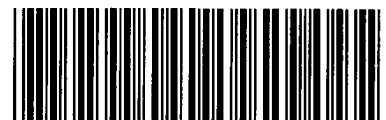


**Strategic Report,  
Report of the Directors and  
Financial Statements  
for the Year Ended 31 March 2019  
for  
THE BRITISH HONEY COMPANY LTD**

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**THE BRITISH HONEY COMPANY LTD**

**Contents of the Financial Statements  
for the year ended 31 March 2019**

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**THE BRITISH HONEY COMPANY LTD**

**Company Information  
for the year ended 31 March 2019**

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<b>Directors:</b>	P A G Seers The Rt Hon H Swire A L Wallace M Williams Mrs C A Williams T Xiao R A Porter-Smith
<b>Secretary:</b>	A Maurice
<b>Registered office:</b>	3 Ingworth Road Coy Pond Business Park Poole Dorset BH12 1JY
<b>Registered number:</b>	09300046 (England and Wales)
<b>Senior statutory auditor:</b>	Rodney Style ACA
<b>Auditors:</b>	Haines Watts Oxford LLP Chartered Accountants and Statutory Auditor Sterling House 19/23 High Street Kidlington Oxfordshire OX5 2DH

# THE BRITISH HONEY COMPANY LTD

## Strategic Report for the year ended 31 March 2019

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The directors present their strategic report for the year ended 31 March 2019.

### Review of the business

The company main products are honey, gin, vodka, rum and whisky. During the year the company built its own distillery which is now in production.

### Key performance indicators

The following key performance indicators relevant to understanding the business performance for 2019 are:

	2019 £'000	2018 £'000	2017 £'000
Turnover	558	358	106
Gross Profit	238	77	27

These KPIs are regularly monitored by management in order to manage the business effectively and drive continued improved performance.

### Principal risks and uncertainties and business review

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties are provided in note 19 of the notes to the financial statements.

### Finance review

Over the past 12 months the Company recorded a loss of £903,759 (2018: £394,797), equating to a loss of 32.17 pence per share (2018: 52.85 pence per share), with a net cash inflow of £418,575 (2018: £62,277). The Company's cash deposits stood at £499,959 at 31 March 2019 (31 March 2018: £81,384).

On behalf of the board:

  
.....  
A L Wallace - Director

Date: 5 November 2019

# THE BRITISH HONEY COMPANY LTD

## Report of the Directors for the year ended 31 March 2019

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The directors present their report with the financial statements of the company for the year ended 31 March 2019.

### Principal activity

The principal activity of the company in the year under review was that of the production and wholesale of spirits under the KEEPR'S brand, and the sale of honey products.

### Research and development

Expenditure amounting to £36,378 was incurred during the year and capitalised. This is shown in the financial statements at a net book value of £29,108 at 31 March 2019.

### Directors

The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

The Rt Hon H Swire  
A L Wallace

Other changes in directors holding office are as follows:

K R Said - appointed 7 September 2018 - resigned 25 February 2019  
P A G Seers - appointed 7 September 2018  
M Williams - appointed 21 August 2018  
Mrs C A Williams - appointed 19 July 2018  
T Xiao - appointed 3 September 2018  
R A Porter-Smith - appointed 26 November 2018  
A T R Edwards - resigned 22 August 2018  
Ms R L Leach - resigned 19 July 2018

### Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors 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 International Financial Reporting Standards as adopted by the European Union. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**THE BRITISH HONEY COMPANY LTD**

**Report of the Directors  
for the year ended 31 March 2019**

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**Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**On behalf of the board:**

  
.....  
A L Wallace - Director

Date: 5 November 2019

**Report of the Independent Auditors to the Members of  
The British Honey Company Ltd**

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**Qualified Opinion**

We have audited the financial statements of The British Honey Company Ltd (the 'company') for the year ended 31 March 2019 which comprise the Statement of Profit or Loss, the Statement Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, except for the possible effects on the corresponding figures of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for qualified opinion**

We were not appointed as auditor until after 1 April 2018 and thus did not observe the counting of physical inventories at the end of the previous two years. We were unable to satisfy ourselves by alternative means concerning the inventory quantities of £90,958 held at 31 March 2017, or of £113,529 held at 31 March 2018 by using other procedures. Consequently we were unable to determine whether there was any consequential effect on the cost of sales for the year ended 31 March 2019. Our opinion on the current year's financial statements is modified because of the possible effect of this matter on the current year's figures and the corresponding figures.

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 Auditors' 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 qualified 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 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

## **Report of the Independent Auditors to the Members of The British Honey Company Ltd**

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As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £90,958 held at 31 March 2017, or of £113,529 held at 31 March 2018. We have concluded that where the other information refers to the inventory balances or related balances such as cost of sales, it may be materially misstated for the same reason.

### **Opinions on other matters prescribed by the Companies Act 2006**

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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 and the Report of the Directors.

Arising solely from the limitation on the scope of our work relating to inventory, referred to above:

- we were unable to determine whether adequate accounting records have been kept; and
- we have not received all the information and explanations we require for our audit.

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

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

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities, 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 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.

### **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 a Report of the Auditors 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.



**Report of the Independent Auditors to the Members of  
The British Honey Company Ltd**

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**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 a Report of the Auditors 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.



Rodney Style ACA (Senior Statutory Auditor)  
for and on behalf of Haines Watts Oxford LLP  
Chartered Accountants and Statutory Auditor  
Sterling House  
19/23 High Street  
Kidlington  
Oxfordshire  
OX5 2DH

Date: 11/11/19

**Note:**

The maintenance and integrity of the The British Honey Company Ltd website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

**THE BRITISH HONEY COMPANY LTD**

**Statement of Profit or Loss  
for the year ended 31 March 2019**

	Notes	31/3/19 £	31/3/18 £	31/3/17 £
<b>Continuing operations</b>				
Revenue		558,378	357,915	105,595
Cost of sales		<u>(320,456)</u>	<u>(281,154)</u>	<u>(78,180)</u>
<b>Gross profit</b>		237,922	76,761	27,415
Administrative expenses		(1,145,187)	(468,585)	(133,443)
Profit on disposal of fixed assets		<u>4,158</u>	<u>-</u>	<u>-</u>
<b>Operating loss</b>		(903,107)	(391,824)	(106,028)
Exceptional expenses	6	(39,910)	-	-
Finance costs	5	(2,245)	(2,997)	(1,150)
Finance income	5	<u>1,105</u>	<u>24</u>	<u>6</u>
<b>Loss before income tax</b>	6	(944,157)	(394,797)	(107,172)
Income tax	7	<u>40,398</u>	<u>-</u>	<u>-</u>
<b>Loss for the year</b>		<u>(903,759)</u>	<u>(394,797)</u>	<u>(107,172)</u>
Earnings per share expressed in pence per share:				
Basic	8	(32.17)	(52.85)	(41.36)
Diluted		<u>(22.50)</u>	<u>(22.57)</u>	<u>(34.84)</u>

The notes form part of these financial statements

**THE BRITISH HONEY COMPANY LTD**

**Statement of Other Comprehensive Income  
for the year ended 31 March 2019**

	Notes	31/3/19 £	31/3/18 £	31/3/17 £
Loss for the year		(903,579)	(394,797)	(107,172)
Other comprehensive income		-	-	-
<b>Total comprehensive income for the year</b>		<b>(903,579)</b>	<b>(394,797)</b>	<b>(107,172)</b>

The notes form part of these financial statements

**THE BRITISH HONEY COMPANY LTD (REGISTERED NUMBER: 09300046)**

**Statement of Financial Position  
31 March 2019**

	Notes	31/3/19 £	31/3/18 £	31/3/17 £
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	9	53,513	22,500	-
Property, plant and equipment	10	561,084	65,812	39,942
Investments	11	100	-	-
		<u>614,697</u>	<u>88,312</u>	<u>39,942</u>
<b>Current assets</b>				
Inventories	12	246,951	113,529	90,958
Trade and other receivables	13	200,239	99,101	17,054
Income tax recoverable		40,398	-	-
Cash and cash equivalents	14	499,959	81,384	19,107
		<u>987,547</u>	<u>294,014</u>	<u>127,119</u>
<b>Total assets</b>		<u>1,602,244</u>	<u>382,326</u>	<u>167,061</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities – borrowings				
Interest bearing loans and borrowings	17	(54,669)	(4,553)	(13,677)
<b>Current liabilities</b>				
Trade and other payables	16	(176,393)	(108,615)	(49,682)
Financial liabilities – borrowings				
Interest bearing loans and borrowings	17	(7,907)	(28,129)	(1,599)
		<u>(184,300)</u>	<u>(136,744)</u>	<u>(51,281)</u>
<b>Total liabilities</b>		<u>(238,969)</u>	<u>(141,297)</u>	<u>(64,958)</u>
<b>Net assets</b>		<u>1,363,275</u>	<u>241,029</u>	<u>102,103</u>
<b>Equity</b>				
<b>Shareholders' equity</b>				
Called up share capital	15	346,583	131,519	30,148
Share based payment reserve		196,792	4,297	1,426
Share premium		2,317,460	699,014	269,532
Retained earnings		<u>(1,497,560)</u>	<u>(593,801)</u>	<u>(199,003)</u>
<b>Total equity</b>		<u>1,363,275</u>	<u>241,029</u>	<u>102,103</u>

The financial statements were approved by the Board of Directors on 5 November 2019 and were signed on its behalf by:

  
A L Wallace - Director

The notes form part of these financial statements

**THE BRITISH HONEY COMPANY LTD**

**Statement of Changes in Equity  
for the year ended 31 March 2019**

	<b>Called up share capital £</b>	<b>Share premium £</b>	<b>Share based payment reserve £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 April 2016</b>	15,248	135,000	-	(91,831)	58,417
<b>Changes in equity</b>					
Issue of share capital	14,900	134,532	-	-	149,432
Equity-settled share-based payment transactions	-	-	1,426	-	1,426
Total comprehensive income	-	-	-	(107,172)	(107,172)
<b>Balance at 31 March 2017</b>	<b>30,148</b>	<b>269,532</b>	<b>1,426</b>	<b>(199,003)</b>	<b>102,103</b>
<b>Balance at 1 April 2017</b>	30,148	269,532	1,426	(199,003)	102,103
<b>Changes in equity</b>					
Issue of share capital	101,371	429,482	-	-	530,853
Equity-settled share-based payment transactions	-	-	2,871	-	2,871
Total comprehensive income	-	-	-	(394,797)	(394,797)
<b>Balance at 31 March 2018</b>	<b>131,519</b>	<b>699,014</b>	<b>4,297</b>	<b>(593,801)</b>	<b>241,029</b>
<b>Balance at 1 April 2018</b>	131,519	699,014	4,297	(593,801)	241,029
<b>Changes in equity</b>					
Issue of share capital	215,064	1,618,446	-	-	1,833,510
Equity-settled share-based payment transactions	-	-	192,495	-	192,495
Total comprehensive income	-	-	-	(903,759)	(903,759)
<b>Balance at 31 March 2019</b>	<b>346,583</b>	<b>2,317,460</b>	<b>196,792</b>	<b>(1,497,560)</b>	<b>1,363,275</b>

**THE BRITISH HONEY COMPANY LTD**

**Statement of Cash Flows  
for the year ended 31 March 2019**

		31/3/19	31/3/18	31/3/17
	Notes	£	£	£
<b>Cash flows from operating activities</b>				
Cash generated from operations	1	(588,150)	(142,359)	(96,201)
Interest element of hire purchase payments paid		<u>(2,243)</u>	<u>(1,351)</u>	<u>(1,150)</u>
Net cash from operating activities		<u>(590,393)</u>	<u>(143,710)</u>	<u>(97,351)</u>
<b>Cash flows from investing activities</b>				
Payments for internally generated software development costs		(41,548)	-	-
Payments for the purchase of brand intangibles		-	(10,500)	-
Payments for the purchase of property, plant and equipment		(696,348)	(47,807)	(3,677)
Proceeds from the sale of for property, plant and equipment		18,207	-	-
Payments to acquire investments		(100)	-	-
Interest received		<u>1,105</u>	<u>24</u>	<u>6</u>
Net cash from investing activities		<u>(718,684)</u>	<u>(58,283)</u>	<u>(3,671)</u>
<b>Cash flows from financing activities</b>				
Proceeds from long term borrowings		65,983	20,006	-
Principal elements of finance lease payments		(38,331)	(3,933)	(2,557)
Proceeds from issue of shares		<u>1,700,000</u>	<u>248,197</u>	<u>92,000</u>
Net cash from financing activities		<u>1,727,652</u>	<u>264,270</u>	<u>89,443</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>418,575</b>	<b>62,277</b>	<b>(11,579)</b>
<b>Cash and cash equivalents at beginning of year</b>	2	<b>81,384</b>	<b>19,107</b>	<b>30,686</b>
<b>Cash and cash equivalents at end of year</b>	2	<u><b>499,959</b></u>	<u><b>81,384</b></u>	<u><b>19,107</b></u>

**THE BRITISH HONEY COMPANY LTD**

**Notes to the Statement of Cash Flows  
for the year ended 31 March 2019**

**1. Reconciliation of loss before income tax to cash generated from operations**

	31/3/19 £	31/3/18 £	31/3/17 £
Loss before income tax	(944,157)	(394,797)	(107,172)
Depreciation charges	197,562	24,437	13,313
Share based payment expenses	192,495	2,871	1,426
Finance income	<u>(1,105)</u>	<u>(24)</u>	<u>(6)</u>
	(555,205)	(367,513)	(92,439)
Increase in inventories	(133,422)	(22,571)	(44,837)
Increase in trade and other receivables	(101,138)	(82,047)	6,596
Increase in trade and other payables	68,103	55,772	(22,521)
Goods and services purchased via issue of shares	28,000	212,000	47,000
Directors' remuneration paid via issue of shares	105,510	62,000	10,000
	<u>(588,150)</u>	<u>(142,359)</u>	<u>(96,201)</u>
<b>Cash generated from operations</b>	<u>(588,150)</u>	<u>(142,359)</u>	<u>(96,201)</u>

**2. Cash and cash equivalents**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 March 2019**

	31/3/19 £	1/4/18 £
Cash and cash equivalents	<u>499,959</u>	<u>81,384</u>

**Year ended 31 March 2018**

	31/3/18 £	1/4/17 £
Cash and cash equivalents	<u>81,384</u>	<u>19,107</u>

**Year ended 31 March 2017**

	31/3/17 £	1/4/16 Unaudited £
Cash and cash equivalents	<u>19,107</u>	<u>30,686</u>

# THE BRITISH HONEY COMPANY LTD

## Notes to the Financial Statements for the year ended 31 March 2019

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### 1. Statutory information

The British Honey Company Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

### 2. Accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation

##### (i) Compliance with IFRS

The financial statements of The British Honey Company Ltd Company have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRS').

##### (ii) Preparation of consolidated financial statements

The financial statements contain information about The British Honey Company Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

##### (iii) Historical cost convention and going concern

The financial statements have been prepared on a historical cost basis. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore continues to adopt the going concern basis in preparing its financial statements.

##### (iv) First time adoption of IFRS

The Company is preparing its financial statements in accordance with Adopted IFRS for the first time and consequently has applied IFRS 1. An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 24.

The Company's financial statements have been prepared using accounting policies specified by those IFRSs that are in effect at the end of the reporting period (31 March 2019), including IFRS 15 Revenue from contracts with customers, and IFRS 9 Financial Instruments.

These accounting policies have been used throughout all periods presented in the financial statements. IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. No exemptions have been taken in these financial statements. These accounting policies have been applied in preparing an opening IFRS balance sheet at 1 April 2016 for the purposes of the transition to Adopted IFRS.

##### (v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2019 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 16 Leases which is not yet effective and has not been adopted early in these financial statements, will have an effect on the Group's future financial statements. Other amended standards and interpretations not mentioned are not expected to have a significant impact on the Group's future financial statements. The Company is required to adopt IFRS 16 Leases on 1 April 2019. IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. It eliminates the lessee classification of leases as either operating leases or finance leases and introduces a single lessee



## THE BRITISH HONEY COMPANY LTD

### Notes to the Financial Statements for the year ended 31 March 2019

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#### 2. Accounting policies (*continued*)

accounting model where the lessee is required to recognise right of use assets and lease liabilities for leases that have a term of greater than a year. Low value items can be excluded from this new treatment. Lessor accounting is largely unchanged from the current accounting standards. No companies within the Group are currently a lessor.

The Company's operating lease for its production facility will be affected by the new standard. The short term nature of the lease is such that the Company expects to continue to recognise the lease expense in the profit and loss account, having applied the exemption for short term leases under IFRS 16. The impact on the Company's net assets upon transition is therefore expected to be immaterial.

#### (vi) Accounting judgements and estimates

Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 23.

#### (b) Foreign currency translation

##### (i) Functional and presentation currency

Items included in the Company's financial statements are measured using Pounds Sterling, the currency of the primary economic environment in which the entity operates ('the functional currency').

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within Administrative Expenses.

#### (c) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good to a customer. The revenue recognition policy is consistent across all sales.

Revenue is recognised when the Company's performance obligations are fulfilled, namely the delivery of stock or the making available of stock for ex-works collection, depending on the customer contract.

Revenue is recorded based on the price specified in sales invoices, net of any agreed discounts and rebates and exclusive of value added tax on goods supplied to customers during the year.

Accruals are included in the statement of financial position in respect of expected amounts necessary to meet the claims of the Company's customers based on discount and rebate agreements in place.

#### (d) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the United Kingdom. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes

## THE BRITISH HONEY COMPANY LTD

### Notes to the Financial Statements for the year ended 31 March 2019

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#### 2. Accounting policies (*continued*)

provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

##### (i) Investment allowances and similar tax incentives

The Company may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime in United Kingdom or other investment allowances). The Company accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

##### (e) Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 18). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases (note 19). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

##### (e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

##### (f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 20(c) for a description of the Company's impairment policies.

## THE BRITISH HONEY COMPANY LTD

### Notes to the Financial Statements for the year ended 31 March 2019

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#### 2. Accounting policies (*continued*)

##### (g) Inventories

###### (i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

##### (h) Investments and other financial assets

At initial recognition, the Company measures a financial asset at its fair value, with the exception of its investment in subsidiary. The Company has elected to recognise and measure its investment in subsidiary at cost.

##### (i) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Company policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

##### (j) Intangible assets

###### (i) Trademarks, licences and customer contracts

Separately acquired trademarks and licences are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

###### (ii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development

## THE BRITISH HONEY COMPANY LTD

### Notes to the Financial Statements for the year ended 31 March 2019

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#### 2. Accounting policies (*continued*)

costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

#### (iii) Research and development

Research expenditure and development expenditure that do not meet the criteria in (iii) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

#### (iv) Amortisation methods and periods

Amortisation is charged to the Statement of Profit or Loss on a straight-line basis over the estimated useful life of intangible assets, unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- |                                 |          |
|---------------------------------|----------|
| • Internally developed software | 5 years  |
| • Brands and trademarks         | 10 years |

#### (k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### (l) Employee benefits

##### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

## THE BRITISH HONEY COMPANY LTD

### Notes to the Financial Statements for the year ended 31 March 2019

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#### 2. Accounting policies (*continued*)

##### (ii) Share-based payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

##### (m) Earnings per share

###### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

###### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**THE BRITISH HONEY COMPANY LTD**

**Notes to the Financial Statements - continued  
for the year ended 31 March 2019**

**3. Revenue**

The Company has two revenue streams:

	31/3/19	31/3/18	31/3/17
	£	£	£
Sale of spirits	476,416	286,321	-
Sale of honey products	<u>81,962</u>	<u>71,594</u>	<u>105,595</u>
	<u>558,378</u>	<u>357,915</u>	<u>105,595</u>
Analysis of concentration of customers top 3 and other:			
Customer 1	18%	48%	48%
Customer 2	16%	28%	14%
Customer 3	5%	5%	3%
Other	<u>61%</u>	<u>22%</u>	<u>35%</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

All of the Company's sales are made in the United Kingdom. Receivables from contracts with customers solely comprise trade receivables.

**4. Employees and directors**

	31/3/19	31/3/18	31/3/17
	£	£	£
Wages and salaries	292,509	48,898	-
Social security costs	25,040	-	114
Other pension costs	<u>3,729</u>	<u>128</u>	<u>-</u>
	<u>321,278</u>	<u>49,026</u>	<u>114</u>

The average number of employees during the year was as follows:

	31/3/19	31/3/18	31/3/17
Sales and marketing	6	2	-
Administration	3	1	-
Operations	<u>6</u>	<u>1</u>	<u>-</u>
	<u>15</u>	<u>4</u>	<u>-</u>

**THE BRITISH HONEY COMPANY LTD**

**Notes to the Financial Statements - continued  
for the year ended 31 March 2019**

**5. Net finance costs**

	31/3/19 £	31/3/18 £	31/3/17 £
Finance income:			
Deposit account interest	<u>1,105</u>	<u>24</u>	<u>6</u>
Finance costs:			
Bank interest	<u>2</u>	<u>-</u>	<u>-</u>
Hire purchase	<u>2,243</u>	<u>2,997</u>	<u>1,150</u>
	<u>2,245</u>	<u>2,997</u>	<u>1,150</u>
Net finance costs	<u>1,140</u>	<u>2,973</u>	<u>1,144</u>

**6. Loss before income tax**

The loss before income tax is stated after charging:

	31/3/19 £	31/3/18 £	31/3/17 £
Cost of inventories recognised as expense	320,456	281,154	78,180
Hire of plant and machinery	18,069	-	-
Other operating leases	36,523	6,846	4,860
Depreciation - owned assets	187,027	21,937	12,480
Brands and trademarks amortisation	3,259	2,500	-
Internally developed software amortisation	7,276	-	-
Auditor's remuneration:			
Audit of the company's accounts	24,500	-	-
Other non-audit services	<u>5,500</u>	<u>-</u>	<u>-</u>

One-off costs incurred in 2019 (2018: £nil, 2017: £nil) comprised:

	31/3/19 £
Legal expenses	26,210
Consultancy fees	3,491
Business development	<u>10,209</u>
	<u>39,910</u>

£15,460 of legal expenses were incurred for the purchase of Dancing Cows Ltd. This transaction was completed in the year, but subsequently revoked in the same period. £10,750 of legal expenses were incurred in relation to the preparation of the share documentation relating to the issue of EMI and unapproved share options in the year.

The Company explored new markets overseas and incurred £3,491 in consultancy fees in the year.

In the year, the Company sourced and built a new distillery in its leased premises. Fees totalling £6,416 were incurred in sourcing the equipment and obtaining planning consent. The Company incurred costs totalling £3,793 in relation to overseas travel for the exploration of acquiring an overseas target business, which was not pursued.

# THE BRITISH HONEY COMPANY LTD

## Notes to the Financial Statements - continued for the year ended 31 March 2019

### 7. Income tax

No current or deferred tax amounts were recognised as a tax expense in the income statement, or in other comprehensive income in the year (2018: £nil, 2017: £nil)

#### Reconciliation of effective tax rate

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31/3/19	31/3/18	31/3/17
	£	£	£
Loss before income tax	<u>944,157</u>	<u>394,797</u>	<u>107,172</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	179,390	75,011	20,363
Effects of:			
- Expenses not deductible for tax purposes	(89)	-	-
- Depreciation in excess of capital allowances	44,386	4,756	(1,831)
- Disposal of fixed assets	790		
- R&D expenditure enhancement	43,953		
- Unrecognised deferred tax	(268,430)	(79,767)	(18,532)
Tax expense	<u>-</u>	<u>-</u>	<u>-</u>

At the period end, there were unrecognised deferred tax assets of £252,588 (2018: £54,137, 2017: £40,378) in respect of unutilised tax losses. These have not been recognised as their recovery cannot be determined with reasonable certainty.

Reductions in the UK Corporation tax rate from 19% to 18% (effective from 1 April 2019) was substantively enacted on 26 October 2015, with an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future tax charge accordingly, and any deferred tax balances will be calculated on this basis.



THE BRITISH HONEY COMPANY LTD

Notes to the Financial Statements - continued  
for the year ended 31 March 2019

8. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

			31/3/19
	Earnings £	Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(903,759)	2,809,271	(32.17)
<b>Effect of dilutive securities</b>			
Options	-	1,208,000	-
<b>Diluted EPS</b>			
Adjusted earnings	<u>(903,759)</u>	<u>4,017,271</u>	<u>(22.50)</u>

			31/3/18
	Earnings £	Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(394,797)	747,042	(52.85)
<b>Effect of dilutive securities</b>			
Options	-	1,002,500	-
<b>Diluted EPS</b>			
Adjusted earnings	<u>(394,797)</u>	<u>1,749,542</u>	<u>(22.57)</u>

			31/3/17
	Earnings £	Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(107,172)	259,126	(41.36)
<b>Effect of dilutive securities</b>			
Options	-	48,500	-
<b>Diluted EPS</b>			
Adjusted earnings	<u>(107,172)</u>	<u>307,626</u>	<u>(34.84)</u>

THE BRITISH HONEY COMPANY LTD

Notes to the Financial Statements - continued  
for the year ended 31 March 2019

9. Intangible assets

	Brands and trademarks £	Internally generated software £	Totals £
<b>Cost</b>			
At 1 April 2016	-	-	-
Additions	-	-	-
At 1 April 2017	-	-	-
Additions	25,000	-	25,000
At 1 April 2018	25,000	-	25,000
Additions	5,170	36,378	41,548
At 31 March 2019	30,170	36,378	66,548
<b>Amortisation</b>			
At 1 April 2016	-	-	-
Charge for the year	-	-	-
At 1 April 2017	-	-	-
Charge for the year	2,500	-	2,500
At 1 April 2018	2,500	-	2,500
Charge for the year	3,259	7,276	10,535
At 31 March 2019	5,759	7,276	13,035
<b>Net book value</b>			
At 31 March 2017	-	-	-
At 31 March 2018	22,500	-	22,500
At 31 March 2019	24,411	29,102	53,513

**THE BRITISH HONEY COMPANY LTD**

**Notes to the Financial Statements - continued  
for the year ended 31 March 2019**

**10. Property, plant and equipment**

	<b>Plant and machinery £</b>	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Totals £</b>
<b>Cost</b>				
At 1 April 2016	27,377	20,148	29,242	76,767
Additions	632	2,345	700	3,677
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2017	<u>28,009</u>	<u>22,493</u>	<u>29,942</u>	<u>80,444</u>
Additions	9,497	19,440	18,870	47,807
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2018	<u>37,506</u>	<u>41,933</u>	<u>48,812</u>	<u>128,251</u>
Additions	520,959	74,539	100,850	696,348
Disposals	<u>-</u>	<u>-</u>	<u>(18,907)</u>	<u>(18,907)</u>
At 31 March 2019	<u>558,465</u>	<u>116,472</u>	<u>130,755</u>	<u>805,692</u>
<b>Depreciation</b>				
At 1 April 2016	9,696	7,135	10,357	27,188
Charge for the year	4,578	3,839	4,896	13,313
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2017	<u>14,274</u>	<u>10,974</u>	<u>15,253</u>	<u>40,501</u>
Charge for the year	5,808	7,740	8,390	21,938
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2018	<u>20,082</u>	<u>18,714</u>	<u>23,643</u>	<u>62,439</u>
Charge for the year	134,595	24,440	27,992	187,027
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(4,858)</u>	<u>(4,858)</u>
At 31 March 2019	<u>154,677</u>	<u>43,154</u>	<u>46,777</u>	<u>244,608</u>
<b>Net book value</b>				
At 31 March 2017	<u>13,735</u>	<u>11,519</u>	<u>14,689</u>	<u>39,943</u>
At 31 March 2018	<u>17,424</u>	<u>23,219</u>	<u>25,169</u>	<u>65,812</u>
At 31 March 2019	<u>403,788</u>	<u>73,318</u>	<u>83,978</u>	<u>561,084</u>

**THE BRITISH HONEY COMPANY LTD**

**Notes to the Financial Statements - continued  
for the year ended 31 March 2019**

**11. Investments**

	Shares in group undertakings £
<b>Cost</b>	
Additions	<u>100</u>
At 31 March 2019	<u>100</u>
<b>Net book value</b>	
At 31 March 2017	-
At 31 March 2018	-
At 31 March 2019	<u>100</u>

The Company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Keepr's Limited**

Registered office: Unit 3, Vista Place, Ingworth Road, Poole, BH12 1JY.

Nature of business: dormant

	%
Class of shares:	holding
Ordinary	100.00
	<b>31/8/19</b>
	<b>£</b>
Aggregate capital and reserves	<u><u>100</u></u>

**12. Inventories**

	31/3/19	31/3/18	31/3/17
	£	£	£
Raw materials	178,316	78,188	26,208
Finished goods	<u>68,635</u>	<u>35,341</u>	<u>64,750</u>
	<u><u>246,951</u></u>	<u><u>113,529</u></u>	<u><u>90,958</u></u>

Amounts recognised as cost of sales in the year amounted to £320,456 (2018: £281,154, 2017: £78,180). Amounts written down to net realisable value in the year amounted to £nil (2018: £nil, 2017: £nil).

**THE BRITISH HONEY COMPANY LTD**

**Notes to the Financial Statements - continued  
for the year ended 31 March 2019**

**13. Trade and other receivables**

	31/3/19	31/3/18	31/3/17
	£	£	£
Current:			
Trade receivables	85,692	39,425	14,298
Other debtors	25,571	21,559	-
VAT	13,891	32,010	2,756
Income tax recoverable	40,398	-	-
Prepayments and accrued income	34,687	6,107	-
	<u>200,239</u>	<u>99,101</u>	<u>17,054</u>

**14. Cash and cash equivalents**

	31/3/19	31/3/18	31/3/17
	£	£	£
Cash in hand	29	-	-
Bank deposit account	458,106	364	364
Bank accounts	41,824	81,020	18,743
	<u>499,959</u>	<u>81,384</u>	<u>19,107</u>

**15. Called up share capital**

Number:	Class:	Nominal value:	31/3/19	31/3/18	31/3/17
			£	£	£
3,465,830	ordinary	10p	<u>346,583</u>	<u>131,519</u>	<u>30,148</u>

The shares issued during the year gave rise to a total share premium of £1,813,510.

**16. Trade and other payables**

	31/3/19	31/3/18	31/3/17
	£	£	£
Current:			
Trade creditors	120,731	50,808	28,446
Social security and other taxes	12,407	3,140	-
Other creditors	100	-	20,036
Accruals and deferred income	43,155	54,667	1,200
	<u>176,393</u>	<u>108,615</u>	<u>49,682</u>

**THE BRITISH HONEY COMPANY LTD**

**Notes to the Financial Statements - continued  
for the year ended 31 March 2019**

**17. Financial liabilities - borrowings**

	31/3/19 £	31/3/18 £	31/3/17 £
Current:			
Hire purchase contracts (see note 18)	<u>7,907</u>	<u>28,129</u>	<u>1,599</u>
Non-current			
Hire purchase contracts (see note 18)	<u>54,669</u>	<u>4,553</u>	<u>13,677</u>

**18. Leasing agreements**

Minimum lease payments under hire purchase contracts fall due as follows:

	31/3/19 £	31/3/18 £	31/3/17 £
Net obligations repayable:			
Within one year	7,907	28,129	1,599
Between one and five years	<u>54,669</u>	<u>4,553</u>	<u>13,677</u>
	<u>62,576</u>	<u>32,682</u>	<u>15,276</u>

**19. Other financial commitments**

The company has an operating lease agreement in place for the use of its warehouse, which is cancellable with one month's notice from either the landlord or the tenant.

THE BRITISH HONEY COMPANY LTD

Notes to the Financial Statements - continued  
for the year ended 31 March 2019

20. Financial risk management

(a) Fair value

All financial assets and liabilities, both current and non-current, are measured at amortised cost. There are no assets or liabilities designated at fair value through profit or loss or held for trading.

(b) Market risk

(i) Foreign exchange risk

The Company's exposure to foreign exchange risk is limited. All sales are invoiced in Sterling. During the year purchases of £314,946 were made in Euros (2018: £110, 2017: £nil,) and at the year-end £97,065 was outstanding (2018: £nil, 2017: £nil).

The directors continue to monitor these risks as the business grows.

(ii) Price risk

The Company does not hold any equity securities and therefore is not exposed to price risk.

(iii) Interest rate risk

The Company is not exposed to movements in interest rates, with all finance lease obligations held at a fixed interest rate for the period of the agreements.

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from the Company's trade receivables from customers.

The Company has a diversified trade customer base (retailers, wholesalers, on premises trade, and direct to customers) and there is limited concentration risk against any one customer given the number of customers the Company supplies. In order to minimise this risk the Company endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored.

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was:

	31/3/19	31/3/18	31/3/17
	£	£	£
Trade receivables	<u>88,285</u>	<u>40,299</u>	<u>14,298</u>

**THE BRITISH HONEY COMPANY LTD**

**Notes to the Financial Statements - continued  
for the year ended 31 March 2019**

**20. Financial risk management (continued)**

**(c) Credit risk (continued)**

The aging of trade receivables at the balance sheet date, and information about the exposure to credit risk and ECLs (expected credit losses) is shown below. The simplified approach has been used, as permitted by IFRS 9.

<b>2019</b>	<b>Weighted average loss rate</b>	<b>Gross carrying amount – trade receivables £</b>	<b>Impairment loss allowance £</b>
Current	2%	85,769	1,715
More than 30 days past due	3%	2,104	63
More than 60 days past due	3%	-	12
More than 120 days past due	10%	412	-
<b>Total</b>		<b>88,285</b>	<b>1,791</b>

<b>2018</b>	<b>Weighted average loss rate</b>	<b>Gross carrying amount – trade receivables £</b>	<b>Impairment loss allowance £</b>
Current	2%	33,457	669
More than 30 days past due	2%	5,673	170
More than 60 days past due	3%	1,169	35
More than 120 days past due	10%	-	-
<b>Total</b>		<b>40,299</b>	<b>874</b>

<b>2017</b>	<b>Weighted average loss rate</b>	<b>Gross carrying amount – trade receivables £</b>	<b>Impairment loss allowance £</b>
Current	2%	11,870	237
More than 30 days past due	2%	2,013	61
More than 60 days past due	3%	415	12
More than 120 days past due	10%	-	-
<b>Total</b>		<b>14,298</b>	<b>310</b>

The Company has written off only de minimis amounts of impaired trade receivables in its trading history, and therefore the loss rates used to determine the expected credit losses are an estimate, based on the Company's view of the trading conditions in which it operates. The movement in the impairment loss allowance has been charged to the statement of profit or loss.



**THE BRITISH HONEY COMPANY LTD**

**Notes to the Financial Statements - continued  
for the year ended 31 March 2019**

**20. Financial risk management (continued)**

**(d) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

There are two main risks to liquidity that the directors monitor regularly:

*Historic losses*

As a distillery the Company remains in its start-up period with planned losses in this period of the business plan, while the Company's operations develop. The directors continue to plan to take the Company into profit.

*Seasonal working capital requirements*

Operating in the spirits industry there is seasonality in the business due to the peak Christmas sales period. This requires the Company to build inventory ahead of this time, which is then converted into trade receivables, and in turn to cash. The Directors monitor these risks daily. The liquidity requirements of the Company have been met through equity finance to date.

The contractual maturities of financial liabilities, including estimated interest payments are:

<b>2019</b>	<b>Finance lease liabilities £</b>	<b>Trade and other payables £</b>	<b>Total £</b>
Carrying amount	62,576	176,393	238,969
Contractual cash flows			
1 year or less	11,528	176,393	187,921
1 to < 2 years	11,528	-	11,528
2 to < 5 years	45,510	-	45,510
5 years and over	-	-	-
<b>Total</b>	<b>68,566</b>	<b>176,393</b>	<b>244,959</b>

<b>2018</b>	<b>Finance lease liabilities £</b>	<b>Trade and other payables £</b>	<b>Total £</b>
Carrying amount	32,682	108,615	141,297
Contractual cash flows			
1 year or less	6,081	108,615	114,696
1 to < 2 years	15,600	-	15,600
2 to < 5 years	3,683	-	3,683
5 years and over	10,148	-	10,148
<b>Total</b>	<b>35,512</b>	<b>108,615</b>	<b>144,127</b>

**THE BRITISH HONEY COMPANY LTD**

**Notes to the Financial Statements - continued  
for the year ended 31 March 2019**

**20. Financial risk management (continued)**

**(d) Liquidity risk (continued)**

<b>2017</b>	<b>Finance lease liabilities £</b>	<b>Trade and other payables £</b>	<b>Total £</b>
Carrying amount	15,276	49,682	64,958
Contractual cash flows			
1 year or less	2,398	49,682	52,080
1 to < 2 years	2,398		2,398
2 to < 5 years	11,917		11,917
5 years and over			
<b>Total</b>	<b>16,713</b>	<b>49,682</b>	<b>66,395</b>

**21. Related party disclosures**

Key management personnel of the Company are members of the board of directors. Key management personnel remuneration includes the following expenses:

	<b>31/3/19 £</b>	<b>31/3/18 £</b>	<b>31/3/17 £</b>
<b>Short term employee benefits</b>			
Salaries & fees	34,564	-	3,475
Sums paid to third parties for directors' services	8,490	10,000	-
<b>Share based payments</b>			
Issue of shares in lieu of remuneration	105,510	62,000	10,000
Issue of share options	163,334	464	-
<b>Total</b>	<b>311,898</b>	<b>72,464</b>	<b>13,475</b>

No post-employment benefits are accruing for directors (2018: none, 2017: none) under a defined benefit scheme. No directors (2018: none, 2017: none) were members of defined contribution schemes. No directors (2018: none, 2017: none) exercised share options in the Company's shares during the year.

During the year the following transactions took place between the Company and related parties:

Transactions			Balances			Details	Relationship
31/3/19	31/3/18	31/3/17	31/3/19	31/3/18	31/3/17		
£	£	£	£	£	£		
<i>Goods and services received</i>							
-	78,541	-	-	10,000	-	BKB Accountants Ltd	Common directorships - A L Wallace
108,123	138,496	-	10,130	14,287	-	Just Results Ltd	Common directorships - M Williams and C A Williams

THE BRITISH HONEY COMPANY LTD

Notes to the Financial Statements - continued  
for the year ended 31 March 2019

21. Related party disclosures (continued)

Transactions			Balances			Details	Relationship
31/3/19 £	31/3/18 £	31/3/17 £	31/3/19 £	31/3/18 £	31/3/19 £		
<i>Goods and services received</i>							
3,131	8,511	-	-	-	-	B Williams	B Williams is the daughter of directors M Williams and C A Williams
2,486	1,913	-	-	-	-	Studio 8 Ltd	B Williams is the daughter of directors M Williams and C Williams, and was a director of Studio 8 Ltd until 19 December 2018
19,678	16,551	-	-	510	-	Frames up Ltd	O Williams is the son of directors M Williams and C Williams, and is a director of Frames Up Ltd
77,367	-	-	-	-	-	Direct2Fans Ltd	Common directorships - R A Porter-Smith
4,999	-	-	2,500	-	-	D2F Fitness Ltd	Common directorships - R A Porter-Smith
<i>Goods and services received</i>							
11,052	45	-	9,600	-	-	A L Wallace	Director
9,600	-	-	9,600	-	-	The Rt Hon H Swire	Director
11,294	71,826	-	-	-	-	Just Results Ltd	Common directorships - M Williams and C A Williams
9,600	-	-	9,600	-	-	P A G Seers	Director
9,600	-	-	9,600	-	-	T Xiao	Director
10,356	-	-	-	-	-	Direct2Fans Ltd	Common directorships - R A Porter-Smith
1,488	-	-	193	-	-	R A Porter-Smith	Director
<i>Loan repayment</i>							
		18,945				M Williams	The loan balance of £18,945 owed to M Williams as at 30 April 2017 was settled via an issue of 15,000 ordinary shares of the Company on 29 March 2018

# THE BRITISH HONEY COMPANY LTD

## Notes to the Financial Statements - continued for the year ended 31 March 2019

### 22. Share-based payment transactions

#### Share options

Starting in 2016 the Company established an unapproved share option scheme for key management personnel and employees who were key to the operations of the Company. Further issues were made in 2017 and 2018.

On 1 December 2018 the outstanding awards were cancelled and replaced, for existing key management personnel and employees. The cancelled options were replaced with EMI awards for those directors and employees that met the eligibility criteria for share options under the Enterprise Management Incentive scheme. Otherwise the cancelled awards were replaced with awards for option holders not meeting the eligibility criteria.

The terms and conditions of the grants were as follows:

Date of grant	Number of Instruments	Vesting Conditions	Contractual life of options
11 September 2015	40,000	Note i)	31 December 2021
19 January 2016	8,500	Note i)	31 December 2021
27 November 2017	944,000	Note ii)	27 November 2027
27 March 2018	10,000	Note ii)	27 March 2028
1 December 2018	378,000	Note iii)	1 December 2028
1 December 2018	503,500	Note iv)	1 December 2028
8 December 2018	8,500	Note iv)	8 December 2028
7 January 2019	185,000	Note iii)	7 January 2029
7 February 2019	133,000	Note iv)	7 February 2029

Note i) Unapproved options which vested on 1 January 2018. 20,000 of the options were forfeited in 2019, and 28,500 of the options were replaced on 1 December 2018.

Note ii) Unapproved options for directors and employees which vested upon a successful sale of the Company in excess of a target valuation, with option holders remaining in post or employment until the exit date. 10,000 options were forfeited in 2019, all remaining options cancelled and replaced on 1 December 2018.

Note iii) Approved options for directors and employees under the EMI scheme which vested upon a successful sale or listing of the Company, with option holders remaining in post or employment until the exit date.

Note iv) Unapproved options which vested immediately upon grant.

**THE BRITISH HONEY COMPANY LTD**

**Notes to the Financial Statements - continued  
for the year ended 31 March 2019**

**22. Share-based payment transactions (continued)**

The number and weighted average exercise price of share options was as follows:

<b>2017</b>	<b>Weighted average exercise price £</b>	<b>Number of options</b>
Outstanding at 1 April 2016	0.10	48,500
Forfeited during the year	-	-
Exercised during the year	-	-
Granted during the year	-	-
Lapsed during the year	-	-
	-	-
Outstanding at 31 March 2017	0.10	48,500
Exercisable at 31 March 2017	-	-
<b>2018</b>	<b>Weighted average exercise price £</b>	<b>Number of options</b>
Outstanding at 1 April 2017	0.10	48,500
Forfeited during the year	-	-
Exercised during the year	-	-
Granted during the year	0.52	954,000
Lapsed during the year	-	-
Outstanding at 31 March 2018	0.50	1,002,500
Exercisable at 31 March 2018	0.10	48,500
<b>2019</b>	<b>Weighted average exercise price £</b>	<b>Number of options</b>
Outstanding at 1 April 2018	0.50	1,002,500
Forfeited during the year	0.38	(139,000)
Exercised during the year	-	-
Granted during the year	0.64	344,500
Lapsed during the year	-	-
Outstanding at 31 March 2019	0.57	1,208,000
Exercisable at 31 March 2019	0.53	595,000

The options outstanding at the year-end had a weighted average contractual life of 9.1 years (2017: 9.6 years, 2016: 7.9 years).

**THE BRITISH HONEY COMPANY LTD**

**Notes to the Financial Statements - continued  
for the year ended 31 March 2019**

**22. Share-based payment transactions (continued)**

The fair value of services received for share options granted are measured by reference to the fair value of the share options granted. Measurement inputs and assumptions are as follows:

	31/3/19	31/3/18	31/3/17
Weighted average fair value at grant date	£0.25	£0.27	-
Weighted average share price	£0.50	£0.50	-
Expected volatility (expressed as 43.2% using the Black Scholes model)	43.2%	43.2%	-
Option life (expressed as weighted average life using the Black Scholes model)	10	10	-
Expected dividends	0%	0%	-
Risk-free interest rate (based on national government bonds)	1.452%	1.323%	-

The total expense arising from share options recognised for the year directly in the share based payment reserve was as follows:

	31/3/19 £	31/3/18 £	31/3/17 £
Equity settled share-based payment expense	<u>192,495</u>	<u>2,871</u>	<u>1,426</u>

**Other share based payment**

The Company settled a number of other transactions in its own shares:

	31/3/19 £	31/3/18 £	31/3/17 £
Purchase of goods and services	28,000	191,000	47,000
Directors remuneration	105,510	62,000	10,000
Settlement of directors loan account	-	15,156	-
Purchase of intangible asset	-	14,500	-

**23. Accounting judgements and estimates**

The preparation of the financial statements requires the Directors to make a number of judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

## THE BRITISH HONEY COMPANY LTD

### Notes to the Financial Statements - continued for the year ended 31 March 2019

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#### 23. Accounting judgements and estimates *(continued)*

##### *Valuation of stock*

An assessment as to the ability of the Company to recover the value of stock for above its original cost is made at each financial year end. A provision is made for any amounts that are not considered to be recoverable, either due to the net realisable value being less than cost for that stock, or due to the level of stock resulting in a risk of stock obsolescence. Due to the nature of this provision an estimate is made as to the amounts that will be recoverable which involves judgement, based on knowledge of the stock held and the market, taking into account the current order book.

#### 24. First time adoption of IFRS

As stated in note 1, these are the Company's first accounts prepared in accordance with Adopted IFRSs.

The Company's financial statements have been prepared using accounting policies specified by those IFRSs that are in effect at the end of the reporting period (31 March 2019), including IFRS 15 Revenue from contracts with customers, and IFRS 9 Financial Instruments.

These accounting policies have consistently applied in preparing the financial statements for the year ended 31 March 2019 and the year ended 31 March 2018, and in the preparation of the balance sheet as at 1 April 2017, the date of transition.

In preparing its opening IFRS balance sheet the Company has adjusted amounts reported previously in the financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to Adopted IFRSs has affected the Company's financial position is set out in the following tables and the notes that accompany the tables.

THE BRITISH HONEY COMPANY LTD

Notes to the Financial Statements - continued  
for the year ended 31 March 2019

*Reconciliation of equity*

	Notes	1/4/2016		
		UK GAAP Unaudited £	Effect of transition to IFRS Unaudited £	Adopted IFRSs Unaudited £
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		-	-	-
Property, plant and equipment		49,579	-	49,579
Investments		-	-	-
		<u>49,579</u>	<u>-</u>	<u>49,579</u>
<b>Current assets</b>				
Inventories		46,121	-	46,121
Trade and other receivables		23,650	-	23,650
Cash and cash equivalents		30,686	-	30,686
		<u>100,457</u>	<u>-</u>	<u>100,457</u>
<b>Total assets</b>		<u>150,036</u>	<u>-</u>	<u>150,036</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities – borrowings				
Interest bearing loans and borrowings		(14,938)	-	(14,938)
<b>Current liabilities</b>				
Trade and other payables		(74,954)	-	(74,954)
Financial liabilities – borrowings				
Interest bearing loans and borrowings		(1,727)	-	(1,727)
		<u>(76,681)</u>	<u>-</u>	<u>(76,681)</u>
<b>Total liabilities</b>		<u>(91,619)</u>	<u>-</u>	<u>(91,619)</u>
<b>Net assets</b>		<u>58,417</u>	<u>-</u>	<u>58,417</u>
<b>Equity</b>				
<b>Shareholders' equity</b>				
Called up share capital		15,248	-	15,248
Share based payment reserve		-	-	-
Share premium		135,000	-	135,000
Retained earnings		(91,831)	-	(91,831)
<b>Total equity</b>		<u>58,417</u>	<u>-</u>	<u>58,417</u>



THE BRITISH HONEY COMPANY LTD

Notes to the Financial Statements - continued  
for the year ended 31 March 2019

*Reconciliation of equity*

		31/3/2017		
		UK GAAP	Effect of transition to IFRS	Adopted IFRSs
		£	£	£
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		-	-	-
Property, plant and equipment		39,942	-	39,942
Investments		-	-	-
		39,942	-	39,942
<b>Current assets</b>				
Inventories		90,958	-	90,958
Trade and other receivables		17,364	(310)	17,054
Cash and cash equivalents		19,107	-	19,107
		127,429	(310)	127,119
<b>Total assets</b>		167,371	(310)	167,061
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities – borrowings				
Interest bearing loans and borrowings		(13,677)	-	(13,677)
<b>Current liabilities</b>				
Trade and other payables		(49,683)	-	(49,683)
Financial liabilities – borrowings				
Interest bearing loans and borrowings		(1,598)	-	(1,598)
		(51,281)	-	(51,281)
<b>Total liabilities</b>		(64,958)	-	(64,958)
<b>Net assets</b>		102,413	(310)	102,103
<b>Equity</b>				
<b>Shareholders' equity</b>				
Called up share capital		30,148	-	30,148
Share based payment reserve	a)	-	1,426	1,426
Share premium		269,532	-	269,532
Retained earnings	a)	(197,267)	(1,736)	(199,003)
<b>Total equity</b>		102,413	(310)	102,103

THE BRITISH HONEY COMPANY LTD

Notes to the Financial Statements - continued  
for the year ended 31 March 2019

		31/3/2018		
		UK GAAP	Effect of transition to IFRS	Adopted IFRSs
		£	£	£
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		22,500	-	22,500
Property, plant and equipment		65,812	-	65,812
Investments		-	-	-
		88,312	-	88,312
<b>Current assets</b>				
Inventories		113,529	-	113,529
Trade and other receivables	b)	99,975	(874)	99,101
Cash and cash equivalents		81,384	-	81,384
		294,888	(874)	294,014
<b>Total assets</b>		383,200	(874)	382,326
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities – borrowings				
Interest bearing loans and borrowings		(4,553)	-	(4,553)
<b>Current liabilities</b>				
Trade and other payables		(108,615)	-	(108,616)
Financial liabilities – borrowings				
Interest bearing loans and borrowings		(28,129)	-	(28,129)
		(136,744)	-	(136,745)
<b>Total liabilities</b>		(141,297)	-	(141,298)
<b>Net assets</b>		241,903	(874)	241,029
<b>Equity</b>				
<b>Shareholders' equity</b>				
Called up share capital		131,519	-	131,519
Share based payment reserve	a)	-	4,297	4,297
Share premium		699,014	-	699,014
Retained earnings	a)	(588,630)	(5,171)	(593,801)
<b>Total equity</b>		241,903	(874)	241,029

# THE BRITISH HONEY COMPANY LTD

## Notes to the Financial Statements - continued for the year ended 31 March 2019

### Reconciliation of total comprehensive income

	UK GAAP	Effect of transition to IFRS	Adopted IFRSs
Notes	£	£	£
<b>Year ended 31 March 2017</b>	(105,436)	(1,736)	(107,172)
Loss for the year			
<i>Comprising:</i>			
Share option expense		1,426	
Movement in provision for losses on trade receivables		310	
		<u>1,736</u>	

	UK GAAP	Effect of transition to IFRS	Adopted IFRSs
Notes	£	£	£
<b>Year ended 31 March 2018</b>	(391,052)	(3,745)	(394,797)
Loss for the year			
<i>Comprising:</i>			
Share option expense		2,871	
Movement in provision for losses on trade receivables		874	
		<u>3,745</u>	

### Notes to the reconciliation of equity

- Under UK GAAP the Company was not required to account for its share options. The Company has applied the provisions of IFRS 2 to record a charge to the statement of profit or loss for the share option expense, and a corresponding increase in the share based payment reserve.
- The Company has adopted the simplified approach under IFRS 9 to provide for its expected credit losses (ECLs) on trade receivables, with the movement in provision charged to administrative expenses in the statement of profit or loss.