

Salcombe Distilling Company Ltd

Annual Report and Unaudited Financial Statements
for the Year Ended 28 February 2022

Wessex Commercial Solutions Limited
Yeovil Innovation Centre
Barracks Close
Yeovil
BA22 8RN

Salcombe Distilling Company Ltd

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Salcombe Distilling Company Ltd

Company Information

Directors	Mr Charles Angus Hamilton Lugsdin Mrs Charlotte Ellen Davies Mr Nicholas Simon Marshall Mr Nicholas Bodo Blazquez Mr Howard Lawrence Davies
Registered office	The Boathouse 28 Island Street Salcombe Devon TQ8 8DP
Accountants	Wessex Commercial Solutions Limited Yeovil Innovation Centre Barracks Close Yeovil BA22 8RN

Salcombe Distilling Company Ltd
(Registration number: 09140632)
Balance Sheet as at 28 February 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	<u>4</u>	73,302	43,920
Tangible assets	<u>5</u>	236,622	204,802
Investments	<u>6</u>	100	100
		<u>310,024</u>	<u>248,822</u>
Current assets			
Stocks	<u>7</u>	890,959	543,046
Debtors	<u>8</u>	308,492	813,723
Cash at bank and in hand		<u>172,721</u>	<u>361,611</u>
		1,372,172	1,718,380
Creditors: Amounts falling due within one year	<u>9</u>	<u>(639,901)</u>	<u>(355,347)</u>
Net current assets		<u>732,271</u>	<u>1,363,033</u>
Total assets less current liabilities		1,042,295	1,611,855
Creditors: Amounts falling due after more than one year	<u>9</u>	<u>(162,744)</u>	<u>(254,583)</u>
Net assets		<u>879,551</u>	<u>1,357,272</u>
Capital and reserves			
Called up share capital	<u>13</u>	22,527	22,527
Share premium reserve		1,814,122	1,814,122
Retained earnings		<u>(957,098)</u>	<u>(479,377)</u>
Shareholders' funds		<u>879,551</u>	<u>1,357,272</u>

Salcombe Distilling Company Ltd
(Registration number: 09140632)
Balance Sheet as at 28 February 2022

For the financial year ending 28 February 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 23 September 2022 and signed on its behalf by:

.....
Mr Charles Angus Hamilton Lugsdin
Director

.....
Mr Howard Lawrence Davies
Director

Salcombe Distilling Company Ltd

Notes to the Unaudited Financial Statements for the Year Ended 28 February 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

The Boathouse
28 Island Street
Salcombe
Devon
TQ8 8DP

These financial statements were authorised for issue by the Board on 23 September 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A smaller entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006 (as applicable to companies subject to the small companies' regime).

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are prepared in Sterling, which is the functional currency of the company. All monetary amounts are rounded to the nearest £.

Salcombe Distilling Company Ltd

Notes to the Unaudited Financial Statements for the Year Ended 28 February 2022

Adjusting events after the financial period

On 22nd March 2022 59,898 Ordinary C class shares of £0.01 each were allotted for a total consideration of £704,400. Subsequently, on 4th July 2022 a further 78,575 Ordinary C class shares of £0.01 each were allotted for a total consideration of £924,042.

Judgements

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.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates, discounts and excise duty.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Government grants

Government grants are recognised when there is reasonable assurance that the company will comply with the conditions attaching to the grant and that the grant will be received.

Government grants are receivable and recognised in the same period as the related expenditure.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Salcombe Distilling Company Ltd

Notes to the Unaudited Financial Statements for the Year Ended 28 February 2022

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Salcombe Distilling Company Ltd

Notes to the Unaudited Financial Statements for the Year Ended 28 February 2022

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and Machinery	Straight line 7-20%
Office Equipment	Straight line 20-33%
Leasehold improvements	Straight line 7-20%

Intangible assets

Intangible assets acquired are initially recognised at cost and are subsequently reviewed for impairment on an annual basis. Any impairment loss is included in the profit or loss.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Development costs	33% straight line
Intellectual Property	10% - 33% straight line

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

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Notes to the Unaudited Financial Statements for the Year Ended 28 February 2022

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Salcombe Distilling Company Ltd

Notes to the Unaudited Financial Statements for the Year Ended 28 February 2022

3 Loss before tax

Arrived at after charging/(crediting)

	2022 £	2021 £
Depreciation expense	61,771	55,626
Amortisation expense	38,986	28,969

4 Intangible assets

	Intellectual Property £	Development costs £	Total £
Cost or valuation			
At 1 March 2021	38,416	60,588	99,004
Additions acquired separately	950	67,418	68,368
At 28 February 2022	39,366	128,006	167,372
Amortisation			
At 1 March 2021	9,511	45,573	55,084
Amortisation charge	767	38,219	38,986
At 28 February 2022	10,278	83,792	94,070
Carrying amount			
At 28 February 2022	29,088	44,214	73,302
At 28 February 2021	28,905	15,015	43,920

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Notes to the Unaudited Financial Statements for the Year Ended 28 February 2022

5 Tangible assets

	Leasehold improvements £	Office equipment £	Plant and machinery £	Total £
Cost or valuation				
At 1 March 2021	124,986	64,214	209,196	398,396
Additions	34,236	45,047	15,461	94,744
Disposals	(1,726)	(4,446)	(1,638)	(7,810)
At 28 February 2022	157,496	104,815	223,019	485,330
Depreciation				
At 1 March 2021	70,048	41,747	81,799	193,594
Charge for the year	20,819	17,506	23,446	61,771
Eliminated on disposal	(1,654)	(3,627)	(1,376)	(6,657)
At 28 February 2022	89,213	55,626	103,869	248,708
Carrying amount				
At 28 February 2022	68,283	49,189	119,150	236,622
At 28 February 2021	54,938	22,467	127,397	204,802

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Notes to the Unaudited Financial Statements for the Year Ended 28 February 2022

6 Investments

	2022 £	2021 £
Investments in subsidiaries	<u>100</u>	<u>100</u>
Subsidiaries		£
Cost or valuation		
At 1 March 2021		<u>100</u>
Carrying amount		
At 28 February 2022		<u>100</u>
At 28 February 2021		<u>100</u>

7 Stocks

	2022 £	2021 £
Stock	<u>890,959</u>	<u>543,046</u>

8 Debtors

	2022 £	2021 £
Current		
Trade debtors	270,839	493,933
Prepayments	36,019	270,852
Other debtors	<u>1,634</u>	<u>48,938</u>
	<u>308,492</u>	<u>813,723</u>

Salcombe Distilling Company Ltd

Notes to the Unaudited Financial Statements for the Year Ended 28 February 2022

9 Creditors

Creditors: amounts falling due within one year

	Note	2022 £	2021 £
Due within one year			
Loans and borrowings	<u>12</u>	298,970	14,886
Trade creditors		147,240	96,840
Taxation and social security		114,261	107,947
Accruals and deferred income		71,958	130,074
Other creditors		7,472	5,600
		<u>639,901</u>	<u>355,347</u>

		2022 £	2021 £
Current loans and borrowings			
Bank overdrafts		213,978	-
HP and finance lease liabilities		1,659	1,659
Other borrowings		<u>83,333</u>	<u>13,227</u>
		<u>298,970</u>	<u>14,886</u>

Creditors: amounts falling due after more than one year

	Note	2022 £	2021 £
Due after one year			
Loans and borrowings	<u>12</u>	<u>162,744</u>	<u>254,583</u>
Non-current loans and borrowings			
HP and finance lease liabilities		3,021	4,583
Other borrowings		<u>159,723</u>	<u>250,000</u>
		<u>162,744</u>	<u>254,583</u>

10 Non adjusting events after the financial period

On 22nd March 2022 59,898 Ordinary C class shares of £0.01 each were issued for a total consideration of £704,400. On 4th July 2022 a further 78,575 Ordinary C class shares of £0.01 each were issued for a total consideration of £924,042. Subsequently on 22nd July 2022 a further 8,503 Ordinary C class shares of £0.01 each were issued for a total consideration of £99,995.28.

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Notes to the Unaudited Financial Statements for the Year Ended 28 February 2022

11 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 59 (2021 - 40).

12 Loans and borrowings

	2022 £	2021 £
Non-current loans and borrowings		
Hire purchase contracts	3,021	4,583
Other borrowings	159,723	250,000
	<u>162,744</u>	<u>254,583</u>
	2022 £	2021 £
Current loans and borrowings		
Bank overdrafts	213,978	-
Hire purchase contracts	1,659	1,659
Other borrowings	83,333	13,227
	<u>298,970</u>	<u>14,886</u>

Salcombe Distilling Company Ltd

Notes to the Unaudited Financial Statements for the Year Ended 28 February 2022

13 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary A of £0.01 each	671,250	6,713	671,250	6,713
Ordinary B of £0.01 each	1,425,680	14,257	1,425,680	14,257
Ordinary C of £0.01 each	155,799	1,558	155,799	1,558
	<u>2,252,729</u>	<u>22,527</u>	<u>2,252,729</u>	<u>22,527</u>

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.