RENEGADE SPIRITS

WATERFORD

DISTILLERY

Renegade Spirits Ireland Limited

Financial statements for the year ended 31 December 2019

Registered number: 09102027

Strategic Report
For the year ended 31 December 2019

Introduction

Renegade Spirits Ireland Limited acts as the holding company for its Irish operation which is the distillation of Irish malt whiskey. The following presents the Strategic Report of the group for the year ended 31 December 2019.

Business review

During the year the group continued its distillation program producing 938,523 litres of new whiskey spirit. The malted barley used continued to be purchased from Minch Malt under our long term supply agreement which provides us with full traceability from 35 individual farms through to cask. Our spirit is stored in exceptional quality oak casks and warehoused under our long term bulk storage agreement with Stafford Bonded Storage at their purpose-built facilities at Ballygarran which provides an ideal environment for the maturation of our whiskey stocks.

On 11 April 2019 the group undertook the third and final completion share placement to the Business Growth Fund of 25,000 ordinary shares for a total cash consideration of £750,000 in addition to the issue of a €877,500 Loan Note. On 31 July the group secured a €20m asset based lending facility from PNC Business Credit which can be increased by increments of €5m to a maximum of €40m which meets the group's ongoing working capital and allowed the group to repay its Ulster Bank revolving credit facility which would have expired in April 2020.

During the year the group has developed its brand, unique bottle design and packaging ready for the proposed sales launch in 2020 and undertaken discussions with distributors to assist the international sales effort.

Principal risks and uncertainties

The directors are responsible for the group's system of internal controls and for reviewing its effectiveness. The internal control system is designed to manage, rather than eliminate the risk of failure to achieve the group's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The directors do not consider that the group is currently significantly exposed to fraud risk or credit risk. The directors believe the group may be exposed to interest rate risk on its bank borrowings and also to foreign currency risk on it bank balances denominated in foreign currencies. The board continuously monitors its exposure to these risks and takes appropriate action where it is considered necessary to do so.

The principal challenge facing the group is the development of its product brand in the forthcoming years, in order to ensure that the investments made in the distillery facility, its supply chain for raw materials, and its stocks are exploited profitably. In the first half of 2020, the outbreak of Covid-19 spread throughout the World. The initial impact of this has been severe and has resulted in a significant worldwide slowdown in economic activity. In Ireland, the economic impact of this pandemic has been characterised by the temporary closure of many businesses in "non-essential" areas to ensure that people's movements are restricted in order to slow down the spread of the virus. The effect of the restrictions and slowdown in economic activity resulting from Covid-19 presents challenges to the group, and the ultimate impact cannot be fully quantified at the time of approving the financial statements. As a result, the directors consider the implications of the Covid-19 pandemic to be a significant uncertainty at the time of approving the financial statements.

Although the effects cannot be fully determined, the directors believe that the main risks associated with Covid-19 are as follows;

- the continued slowdown in economic activity will result in the deferral of the group's branding and marketing activity and possibly the anticipated release of its product onto the market in due course;
- any further restrictions in movement of goods, people and services could impact the group's supply chain and employees, resulting in reduced capacity in the group's operating facility and ultimately in the levels of inventory available going forward;
- a potential reduction in economic activity following the recommencement of trading which may result in reduced consumer spending and demand for the group's products

The board continuously monitors its exposure to these risks and, guided by appropriate health and safety advice and best practice, will take appropriate steps as available.

Post balance sheet events

As noted above in the Principal Risks and uncertainties section, the directors note the impact of the spread of Covid-19 in early 2020 and the risks associated to the business from this. The directors do not consider that this results in any adjustment to the financial statements presented for 2019, having considered the impact on the total market value of the group's bulk stocks, the carrying value of the group's plant and equipment and its ability to continue to operate throughout the going concern assessment period of twelve months from the date of approval of the financial statements. In the light of the group's existing cash resources, including its undrawn facility of €7.7 million, and net assets of €15.5 million, the directors are satisfied that the group operates in its normal course of business and accordingly the financial statements are prepared on a going concern basis.

The directors are not expecting to make any significant changes in the nature of the business in the near future. At the time of approving the financial statements, the group is aware of the risks noted above and in planning its future activities, the directors will seek to develop the group's activities whilst managing the effects of the difficult trading period caused by this outbreak.

Strategic Report
For the year ended 31 December 2019

Key performance indicators

The operational and financial performance of the group is assessed on a monthly basis against the business plan and monthly forecast targets.

Future developments

During the current year the group will continue to distil approximately 1m litres of bulk whiskey spirit and launch the long awaited Waterford Distillery whiskey onto the market in the summer of 2020.

This report was approved by the Board of Directors on 23 April 2020 and is signed on its behalf by

J.P.A.Adams
2 Babmaes Street
London SW1Y 6HD

Directors' report

For the year ended 31 December 2019

The directors present their report and financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report and 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 the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 group and of the profit or loss of the group 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;
- state whether applicable United Kingdom Accounting Standards, including FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results for the year

The group's loss for the year after taxation was €(1,255,004) (2018 – loss €802,076). The directors do not propose the payment of dividends.

Directors' report
For the year ended 31 December 2019

Going concern
The directors note the impact of the spread of Covid-19 in early 2020 and the risks associated to the business from this. The directors do not consider that this results in any adjustment to the financial statements presented for 2019, having considered the impact on the total market value of the group's bulk stocks and its ability to continue to operate throughout the going concern assessment period of twelve months from the date of approval of the financial statements. In the light of the group's existing cash resources, including its undrawn facility of €7.7 million, net assets of €15.5 million and the expectation, based on knowledge to hand at the date of approval of these financial statements, that the group will operate to budget for 2020 as planned, the directors are satisfied that the group operates in its normal course of business. Accordingly, the financial statements are prepared on a going concern basis.

Directors
Directors holding office in the year and up to the date of this report were as follows:

J.P.A.Adams
D.Gammie
J.M.Laborde
G.R.S.Lark
Sir J.A.Mactaggart
M.B.Reynier
J.A.Skehan

Statement as to disclosure of information to auditors
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:
• so far as that director is aware, there is no relevant audit information of which the group's auditor is unaware, and
• the director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the group's auditor in connection with preparing its report and to establish that the group's auditor is aware of that information.

Auditor
The auditor, Crowe U.K.LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board of Directors on 23 April 2020 and is signed on its behalf by

J.P.A.Adams
2 Babmaes Street
London SW1Y 6HD

Independent auditor's report to the shareholders of Renegade Spirits Ireland Limited

Opinion

We have audited the financial statements of Renegade Spirits Ireland Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019, which comprise the consolidated statement of comprehensive income, the balance sheets, the statement of changes in equity, the consolidated statement of cash flows, and the related notes, including a summary of 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 group's and of the parent company's affairs as at 31 December 2019 and of the group's 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the group 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 group 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement on page 3, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 shareholders, 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 shareholders 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe. U.K. LLP

Mark Anderson (senior statutory auditor)
for and on behalf of
Crowe U.K.LLP
Statutory Auditor

4 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1EE

22nd May 2020

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

Euro reporting currency

	Note	Year ended 31 December 2019 €	Year ended 31 December 2018 €
Turnover		20,907	33,266
Gross profit		20,907	33,266
Administrative expenses		(1,176,554)	(837,799)
Sales and marketing		(81,153)	-
(Loss)/gain on foreign currency translation		(19,038)	1,925
Operating loss		(1,255,838)	(802,608)
Interest receivable and similar income	2	522	532
Loss on ordinary activities before taxation	4	(1,255,316)	(802,076)
Tax on loss on ordinary activities	5	312	-
Loss for the financial year		(1,255,004)	(802,076)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(1,255,004)	(802,076)

The accompanying notes form part of the financial statements.

Balance Sheets

31 December 2019

Euro reporting currency

	Note	2019 Group €	2018 Group €	2019 Company €	2018 Company €
Fixed assets					
Tangible assets	6	12,792,035	12,227,072	-	-
Investments	7	-	-	18,000,000	18,000,000
		12,792,035	12,227,072	18,000,000	18,000,000
Current assets					
Stocks	8	18,147,284	12,481,386	-	-
Debtors	9	282,043	251,788	756,529	328,569
Cash at bank and in hand		596,227	882,858	33,174	13,560
		19,025,563	13,616,032	789,703	342,129
Creditors: amounts falling due within one year	10	(688,482)	(471,554)	(30,778)	(29,768)
Net current assets		18,337,071	13,144,478	758,925	312,361
Total assets less current liabilities		31,129,106	25,371,550	18,758,925	18,312,361
Creditors: amounts falling due after more than one year	11	(14,856,575)	(8,706,454)	-	-
Net assets		16,272,531	16,665,096	18,758,925	18,312,361
Capital and reserves					
Called-up share capital	13	1,094,649	1,065,899	1,094,649	1,065,899
Share premium account	14	19,280,433	18,451,098	19,280,433	18,451,098
Share-based payments reserve	15	22,192	17,838	22,192	17,838
Profit and loss account	16	(4,124,743)	(2,869,739)	(1,638,349)	(1,222,474)
Equity Shareholders' funds		16,272,531	16,665,096	18,758,925	18,312,361

The parent company's loss for the year was €(415,875) (2018 - €(382,159)

Signed on behalf of the Board

J.P.A.Adams
Director

Registered number 09102027
23 April 2019

The accompanying notes form part of the financial statements.

Statement of Changes in Equity

For the year ended 31 December 2019

Euro reporting currency

Group	2019 Share capital	2019 Share premium	2019 Share-based payments reserve	2019 Profit and loss account	2019 Total
	€	€	€	€	€
Beginning of year	1,065,899	18,451,098	17,838	(2,869,739)	16,665,096
Total comprehensive income for the year	-	-	-	(1,255,004)	(1,255,004)
Issue of shares	28,750	829,335	-	-	858,085
Share-based payment	-	-	4,354	-	4,354
End of year	1,094,649	19,280,433	22,192	(4,124,743)	16,272,531

Company	2019 Share capital	2019 Share premium	2019 Share-based payments reserve	2019 Profit and loss account	2019 Total
	€	€	€	€	€
Beginning of year	1,065,899	18,451,098	17,838	(1,222,474)	18,312,361
Total comprehensive income for the year	-	-	-	(415,875)	(415,875)
Issue of shares	28,750	829,335	-	-	858,085
Share-based payment	-	-	4,354	-	4,354
End of year	1,094,649	19,280,433	22,192	(1,638,349)	18,758,925

Group	2018 Share capital	2018 Share premium	2018 Share-based payments reserve	2018 Profit and loss account	2018 Total
	€	€	€	€	€
Beginning of year	1,037,399	17,633,851	11,135	(2,067,661)	16,614,724
Total comprehensive income for the year	-	-	-	(802,076)	(802,076)
Issue of shares	28,500	817,247	-	-	845,747
Share-based payment	-	-	6,703	-	6,703
End of year	1,065,899	18,451,098	17,838	(2,869,739)	16,665,096

Company	2018 Share capital	2018 Share premium	2018 Share-based payments reserve	2018 Profit and loss account	2018 Total
	€	€	€	€	€
Beginning of year	1,037,399	17,633,851	11,135	(840,315)	17,842,070
Total comprehensive income for the year	-	-	-	(382,159)	(382,159)
Issue of shares	28,500	817,247	-	-	845,747
Share-based payment	-	-	6,703	-	6,703
End of year	1,065,899	18,451,098	17,838	(1,222,474)	18,312,361

The accompanying notes form part of the financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2019

Euro reporting currency

	Note	Year ended 31 December 2019 €	Year ended 31 December 2018 €
Cash inflow from operating activities	17a	(5,949,585)	(4,768,226)
Investing activities	17b	(1,257,715)	(1,150,680)
Financing activities	17b	6,920,669	6,542,139
Increase/(decrease) in cash in the year		(286,631)	623,233
Reconciliation of net cash flow			
Increase/(decrease) in cash in the year		(286,631)	623,233
Movement from cash flows		(286,631)	623,233
Net cash at beginning of year		882,858	259,625
Net cash at end of year		596,227	882,858

The accompanying notes form part of the financial statements.

Notes to the financial statements

For the year ended 31 December 2019

Euro reporting currency

1 Accounting policies

Renegade Spirits Ireland Limited is a private company, limited by shares, incorporated in the United Kingdom and is registered at 2 Babmaes Street, London, SW1Y 6HD. Registered number 09102027. The group is primarily engaged in the distillation of premium brand whiskey. The principal place of activity is Grattan Quay, Waterford City, Ireland.

The financial statements are prepared on a going concern basis and in accordance with United Kingdom generally accepted accounting principles, including Financial Reporting Standard 102 (FRS 102), and with the Companies Act 2006. The financial statements have been prepared under the historical cost convention, except for the use of fair values where required by accounting standards, and in accordance with the accounting policies set out below.

The financial statements consolidate the accounts of Renegade Spirits Ireland Limited and its subsidiary company Renegade's Waterford Distillery Limited. The company has taken advantage of the exemption contained within s408 of the Companies Act 2006 not to present its own profit and loss account.

Going concern

The directors note the impact of the spread of Covid-19 in early 2020 and the risks associated to the business from this. The directors do not consider that this results in any adjustment to the financial statements presented for 2019, having considered the impact on the total market value of the group's bulk stocks and its ability to continue to operate throughout the going concern assessment period of twelve months from the date of approval of the financial statements. In the light of the group's existing cash resources, including its undrawn facility of €7.7 million, net assets of €15.5 million and the expectation, based on knowledge to hand at the date of approval of these financial statements, that the group will operate to budget for 2020 as planned, the directors are satisfied that the group operates in its normal course of business. Accordingly, the financial statements are prepared on a going concern basis.

Taxation

Taxation is based on profits for the year as determined in accordance with the relevant tax legislation, together with adjustments to provisions for prior periods.

Deferred taxation is provided on timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is measured as the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Investment in subsidiary

Investments in subsidiary is stated at cost less provision for any impairment in value.

Tangible fixed assets

Tangible assets are carried at cost less accumulated depreciation and any recognised impairment in value. Cost comprises the aggregate amount paid to acquire the assets and includes costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is provided at rates calculated to write down the cost of tangible assets to their estimated residual value on the following bases:

Freehold property	Over 50 years on a straight line basis
Plant and machinery	Over 10-20 years on a straight line basis
Wooden casks	Over 20 years on a straight line basis
Furniture and fittings	Over 3-4 years on a straight line basis

Stocks

Stocks and raw materials are stated at the lower of cost and net realisable value. Cost is defined as the production cost (including distillery overheads) or purchase price, as appropriate, plus carrying costs of applicable warehouse rents, cask depreciation and financing costs. Appropriate provision is made for obsolete or slow moving items.

Financial instruments

The Group only enters into basic financial instruments.

(i) Financial assets

Basic financial assets, including other debtors and amounts owed by group undertakings, are recognised at transaction price.

(ii) Financial liabilities

Basic financial liabilities, including trade payables, accruals, other payables, bank and other loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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

Foreign currency

The financial statements are presented in Euros which is the company and group's functional and presentational currency. Transactions denominated in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date.

Key judgements and sources of estimation uncertainty

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

(a) Establishing lives for depreciation purposes of property, plant and equipment

Long-lived assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated lives of each type of assets and estimates of residual values. The group regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have a significant impact on depreciation and amortisation charges for the period. Detail of the useful lives is included in the accounting policies.

(a) Valuation of stock

The group values stock at the lower of cost and net realisable value. In assessing net realisable value, the directors must make assumptions and estimates on the current and future value of unfinished stock. This is inherently uncertain. Any change in these estimates and assumptions in the net realisable value of the stock could impact on the carrying value of the stock at the year end.

Pensions

The group operates a money purchase pension scheme. The pensions scheme contributions are charged against profit as they fall due.

Share-based payments

The company issues share options to certain employees. In accordance with FRS102 Section 26 the company reflects the economic cost of awarding shares to employees by recording an expense in the profit and loss account equal to the fair value of the benefit awarded, fair value being determined by reference to option pricing models. The expense is recognised in the profit and loss account over the vesting period with a corresponding credit to "share-based payments reserve" in the balance sheet.

The calculation of the fair values of the options issued by the company has been based upon the Black-Scholes pricing model together with a number of subjective assumptions, the most significant of which is that the expected volatility of the company's shares will be 15%.

Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 from disclosure of transactions with its subsidiary company on the grounds that the company is a wholly owned subsidiary.

2 Interest receivable and similar income

	Year ended 31 December 2019 €	Year ended 31 December 2018 €
Bank interest received	522	532
	522	532

3 Employees

Average monthly number of people (including directors) employed by the group during the year:

	Year ended 31 December 2019 Group	Year ended 31 December 2018 Group	Year ended 31 December 2019 Company	Year ended 31 December 2018 Company
Administration	11	9	8	7
Engineering	6	6	-	-
Production	8	7	-	-
	25	22	8	7

Their aggregate remuneration comprised:

	Year ended 31 December 2019 Group €	Year ended 31 December 2018 Group €	Year ended 31 December 2019 Company €	Year ended 31 December 2018 Company €
Wages and salaries	1,121,346	1,064,312	374,305	317,270
Social security costs	105,845	100,513	25,160	19,828
Pension contributions to money purchase scheme	37,595	20,628	8,553	4,645
Share-based payment	4,354	6,703	4,354	6,703
	1,269,140	1,192,156	412,372	348,446

Capitalised employee costs during the year amounted to €905,381 included in stock (2018 - €743,804).

Directors' emoluments

Directors' remuneration including fees paid to J.P.A.Adams (as explained in note 19)	326,824	317,270
The emoluments of the highest paid director	174,706	169,348

The directors of the group are considered the key management personnel and their remuneration is disclosed in above. Their Employers NI was €22,761 (2018 - €22,071)

4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is arrived at after charging/(crediting):

	Year ended 31 December 2019 €	Year ended 31 December 2018 €
Auditors' remuneration	24,583	21,700
(Loss)/gain on foreign currency translation	(19,038)	1,925
Depreciation of tangible fixed assets	693,274	638,618

5 Taxation

	Year ended 31 December 2019 €	Year ended 31 December 2018 €

The tax charge/(credit) on the loss on ordinary activities for the year was as follows:

UK Corporation tax	-	-
Overseas tax	(312)	-
	(312)	-

Reconciliation of tax charge to loss on ordinary activities:

	Year ended 31 December 2019 €	Year ended 31 December 2018 €
Loss on ordinary activities before tax	(1,255,316)	(802,076)
Notional taxation at the standard UK corporation tax rate of 19% (2018 - 19%)	(238,510)	(152,394)
Effects of:		
Expenses not allowed for tax purposes	(2,411)	(2,571)
Deferred tax not recognised	(236,099)	(149,823)
Current tax charge	-	-

6 Tangible fixed assets

Group only

	Freehold property	Plant and machinery	Casks and other assets	Total
	€	€	€	€
Cost				
Beginning of year	929,331	9,472,496	3,575,413	13,977,240
Additions	79,106	37,170	1,141,961	1,258,237
End of year	1,008,437	9,509,666	4,717,374	15,235,477
Depreciation				
Beginning of year	54,741	1,459,560	235,867	1,750,168
Charge for the year	20,169	490,161	182,944	693,274
End of year	74,910	1,949,721	418,811	2,443,442
Net book value				
End of year	933,527	7,559,945	4,298,563	12,792,035
Beginning of year	874,590	8,012,936	3,339,546	12,227,072

7 Fixed asset investments

Fixed asset investments comprise the following:

	2019 Company	2018 Company
	€	€
Subsidiary undertaking at cost	18,000,000	18,000,000
Beginning of year	18,000,000	17,000,000
Additions	-	1,000,000
End of year	18,000,000	18,000,000
Ordinary shares of €1	18,000,000	18,000,000

Renegade's Waterford Distillery Limited is incorporated in the Republic of Ireland and is a 100% owned subsidiary of the company. The registered office is 6th floor South Bank House, Barrow Street, Dublin 4. The principal activity is the distillation of premium brand whiskey.

8 Stocks

	2019 Group €	2018 Group €	2019 Company €	2018 Company €
Bulk stocks of whiskey	18,097,357	12,481,386	-	-
Raw materials	49,927	-	-	-
	18,147,284	12,481,386	-	-

During the year interest of €639,720 (2018 - €392,664) and other financing costs of €175,036 (2018 - €66,893) were capitalised into bulk stocks of whiskey.

9 Debtors

	2019 Group €	2018 Group €	2019 Company €	2018 Company €
Amounts owed by group undertakings	-	-	747,075	326,476
Other debtors	225,860	185,935	9,454	2,093
Prepayments	56,183	65,853	-	-
	282,043	251,788	756,529	328,569

10 Creditors: Amounts falling due within one year

	2019 Group €	2018 Group €	2019 Company €	2018 Company €
Trade creditors	138,306	69,840	1,321	2,259
Other taxation and social security	36,497	31,180	10,192	10,348
Other creditors	-	-	-	-
Accruals	513,679	370,534	19,265	17,161
	688,482	471,554	30,778	29,768

11 Creditors: Amounts falling due after more than one year

	2019 Group €	2018 Group €	2019 Company €	2018 Company €
Bank loan	-	6,743,269	-	-
Other loan - PNC Business Credit	11,931,575	-	-	-
Other loan - BGF Investments LP	2,925,000	1,963,185	-	-
	14,856,575	8,706,454	-	-

The group's bank loan is secured by way of a fixed and floating charge over the group's assets and subject to interest at EURIBOR rate plus 3.75% was repaid during the year.

11 Creditors: Amounts falling due after more than one year (continued)

The group's other loan – PNC Business Credit bank loan is secured by way of a fixed and floating charge over the group's assets and subject to interest at EURIBOR rate plus 3.00% and is repayable on 31 July 2023.

The other loan - BGF Investments LP of €2,925,000 - (2018 - €2,047,500) relates to a 9% loan note in favour of BGF Investments LP. The loan is repayable by instalment between 31 March 2022 and 30 September 2024.

12 Financial instruments

The group and company had the following financial instruments:

	2019 Group €	2018 Group €	2019 Company €	2018 Company €
Financial assets				
Financial assets measured at amortised cost				
Other debtors	82,854	86,142	755,588	327,966
Financial liabilities				
Financial liabilities measured at amortised cost				
Trade creditors and accruals	15,508,560	9,146,828	20,586	19,420

13 Called-up share capital

	2019	2018
Allotted, called up and fully paid:	€	€
791,406 (2018 – 791,406) ordinary shares of £1 each	998,065	998,065
83,334 (2018 – 58,334) "A" ordinary shares of £1 each	95,584	67,834
	1,094,649	1,065,899

The following £1 "A" Ordinary shares were issued during the Year:	2019		2018	
	£	€	£	€
11 April 2018 - 25,000 at £30.00 per share	-	-	750,000	855,000
11 April 2019 - 25,000 at £30.00 per share	750,000	862,500	-	-
	750,000	862,500	750,000	855,000

14 Share premium

	2019 Company €	2018 Company €
Beginning of year	18,451,098	17,633,851
Share premium	833,750	826,500
Expenses of share issue	(4,415)	(9,253)
End of year	19,280,433	18,451,098

15 Share-based payments reserve

	2019 Group €	2018 Group €	2019 Company €	2018 Company €
Beginning of year	17,838	11,135	17,838	11,135
Share-based payment	4,354	6,703	4,354	6,703
End of year	22,192	17,838	22,192	17,838

Share options

Share options have been granted to subscribe for the following:

	Awarded	Exercised	Lapsed	Outstanding
Employee ordinary share options				
Awarded 2017 exercisable between 1 January 2021 and 31 December 2026 at £27.50	5,850	-	-	5,850
Awarded 2017 exercisable between 1 July 2021 and 31 December 2026 at £30.00	400	-	-	400
Awarded 2018 exercisable between 1 January 2022 and 31 December 2027 at £32.50	950	-	-	950
Awarded 2019 exercisable between 1 January 2023 and 31 December 2028 at £45.00	1,000	-	-	1,000
Awarded 2019 exercisable between 1 July 2023 and 31 December 2028 at £45.00	600	-	-	600
	8,800	-	-	8,800

The inputs into the Black-Scholes model are as follows

	2019	2018
Share price at date of grant	£27.50 - £30.00	£27.50 - £30.00
Exercise price at the date of grant	£27.50 - £30.00	£27.50 - £30.00
Expected volatility	15%	15%
Expected life	4 years	4 years
Risk free rate	0.4%	0.4%
Expected dividend yield	nil%	nil%

16 Profit and loss account

	2019 Group €	2018 Group €	2019 Company €	2018 Company €
Beginning of year	(2,869,739)	(2,067,663)	(1,222,474)	(840,315)
Total comprehensive income for the year	(1,255,004)	(802,076)	(415,875)	(382,159)
End of year	(4,124,743)	(2,869,739)	(1,638,349)	(1,222,474)

17 Cash flow statement

(a) Reconciliation of operating profit to operating cash flows

	Year ended 31 December 2019 €	Year ended 31 December 2018 €
Loss for the financial year	(1,255,004)	(802,076)
Adjustments for:		
Interest received	(522)	(532)
Taxation charge/(credit)	(312)	-
Operating loss	(1,255,838)	(802,608)
Depreciation of tangible fixed assets	7,755	9,407
Share-based payment	4,354	6,703
	(1,243,729)	(786,498)
Movement on:		
Stocks	(4,641,874)	(3,865,042)
Debtors	(30,254)	(87,473)
Creditors	34,039	(29,213)
Taxation paid	312	-
Net cash outflow from operating activities	(5,949,585)	(4,768,226)

17 Cash flow statement (continued)

(b) Analysis of cash flows for headings netted in the cash flow statement

Investing activities		
Purchase of tangible fixed assets	(1,258,237)	(1,151,212)
Sale of tangible fixed assets	-	-
Interest received	522	532
	(1,257,715)	(1,150,680)
Financing activities		
Shares issued (less expenses of issue)	858,085	845,747
Bank loan advanced in the year	1,950,000	4,853,387
Bank loan repaid in the year	(8,700,000)	-
Other loan - PNC Business Credit advanced in the year	12,301,326	-
Other loan - BGF Investments LP advanced in the year	877,500	891,005
Other financing costs paid	(366,242)	(48,000)
	6,920,669	6,542,139

18 Related party transactions

Consultancy fees paid to J.P.A.Adams in 2019 total €133,838 (2018 - €129,922) which were included in directors remuneration.

Management fees paid to BGF Investments LP in 2019 total €59,322 (2018 - €62,048).

During the year, entities related through commonality of directors and ownership were recharged amounts totaling €144,052 for costs the group had incurred on behalf on these entities. The group billed these entities amounts totaling €20,907. The amount owed at year end was €20,907 (2018 - €nil).

19 Controlling party

The directors do not consider there to be an ultimate controlling party.

20 Post balance sheet events

In the first half of 2020, the outbreak of Covid-19 spread throughout the World. The initial impact of this has been severe and has resulted in a significant worldwide slowdown in economic activity. In Ireland, the economic impact of this pandemic has been characterised by the temporary closure of many businesses in "non-essential" areas to ensure that people's movements are restricted in order to slow down the spread of the virus. The effect of the restrictions and slowdown in economic activity resulting from Covid-19 presents challenges to the group, and the ultimate impact cannot be fully quantified at the time of approving the financial statements. The directors do not consider that this results in any adjustment to the financial statements presented for 2019, having considered the impact on the total market value of the group's bulk stocks, the carrying value of the group's plant and equipment and its ability to continue to operate as a going concern.