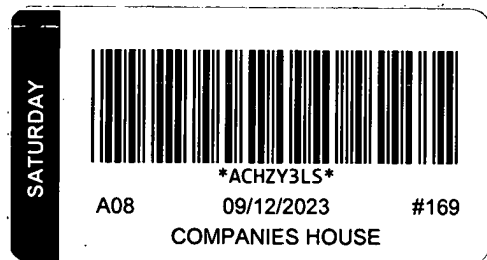


Registered number: 09347341

BLADNOCH DISTILLERY LIMITED

UNAUDITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**



BLADNOCH DISTILLERY LIMITED

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BLADNOCH DISTILLERY LIMITED

COMPANY INFORMATION

Director

D N Prior

Registered number

09347341

Registered office

DWF LLP
20 Fenchurch Street
London
EC3M 3AG

Bankers

HSBC UK Bank plc
1st Floor
141 Bothwell Street
Glasgow
G2 7EQ

Solicitors

DWF LLP
20 Fenchurch Street
London
EC3M 3AG

BLADNOCH DISTILLERY LIMITED

BALANCE SHEET

Registered number: 09347341

AS AT 30 JUNE 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	5	3,387,556	3,724,090
Tangible assets	6	16,807,905	15,694,969
Investments	7	5	5
		20,195,466	19,419,064
Current assets			
Stocks	8	15,208,272	10,882,503
Debtors	9	6,659,979	3,472,445
Cash at bank and in hand		981,384	2,731,771
		22,849,635	17,086,719
Creditors: amounts falling due within one year	10	(32,911,379)	(28,294,235)
Net current liabilities		(10,061,744)	(11,207,516)
Total assets less current liabilities		10,133,722	8,211,548
Creditors: amounts falling due after more than one year	11	(14,115,412)	(16,634,447)
Deferred tax liability	12	(1,170,737)	-
Net liabilities		(5,152,427)	(8,422,899)
Capital and reserves			
Called up share capital	13	100	100
Accumulated losses		(5,152,527)	(8,422,999)
Total shareholder's deficit		(5,152,427)	(8,422,899)

The director considers that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 2 to 13 were approved and authorised for issue by the board and were signed on its behalf on 6th Dec 2023



D N Prior
Director

The notes on pages 3 to 13 form part of these financial statements.

BLADNOCH DISTILLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1 General information

The principal activity of the Company during the year was whisky distilling, warehousing, distribution, sales and marketing.

Bladnoch Distillery Limited is a private company limited by shares that is incorporated in England and Wales within the United Kingdom. The registered office address is DWF LLP, 20 Fenchurch Street, London, EC3M 3AG.

2 Statement of compliance

The financial statements of Bladnoch Distillery Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, Section 1A, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland 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. No critical judgements or critical accounting estimates have been applied to these financial statements.

The following principal accounting policies have been consistently applied unless otherwise stated:

3.2 Going concern

For the year ended 30 June 2023 the profit for the financial year was £3,270,472 (2022: £860,604) and the net liabilities were £5,152,427 (2022: £8,422,899). The movement is in line with the director's expectations for the business.

The Company has overcome its challenges with supply chain to a large extent this year, by choosing strategic suppliers and sourcing within the UK. The distillery continues to run at full capacity and maintaining production as per forecast. The director believes there is adequate financial support from the Company's bankers and shareholders to meet cash flow needs and invest in further capital projects. Therefore the director continues to prepare the financial statements on the going concern basis.

3.3 Consolidation

The Company has taken advantage of the exemption conferred under Companies Act 2006 Section 399 from preparing group financial statements. The financial statements therefore present information about the Company as an individual undertaking and not about it as a group.

BLADNOCH DISTILLERY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

3 Accounting policies (continued)

3.4 Turnover

Turnover is stated net of VAT and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the Balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the Balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

3.5 Foreign currency

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 translated 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 that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'Other operating (expenses)/income'.

3.6 Employee benefits

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

BLADNOCH DISTILLERY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

3 Accounting policies (continued)

3.7 Interest payable and similar expenses

Interest payable and similar expenses are charged to the Profit and loss account over the term of the debt using the effective interest rate 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.

3.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

3.9 Intangible assets

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Subject to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Based on the director's assessment:

Goodwill is amortised over a period of 10 years on a straight-line basis.

Intellectual property rights shown as other intangible assets in the intangible assets note, are amortised over 20 years on a straight-line basis.

Trademarks, patents and licences

Separately acquired patents, trademarks and licences are included at cost and amortised in equal annual instalments over a period of 10 years which is their estimated useful economic life. Provision is made for any impairment.

BLADNOCH DISTILLERY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

3 Accounting policies (continued)

3.10 Tangible assets

Tangible assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible assets, other than assets under the course of construction and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Land and buildings	– 40 - 50 years
Fixtures and fittings	– 1 - 15 years

Land is not depreciated.

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

3.11 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

3.12 Impairment of non-financial assets

At each Balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Profit and loss account. Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

BLADNOCH DISTILLERY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

3 Accounting policies (continued)

3.13 Stocks

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

- Raw materials, consumables and goods for resale - Purchase cost on a first-in, first out basis; and
- Work in progress and finished goods - Cost of direct materials and labour plus attributable overheads based on a normal level of activity.
- Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

3.14 Cash at bank and in hand

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.

3.15 Hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

3.16 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Basic financial assets, including trade and other debtors, cash at bank and in hand, and amounts owed by group undertakings are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Profit and loss account.

BLADNOCH DISTILLERY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

3 Accounting policies (continued)

3.16 Financial instruments (continued)

i. Financial assets (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities

Basic financial liabilities, including trade and other creditors, amounts owed to group undertakings and loans 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 receipts discounted at a market rate of interest.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors 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.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii. Offsetting

Financial assets and liabilities are offset and 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.

3.17 Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Company financial statements.

3.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

BLADNOCH DISTILLERY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

4 Employees

The average monthly number of employees, including directors, during the year was 40 (2022: 35).

5 Intangible assets

	Goodwill £	Trademarks, patents and licences £	Other intangible assets £	Total £
Cost				
At 1 July 2022	700,841	96,361	5,329,149	6,126,351
Additions	–	9,969	–	9,969
At 30 June 2023	700,841	106,330	5,329,149	6,136,320
Accumulated amortisation				
At 1 July 2022	490,588	46,473	1,865,200	2,402,261
Charge for the year	70,084	9,962	266,457	346,503
At 30 June 2023	560,672	56,435	2,131,657	2,748,764
Net book value				
At 30 June 2023	140,169	49,895	3,197,492	3,387,556
At 30 June 2022	210,253	49,888	3,463,949	3,724,090

Included in other intangible assets are Intellectual property rights of £5,329,149 (2022: £5,329,149).

6 Tangible assets

	Land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 July 2022	8,299,534	10,633,906	18,933,440
Additions	833,150	1,882,368	2,715,518
Disposals	–	(724,067)	(724,067)
At 30 June 2023	9,132,684	11,792,207	20,924,891
Accumulated depreciation			
At 1 July 2022	1,028,232	2,210,239	3,238,471
Charge for the year	210,753	744,851	955,604
Disposals	–	(77,089)	(77,089)
At 30 June 2023	1,238,985	2,878,001	4,116,986
Net book value			
At 30 June 2023	7,893,699	8,914,206	16,807,905
At 30 June 2022	7,271,302	8,423,667	15,694,969

Included in land and buildings is freehold land of £250,000 (2022: £250,000) which is not depreciated.

The Company has fixed and floating charges on all of its tangible assets.

BLADNOCH DISTILLERY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

7 Investments

	Investments in subsidiary undertaking £
Cost	
At 1 July 2022	5
At 30 June 2023	5
Net book value	
At 30 June 2023	5
At 30 June 2022	5

Name	Country of incorporation	Class of shares	Holding	Principal activity
Bladnoch Distillery Pty Limited	Australia	Ordinary	100%	Distribution, sales and marketing of case finished goods

The registered office address is 2 Riverside Quay, Southbank, VIC 3006, Australia.

8 Stocks

	2023 £	2022 £
Raw materials	2,564,589	1,508,365
Work in progress	10,404,956	8,499,245
Finished goods	2,238,727	874,893
	15,208,272	10,882,503

Included in finished goods is stock relating to the Visitor Centre of £32,968 (2022: £30,317).

9 Debtors

	2023 £	2022 £
Amounts falling due within one year		
Trade debtors	1,286,528	1,071,092
Amounts owed by group undertakings	1,981,163	1,353,247
Other debtors	1,127,602	140,660
Prepayments and accrued income	2,120,817	907,446
Deferred tax asset (note 12)	143,869	-
	6,659,979	3,472,445

Amounts owed by group undertakings are unsecured and interest free with no specific repayment requirements.

BLADNOCH DISTILLERY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

10 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	2,181,519	1,382,429
Amounts owed to group undertakings	188,237	567,760
Other creditors	29,974,902	26,227,399
Other taxation and social security	566,721	116,647
	32,911,379	28,294,235

Included within other creditors is an invoice financing (ABL Facility) of £12,182,704 (2022: £10,988,293). During the the year ended 30 June 2023 the ABL Facility uncommitted revolving credit facility was increased from £13m to £16.5m. The variable interest rate being the Bank of England base rate plus a margin of 2.35% (2022: 3.60%).

Included within other creditors is a director's loan of £11,794,329 (2022: £13,053,894). Whilst this has been classified as falling due within one year due to the loan being repayable on demand, the director confirms the loan will not be requested to be repaid within the next twelve months unless the Company has sufficient funds to do so.

Amounts owed to group undertakings are unsecured, interest free with no specific repayment requirements.

11 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Bank loans	1,500,000	1,634,020
Other creditors	12,615,412	15,000,427
	14,115,412	16,634,447

Included in the bank loan is an equipment loan towards the refurbishment of the Distillery over 60 months with a fixed interest rate of 7.49%.

For details of other creditors totalling £12,615,412 (2022: £15,000,427) please refer to note 14.

Amounts repayable after more than 5 years are included in creditors falling due over one year:

	2023	2022
	£	£
Other creditors	12,615,412	15,000,427

BLADNOCH DISTILLERY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

12 Deferred tax

	2023	2022
	£	£
At beginning of the year	-	-
Charged to profit and loss	1,026,868	-
At the end of the year	1,026,868	-

The deferred tax (asset)/liability is made up as follows:

	2023	2022
	£	£
Fixed asset timing differences	1,170,737	-
Short term timing differences	(1,416)	-
Losses	(142,453)	-
	1,026,868	-

	2023	2023
	£	£
Asset	(143,869)	-
Liability	1,170,737	-
	1,026,868	-

13 Called up share capital

	2023	2022
	£	£
Allotted, called up and fully paid		
100 (2022: 100) Ordinary shares of £1 each	100	100

14 Related party transactions

The Company has taken advantage from disclosing related party transactions that are wholly owned within the same group under paragraph 33.1A from the provisions of FRS 102, on the grounds that at 30 June 2023 any subsidiary was wholly owned within the group.

See note 10 for details of related party transactions relating to the director. The loans are unsecured and interest free. The total aggregate director's remuneration for the year was £Nil (2022: £Nil). The director is the only key management personnel of this Company.

Included within Other creditors amounts falling due after more than one year is an unsecured loan of £12,615,412 (2022: £15,000,427) owed to the Prior Family Foundation (PFF). The loan is a 30 year loan with no principal repayments required during the term. Unrealised foreign exchange movement causes the loan balances to move during the financial year. From 10 January 2022 to 30 June 2022, the net interest rate remained effective at 4.33% and from 1 July 2022, the effective interest rate was 7.49%.

BLADNOCH DISTILLERY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

15 Ultimate controlling party

The Company is a wholly owned subsidiary of Pure Scot Pty Ltd. which is a private limited Company registered in Australia which is regarded as the immediate parent company.

The ultimate controlling party is considered to be David Prior, who is the sole director of the Company.