

**Purity Soft Drinks Limited**

**Annual report and financial  
statements**

**Registered number 00358349**

**For the 78 weeks period ended 25  
September 2020**

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## Contents

Strategic report	1
Directors' report	3
Statement of directors' responsibilities in respect of the annual report and the financial statements	4
Independent auditor's report to the members of Purity Soft Drinks Limited	5
Profit and loss account	7
Balance sheet	8
Statement of Changes in Equity	9
Notes	10

## Strategic report

### Principal activities

The principal activity of the Company was that of the manufacture and sale of a wide range of branded soft drinks.

### Business review and future developments

*The period under review reflected 12 months before the outbreak of the Covid 19 pandemic and 6 months of trading during the pandemic. The situation at the start of the pandemic in March 2020 led the Board to decide to defer the financial year end to September 2020 creating a reporting period of 18 months. The Board has also decided to revert to a March financial year end as of March 2021.*

In the 12 months to March 2020 the company's total revenue of its branded products Juiceburst & Firefly was £15,135k representing a 3% reduction compared with the 12 months to March 2019 (excluding revenue in FY19 from a Co-packing contract which the business exited during FY19) mainly as a result of poorer summer weather in 2019 compared to 2018 and the loss of one major customer.

In the 6 months to September 20 revenue was £4,474k, down 44% against the same period last year. The company's order book and volume was dramatically impacted when the first national lock down was announced in March 2020, initially dropping in excess of 80%. The company reacted immediately by furloughing the majority of the workforce, cutting all discretionary expenditure and focusing further on cash management. All of this was made easier by the restructuring exercise carried out at the end of the previous financial year and the group's strong cash position.

As the impact on trading of the Covid 19 pandemic recedes the company's pre-existing business revenue has recovered to pre-pandemic levels and together with some further commercial gains with major customers the company is well placed for the future.

### Principal risks and uncertainties

Loss of any large customer or downward trend in a particular product range is a risk to business performance. The group continued to increase its customer base during the period and reduced its customer concentration levels, which coupled with strong account management mitigates customer risk. The group operates across multiple channels offering a wide variety of product formats to suit a broad range of usage occasions, this ensures the group is not unduly reliant on one particular product range thus mitigating product range risk.

Commodities such as juices and plastics represent a large proportion of the group's input costs, movement in cost of these raw materials represents a risk to the group's trading performance. Commodity prices are relatively stable and, where appropriate, the group has taken the opportunity to book long term supply contracts to lock in pricing and improve budgetary control.

## Strategic report *(continued)*

### Financial risk management objectives and policies

There is some direct foreign currency risk within the group, with approximately 25% of raw materials purchased using foreign currencies. Currency has been purchased on a spot basis as management elected to support a position of continued GBP improvement against the two major currencies required, EUR and USD.

The group has credit risk in the form of its trade debtors, which are credit checked on an on-going basis. Alongside strict credit control procedures, the group holds a trade credit insurance policy that limits any losses that may occur to the level of the insurance excess.

The group has a proactive approach to risk management and regularly reviews its risk register in collaboration with its insurance brokers to ensure appropriate insurance cover is in place and/or steps are taken to mitigate risks that are likely to have a higher possibility of occurrence and/or a greater financial and operational impact on the business.

The group continues to monitor key business performance metrics, such as customer service and customer complaint levels, plant efficiency, staff engagement and staff turnover, profit, cash and margin metrics. These are typically reviewed on a weekly basis to allow for swift corrective action should the need arise. The group is cash generative and cash is available to fund all day to day activities. Cash flow is monitored on a regular basis and financial information, including forward looking information, is reviewed regularly.

The business impact of the EU referendum and the UK's vote to leave at the date of the report has been immaterial on the company. Post January 2020 the company remained in regular contact with regular suppliers and any port delays were managed without any material impact on the company.

### Post balance sheet event

On 22 October 2021, the ultimate parent company JB Drinks Holdings Limited was acquired by Verdane Capital Advisors AS (Aurora Holdco Limited being the new ultimate parent to JB Drinks Holdings).

By order of the board



**SJ Baldwin**  
Director

Douglas House  
Mounts Road  
Wednesbury  
West Midlands  
WS10 0BU

17 December 2021

## Directors' report

The directors present their directors' report and financial statements for the 78 weeks period ended 25 September 2020.

### Directors

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

SJ Baldwin

AEB Wiegman (appointed on 17 March 2021 and resigned on 22 October 21)

J Pitchford (appointed on 17 June 2019, resigned 24 February 2021)

### Dividends

No dividend was paid during the period (*period ended 29 March 2019: £Nil*).

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

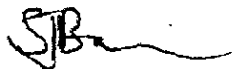
### Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

### Auditor

KPMG LLP will resign as the Company's auditor after completing the audit of this annual report and financial statements. The directors intend to appoint Moore Kingston Smith LLP to fill the casual vacancy created.

By order of the board



**SJ Baldwin**  
Director

Douglas House  
Mounts Road  
Wednesbury  
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17 December 2021

## **Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 of the company and of the profit or loss of the company 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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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## **Independent auditor's report to the members of Purity Soft Drinks Limited**

### **Opinion**

We have audited the financial statements of Purity Soft Drinks Limited ("the company") for the 78 weeks period ended 25 September 2020 which comprise the Profit and loss account, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 25 September 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## **Independent auditor's report to the members of Purity Soft Drinks Limited (continued)**

### **Strategic report and Directors' report**

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Nicola Davies (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
*KPMG LLP*  
*One Snowhill*  
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*Birmingham*  
*B4 6GH*

17 December 2021



**Profit and loss account**  
*for the 78 weeks period ended 25 September 2020*

	Note	78 weeks period ended 25 September 2020			52 weeks period ended 29 March 2019		
		Operations before exceptional costs £	Exceptional Items (note 5) £	Total £	Operations before exceptional costs £	Exceptional items (note 5) £	Total £
Turnover	1,3	19,608,920	-	19,608,920	19,929,291	-	19,929,291
Cost of sales		(13,006,539)	-	(13,006,539)	(14,038,621)	-	(14,038,621)
<b>Gross profit</b>		<b>6,602,381</b>	<b>-</b>	<b>6,602,381</b>	<b>5,890,670</b>	<b>-</b>	<b>5,890,670</b>
Distribution costs		(1,136,786)	-	(1,136,786)	(683,752)	-	(683,752)
Administrative expenses		(5,344,563)	(383,180)	(5,727,743)	(4,614,477)	(563,747)	(5,178,224)
<b>Operating profit / (loss)</b>		<b>121,032</b>	<b>(383,180)</b>	<b>(262,148)</b>	<b>592,441</b>	<b>(563,747)</b>	<b>28,694</b>
Interest payable and similar charges	8	(4,246)	-	(4,246)	(14,538)	-	(14,538)
Interest receivable and similar income	9	123,350	-	123,350	-	-	-
<b>Profit before taxation</b>	4	<b>240,136</b>	<b>(383,180)</b>	<b>(143,044)</b>	<b>577,903</b>	<b>(563,747)</b>	<b>14,156</b>
Tax on profit	10	(147,904)	53,804	(94,100)	(122,665)	107,112	(15,553)
<b>(Loss) / profit for the financial period</b>		<b>92,232</b>	<b>(329,376)</b>	<b>(237,144)</b>	<b>455,238</b>	<b>(456,635)</b>	<b>(1,397)</b>

All of the company's operations are derived from continuing activities.

There were no recognised gains or losses for the current or preceding period, other than the loss as presented above and, therefore, no separate statement of other comprehensive income has been presented.

The notes on pages 10 to 22 form part of these financial statements.

**Balance sheet**  
*at 25 September 2020*

	<i>Note</i>	<b>25 September 2020</b>	<b>29 March 2019</b>
		<b>£</b>	<b>£</b>
<b>Fixed assets</b>			
Intangible assets	<i>11</i>	<b>779,421</b>	1,231,678
Tangible assets	<i>12</i>	<b>2,597,939</b>	3,337,625
		<b>3,377,360</b>	4,569,303
<b>Current assets</b>			
Stocks	<i>13</i>	<b>1,152,557</b>	1,759,376
Debtors ( <i>including £1,113,341 due after more than one year (2019: £nil)</i> )	<i>14</i>	<b>6,929,218</b>	6,780,120
Cash at bank and in hand		<b>2,366,384</b>	1,786,088
		<b>10,448,159</b>	10,325,584
<b>Creditors: Amounts falling due within one year</b>	<i>15</i>	<b>(8,378,459)</b>	(9,586,736)
<b>Net current assets</b>		<b>2,069,700</b>	738,848
<b>Total assets less current liabilities</b>		<b>5,447,060</b>	5,308,151
<b>Provisions for liabilities</b>	<i>16</i>	<b>(140,000)</b>	(53,938)
<b>Net assets</b>		<b>5,307,060</b>	5,254,213
<b>Capital and reserves</b>			
Share capital	<i>17</i>	<b>1,000</b>	1,000
Capital redemption reserve	<i>17</i>	<b>500</b>	500
Profit and loss account		<b>5,305,560</b>	5,252,713
<b>Shareholders' funds</b>		<b>5,307,060</b>	5,254,213

The notes on pages 10 to 22 form part of these financial statements.

These financial statements were approved by the board of directors on 17 December 2021 and were signed on its behalf by:



**SJ Baldwin**  
*Director*

Company registered number: 00358349

**Statement of Changes in Equity**  
*for the 78 weeks period ended 25 September 2020*

	<b>Called up share capital</b>	<b>Capital redemption reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 30 March 2018	1,000	500	5,254,110	5,255,610
<b>Total comprehensive income for the period</b>				
Loss	-	-	(1,397)	(1,397)
Total comprehensive loss for the period	-	-	(1,397)	(1,397)
Balance at 29 March 2019	1,000	500	5,252,713	5,254,213
Balance at 30 March 2019	1,000	500	5,252,713	5,254,213
<b>Total comprehensive income for the period</b>				
Loss	-	-	(237,144)	(237,144)
Total comprehensive loss for the period	-	-	(237,144)	(237,144)
<i>Transactions with owners, recorded directly in equity</i>				
Capital contribution (note 14)	-	-	289,991	289,991
Total contributions by and distributions to owners	-	-	289,991	289,991
<b>Balance at 25 September 2020</b>	<b>1,000</b>	<b>500</b>	<b>5,305,560</b>	<b>5,307,060</b>

The notes on pages 10 to 22 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Purity Soft Drinks Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 00358349 and the registered address is Douglas House, Mounts Road, Wednesbury, West Midlands, WS10 0BU.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling.

The company has changed the accounting period to 25 September 2020 and therefore the financial statements are prepared for 78 weeks period ended 25 September 2020.

The Company's ultimate parent undertaking, JB Drinks Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of JB Drinks Holdings Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period.
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of JB Drinks Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

#### 1.1 Measurement convention

The financial statement are prepared on the historical cost basis.

#### 1.2 Going concern

Notwithstanding a loss for the period then ended of £237,144 for the 78 week period ended 25 September 2020 (52 week period ended 29 March 2019: £1,397), the financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts from the date of approval of these financial statements through to March 2023 which indicate that, taking account of reasonably possible downsides, including a further lockdown in early 2022, the company will have sufficient funds through its working capital management, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's intermediate parent company, JB Drinks Limited and fellow subsidiary Firefly Tonics Limited not seeking repayment of the amounts currently due to the company, which at balance sheet date amounted to £3,785,749. JB Drinks Limited and Firefly Tonics Limited have indicated that they do not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.2 Going concern (continued)

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### 1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### 1.4 Basic 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 instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### 1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Motor vehicles 4 years
- Plant and machinery 10 years
- Fixtures and fittings 5 years

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.5 Tangible fixed assets (continued)

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### 1.6 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

At the acquisition date, the company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

#### 1.7 Intangible assets and goodwill

##### Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

##### Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible asset acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

##### Amortisation

The basis of choosing these useful lives is based on the expected benefit of the trade and assets acquired.

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Development costs      3 years
- Software                      5 years
- Brand                         10 years
- Customer relationships    5 years

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first in first out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity, cost includes an appropriate share of overheads based on normal operating capacity.

#### 1.9 Impairment excluding stocks and deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its 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 reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.10 Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### 1.11 Turnover

Turnover from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and product returns. Turnover represents the invoiced value of goods supplied and is recognised in the profit and loss account when the significant risks and rewards of ownership have been transferred to the external customers in line with contractual arrangements and agreed shipping terms and the amount of revenue can be measured reliably and it is probable that the economic benefit associated with the transaction will flow to the Company.

#### 1.12 Expenses

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### *Interest payable and Interest receivable*

Interest payable and similar charges include interest payable and finance leases recognised in profit or loss using the effective interest method.

Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

#### 1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.



## Notes (continued)

### 1 Accounting policies (continued)

#### 1.13 Taxation (continued)

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

#### 1.14 Government grants

Government grants are recognised when there is reasonable assurance that the Company will comply with the relevant conditions and the grant will be received. Government grants are recognised in the income statement, either on a systematic basis when the Company recognises, as expenses, the related costs that the grants are intended to compensate or, immediately, if the costs have already been incurred. The Company has elected to present grants related to income as a reduction to the related expense line.

### 2 Accounting estimates and judgements

#### Key sources of estimation uncertainty

##### Carrying value of goodwill and intangible assets

The key judgements involved in assessing the carrying value of goodwill and intangible assets include estimation of future cash flows and profitability of the business and the selection of a suitable discount rate.

### 3 Analysis of turnover

	78 weeks period ended 25 September 2020 £	52 weeks period ended 29 March 2019 £
<i>By geographical market</i>		
United Kingdom	19,263,831	16,528,667
Rest of Europe	328,897	3,376,593
Rest of World	16,192	24,031
	<hr/> 19,608,920	<hr/> 19,929,291

There is only one class of business being the manufacture and sale of soft drinks.

### 4 Expenses and auditor's remuneration

	78 weeks period ended 25 September 2020 £	52 weeks period ended 29 March 2019 £
<i>Included in the profit/loss are the following:</i>		
Depreciation	1,020,337	762,604
Amortization	452,257	340,222
<i>Auditor remuneration</i>		
Audit of these financial statements	55,000	36,100

Amounts paid to the company's auditor in respect of services to the company other than the audit of the company's financial statements have not been disclosed as this information is disclosed on a consolidated basis in the accounts of JB Drinks Holdings Limited.

## Notes (continued)

### 5 Exceptional items

	78 weeks period ended 25 September 2020 £	52 weeks period ended 29 March 2019 £
Cost of staff termination and recruitment of senior management	62,346	563,747
Cost of professional services in relation to the ongoing restructure of the group	151,162	-
Cost relating to legal matters	169,672	-
	<u>383,180</u>	<u>563,747</u>

The estimated tax impact of these items is a tax credit of £53,804 (52 weeks period ended 29 March 2019: £107,112).

### 6 Remuneration of directors

	78 weeks period ended 25 September 2020 £	52 weeks period ended 29 March 2019 £
Directors' emoluments	285,750	269,825
Compensation for loss of office for directors	-	255,715
Company contributions to money purchase pension plans	1,974	282
	<u>287,724</u>	<u>525,822</u>

The number of directors who are members of pension schemes are as follows:

Money purchase schemes	1	2
	<u>1</u>	<u>2</u>

Information regarding the highest paid director is as follows:

	£	£
Directors' emoluments	285,750	157,500
Company contributions to money purchase pension plans	1,974	282
	<u>287,724</u>	<u>157,782</u>

## Notes (continued)

### 7 Staff numbers and costs

The average number of persons (including directors) employed during the period, analysed by category, was as follows:

	<b>Number of employees</b>	
	<b>78 weeks period ended</b>	<b>52 weeks period ended</b>
	<b>25 September 2020</b>	<b>29 March 2019</b>
Production and distribution	26	35
Sales	11	15
Administration	13	18
	<hr/>	<hr/>
	<b>50</b>	<b>68</b>
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	<b>£</b>	<b>£</b>
Wages and salaries	2,513,224	2,643,815
Social security costs	306,354	284,968
Pension costs	73,567	55,657
	<hr/>	<hr/>
	<b>2,893,145</b>	<b>2,984,440</b>
	<hr/>	<hr/>

Payroll costs in the period ended 25 September 2020 includes £217,362 credit (2019: £nil) in relation to employees placed on the Furlough under the UK Coronavirus Job Retention Scheme.

### 8 Interest payable and similar charges

	<b>78 weeks period ended</b>	<b>52 weeks period ended</b>
	<b>25 September 2020</b>	<b>29 March 2019</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	4,246	10,512
Finance charges payable in respect of finance leases and hire purchase contracts	-	4,026
	<hr/>	<hr/>
	<b>4,246</b>	<b>14,538</b>
	<hr/>	<hr/>

### 9 Interest receivable and similar income

	<b>78 weeks period ended</b>	<b>52 weeks period ended</b>
	<b>25 September 2020</b>	<b>29 March 2019</b>
	<b>£</b>	<b>£</b>
On loans from other group company	123,350	-
	<hr/>	<hr/>
	<b>123,350</b>	<b>-</b>
	<hr/>	<hr/>

## Notes (continued)

### 10 Taxation

#### Total expense recognised in the profit and loss account

	78 weeks period ended 25 September 2020 £	£	52 weeks period ended 29 March 2019 £	£
<i>Current tax</i>				
Current tax on income for the period	149,880		20,524	
Adjustments in respect of prior periods	(35)		315	
	<hr/>		<hr/>	
Total current tax		149,845		20,839
<i>Deferred tax (see note 16)</i>				
Origination/reversal of timing differences	(62,126)		(5,592)	
Adjustments in respect of prior periods	32		(281)	
Change in tax rate	6,349		587	
	<hr/>		<hr/>	
Total deferred tax		(55,745)		(5,286)
		<hr/>		<hr/>
Tax on loss / profit on ordinary activities		94,100		15,553
		<hr/>		<hr/>

#### Reconciliation of effective tax rate

	78 weeks period ended 25 September 2020 £	52 weeks period ended 29 March 2019 £
Loss for the period	(237,144)	(1,397)
Total tax expense	94,100	15,553
	<hr/>	<hr/>
(Loss) / profit excluding taxation	(143,044)	14,156
	<hr/>	<hr/>
UK corporation tax rate of 19% (52 weeks ended 31 March 2019: 19%)	(27,178)	2,690
<i>Effects of:</i>		
Depreciation on ineligible assets	48,865	39,958
Other fixed assets timing differences	(28,624)	(28,624)
Expenses not deductible for tax purposes	94,691	908
Adjustments to tax charge in respect of previous periods	(3)	34
Reductions in tax rate on deferred tax balances	6,349	587
	<hr/>	<hr/>
Total tax expense included in profit or loss	94,100	15,553
	<hr/>	<hr/>

#### Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The UK deferred tax asset as at 25 September 2020 was calculated at 19% (2019: 17%). An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly and increase the deferred tax asset.

## Notes (continued)

### 11 Intangible fixed assets

	Software cost £	Development cost £	Brand £	Customer relationships £	Goodwill £	Total £
<b>Cost</b>						
At beginning of period	555,704	121,018	879,046	313,736	581,434	2,450,938
Additions	-	-	-	-	-	-
At end of period	555,704	121,018	879,046	313,736	581,434	2,450,938
<b>Amortisation</b>						
At beginning of period	206,757	90,323	388,247	277,133	256,800	1,219,260
Amortisation for period	165,888	30,694	131,857	36,603	87,215	452,257
At end of period	372,645	121,017	520,104	313,736	344,015	1,671,517
<b>Net book value</b>						
At 25 September 2020	183,059	1	358,942	-	237,419	779,421
At 29 March 2019	348,947	30,695	490,799	36,603	324,634	1,231,678

Brand, customer relationships and goodwill are arising on transfer of the trade and asset of fellow group company, Firefly Tonics Limited.

### 12 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At beginning of period	7,862,077	907,024	87,981	8,857,082
Additions	190,493	102,408	-	292,901
Disposals	-	-	(21,000)	(21,000)
At end of period	8,052,570	1,009,432	66,981	9,128,983
<b>Depreciation</b>				
At beginning of period	4,718,398	762,316	38,743	5,519,457
Charge for period	890,626	103,530	26,181	1,020,337
Disposals	-	-	(8,750)	(8,750)
At end of period	5,609,024	865,846	56,174	6,531,044
<b>Net book value</b>				
At 25 September 2020	2,443,546	143,586	10,807	2,597,939
At 29 March 2019	3,143,679	144,708	49,238	3,337,625

## Notes (continued)

### 13 Stocks

	2020 £	2019 £
Raw materials	547,558	930,520
Finished goods	604,999	828,856
	<u>1,152,557</u>	<u>1,759,376</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the period amounted to £11,846,000 (2019: £12,269,399). The write-down of stocks to net realisable value amounted to £285,200 (2019: £470,001). The write-down is included in cost of sales.

### 14 Debtors

	2020 £	2019 £
Trade debtors	2,434,591	2,239,165
Amounts owed by group undertakings	4,228,708	4,271,467
Other debtors	34,045	68,543
Prepayments	230,067	200,945
Deferred tax assets (note 16)	1,807	-
	<u>6,929,218</u>	<u>6,780,120</u>
Due within one year	5,815,877	6,780,120
Due after more than one year	1,113,341	-
	<u>6,929,218</u>	<u>6,780,120</u>

During the year the company acquired a distressed loan receivable due after more than one year from a parent company, JB Drinks Limited. This is due to be received in April 2022 and has an effective interest rate of 10.16%. Subsequently, the ultimate parent company of the group restructured a loan due from JB Drinks Limited, waving a significant amount of the loan due. As a result of this restructure, the expected cash flows receivable under the loan from JB Drinks Limited increased. The increase was recognised as a capital contribution of £289,991.

### 15 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	2,137,500	3,293,266
Amounts owed to group undertakings	3,785,749	4,185,841
Corporation tax	149,880	20,524
Corporation tax – group relief	304,963	284,047
Social security and other taxes	802,449	378,470
Accruals	1,197,918	1,424,588
	<u>8,378,459</u>	<u>9,586,736</u>

## Notes (continued)

### 16 Provisions for liabilities

	<b>Deferred tax liability / (assets) £</b>	<b>Other £</b>
At beginning of period	53,938	-
Provision made during the period	-	140,000
Credit to profit and loss account during the year (see note 10)	(55,745)	-
<b>At end of period</b>	<b>(1,807)</b>	<b>140,000</b>

The elements of deferred taxation are as follows:

	<b>2020 £</b>	<b>2019 £</b>
Fixed asset timing differences	<b>204,507</b>	260,465
Losses	<b>(206,314)</b>	(206,527)
<b>Deferred tax (assets) / liability at end of period</b>	<b>(1,807)</b>	53,938

The other provision relates to ongoing legal matters. Further disclosure has not been provided as the directors consider this to be prejudicial to the legal matters.

### 17 Called up share capital and reserves

	<b>2020 £</b>	<b>2019 £</b>
<i>Allotted, issued and fully paid</i>		
4,000 "A" ordinary shares of 25p each	<b>1,000</b>	1,000

	<b>Capital redemption reserve £</b>
At beginning and end of period	<b>500</b>

## Notes (continued)

### 18 Related party disclosures

Rooney Anand is a director of JB Drinks Holdings Limited and WM Morrison Supermarket PLC, a company registered in England. During the period, the company made sales of £240,868 (2019: £nil) to WM Morrison Supermarket PLC. At 25 September 2020, £19,693 (2019: £nil) was owed by WM Morrison Supermarket PLC.

Sarah Baldwin is a director of The British Soft Drinks Association Limited, both companies are registered in England. During the period, the company made purchases of £8,997 (2019: £9,077) from The British Soft Drinks Association Limited. At 25 September 2020, £Nil (2019: £Nil) was owed to The British Soft Drinks Association Limited.

Langholm Capital 2008 LLP is the majority shareholder of the company. During the period, the group paid Langholm Capital 2008 LLP for consultancy services and to reimburse certain expenses amounting to £22,877 (2019: £20,653). At 25 September 2020, £nil was outstanding (2019: £nil) to Langholm Capital 2008 LLP.

### 19 Commitments

- (a) There are no capital commitments during the period (2019: £nil).
- (b) There are no operating lease rentals commitments at end of the period (2019: £38,084).

### 20 Contingent liabilities

There are no contingent liabilities in the group during the period.

### 21 Ultimate controlling party

The company's immediate parent company is Juiceburst Limited and ultimate parent undertaking is JB Drinks Holdings Limited. Both companies are registered in England and Wales.

The directors consider the ultimate controlling party to be Langholm Capital 2008 LLP, by virtue of their majority shareholding in JB Drinks Holdings Limited.

### 22 Post balance sheet event

On 22 October 2021, the ultimate parent company JB Drinks Holdings Limited was acquired by Verdane Capital Advisors AS (Aurora Holdco Limited being the new ultimate parent to JB Drinks Holdings).