

Unaudited Financial Statements for the Year Ended 31 December 2021

for

MORRISON GLASGOW DISTILLERS LIMITED

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for the Year Ended 31 December 2021**

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MORRISON GLASGOW DISTILLERS LIMITED

Company Information for the Year Ended 31 December 2021

DIRECTORS:

Mr S W Morrison
Mr S A Morrison
Mr K A McAllister
Mr S Grier
Mr D Ross
Mr M Acks
Ms K C Morrison

REGISTERED OFFICE:

Paxton House
11 Woodside Crescent
Glasgow
G3 7UL

REGISTERED NUMBER:

SC426476 (Scotland)

ACCOUNTANTS:

McAllisters
Paxton House
11 Woodside Crescent
Charing Cross
Glasgow
G3 7UL

**Chairman's Report
for the Year Ended 31 December 2021**

The business once again faced continued disruption due to Covid-19 for much of the year. The many restrictions due to the pandemic did result in severely limited visitor access to the distillery, however production was maintained at a strong level throughout the lockdown period and management succeeded with the policy of increasing maturing stock levels year to year which bodes well for the future of the company.

October saw the release of our first single malt from the distillery, Stobcross. The product has been very well received with positive reaction from our export and domestic customers.

For the first 2 weeks in November, we were well situated to benefit from the COP26 Climate Conference in Glasgow which greatly increased international awareness of the Clydeside Distillery and our products.

From a financial position it is worth remembering the P&L statement compares results from the 12 months to 31 December 2021, to the figures from the 18 months to 31 December 2020. The 2021 year was heavily impacted by Covid but between strict cost control and grant support we were able to reduce the loss position significantly.

The balance sheet is in a healthy position, the value of stock (at cost) has increased to over £2.1m and the debt levels within the business are still very low as a percentage of our asset base.

Intense pressure on costs is now evident across the whole industry from energy and raw materials, to personnel, packaging and freight. However, there is a definite air of optimism evident in the industry despite the challenges, and the long-term trends continue to be extremely attractive.

Mr S W Morrison - Director

MORRISON GLASGOW DISTILLERS LIMITED (REGISTERED NUMBER: SC426476)

Balance Sheet
31 December 2021

	Notes	31.12.21 £	£	31.12.20 £	£
FIXED ASSETS					
Intangible assets	4		34,199		36,972
Tangible assets	5		<u>8,948,181</u>		<u>9,137,357</u>
			8,982,380		9,174,329
CURRENT ASSETS					
Stocks		2,158,515		1,567,919	
Debtors	6	151,784		126,885	
Cash at bank and in hand		<u>294,372</u>		<u>505,054</u>	
		2,604,671		2,199,858	
CREDITORS					
Amounts falling due within one year	7	<u>471,742</u>		<u>250,679</u>	
NET CURRENT ASSETS			<u>2,132,929</u>		<u>1,949,179</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			11,115,309		11,123,508
CREDITORS					
Amounts falling due after more than one year	8		<u>1,788,889</u>		<u>1,600,000</u>
NET ASSETS			<u>9,326,420</u>		<u>9,523,508</u>
CAPITAL AND RESERVES					
Called up share capital	11		9,248,025		9,248,025
Share premium			3,677,856		3,677,856
Retained earnings			<u>(3,599,461)</u>		<u>(3,402,373)</u>
SHAREHOLDERS' FUNDS			<u>9,326,420</u>		<u>9,523,508</u>

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

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

The directors acknowledge their responsibilities for:

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

Balance Sheet - continued
31 December 2021

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

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

The financial statements were approved by the Board of Directors and authorised for issue on 28 June 2022 and were signed on its behalf by:

Mr S W Morrison - Director

**Notes to the Financial Statements
for the Year Ended 31 December 2021**

1. STATUTORY INFORMATION

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

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Significant judgements and estimates

The preparation of the 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. The directors are of the opinion there are no critical accounting estimates. The directors have exercised their judgement in relation to the allocation of attributable labour costs to bulk spirit and to maturing product and this has been done in order to ensure that a true and fair view is presented.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discount and value added taxes. Turnover includes revenue earned from the sale of goods and rendering of services in connection with the distillery and the visitor centre and shop.

Timing of revenue recognition

Sales are recognised depending on the individual customer terms at the time of dispatch, delivery or when the risk of loss transfers.

Revenue from the sale of cased goods is recognised when the goods are shipped. Revenue from the sale of bulk spirit is recognised when the goods are dispatched or when the ownership of the stock is transferred to the purchaser.

Revenue from the visitor centre, which can comprise the sale of goods or the rendering of services in the form of visitor tours, tastings and hosting events, are recognised at the point of sale or the point of the services being provided in accordance with the stage of completion of the contract.

Intangible fixed assets

The intangible fixed assets held in the balance sheet relate to patents purchased by the company. These have been capitalised as it is expected future benefits will flow to the entity over the assets useful economic life. The intangible assets are being amortised at the following rates.

Patents & licenses - 5% on reducing balance

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

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any 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.

Depreciation is charged to profit or loss over the estimated useful economic lives, as follows:

Fixtures & Fittings - 5% reducing balance
Computer equipment - 25% reducing balance
Website development - 25% reducing balance
Plant and machinery - casks - 5% straight line basis
Plant and machinery - remainder - 5% reducing balance basis.

The company purchased land during the year ended 30 June 2015 for £1,081,705 and this is included within freehold property in fixed assets. Land is considered to have an indefinite life and accordingly is not depreciated. The remaining freehold property costs of £5,861,281 represents development of buildings on the site and these costs are depreciated at an annual rate of 2% on a reducing balance basis.

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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined, which is the higher of its fair value less costs to sell and its value in use.

Any impairment loss is recognised immediately as an expense within profit or loss

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs incurred in bringing each product to its present location and condition as follows;

Raw materials - Purchase cost on an average cost basis,
Work in Progress and finished goods - cost of direct materials and, where applicable, direct labour costs and attributable overheads based on a normal level of activity.

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.

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

2. ACCOUNTING POLICIES - continued

Financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits

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 within profit or loss.

For financial assets that are measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate of 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 the asset's carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

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

2. ACCOUNTING POLICIES - continued

Provisions

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 28 (2020 - 28) .

4. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 January 2021	
and 31 December 2021	49,934
AMORTISATION	
At 1 January 2021	12,962
Amortisation for year	2,773
At 31 December 2021	15,735
NET BOOK VALUE	
At 31 December 2021	34,199
At 31 December 2020	36,972

5. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 January 2021	7,035,320	2,553,884	845,803
Additions	-	199,151	-
At 31 December 2021	7,035,320	2,753,035	845,803
DEPRECIATION			
At 1 January 2021	642,048	506,304	167,253
Charge for year	159,346	171,359	50,887
At 31 December 2021	801,394	677,663	218,140
NET BOOK VALUE			
At 31 December 2021	6,233,926	2,075,372	627,663
At 31 December 2020	6,393,272	2,047,580	678,550

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

5. TANGIBLE FIXED ASSETS - continued

	Website development £	Computer equipment £	Totals £
COST			
At 1 January 2021	32,152	19,842	10,487,001
Additions	-	-	199,151
At 31 December 2021	32,152	19,842	10,686,152
DEPRECIATION			
At 1 January 2021	21,091	12,948	1,349,644
Charge for year	4,149	2,586	388,327
At 31 December 2021	25,240	15,534	1,737,971
NET BOOK VALUE			
At 31 December 2021	6,912	4,308	8,948,181
At 31 December 2020	11,061	6,894	9,137,357

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21 £	31.12.20 £
Trade debtors	102,408	55,807
Other debtors	1,978	-
S455 debtor	2,296	-
Directors' current accounts	3,206	3,206
VAT	-	19,229
Prepayments	41,896	48,643
	<u>151,784</u>	<u>126,885</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21 £	31.12.20 £
Bank loans and overdrafts	111,111	-
Trade creditors	186,616	137,634
Tax	1,964	-
Social security and other taxes	15,383	9,963
VAT	33,810	-
Other creditors	24,745	12,395
Deferred income	39,452	35,225
Accrued expenses	39,669	30,681
Deferred grants	18,992	24,781
	<u>471,742</u>	<u>250,679</u>

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

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

	31.12.21	31.12.20
	£	£
Bank loans - 1-2 years	222,222	-
Bank loans - 2-5 years	<u>1,566,667</u>	<u>1,600,000</u>
	<u>1,788,889</u>	<u>1,600,000</u>

9. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.21	31.12.20
	£	£
Within one year	11,689	17,533
Between one and five years	<u>-</u>	<u>11,689</u>
	<u>11,689</u>	<u>29,222</u>

10. **SECURED DEBTS**

The following secured debts are included within creditors:

	31.12.21	31.12.20
	£	£
Bank loans	1,900,000	1,600,000
Deferred Grants	<u>8,260</u>	<u>24,781</u>
	<u>1,908,260</u>	<u>1,624,781</u>

The Clydesdale Bank credit facility is secured by a floating charge over the assets of the company.

The grants are secured by a fixed standard security over the property, The Pumphouse, Stobcross Road, Glasgow, G3 5QQ.

11. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.21	31.12.20
			£	£
8,419,394	Ordinary A	£0.50	4,209,697	4,209,697
10,076,656	Ordinary B	£0.50	<u>5,038,328</u>	<u>5,038,328</u>
			<u>9,248,025</u>	<u>9,248,025</u>

**Chartered Accountants' Report to the Board of Directors
on the Unaudited Financial Statements of
Morrison Glasgow Distillers Limited**

The following reproduces the text of the report prepared for the directors in respect of the company's annual unaudited financial statements. In accordance with the Companies Act 2006, the company is only required to file a Balance Sheet. Readers are cautioned that the Income Statement and certain other primary statements and the Report of the Directors are not required to be filed with the Registrar of Companies.

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Morrison Glasgow Distillers Limited for the year ended 31 December 2021 which comprise the Statement of Income and Retained Earnings, Balance Sheet and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of ICAS, we are subject to its ethical and other professional requirements which are detailed at <http://www.icas.com/accountspreparationguidance>. Except that we are not independent by virtue of the fact that one of our partners is also a director of this company.

This report is made solely to the Board of Directors of Morrison Glasgow Distillers Limited, as a body, in accordance with the terms of our engagement. Our work has been undertaken solely to prepare for your approval the financial statements of Morrison Glasgow Distillers Limited and state those matters that we have agreed to state to the Board of Directors of Morrison Glasgow Distiller Limited, as a body, in this report in accordance with the requirements of ICAS as detailed at <http://www.icas.com/accountspreparationguidance>. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that Morrison Glasgow Distillers Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of Morrison Glasgow Distillers Limited. You consider that Morrison Glasgow Distillers Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Morrison Glasgow Distillers Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

McAllisters
Paxton House
11 Woodside Crescent
Charing Cross
Glasgow
G3 7UL

28 June 2022

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