

Company registration number 08651758 (England and Wales)

NORTHERN MONK BREWING CO. LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

NORTHERN MONK BREWING CO. LTD

COMPANY INFORMATION

Directors	R A Bisset B R Dickson J T Cargo	(Appointed 20 July 2023)
Company number	08651758	
Registered office	The Old Flax Store Marshalls Mills Marshall Street Leeds West Yorkshire LS11 9YJ	
Auditor	BHP LLP New Chartford House Centurion Way Cleckheaton Bradford West Yorkshire BD19 3QB	
Business address	The Old Flax Store Marshalls Mills Marshall Street Leeds West Yorkshire LS11 9YJ	

NORTHERN MONK BREWING CO. LTD

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NORTHERN MONK BREWING CO. LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present the strategic report for the year ended 31 August 2022.

Fair review of the business

Turnover for the year ended 31 August 2022 was £12,937,012 (2021: £10,804,448), representing top line growth of 20%. Once again, despite significant headwinds, including a CO2 shortage, Omnicron and continued supply disruptions, the team has done an incredible job to deliver sustained growth which saw us ranked as the fastest growing beer business in the UK (Alantra award).

This growth was enabled by bringing strategy focus to two key growth areas that will be fundamental to our ability to continue this growth in future years: The Faith Family & Non Alcoholic beers. One of the big focuses in this financial year was accelerating the growth of Faith, and it's family brands we launched in January 2022: A Little Faith, and Holy Faith. This has allowed us to focus investment and resources behind one of the fastest growing brands in the UK, delivering top line growth while bringing efficiency to our portfolio and production costs. In 2021/22 Financial year, we grew the Faith Family 21%, meaning it now accounts for 47% of our overall volumes, and A Little Faith will become our best selling on trade brand by Q2 2023. Holy Faith was our first major play in the fastest growing category in the UK, non-alcoholic beer. Within 3 months of launch, Holy Faith won 650 grocery distribution points, doubling it's rate of sale within 3 months of listing, and in 2022 Holy Faith became our 3rd best-selling beer on our e-commerce channel.

While we're proud of the growth we continue to achieve year over year, there is no doubt that the story of the 2021/22 Financial Year was costs and operational efficiency. We completed our largest ever brewery expansion project in November 2021, a £3.7M investment over this & the prior financial year in capabilities & capacity in the brewery that enabled production scale and efficiency previously not available to us. This was crucial as over the period of 14 months, the input costs to make a 4 pack of Faith increased 25%. After the previous financial year closing, we knew we needed to make cost and EBITDA a focus to ensure a healthy sustainable business, and this was only exacerbated with the unprecedented input cost increases our industry faced.

While the 2021/22 Financial loss closed at (£1.8M), vs. LY (£1.7M), looking at the trend across the year, we've been able to offset the cost increases and actually maintain both margin and net profitability throughout the year. With the expansion works complete, leveraging the delivered capabilities, in January 2022 we cascaded our first cost & efficiency targets. Taking the achievement on these measures for the last 3 months of the financial year and applying them to the full 2021/22 Financial Year equates to an annualised EBITDA improvement of £675k. The team has embraced this mindset in full and have done some outstanding work to drive these improvements for the brewery. For the 2022/23 Financial year we have stretched these targets further and we know the team will once again deliver.

It's been another year of unprecedented challenges, but once again the team is adapting and delivering some industry leading results. We look forward to continuing this progress in the 2022/23 Financial Year and continue our plan to be one of the fastest growing breweries in the UK, while having a clear focus on costs to ensure a sustainable bottom line.

NORTHERN MONK BREWING CO. LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Principal risks and uncertainties

The directors of the business closely monitor the risks and uncertainties of the business, and build plans to mitigate those risks. The principal risks of the business are financial risks (financial market & liquidity risks) and operational risks (supply chain, business continuity, reputational, compliance and cyber risk).

Financial Risks

Market & Economic

Market and economic risk are managed by expansion of the business within existing and new key market channels to help mitigate risk.

Liquidity

In order to assess the going concern position of the Company, the Directors have produced forecasts and cashflows covering the period to 31 August 2024. These forecasts show the Company becoming profitable at an EBITDA level by 31 August 2024 and trading within existing facilities during this period. The Company currently has a CID facility, bank overdraft, CBILs loan, convertible loan notes along with finance leases secured on the assets to which they relate.

The key assumptions underpinning the forecasts are as follows :

- Significant increase in sales volumes as a result of new contracts won since the last financial year end with major retailers. Management are confident that these contracts will contribute a significant increase in sales over the period to 31 August 2024 but acknowledge that the current economic environment, and macro-economic factors affecting the retail sector out of the control of the company could have an impact on these.
- Significant gross margin increases, driven through ongoing productivity programmes which are part of a continuous improvement programme. During the last financial year end many of these efficiencies have been achieved, including a significant reduction in Yeast and CO2 usage and the overall yield from production is continuing to improve and these rates are assumed in the forecast. The Directors believe that further production efficiencies be achieved by improved Hop and Malt usage.

Northern Monk is a high-growth business and, as is common with growth-stage businesses, it is not yet profitable and is funded by private equity. The key backer has repeatedly funded the business over the last 5yrs and has indicated every intention to continue to do so, because Northern Monk continues to grow well and in-line with their aims for it.

In making these assumptions, the directors acknowledge that in the current uncertain economic climate together with the sensitivity of these assumptions on the forecast headroom, they acknowledge that if forecasts are not met the company will require further funding which has not yet been committed. Therefore, in the directors' opinion this represents a material uncertainty which may cast doubt on the Company's ability to continue as a going concern.

NORTHERN MONK BREWING CO. LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Non-Financial

Supply Chain

Northern Monk is affected by the economies in the territories that it operates. Supply chain risks are managed by maintaining close relationships with all our suppliers to enable us to identify supply chain problems together with securing alternative supply chain partners where possible or required to help mitigate supply chain risk.

Cyber risks & IT system failure

Cyber and IT System risks are managed by controls & safeguards put in place by IT team together with cyber risk insurance in the event we are not able to prevent a cyber event.

Reputational/brand

Northern Monk has made investment in quality control including laboratory facilities to ensure we produce beer of the highest quality of standard which align with the standards expected from both ourselves and that of our customers. Investment has been made in our brewery production facility which together with the undertaking of timely scheduled preventative maintenance combines to create an infrastructure for the business to service existing and new customer demand.

Regulation Compliance

Compliance with regulations is monitored by our team and investment is made in our infrastructure to ensure Northern Monk maintains full compliance in all areas of the business.

Staff turnover

Exposure to staff turnover is managed by investment in our people including providing training and progression opportunities. Northern Monk's culture has clearly defined employee values and behaviours which are closely aligned to our strategic objectives which includes diversity and inclusion within our workforce.

Key performance indicators

The company's key performance indicators during the year were as follows:

	Unit	2022	2021
Turnover	£(M)	12.9	10.8
Turnover growth	%	19.8	29.8
EBITDA	£(K)	(1,284)	(396)
GP%	%	17.3	17.9
Cash at bank	£(K)	273	527

On behalf of the board

R A Bisset
Director

15 August 2023

NORTHERN MONK BREWING CO. LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present their annual report and financial statements for the year ended 31 August 2022.

Principal activities

Northern Monk designs and creates premium, highest quality beer and near beer products and experiences. Born of the North, together we create the best beer and near beer experiences in the world, growing in stature as we grow in scale.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R A Bisset

B R Dickson

T D Profumo

J T Cargo

(Resigned 17 April 2023)

(Appointed 20 July 2023)

Post reporting date events

To assist with the working capital requirements of the company, in March 2023 further Investor funding was received by way of convertible loans of £1.16m.

Auditor

BHP LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

R A Bisset

Director

15 August 2023

NORTHERN MONK BREWING CO. LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors are responsible for preparing the annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NORTHERN MONK BREWING CO. LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NORTHERN MONK BREWING CO. LTD

Opinion

We have audited the financial statements of Northern Monk Brewing Co. Ltd (the 'company') for the year ended 31 August 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to Note 1.2 in the financial statement which indicates that the company is reliant on achieving significant increases in sales and gross profit margin over the forecast period to remain within the existing debt facilities.

A material uncertainty exists as a failure to achieve these forecasted increases in sales and gross margin would mean the Company would require further funding which has not yet been secured.

As stated in Note 1.2, these events, or conditions along with other matters as set out in the note indicated a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in the matter.

In auditing the financial statements, we have concluded that the sectors use of the going basis of accounting in the preparation of the financial statements is appropriate.

Conclusions relating to going concern

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

NORTHERN MONK BREWING CO. LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NORTHERN MONK BREWING CO. LTD

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations, relevant to the company, which could give rise to a material misstatement in the financial statements. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management, review of company minutes and legal expenses. There are inherent limitations in the audit procedures described and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

As part of our audit, we addressed the risk of management override of internal controls, including testing of journals and review of nominal ledger. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

NORTHERN MONK BREWING CO. LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NORTHERN MONK BREWING CO. LTD

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Jamie Williams
Senior Statutory Auditor
For and on behalf of BHP LLP

15 August 2023

Chartered Accountants
Statutory Auditor

New Chartford House
Centurion Way
Cleckheaton
Bradford
West Yorkshire
BD19 3QB

NORTHERN MONK BREWING CO. LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	2021 £
Turnover	3	12,937,012	10,804,448
Cost of sales		(10,700,140)	(8,868,607)
Gross profit		2,236,872	1,935,841
Administrative expenses		(4,418,921)	(3,212,998)
Other operating income		10,629	164,768
Operating loss	4	(2,171,420)	(1,112,389)
Interest receivable and similar income	7	153	56
Interest payable and similar expenses	8	(334,708)	(56,388)
Loss before taxation		(2,505,975)	(1,168,721)
Tax on loss	9	680,127	(563,648)
Loss for the financial year		(1,825,848)	(1,732,369)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

NORTHERN MONK BREWING CO. LTD

BALANCE SHEET

AS AT 31 AUGUST 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10	5,156,131		5,263,916	
Current assets					
Stocks	11	1,416,043		1,332,695	
Debtors	12	1,915,698		1,373,777	
Cash at bank and in hand		272,606		527,296	
		<u>3,604,347</u>		<u>3,233,768</u>	
Creditors: amounts falling due within one year	13	<u>(3,226,646)</u>		<u>(2,802,337)</u>	
Net current assets			377,701		431,431
Total assets less current liabilities			<u>5,533,832</u>		<u>5,695,347</u>
Creditors: amounts falling due after more than one year	14		(3,813,632)		(1,471,299)
Provisions for liabilities					
Deferred tax liability	18	-		678,000	
		<u>-</u>		<u>678,000</u>	
Net assets			<u>1,720,200</u>		<u>3,546,048</u>
Capital and reserves					
Called up share capital	20		273		273
Share premium account			5,070,038		5,070,038
Profit and loss reserves			<u>(3,350,111)</u>		<u>(1,524,263)</u>
Total equity			<u>1,720,200</u>		<u>3,546,048</u>

The financial statements were approved by the board of directors and authorised for issue on 15 August 2023 and are signed on its behalf by:

R A Bisset
Director

Company Registration No. 08651758

NORTHERN MONK BREWING CO. LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 September 2020		258	3,826,622	208,106	4,034,986
Year ended 31 August 2021:					
Loss and total comprehensive income for the year		-	-	(1,732,369)	(1,732,369)
Issue of share capital	20	15	1,243,416	-	1,243,431
Balance at 31 August 2021		273	5,070,038	(1,524,263)	3,546,048
Year ended 31 August 2022:					
Loss and total comprehensive income for the year		-	-	(1,825,848)	(1,825,848)
Balance at 31 August 2022		273	5,070,038	(3,350,111)	1,720,200

NORTHERN MONK BREWING CO. LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash absorbed by operations	25	(1,482,678)	(142,116)
Interest paid		(334,708)	(56,388)
Income taxes refunded		47,497	13,982
Net cash outflow from operating activities		(1,769,889)	(184,522)
Investing activities			
Purchase of tangible fixed assets		(779,460)	(3,411,111)
Proceeds from disposal of tangible fixed assets		-	99,998
Interest received		153	56
Net cash used in investing activities		(779,307)	(3,311,057)
Financing activities			
Proceeds from issue of shares		-	1,243,431
Issue of convertible loans		1,919,916	-
Proceeds from borrowings		159,332	-
Proceeds from new bank loans		987,273	600,000
Repayment of bank loans		(427,422)	(56,799)
Payment of finance leases obligations		(40,971)	(13,949)
Net cash generated from financing activities		2,598,128	1,772,683
Net increase/(decrease) in cash and cash equivalents		48,932	(1,722,896)
Cash and cash equivalents at beginning of year		223,660	1,946,556
Cash and cash equivalents at end of year		272,592	223,660
Relating to:			
Cash at bank and in hand		272,606	527,296
Bank overdrafts included in creditors payable within one year		(14)	(303,636)

NORTHERN MONK BREWING CO. LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

Company information

Northern Monk Brewing Co. Ltd is a private company limited by shares incorporated in England and Wales. The registered office is The Old Flax Store, Marshall's Mills, Marshall Street, Leeds, West Yorkshire, LS11 9YJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

In order to assess the going concern position of the Company, the Directors have produced forecasts and cashflows covering the period to 31 August 2024. These forecasts show the Company becoming profitable at an EBITDA level by 31 August 2024 and trading within existing facilities during this period. The Company currently has a CID facility, bank overdraft, CBILs loan, convertible loan notes along with finance leases secured on the assets to which they relate.

The key assumptions underpinning the forecasts are as follows :

- Significant increase in sales volumes as a result of new contracts won since the last financial year end with major retailers. Management are confident that these contracts will contribute a significant increase in sales over the period to 31 August 2024 but acknowledge that the current economic environment, and macro-economic factors affecting the retail sector out of the control of the company could have an impact on these.
- Significant gross margin increases, driven through ongoing productivity programmes which are part of a continuous improvement programme. During the last financial year end many of these efficiencies have been achieved, including a significant reduction in Yeast and CO2 usage and the overall yield from production is continuing to improve and these rates are assumed in the forecast. The Directors believe that further production efficiencies be achieved by improved Hop and Malt usage.

Northern Monk is a high-growth business and, as is common with growth-stage businesses, it is not yet profitable and is funded by private equity. The key backer has repeatedly funded the business over the last 5yrs and has indicated every intention to continue to do so, because Northern Monk continues to grow well and in-line with their aims for it.

In making these assumptions, the directors acknowledge that in the current uncertain economic climate together with the sensitivity of these assumptions on the forecast headroom, they acknowledge that if forecasts are not met the company will require further funding which has not yet been committed. Therefore, in the directors' opinion this represents a material uncertainty which may cast doubt on the Company's ability to continue as a going concern.

1.3 Turnover

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

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

NORTHERN MONK BREWING CO. LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

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

1.4 Tangible fixed assets

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

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

Leasehold improvements	In accordance with the lease term
Plant and machinery	10% to 25% straight line basis
Fixtures, fittings & equipment	25% straight line basis
Computer equipment	25% straight line basis
Motor vehicles	25% straight line basis

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

1.5 Impairment of fixed assets

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

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

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

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

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

NORTHERN MONK BREWING CO. LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

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

1.7 Cash and cash equivalents

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

1.8 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit or loss.

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 profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

NORTHERN MONK BREWING CO. LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Compound instruments

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

1.10 Equity instruments

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

1.11 Taxation

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

NORTHERN MONK BREWING CO. LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

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

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

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

NORTHERN MONK BREWING CO. LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

1.15 Government grants

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

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

Grants received in relation to the government Coronavirus Job Retention Scheme (Furlough) have been recognised within other operating income. The grant is accounted for on the accruals basis once the related payroll return has been submitted.

Support received in relation to the interest paid by the UK government under the Coronavirus Business Interruption Loan Scheme is recognised within other operating income on the accruals basis to match the corresponding expense.

1.16 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation

There is an element of estimation uncertainty in the depreciation rates chosen by the directors. These rates are chosen using the expertise and prior knowledge of the directors, and are reviewed each year to ensure the useful economic life of assets are correctly reflected.

NORTHERN MONK BREWING CO. LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Sale of goods	12,937,012	10,804,448
	<u>12,937,012</u>	<u>10,804,448</u>
	2022 £	2021 £
Turnover analysed by geographical market		
Sales (UK)	12,133,044	10,060,486
Sales (Rest of World)	803,968	743,962
	<u>12,937,012</u>	<u>10,804,448</u>
	2022 £	2021 £
Other revenue		
Interest income	153	56
Grants received	-	132,882
	<u>-</u>	<u>132,882</u>

4 Operating loss

	2022 £	2021 £
Operating loss for the year is stated after charging/(crediting):		
Government grants	-	(132,882)
Fees payable to the company's auditor for the audit of the company's financial statements	14,750	10,500
Depreciation of owned tangible fixed assets	749,719	525,724
Depreciation of tangible fixed assets held under finance leases	137,526	70,527
(Profit)/loss on disposal of tangible fixed assets	-	119,657
Operating lease charges	355,145	291,319
	<u>355,145</u>	<u>291,319</u>

5 Employees

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

	2022 Number	2021 Number
Production	88	75
Admin	9	9
	<u>97</u>	<u>84</u>
Total	97	84

NORTHERN MONK BREWING CO. LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

5 Employees (Continued)

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	2,697,157	1,954,774
Social security costs	250,839	175,757
Pension costs	50,318	35,171
	<u>2,998,314</u>	<u>2,165,702</u>

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	122,500	135,066
Company pension contributions to defined contribution schemes	1,858	2,351
	<u>124,358</u>	<u>137,417</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 2).

7 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	153	56
	<u>153</u>	<u>56</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	153	56
	<u>153</u>	<u>56</u>

8 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	96,722	46,855
Other finance costs:		
Interest on finance leases and hire purchase contracts	13,577	3,626
Other interest	224,409	5,907
	<u>334,708</u>	<u>56,388</u>

NORTHERN MONK BREWING CO. LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

9 Taxation

	2022 £	2021 £
Current tax		
Adjustments in respect of prior periods	(2,127)	(59,352)
Deferred tax		
Origination and reversal of timing differences	(678,000)	623,000
Total tax (credit)/charge	(680,127)	563,648

The actual (credit)/charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Loss before taxation	(2,505,975)	(1,168,721)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(476,135)	(222,057)
Tax effect of expenses that are not deductible in determining taxable profit	8,456	3,793
Change in unrecognised deferred tax assets	(103,917)	926,433
Permanent capital allowances in excess of depreciation	31,376	(36,241)
Research and development tax credit	-	(3,000)
Remeasurement of deferred tax for changes in tax rates	(137,780)	(45,928)
Adjustments to tax charge in respect of previous periods - deferred tax	(2,127)	(59,352)
Taxation (credit)/charge for the year	(680,127)	563,648

NORTHERN MONK BREWING CO. LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

10 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 2021	771,326	5,593,176	389,212	100,400	38,770	6,892,884
Additions	345,159	377,279	39,627	17,395	-	779,460
At 31 August 2022	1,116,485	5,970,455	428,839	117,795	38,770	7,672,344
Depreciation and impairment						
At 1 September 2021	237,182	1,064,396	275,949	32,237	19,204	1,628,968
Depreciation charged in the year	182,027	585,136	89,580	24,061	6,441	887,245
At 31 August 2022	419,209	1,649,532	365,529	56,298	25,645	2,516,213
Carrying amount						
At 31 August 2022	697,276	4,320,923	63,310	61,497	13,125	5,156,131
At 31 August 2021	534,144	4,528,780	113,263	68,163	19,566	5,263,916

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022 £	2021 £
Plant and machinery	1,173,173	1,298,770

11 Stocks

	2022 £	2021 £
Finished goods and goods for resale	1,416,043	1,332,695

12 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	1,699,112	1,182,289
Corporation tax recoverable	-	45,370
Other debtors	36,508	37,562
Prepayments and accrued income	180,078	108,556
	1,915,698	1,373,777

NORTHERN MONK BREWING CO. LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

13 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	15	505,878	566,670
Obligations under finance leases	16	54,472	50,965
Trade creditors		1,066,067	1,093,668
Taxation and social security		630,961	275,249
Other creditors		301,248	179,461
Accruals and deferred income		668,020	636,324
		<u>3,226,646</u>	<u>2,802,337</u>

Creditors falling due within one year of £360,335 (2021 - £163,999) are secured by fixed charges over the assets they relate to.

14 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Convertible loans	17	1,919,916	-
Bank loans and overdrafts	15	1,508,188	1,191,167
Obligations under finance leases	16	145,800	190,278
Other borrowings	15	159,332	-
Other creditors		80,396	89,854
		<u>3,813,632</u>	<u>1,471,299</u>

Creditors falling due in more than one year of £1,102,968 (2021 - £631,445) are secured by fixed charges over the assets they relate to.

NORTHERN MONK BREWING CO. LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

15 Loans and overdrafts

	2022 £	2021 £
Bank loans	2,014,052	1,454,201
Bank overdrafts	14	303,636
Other loans	159,332	-
	<u>2,173,398</u>	<u>1,757,837</u>
Payable within one year	505,878	566,670
Payable after one year	<u>1,667,520</u>	<u>1,191,167</u>

Included within bank loans is a government-backed Coronavirus Business Interruption Loan of £751,020 (2021 - £900,000) which is subject to interest of 3.99% per annum over Bank of England base rate, and is repayable in monthly instalments until June 2026. Also included within bank loans are two HP agreements of £1,263,031 (2021 - £554,201).

Included in other loans, are Long term director and shareholder loans.

16 Finance lease obligations

	2022 £	2021 £
Future minimum lease payments due under finance leases:		
Within one year	54,472	50,965
In two to five years	145,800	190,278
	<u>200,272</u>	<u>241,243</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

NORTHERN MONK BREWING CO. LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

17 Convertible loan notes

	2022 £	2021 £
Liability component of convertible loan notes	1,919,916	-

The net proceeds received from the issue of the convertible loan notes has all been recognised as a financial liability.

The liability component is measured at amortised cost, and the difference between the carrying amount of the liability at the date of issue and the amount reported in the Balance Sheet represents the effective interest rate less interest paid to that date.

The effective rate of interest is 20%.

18 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Accelerated capital allowances	-	678,000
Movements in the year:		2022 £
Liability at 1 September 2021		678,000
Credit to profit or loss		(678,000)
Liability at 31 August 2022		-

Deferred tax is not recognised in respect of tax losses of £6,375,914 as it is not probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

NORTHERN MONK BREWING CO. LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

19 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	50,318	35,171

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The closing liability payable in respect of defined contribution schemes is £12,599 (2021 - £8,681).

20 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
A Ordinary Shares of 0.001p each	17,494,124	17,494,124	175	175
B Investment Shares of 0.001p each	1,165,328	1,165,328	12	12
	<u>18,659,452</u>	<u>18,659,452</u>	<u>187</u>	<u>187</u>
Preference share capital				
Issued and fully paid				
Preferred A of 0.001p each	<u>8,612,056</u>	<u>8,612,056</u>	<u>86</u>	<u>86</u>
Preference shares classified as equity			<u>86</u>	<u>86</u>
Total equity share capital			<u>273</u>	<u>273</u>

A Ordinary shares

Carry the right to a vote, right to a dividend, a right to participate on a return of capital pro-rata and pari-passu with B Investment shares and Preferred A shares. Not redeemable.

B Investment shares

No right to vote, right to a dividend, right to participate on a return of capital pro-rata and pari-passu with A Ordinary shares and A Preferred shares. Not redeemable.

A Preferred shares

Carry the right to a vote, right to a dividend, a right to participate on a return of capital pro-rata and pari-passu with B Investment shares and A Ordinary shares. Not redeemable.

NORTHERN MONK BREWING CO. LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	247,926	290,203
Between two and five years	356,232	544,407
In over five years	-	34,583
	<u>604,158</u>	<u>869,193</u>

22 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2022 £	2021 £
Acquisition of tangible fixed assets	-	226,601
	<u>-</u>	<u>226,601</u>

23 Events after the reporting date

In March 2023 further Investor funding was received by way of convertible loans of £1.16m.

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	287,601	259,957
	<u>287,601</u>	<u>259,957</u>

Transactions with related parties

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

The following amounts were outstanding at the reporting end date:

	2022 £	2021 £
Amounts due to related parties		
Key management personnel	159,333	-
Other related parties	1,683,164	-
	<u>1,842,497</u>	<u>-</u>

NORTHERN MONK BREWING CO. LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

25 Cash absorbed by operations

	2022 £	2021 £
Loss for the year after tax	(1,825,848)	(1,732,369)
Adjustments for:		
Taxation (credited)/charged	(680,127)	563,648
Finance costs	334,708	56,388
Investment income	(153)	(56)
(Gain)/loss on disposal of tangible fixed assets	-	119,657
Depreciation and impairment of tangible fixed assets	887,245	596,251
Movements in working capital:		
Increase in stocks	(83,348)	(440,193)
(Increase)/decrease in debtors	(587,291)	400,605
Increase in creditors	472,136	293,953
Cash absorbed by operations	(1,482,678)	(142,116)

26 Analysis of changes in net debt

	1 September 2021 £	Cash flows 31 August 2022 £	
Cash at bank and in hand	527,296	(254,690)	272,606
Bank overdrafts	(303,636)	303,622	(14)
	223,660	48,932	272,592
Borrowings excluding overdrafts	(1,454,201)	(719,183)	(2,173,384)
Obligations under finance leases	(241,243)	40,971	(200,272)
Convertible loan notes	-	(1,919,916)	(1,919,916)
	(1,471,784)	(2,549,196)	(4,020,980)

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.