and hire purchase	(962)	(3,121)
Loans received	487	32
Interest paid	(60)	(64)
Net cash used in financing activities	(534)	(109)
Net decrease in cash and cash equivalents	(1,096)	(728)
Cash and cash equivalents at beginning of year	2,986	3,714
Cash and cash equivalents at the end of year	1,890	2,986
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,943	4,731
Bank overdrafts	(1,053)	(1,745)
	1,890	2,986

For analysis of net debt see note 33.

The notes on pages 2.14 to 2.34 form part of these financial statements.

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

1. General information

Innis & Gunn Holdings Limited is a private limited company incorporated and domiciled in Scotland. The group and company's registered office is shown in the company information page.

The group and company operate from Scotland and its principal activity continues to be the production, selling and marketing of premium beer in the UK and overseas markets.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102, 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The financial statements are presented in Sterling (£). The Group and Company presents its financial statements in round thousands.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

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

Where the Company has control over a subsidiary but does not own the entirety of the share capital, the non-controlling interest in the retained earnings are recognised from the date at which control was established.

2.3 Going concern

The directors have carried out a full assessment based on all available information, the current economic climate, with reference to the impact of the Covid-19 pandemic and impact on the industry and specifically Innis & Gunn to date throughout 2021. This included a review of any impact from Brexit, current trading, increased costs, and cashflow projections including a reverse stress test to demonstrate that the company has adequate resources to meet the ongoing costs of the business for a minimum 12 months with an extended view out to 2024 from the date of signing the financial statements.

For this reason, the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

The directors continue to closely monitor the impact of Covid-19 on the ongoing activities of the business.

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

2. Accounting policies (continued)

2.4 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and inclusive of Excise Duty where applicable. The Group considers excise duty to be a cost to the group and includes it in cost of sales. The Group is considered to be the principle and not an agent of the tax authority. Excise duty is not directly related to sales, unlike VAT. Increases in excise duty are not always passed on to customers and the Group cannot reclaim the duty where customers do not pay for products received.

For UK, European and American sales, the Group recognises the revenue generated from each sale when the product is delivered. In respect of Canadian sales, this is dependent on specific arrangements with each customer and revenue is recognised either at the point of shipping or when the product is delivered to the customer.

Turnover recognised by The Innis and Gunn Hospitality Group (SCO, NI and IRL) Limited represents the amount derived from the receipts associated with the continuing principal activity of development and operation of licensed restaurants, public houses and bars.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. After initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Profit and Loss Account over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Brands	-	10%
Goodwill	-	5 - 10%
Trademarks	-	10%

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method

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

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Buildings	- 2%
L/Term Leasehold Property	- Over lease period remaining
Plant & machinery	- 5 - 10%
Fixtures, fittings & equipment	- 10 - 33%
Motor Vehicles	- 25%
Casks	- 10%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Profit and Loss Account.

2.8 Operating leases: Lessee

Rentals paid under operating leases are charged to the Consolidated Profit and Loss Account on a straight-line basis over the lease term.

2.9 Development costs

Research and development expenditure is written off in the year in which it is incurred.

2.10 Valuation of investments

Investments are measured at cost less accumulated impairment.

2.11 Stocks

Stocks are valued at the lower of costs and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

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

2. Accounting policies (continued)

2.14 Financial instruments

The Group has entered into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Share-based payments, the employee services received in exchange for the equity is measured at the fair value of the equity granted. Fair value is calculated based on an independent fair valuation report to determine the market value as defined in Section 272 (1) of the Taxation of Chargeable Gains Act 1992 as the price which those assets might reasonably be on the grant date in an arm's length transaction on the open market. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the new shares are issued.

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Government grants

Grants are accounted for under the accruals model as permitted by FRS102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

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

2. Accounting policies (continued)

2.16 Government grants (continued)

Income received from the government as part of the Coronavirus Job Retention Scheme ("Furlough") has been recognised gross, the funds are received to offset the cash costs of wages and salaries.

2.17 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is Sterling. The functional currency is the currency of the primary economic environment in which the company operates.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are retranslated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined:

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses resulting from the translation of monetary assets and liabilities denominated in a foreign currency for Innis and Gunn USA Incorporated are recognised in the foreign exchange reserve

2.18 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.19 Pensions - Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.20 Interest income

Interest income is recognised in the Consolidated Profit and Loss Account using the effective interest method.

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

2. Accounting policies (continued)

2.21 Borrowing costs

All borrowing costs are recognised in the Consolidated Profit and Loss Account in the year in which they are incurred.

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Profit and Loss Account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.23 Current and deferred taxation

The current income tax charge is calculated based on tax rates and laws that have been enacted or substantively enacted by the reporting date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

2.24 Impairment of fixed assets

The carrying amounts of the assets of the entity are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Income and Retained Earnings unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the Statement of Income and Retained Earnings if it is caused by a clear consumption of economic benefits. Otherwise, impairments are recognised in the Statement of Other Comprehensive Income until the carrying amount reaches the asset's depreciated historic cost.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

2.25 Cost of Capital

Costs associated with the raising of share capital are capitalised within the share premium account.

INNIS & GUNN HOLDINGS LIMITED**2. 20****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In applying the Group accounting policies management have made the judgement that the debt instruments held in the period are assessed as being basic financial instruments. This assessment was reached by considering Sections 11 and 12 of FRS 102 in conjunction with the terms and conditions attached to the debt instruments.

The Group performs an annual stockholding review to determine any slow-moving or obsolete items and accordingly makes a provision in its financial statements for writing down or writing off the value of such items to reflect the true value of its stock.

The Directors also perform annual reviews of fixed assets and intangible assets to consider any potential impairment.

In line with Accounting Standards, the Group based its judgements and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may vary due to market changes or circumstances beyond the control of the Group. Such changes will be reflected in the estimates used as and when they occur.

The Group has entered into a financial instruments contract that requires management to assess the fair value of the financial instrument at each balance sheet date. In doing so, management consider the underlying market conditions and trading performance to derive the fair value to be included in the financial statements at that date.

All estimates and underlying assumptions are reviewed on an ongoing basis with any revisions being recognised within the period.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £000	2020 £000
Production, selling and marketing of premium beer	19,314	20,425
Operation of licensed restaurant facilities, public houses and bars	1,800	920
	21,114	21,345

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	15,673	15,286
Rest of Europe	1,326	1,599
Rest of the world	4,115	4,460
	21,114	21,345

5. Other operating income

	2021 £000	2020 £000
Government grants receivable	-	9
Other grant income (see note 12)	30	-
Job retention scheme income (see note 12)	536	639
	566	648

INNIS & GUNN HOLDINGS LIMITED**2. 21****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****6. Operating loss**

The operating loss is stated after charging/(crediting):

	2021 £000	2020 £000
Foreign exchange differences	(9)	(7)
Depreciation of tangible fixed assets	619	555
Amortisation of intangible assets, including goodwill	68	68
Operating lease rentals	470	294

7. Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the Group's auditor and its associates in respect of:		
Audit of parent company and consolidation	23	16
Audit of subsidiaries	52	36
Fees payable to the Group's auditor and its associates for taxation compliance services	10	11
Fees payable to the Group's auditor and its associates for advisory services	-	-

INNIS & GUNN HOLDINGS LIMITED**2. 22****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****8. Employees**

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £000	Group 2020 £000
Wages and salaries	3,401	3,417
Social security costs	312	314
Cost of defined contribution scheme	136	148
	<u>3,849</u>	<u>3,879</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Management, production and admin staff	63	68
Hourly Paid Staff	56	42
	<u>119</u>	<u>110</u>

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 Group to the fund and amounted to £136k (2020: £148k).

9. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	516	559
Company contributions to defined contribution pension schemes	23	35
	<u>539</u>	<u>594</u>

During the year retirement benefits were accruing to 2 directors (2020: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £203k (2020: £197k) and pension contributions of £Nil (2020: £Nil).

During the year no Directors exercised share options (2020: 3) under an EMI share scheme.

INNIS & GUNN HOLDINGS LIMITED**2. 23****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****10. Interest receivable**

	2021 £000	2020 £000
Other interest receivable	72	3

11. Interest payable and similar charges

	2021 £000	2020 £000
Bank interest payable	60	53
Interest payable to Bondholders	-	11
	60	64

12. Coronavirus Job Retention Scheme

During the year, the Group claimed for and received £536k (2020: £639) from HMRC as part of the Coronavirus Job Retention Scheme.

The Group also claimed for and received £30k (2020: nil) from the Governments Brewers' Support Fund.

13. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on loss for the year	-	-
Adjustment in respect of previous period	-	2
Total current tax charge	-	2
Deferred tax		
Origination and reversal of timing differences	(193)	(5)
Change in tax rate	26	8
Adjustment in respect of prior year	(3)	5
Total deferred tax	(170)	8
Tax (credit)/charge on loss on ordinary activities	(170)	10

INNIS & GUNN HOLDINGS LIMITED**2. 24****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****13. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020: *higher than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
Loss on ordinary activities before tax	(1,215)	(813)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(231)	(154)
Effects of:		
Expenses not deductible for tax purposes	19	15
Fixed asset timing differences	14	16
Income not deductible for tax purposes	-	(16)
Adjustments to tax charge in respect of prior periods	(4)	6
Rate change	(18)	8
Deferred tax not recognised	50	135
Total tax charge/(credit) for the year	(170)	10

Factors that may affect future tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted).

The 2021 budget proposal increases the corporation tax rate to 25% from 1 April 2023. This was substantively enacted in The Finance Act 2021 on 24 May 2021. Deferred tax was therefore recognised at 25%.

INNIS & GUNN HOLDINGS LIMITED**2. 25****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****14. Intangible assets****Group**

	Patents £000	Trademarks £000	Goodwill £000	Total £000
Cost				
At 1 January 2021	210	48	2,109	2,367
At 31 December 2021	210	48	2,109	2,367
Amortisation				
At 1 January 2021	105	28	1,505	1,638
Charge for the year	21	5	42	68
At 31 December 2021	126	33	1,547	1,706
Net book value				
At 31 December 2021	84	15	562	661
At 31 December 2020	105	20	604	729

INNIS & GUNN HOLDINGS LIMITED**2.27****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****15. Tangible fixed assets**

	Leasehold Property £000	Freehold Building £000	Plant & Machinery £000	Motor Vehicles £000	Draught Equipment £000	Fixtures, Fittings & Equipment £000	Assets in Construction £000	TOTAL £000
At 1 January 2021	991	596	1,841	14	160	2,738	480	6,820
Additions	-	-	39	-	-	133	228	400
Disposals	-	(596)	(4)	-	-	(23)	-	(623)
At 31 December 2021	991	-	1,876	14	160	2,848	708	6,597
Depreciation								
At 1 January 2021	235	72	781	14	111	1,549	-	2,762
Charge for the year	95	3	119	-	17	385	-	619
Disposals	-	(75)	-	-	-	(23)	-	(98)
At 31 December 2021	330	-	900	14	128	1,911	-	3,283
Net book value								
At 31 December 2021	661	-	976	-	32	937	708	3,314
At 31 December 2020	756	524	1,060	-	49	1,189	480	4,058

INNIS & GUNN HOLDINGS LIMITED**2. 27****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****16. Fixed asset investments****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
The Innis & Gunn Brewing Company Limited*	Ordinary	100%	The production, sale and marketing of premium beer
Innis & Gunn USA Inc**	Ordinary	100%	The advertising & promotion of premium beer
Melville's Fruit Beers Limited*	Ordinary	100%	Dormant
The Edinburgh Brewing Company Limited*	Ordinary	100%	Dormant
Innis & Gunn Retail Limited*	Ordinary	100%	The investment in licensed restaurants, public houses and bars
Yeast Pod Ltd*	Ordinary	100%	Dormant
The Innis and Gunn Hospitality Group (SCO, NI and IRL) Limited*	Ordinary	100%	The operation of licensed restaurants, public houses and bars
The Innis & Gunn Inverlmond Brewery Limited*	Ordinary	100%	Dormant

* The registered office of subsidiaries is the same as the Holding company.

** The registered office is National Registered Agency Inc, 875 Avenue of Americas, 5TE 501, New York

The Innis & Gunn Brewing Company Limited, Melville's Fruit Beers Limited, The Edinburgh Brewing Company Limited, Innis & Gunn Retail Limited, The Innis and Gunn Hospitality Group (SCO, NI and IRL) Limited, The Innis & Gunn Inverlmond Brewery Limited and Yeast Pod Limited have all been incorporated in Scotland. Innis & Gunn USA Inc has been incorporated in the United States of America and Beer Bonds Plc has been incorporated in England.

Dormant subsidiaries are exempt from preparing Individual accounts under s394A and from filing Individual accounts under s448A of the Companies Act 2006.

INNIS & GUNN HOLDINGS LIMITED**2. 28****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****16. Fixed asset investments (continued)**

	Investments in subsidiary companies £000	Total £000
Cost or valuation		
At 1 January 2021	3,537	3,537
At 31 December 2021	3,537	3,537
Net book value		
At 31 December 2021	3,537	3,537
At 31 December 2020	3,537	3,537

	Investments £000
Cost	
At 1 January 2021	20
Purchased in the year	-
At 31 December 2021	20

The Company has a small investment in a crowdfund of a local hospitality sector business.

17. Stocks

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Raw materials and consumables	384	313	-	-
Finished goods and goods for resale	2,326	1,279	-	-
	2,710	1,592	-	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £13,612k (2020: £13,819k). At the year end a provision of £54k (2020: £147k) has been included for slow moving and obsolete stock.

The total carrying value of stock held is secured to the Company's bankers under a bond and floating charge.

INNIS & GUNN HOLDINGS LIMITED**2. 29****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****18. Debtors**

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Due within one year				
Trade debtors	3,585	3,803	-	-
Amounts owed by group undertakings	-	-	4,070	3,140
Deferred tax asset	67	-	-	-
Other debtors	1,338	523	1	10
Prepayments and accrued income	422	224	69	30
Tax recoverable	-	14	-	-
	5,412	4,564	4,140	3,180

19. Creditors: Amounts falling due within one year

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Bank overdrafts	1,053	1,745	-	-
Bank loans	-	27	-	-
Trade creditors	2,640	1,908	-	1
Amounts owed to group undertakings	-	-	137	-
Taxation and social security	416	517	-	-
Obligations under finance lease and hire purchase contracts	-	98	-	-
Loan notes	-	357	-	-
Other creditors	91	163	26	-
Other loans	60	6	-	-
Accruals and deferred income	1,167	1,042	-	-
	5,427	5,863	163	1

Details of bank loans, loan notes and debentures can be found in note 21.

20. Creditors: Amounts falling due after more than one year

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Bank loans	-	359	-	-
Other loans	337	24	-	-
	337	383	-	-

The Bank of Scotland plc currently hold floating charges and standard securities over the property at 22 Inveralmond Place, Perth.

INNIS & GUNN HOLDINGS LIMITED**2. 30****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****20. Creditors: Amounts falling due after more than one year (continued)**

A cross corporate guarantee exists between The Innis & Gunn Brewing Company Limited and Innis & Gunn Holdings Limited.

Other loans include a Coronavirus Business Interruption Loan (CBIL) of £250,000 (2020: nil). The loan has an initial 12-month interest free period after which interest is charged at 3.35% plus base. The loan is secured by way of a Bond and Floating Charge over the assets of the Company with all group companies providing a guarantee to the bank.

Also included within other loans are Digital Development Loans received from DSL Business Finance Ltd of £76,674 (2020: £28,955). The loans are interest free and unsecured.

21. Loans

Analysis of the maturity of loans is given below:

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Amounts falling due within one year				
Bank loans	-	27	-	-
Other loans	60	6	-	-
Finance leases and hire purchase contracts	-	98	-	-
Loan Notes	-	357	-	-
	60	488	-	-
Amounts falling due 2-5 years				
Bank loans	-	115	-	-
Other loans	312	-	-	-
Loan notes	-	24	-	-
	312	139	-	-
Amounts falling due after 5 years				
Bank loans	-	244	-	-
Other loans	25	-	-	-
	25	244	-	-

INNIS & GUNN HOLDINGS LIMITED**2. 31****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****22. Financial instruments**

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Financial assets				
Financial assets measured at amortised cost	7,934	9,056	6,800	6,961
Financial liabilities				
Financial liabilities measured at amortised cost	(5,764)	(6,246)	(163)	(1)

Financial assets measured at amortised cost comprise all financial assets excluding prepayments.

Financial liabilities measured at amortised cost comprise all financial liabilities.

23. Deferred taxation**Group**

	2021 £000	2020 £000
At beginning of year	(104)	(89)
Adjustment in respect of prior period	1	(7)
Charged to the profit or loss (note 13)	170	(8)
At end of year	67	(104)

Within the deferred tax asset of £67k at 31 December 2021 (2020: liability £104k) there are deferred tax liabilities of £5k (2020: £5k) which are estimated to reverse within the next 12 months.

The deferred taxation balance is made up as follows:

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Fixed asset timing differences	(382)	(295)	-	-
Short term timing differences	21	17	-	-
Losses and other deductions	428	174	-	-
	67	(104)	-	-

At the year end deferred tax assets of £441k (2020: £310k) were not recognised on carried forward losses.

INNIS & GUNN HOLDINGS LIMITED**2. 32****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****24. Other Provisions****Group**

	Government Grants	Other Provisions	Total
	£000	£000	£000
At 1 January 2021	25	-	25
Additions in the year	-	1,000	1,000
Charged to profit & loss	(3)	-	(3)
At 31 December 2021	22	1,000	1,022

Government Grants

The Company received funding from Scottish Enterprise which it is releasing over 20 years in line with the depreciation of the asset the grant was originally given to fund.

Other Provisions

The Group had been involved as part of an Association of Companies in challenging an enquiry from HMRC regarding the tax treatment of payments made under the Group's Growth Securities Ownership Plan. The first-tier tribunal has dismissed the associations appeal and, having followed advice from counsel, has chosen not to pursue any further appeal. The company is working with HMRC to agree a settlement plan. The liability payable would be £999,744 after interest. As the Employees who participated in the Growth Securities Ownership Plan have indemnified the Company from all liabilities due, the Group has recognised a corresponding debtor to reflect this fact.

25. Reserves**Called up Share Capital**

The called up share capital represents the allotted, called up and fully paid share capital at aggregate nominal value.

Share Premium

The share premium account reflects the amounts received over and above the nominal value of the shares issued less costs associated with the selling of these shares.

Profit & Loss Account

The profit and loss account includes all current and prior period retained profits and losses.

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve into which amounts are transferred following the redemption or purchase of a company's own shares.

Foreign exchange reserve

Foreign exchange gains and losses resulting from the translation of monetary assets and liabilities denominated in a foreign currency for Innis & Gunn USA Inc are recognised in the foreign exchange reserve.

26. Parental guarantee

The Group has taken advantage of the exemption allowed under s479A and the subsidiary accounts of The Innis & Gunn Inverlorned Brewery limited (Registered Number SC169977) for the year ended 31 December 2021, have not been audited as a parental guarantee has been given for this subsidiary. This company will be dormant in subsequent periods.

INNIS & GUNN HOLDINGS LIMITED**2. 33****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****27. Share capital**

	2021 £000	2020 £000
Shares classified as equity		
Allotted, called up and fully paid		
35,496,598 A Ordinary shares of £0.0141 each	500	500
5,474,037 Ordinary shares of £0.0141 each	148	77
1,673,995 B investment shares of £0.0141 each	24	24
15,198,435 C Ordinary shares of £0.0141 each	214	214
1 D Ordinary share of £1 each	-	-
5 E Ordinary shares of £1 each	-	-
	886	815

Share rights

Ordinary shares: An Ordinary share, A Ordinary share and B Ordinary share shall have one vote for each share held and shall participate on a pro rata basis in any individual dividend on distribution.

B Investment shares: A B Investment share shall have no vote for each share held but shall participate on a pro rata basis in any individual dividend on distribution.

	A Ordinary Shares No.	Ordinary Shares No.	B Investment Shares No.	C Ordinary Shares No.	D Ordinary Shares No.	E Ordinary Shares No.
At 1 January 2021	35,496,598	5,474,037	1,673,995	15,198,435	1	-
Allocated in the year	-	5,079,501	-	-	-	5
	35,496,598	10,553,538	1,673,995	15,198,435	1	5

Consideration for the allotment of shares during the year was £72kk (2020: £39k).

The company has 1 D Share, and 5 E Shares as equity settled share-based payments. The issue price was based on fair value as consideration for services received. The proceeds received net of any directly attributable transaction costs were credited to share capital (nominal value £1) and share premium upon issuance of the D share.

28. Commitments under operating leases

At 31 December 2021 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £000	Group 2020 £000
Not later than 1 year	448	485
Later than 1 year and not later than 5 years	1,715	1,392
Greater than 5 years	2,204	2,258
Total	4,366	4,135

INNIS & GUNN HOLDINGS LIMITED**2. 34****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****29. Capital commitments**

At 31 December 2021 the Group had capital commitments on Hop contracts of £670k (2020: 1,220k).

At the year end, the Group had committed to purchasing fixed assets of £78k (2020: £nil).

30. Related party transactions

Related party transactions with the other 100% owned group undertakings are excluded from the consolidated financial statements of the ultimate parent undertaking, Innis & Gunn Holdings Limited, and are therefore exempt from disclosures in these financial statements under section 33.1A of FRS 102.

Compensation paid to key management (only directors are deemed to fall into this category) during the year was as follows:

	2021 £000	2020 £000
Salaries and other short-term benefits	516	563
Post-employment benefits	23	35
	<u>539</u>	<u>598</u>

31. Controlling party

The ultimate controlling party is the director, Dougal Gunn Sharp, by virtue of his majority shareholding in the parent company.

32. Analysis of changes in net debt

	At 1 Jan 2021 £000	Cash Flows £000	At 31 Dec 2021 £000
Cash at bank and in hand	3,231	(1,788)	1,443
Short term deposits	1,500	-	1,500
Cash and Cash Equivalents	4,731	(1,788)	2,943
Bank overdrafts	(1,745)	692	(1,053)
Bank Loan	(386)	386	-
Loan notes	(357)	357	-
Other loans	(30)	(366)	(396)
Finance lease and hire purchase contracts	(98)	98	-
Total	2,115	(621)	1,494

INNIS & GUNN®

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