

Company registration number SC394276 (Scotland)

INCHDAIRNIE DISTILLERY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023
PAGES FOR FILING WITH REGISTRAR



INCHDAIRNIE DISTILLERY LIMITED

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INCHDAIRNIE DISTILLERY LIMITED

BALANCE SHEET

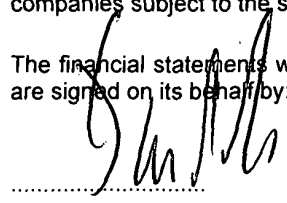
AS AT 30 APRIL 2023


	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	5	24,900,971		21,802,018	
Current assets					
Stocks	6	8,299,067		5,830,037	
Debtors	7	3,610,481		2,172,099	
Cash at bank and in hand		1,055,170		792,986	
		<u>12,964,718</u>		<u>8,795,122</u>	
Creditors: amounts falling due within one year	8	<u>(5,175,803)</u>		<u>(5,668,428)</u>	
Net current assets			7,788,915		3,126,694
Total assets less current liabilities			<u>32,689,886</u>		<u>24,928,712</u>
Creditors: amounts falling due after more than one year	9		(1,030,555)		(1,115,568)
Provisions for liabilities			<u>(1,242,017)</u>		<u>(1,104,773)</u>
Net assets			<u>30,417,314</u>		<u>22,708,371</u>
Capital and reserves					
Called up share capital	11	31,495,000		23,395,000	
Profit and loss reserves		<u>(1,077,686)</u>		<u>(686,629)</u>	
Total equity			<u>30,417,314</u>		<u>22,708,371</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 19/9/23 and are signed on its behalf by:


Ian G Palmer
Director


David A Sloan
Director

Company Registration No. SC394276

INCHDAIRNIE DISTILLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

Company information

InchDairnie Distillery Limited is a private company limited by shares incorporated in Scotland. The registered office is Inchdairnie Distillery, Whitecraigs Road, Glenrothes, KY6 2RX.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land & buildings	2.5% buildings on cost, land is not depreciated
Plant & machinery	5-25% on cost
Fixtures, fittings & equipment	25% on cost
Casks & pallets	6.7% to 20% on cost

INCHDAIRNIE DISTILLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, as follows:

Raw materials and consumables	- Purchase cost on a first-in, first-out basis
Work in progress	- Cost of direct materials, spirit and attributable overheads
Finished goods	- Cost of direct materials, spirit and attributable overheads

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

INCHDAIRNIE DISTILLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

INCHDAIRNIE DISTILLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied to the cost/l applied to the production of spirit.

INCHDAIRNIE DISTILLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023 Number	2022 Number
Total	20	18

4 Directors' remuneration

	2023 £	2022 £
Remuneration paid to directors	113,776	106,333

The directors and the distillery manager of the company are regarded as the key management personnel. The emoluments of key management (excluding pension contributions and including benefits in kind) for the year were £178,886 (2022 - £167,411). The employers' NI contributions for the year were £23,180 (2022 - £20,814). Their pension contributions for the year were £7,623 (2022 - £6,997).

5 Tangible fixed assets

	Land & buildings £	Assets under the course of construction £	Plant & machinery £	Fixtures, fittings & equipment £	Casks & pallets £	Total £
Cost						
At 1 May 2022	10,771,608	1,607,871	6,302,241	341,398	8,818,793	27,841,911
Additions	621,216	1,775,618	83,293	182,884	2,264,189	4,927,200
Disposals	-	-	-	-	(405,225)	(405,225)
Transfers	2,119,441	(2,119,441)	-	-	-	-
At 30 April 2023	13,512,265	1,264,048	6,385,534	524,282	10,677,757	32,363,886
Depreciation and impairment						
At 1 May 2022	1,292,891	-	2,404,896	333,302	2,008,804	6,039,893
Depreciation charged in the year	316,397	-	439,234	26,062	641,329	1,423,022
At 30 April 2023	1,609,288	-	2,844,130	359,364	2,650,133	7,462,915
Carrying amount						
At 30 April 2023	11,902,977	1,264,048	3,541,404	164,918	8,027,624	24,900,971
At 30 April 2022	9,478,717	1,607,871	3,897,345	8,096	6,809,989	21,802,018

INCHDAIRNIE DISTILLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

6 Stocks

	2023 £	2022 £
Raw materials and consumables	145,796	34,977
Work in progress and finished goods	8,153,271	5,795,060
	<u>8,299,067</u>	<u>5,830,037</u>

7 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	1,114,745	453,597
Amounts due by immediate parent company	146,581	127,933
Amounts due by related parties	1,758,691	785,150
Other debtors	139,423	165,883
Prepayments and accrued income	451,041	639,536
	<u>3,610,481</u>	<u>2,172,099</u>

8 Creditors: amounts falling due within one year

	2023 £	2022 £
Bank loans and overdrafts	1,492,727	1,081,898
Loan from immediate parent company	-	1,545,000
Trade creditors	2,229,448	1,577,023
Amounts due to immediate parent company	4,060	4,060
Amounts due to related parties	715	108,041
Taxation and social security	45,668	21,759
Accruals and deferred income	1,403,185	1,330,647
	<u>5,175,803</u>	<u>5,668,428</u>

Included within accruals is £15,088 (2022 - £13,550) in respect of pension contributions outstanding at the year end. The company's bank has provided a guarantee of £620,000 to HMRC on behalf of the company.

9 Creditors: amounts falling due after more than one year

	2023 £	2022 £
Deferred income	<u>1,030,555</u>	<u>1,115,568</u>

INCHDAIRNIE DISTILLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

10 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2023 £	Liabilities 2022 £
Balances:		
Timing differences	2,100,350	1,803,212
Tax losses	(858,333)	(698,439)
	<u>1,242,017</u>	<u>1,104,773</u>
Movements in the year:		2023 £
Liability at 1 May 2022		1,104,773
Charge to profit or loss		<u>137,244</u>
Liability at 30 April 2023		<u>1,242,017</u>

INCHDAIRNIE DISTILLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

11 Called up share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid				
Ordinary A of £1 each	7,505,000	7,505,000	7,505,000	7,505,000
Ordinary B of £1 each	395,000	395,000	395,000	395,000
	<u>7,900,000</u>	<u>7,900,000</u>	<u>7,900,000</u>	<u>7,900,000</u>
Preference share capital Issued and fully paid				
Preferred ordinary shares of £1 each	23,595,000	15,495,000	23,595,000	15,495,000
	<u>23,595,000</u>	<u>15,495,000</u>	<u>23,595,000</u>	<u>15,495,000</u>
Preference shares classified as equity			<u>23,595,000</u>	<u>15,495,000</u>
Total equity share capital			<u>31,495,000</u>	<u>23,395,000</u>

Each ordinary share is entitled to one vote in any circumstances. Any dividends declared shall be distributed among the ordinary shareholders of both class A and B shares in equal proportions.

Each preferred ordinary share shall not carry the right to receive notice or to attend, speak or vote at any general meetings of the company. The holder of each preferred share is entitled to 3% of subscription price actually paid per preferred share. This is a fixed preferred dividend and thereafter any dividends declared shall be distributed to ordinary shareholders only.

During the year, 8,100,000 preferred ordinary shares were allotted. The consideration received was £1 per share settled via the intercompany balance due to the parent entity.

12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Bernadette Higgins CA and the auditor was Azets Audit Services.

13 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2023 £	2022 £
Assets in construction - warehouses and control room	<u>-</u>	<u>306,829</u>

Whilst there are no contractual commitments at year end, the board has approved the extension of the distillery and additional warehousing at an estimated cost of £8.35m.

INCHDAIRNIE DISTILLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

14 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

During the year, the company had the following transactions with related parties by virtue of common control: Sales of £6,175,765 (2022 - £5,733,793) and purchases of £65,002 (2022 - £118,653).

During the year additional loans were received from the immediate parent company totalling £6,555,000. On the 26th April 2023, the full loan balance of £8,100,000 was converted into preference shares. At 30 April 2023, the loan balance due to the parent company was £nil (2022 - £1,545,000). Included within debtors is £146,581 (2022 - £127,933) due from the immediate parent company.

As at 30 April 2023 £1,758,691 (2022 - £785,150) was due from and £715 (2022 - £108,041) was due to MacDuff International (Scotch Whisky) Limited a related party with common ultimate parent undertaking.

As at 30 April 2023 £4,060 (2022 - £4,060) was due to the immediate parent company.

15 Parent company

The company's immediate parent company is CES Whisky Limited.

The company's ultimate parent company is Copenhagen Fortuna Company A/S, a company registered in Denmark. Copies of the consolidated financial statements of Copenhagen Fortuna Company A/S can be obtained from that company's registered office.