

**Strategic Report,
Report of the Directors and
Financial Statements
for the 9 months ended 31 December 2020
for
THE BRITISH HONEY COMPANY PLC**



THE BRITISH HONEY COMPANY PLC

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THE BRITISH HONEY COMPANY PLC

Company Information for the period ended 31 December 2020

Directors: L Guifang
R A Porter-Smith
P A G Seers
A L Wallace
M D Williams
G Lennox (appointed 19th November 2020)
M M Gamble (appointed 24th February 2021)

Secretary: A L Wallace

Registered office: Unit 3 Vista Place, Coy Pond Business Park
Ingworth Road
Coy Pond Business Park
Poole
Dorset
BH12 1JY

Registered number: 09300046 (England and Wales)

Independent Auditor: PKF Littlejohn LLP
Statutory Auditor
15 Westferry Circus
Canary Wharf
London
E14 4HD

THE BRITISH HONEY COMPANY PLC

Strategic Report for the period ended 31 December 2020

The Board of Directors of The British Honey Company PLC (BHC) present their Strategic Report for the period ended 31 December 2020.

Review of the business by the Chief Executive Michael Williams

The nine months ended 31 December 2020 saw the Company focus on building a platform for growth.

Finance review

Over the past 9 months the Company recorded a loss of £1,215,340 (March 2020: £1,962,879), with a net cash outflow of £1,575,315 (March 2020: inflow of £3,533,600). The loss has been funded by cash reserves. The Company's cash deposits stood at £2,458,243 at 31 December 2020 (31 March 2020: £4,033,559).

In January 2020, the Company successfully completed the acquisition of The London Distillery Company ("TLDC") - manufacturers of Dodd's Gin and limited edition whiskies - purchasing TLDC's assets and ongoing business for a consideration of £65,975 in cash and the issue of 132,363 shares. The business was subsequently integrated within BHC's facilities to plan.

Reflecting a strong performance over the last quarter of 2020, including the Christmas period, total revenues from continuing operations increased to approximately £1.5million for the nine months ending December 2020 (a c.270% increase over the corresponding period in 2019).

Particularly pleasing was the significant increase in the proportion of online sales, where integration with third party platforms, which provide key e-commerce sales channels, has been enhanced by the very successful adoption of Shopify. This e-commerce platform has facilitated seamless order management with a number of large online retailers including, but not limited to, Amazon Seller Central Platform, which went "live" last August, Ocado, Virgin Wines, BHC's own website and Masters of Malt. At the period end, combined online sales accounted for approximately 18% of total revenues, with approximately £150,000 of online revenue being recorded in the period from September to December 2020, representing approximately 30% of revenues. This increase in online sales is in line with a rise in consumers shopping online due to the COVID-19 pandemic, which overall we can expect is a trend that will continue

During the year, the Company has sought to establish a scalable platform which can be utilised by new brands, whether owned by BHC or third parties, with the aim of providing a seamless end-to-end service. The Board believes that BHC has developed a back-office system which is unique in the UK marketplace, enabling significant cost-saving benefits for less integrated producers and a means to achieve economies of scale and production efficiencies within any businesses acquired by BHC. The Company's focus has been to build scale and to concentrate on business fundamentals. The Board believes BHC is now well placed for growth and set to benefit from revenue and margin growth following the successful integration of acquisitions made during the year.

The Company expects to continue investing in its online IT infrastructures and connectivity to online retailers. The Company's US trading arrangement with List Distillery LLC ("List"), based in Florida, has enabled BHC to expand its product range to include List's rum, bourbon and rye whisky, whilst also generating export sales of the Company's London Dry Gin which List is selling via its US distribution channels. Although currently relatively modest, overseas sales, particularly to the United States and China, are an important element of BHC's growth strategy. The COVID pandemic has impacted on BHC's ability to operate in the United States and China due to travel restrictions and consequential inability to carry out adequate due diligence on operations there. BHC will continue exploring these markets as soon as the pandemic ceases to be a threat to health and wellbeing of its staff. The Company is pursuing other merger and acquisition opportunities in the UK, which remains a key focus in an area ripe for consolidation, by leveraging the Company's well invested platform.

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Strategic Report for the period ended 31 December 2020

The Company is also actively seeking out new opportunities to deploy its proven product development skills in partnership with others, such as the exclusive international licensing agreement signed with English Heritage in August and which is starting to gain traction in the UK. During the period, BHC has expanded its range of spirits brands, creating new flavours and offerings, including the successful release of a range of ready to drink products aimed at the fast-growing hard seltzer and low alcohol categories, to take full advantage of changing consumer tastes.

In October 2020 the company agreed to purchase Union Distillers Ltd (“Union”) based in Market Harborough, Leicestershire for an initial consideration of £8m (and £2m of earn-out consideration), and the acquisition completed in February 2021. Union Distillers was founded in 2012 by Mark Gamble and Lyn Taylor. Over the past eight years it has grown to become an independent producer and distributor of proprietary and “own-label” spirits. It has well-invested infrastructure which includes its own stills and bonded warehouse.

Union has a strong manufacturing capability, established brands and an extensive and growing retail and wholesale customer base. Union will benefit from BHCs own platform, in particular its software infrastructure. Products include its premium, proprietary “Two Birds” range of spirits of gin, vodka, rum and absinthe. In addition, Union distils spirits on behalf of a range of B2B customers including some major German supermarkets with a UK presence. Like BHC, Union is also SALSA, SMETA, Kosher bottling and Soil Association Organic accredited.

Key performance indicators

The Company has developed a computerised reporting system for monitoring Key Performance Indicators (KPIs). KPIs are continually updated in the system and available live.

The following KPIs highlight the business performance for the 9 months to 31 December 2020:

	31 Dec 2020	31 Mar 2020	31 Mar 2018
	£'000	£'000	£'000
Turnover	1,547	634	558
Gross Profit	917	265	238

The positive cash balance in the year allows the Company to be well positioned to deal with the uncertainties that COVID-19 has created for the industry in the next 12 months. There is ongoing change in the behaviour of consumer spending and together with its distillers, the Company is able to put resources into areas that require investment to meet this demand.

The Group has made significant progress in 2020 and this has continued into the current Financial year, not least with the successful acquisition of Union Distillers Limited, as discussed above. As Covid restrictions continue to be eased, the hospitality sector is gradually returning to normal and should be fully open later in the summer. This will provide further opportunities for an improved performance by BHC with its considerably expanded product range and manufacturing capacity. The Company is well placed both commercially and financially to achieve further growth in 2021, taking advantage of a noticeable change in consumer purchasing and lifestyle habits and building increasing value for shareholders.


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Strategic Report for the period ended 31 December 2020

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 23 of the notes to the financial statements.

On behalf of the board



.....
M D Williams – Chairman and Chief Executive

28 June 2021

THE BRITISH HONEY COMPANY PLC

Report of the Directors for the period ended 31 December 2020

The directors present their report with the financial statements of the Company for the period ended 31 December 2020.

Principal activity

The principal activity of the company in the period was that of the production and wholesale of spirits, the sale of honey products and alcohol sanitiser.

There have been no material changes to the nature of the company's business from the prior year.

Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2006. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

Interests in joint arrangements

The company signed a joint venture agreement with Cottisford Limited to set up a new company called Tusmore Collection Limited, which was incorporated on the 15th July 2020. Tusmore Collection Limited has been established specifically to set up and operate a new distillery and bonded warehouse within the grounds of Tusmore Park Estate in Oxfordshire, which is owned indirectly by Cottisford.

Details of material interests in joint arrangements are presented in the financial statements in note 15.

Share Capital

Issued share capital

Class:	Nominal value:	9 months ended	12 months ended	9 months ended	12 months ended
		31/12/2020	31/03/2020	31/12/2020	31/03/2020
		# of shares	# of shares	£	£
Ordinary	10p per share	9,525,462	9,099,993	952,546	909,993

Share incentive schemes / Share based payments

Refer to note 25 of the financial statements for the details of the company share incentive scheme.

THE BRITISH HONEY COMPANY PLC

Report of the Directors for the period ended 31 December 2020

Directors

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

R A Porter-Smith
P A G Seers
A L Wallace
M Williams
G Luo

Other changes in directors holding office are as follows:

W R Said – appointed 17 January 2020 – resigned 19 November 2020
M S Riley - appointed 17 February 2020 – resigned 19 November 2020
The Rt Hon H Swire – resigned 25 September 2020
G Lennox – appointed 19 November 2020
M Gamble – appointed 25th February 2021

Directors' remuneration is disclosed in note 24 in the financial statements.

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Report of the Directors for the period ended 31 December 2020

Directors' interests

<i>Name</i>	<i>Number of shares held as at 31 December 2020 and on signing of this report</i>	<i>Share Options held as at 31 December 2020 and on signing of this report</i>	<i>Warrants held as at 31 December 2020 and on signing of this report</i>
Guifang Luo ⁽¹⁾	198,020	100,000	-
Robert Porter-Smith ⁽²⁾	910,455	575,000	-
Philip Seers ⁽³⁾	363,636	200,000	-
The Rt Hon Sir Hugo Swire KCMG	-	233,000	13,636
Alistair Wallace ⁽⁴⁾	261,136	50,000	-
Michael Williams ⁽⁵⁾	716,993	1,495,000	12,000
G Lennox	91,818	100,000	-
Mark Gamble	1,363,637	-	-

- (1) Guifang Luo has a combined shareholding of 198,020 Ordinary Shares with a nominal value of 10 pence through her personal holdings (49,505) along with holdings held by her son Di Wu (148,515).
- (2) Robert Porter-Smith has a combined shareholding of 910,455 Ordinary Shares, through his personal holdings (750,455) along with holdings held by his wife, Gillian Porter-Smith (60,000) and his daughter, Simone Porter-Smith (100,000).
- (3) Philip Seers is a beneficiary of BGL Reads Trust Company Ltd as Trustee of the Philip Seers 2002 Life Interest Settlement which holds 363,636 shares.
- (4) Alistair Wallace has a combined shareholding of 261,136 ordinary shares, through his personal holdings (130,568) along with holdings held by his wife, Louise Wallace (130,568).
- (5) Michael Williams has a combined shareholding of 716,993 Ordinary Shares, through his personal holdings (166,630) along with holdings held by the Brackenwood Pension Fund (215,910), his sons Henry Williams (40,000) and Oliver Williams (60,000), his daughter Brooke Williams (5,454) and his wife, Caroline Williams (228,999).

Wafic Said (resigned 19 November 2020), did not hold any shares during the year. M S Riley (resigned 19 November 2020), also did not hold any shares during the year.

Subsequent to year end the company issued 6,947,273 shares as part of funding for the acquisition of Union Distillers Ltd.

THE BRITISH HONEY COMPANY PLC

Report of the Directors for the period ended 31 December 2020

Future developments

Future developments are discussed in the Strategic Report on pages 4 to 6.

Section 172 disclosures

Directors of a company must act in a way that they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, taking into account the non-exhaustive list of factors set out in Section 172 of the Companies Act 2006.

Section 172 also requires directors to take into consideration the interests of other stakeholders set out in Section 172(1) in their decision making.

Engagement with our members and wider stakeholder groups plays an essential role throughout our business. We are cognisant of fostering an effective and mutually beneficial relationship with each stakeholder group. Our understanding of stakeholder needs and concerns is factored into boardroom discussions regarding the potential long-term impacts of our strategic decisions on each group.

Post the reporting year end, the Board have continued to have regard to the interests of the Company's stakeholders, including the potential impact of the Company's future activities on the community, the environment and the Company's reputation when making decisions. The Board also continue to take all necessary measures to ensure the Company is acting in good faith and fairly between members and is promoting the success of the Company for its members in the long term.

The table below acts as our Section 172 statement by setting out the key stakeholder groups and how BHC has engaged with them over the reporting year.

Stakeholder	Why we engage	How we engage
Our investors	We maintain and value regular dialogue with our investors and place great importance on our relationship with them. We know that our investors expect a comprehensive insight into the financial performance of the company, and awareness of long-term strategy and direction. As such, we aim to provide high levels of transparency and clarity about our results and long-term strategy to build trust in our future plans.	<ul style="list-style-type: none">• Regular reports and analysis on investors and shareholders• Annual Report• Company website• AGM• Stock exchange announcements• Press releases• Analyst research

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Report of the Directors for the period ended 31 December 2020

Our employees	Our people are at the heart of our business. Effective employee engagement leads to a happier, healthier workforce who are invested in the success of the company and who are all pulling in the same direction. Our engagement seeks to address any employee concerns regarding working conditions, health and safety, training and development, as well as workforce diversity.	<ul style="list-style-type: none"> • Open and regular informal dialogue • Employee benefit packages • Encouraging employee training and development • Board level communication and interaction
Regulatory bodies	BHC's operations are subject to a wide range of laws, regulations, and listing requirements including data protection, tax, employment, environmental and health and safety legislation, along with contractual terms.	<ul style="list-style-type: none"> • Company website • Stock exchange announcements • Annual Report • Direct contact with regulators • Compliance updates at Board meetings • Risk reviews • Dedicated Aquis Rule Compliance Committee
Our customers	We aim to listen to and engage with our customers on a regular basis to ensure that we understand their needs. We ensure that information is easily accessible and customer concerns are dealt with in a timely and professional manner.	<ul style="list-style-type: none"> • Ongoing review of customer feedback • Face-to-face meetings with customers to further develop relationships. • Ongoing promotional and advertising activity
Our suppliers	We have a number of key partners and suppliers with whom we have built strong relationships with and strongly value. We establish effective engagement channels to ensure our relationships remain collaborative and forward-focused, and to foster relationships of mutual trust and loyalty.	<ul style="list-style-type: none"> • Open two-way dialogue and regular face to face meetings • Performance review and feedback

The above statement should be read in conjunction with the Strategic Report on pages 4 to 6.

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Report of the Directors for the period ended 31 December 2020

Events after the reporting period

Union Distillers Limited

Subsequent to the period end, on the 24th February 2021, the company completed the 100% acquisition of Union Distillers Limited for an initial consideration of £8 million and an earn-out consideration of up to £2.0 million, to be satisfied through a combination of cash and BHC shares.

Following the admission of the fundraising share, initial consideration shares and the Bonus shares, the total number of Ordinary shares in the company is 16,472,735.

The strategy of BHC and Union (together “the Enlarged Group”) is to develop a multi-category brand portfolio across a number of geographies through both organic and acquisitive growth. This will be driven by increased marketing, new product development and significantly increased e-commerce revenue, thereby expanding its combined range of established premium spirits brands, developing new brands and products and further penetrating existing UK and overseas markets.

Additionally, it will utilise the experience and expertise of the combined management team, BHC’s market-leading proprietary IT systems and the larger distilling and bottling infrastructure of the Enlarged Group.

BHC is anticipating purchasing a new canning line and enhancing the production facilities at Union. The new production capacity of the Enlarged Group will enable the production of three million bottles, seven million cans and five million miniatures (5cl) in 2021.

The Board made an executive decision to move all trading of The British Honey Company into Union Distillers Limited as of 2nd March 2021.

Terms of the Acquisition

The aggregate purchase consideration for the Acquisition comprises:

- Initial Consideration of £5,034,000 in cash and 2,727,273 BHC shares (equal to approximately £3.0 million, the “Initial Consideration Shares”), paid on completion; and
- Earn-out Consideration of up to a further £2.0 million in BHC shares (the “Earn-out Consideration Shares”), payable on certain brand revenue targets being achieved in both the 15 month period to 31 December 2021 and the financial year to 31 December 2022.

The Initial Consideration Shares and the Earn-out Consideration Shares are subject to a 12-month lock-in and a further 12-month orderly market restriction. The Earn-out Consideration is based on revenue generated by certain brands of the target business and will be satisfied by the issue of new BHC shares at the mid-market price at the time of issuance but not less than 110 pence per share.

Board Appointment

Following completion of the Acquisition, Union’s joint owner and CEO, Mark Gamble has joined the Board of BHC as an Executive Director and will play a key role in the integration, development and growth of the Enlarged Group.

Mr Gamble was the joint founder and CEO of Union until its acquisition by BHC. Mark brings a wealth of sector expertise to BHC having helped found Union and grown it into a successful player in the UK craft spirit market. Prior to Union, Mr Gamble was the Managing Director of Orangeade Limited, a designer and manufacturer of early GPRS tracking equipment. Mr Gamble successfully sold Orangeade in 2016 to focus his attention on Union. Mr Gamble and the Union team have worked with BHC on mutual development projects and joint-ventures over a number of years.

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Report of the Directors for the period ended 31 December 2020

Convertible Loan Note

The company has entered into an agreement on the 24th February 2021 for a new £1.63 million unsecured convertible loan facility (the “CLN”) arranged with Mr Khaléd Said. The interest rate payable on the debt drawn down is 4.5% per annum which compounds every six months and rolls up and carries an arrangement fee of 3.0% payable by BHC. The term of the CLN is five years.

The CLN can be converted into new Ordinary Shares in the Company at a conversion price of 126.5 pence, being a 15 per cent premium to the issue price and conversion can be requested by the holder at any time. In the event that any conversion would trigger a Rule 9 event under the Takeover Code, the company will inform the holder and a decision will be made on whether to proceed with conversion.

The investment in List Distillery LLC

As a result of continuing global economic disruption caused by the Covid-19 pandemic, BHC has agreed with List Distillery LLC of the United States, to extend the timeframe for completion of their mutual Share-Swap Agreement (originally announced on 30 June 2020 with an extension announced 29 October 2020) from 28 February 2021 to 28 July 2021 (the “Long-Stop Date”). A further announcement will be made on or before the Long Stop Date.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

Covid-19 effects post balance sheet

The on-trade market has fallen away with the closure of the hospitality sector. As this industry begins to reopen, then the directors anticipate increased revenues from on-trade sales. Sales from e-commerce have continued to expand on platforms such as Amazon, Not On The High Street and Gin To My Tonic and this is expected to continue throughout the year.

Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient financial resources to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Auditors

PKF Littlejohn LLP will be proposed for reappointment as auditors for 2021 at the AGM.

Secretary

The company secretary is Mr A Wallace.

THE BRITISH HONEY COMPANY PLC

Report of the Directors for the period ended 31 December 2020

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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.

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
28 June 2021

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

For the period ended 30 December 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BRITISH HONEY COMPANY PLC

Opinion

We have audited the financial statements of The British Honey Company plc (the 'company') for the 9 month period ended 31 December 2020 which comprise the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, 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 accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the 9 month period then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors assessment of the company's ability to continue to adopt the going concern basis of accounting included obtaining management's assessment of going concern and associated cash flow forecasts for 12 months from the date of approval of the financial statements. We have reviewed the inputs to the cash flow forecast for reasonableness, compared to historic financial information, and stress-tested where appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Our application of materiality

Company materiality for the period ending 31 December 2020	Basis for materiality
£80,000 (31 March 2020: £70,000)	3% of Expenses (31 March 2020: 4% of loss before tax)

In the prior year, our calculation of materiality was calculated using the loss before tax, which was considered to be the most appropriate benchmark for the company's financial position and performance used by shareholders. In the current period, The British Honey Company is still in it's growth phase a profit or loss metric was considered appropriate. However, the loss had reduced to a level where the materiality based on loss before tax would no longer be appropriate. This is mainly due to the improved performance in the period. Therefore, expenses was selected as the most appropriate metric.

Report of the Independent Auditors to the Members of The British Honey Company plc

The company was audited with a performance materiality of £64,000 (31 March 2020: £56,000). The threshold of items considered to be trivial was £4,000, (31 March 2020: £3,500). We apply the concept of materiality both in planning and performing our audit and evaluating the effect of misstatements. At the planning stage, materiality is used to determine the financial statements areas that are included within the scope of our audit and the extent of sample sizes during the audit. This is updated accordingly during the fieldwork and completion depending on the adjustments made during the audit.

Our approach to the audit

A full scope audit was performed on the company. In designing our audit, we determined materiality, and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates such as the share based payment, intangible asset and inventory valuations.

We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the key audit matter
Existence and valuation of inventory The carrying value of inventory as at 31 December 2020 was £614,127 (31 March 2020: £408,904) which comprises work in progress and finished goods. The value of the stock is based on standard costs implemented in the stock system that the BHC finance team are responsible for updated to the most recently available cost. There is a risk that the standard costing system is not being implemented correctly and the inventory value is not in accordance with IAS 2. Note 16 presents a split of inventory between raw materials and finished goods and confirms the valuation of each.	<p>We performed a stocktake as at 28 February 2021 and reconciled this back to the period end holding in total to confirm existence of the inventory.</p> <p>We tested the perpetual stock system and movement in the system to ensure they were appropriately included in the accounting system.</p> <p>We tested the valuation of the inventory to ensure it was based on the cost of products and subsequently valued at the lower of cost and net realisable value.</p> <p>We performed testing over the standard costing process comparing standard costs in the Filemaker system with the actual invoices to confirm standard costs are updated in a timely manner and are reasonable in comparison to the market cost of any item on the Bill of Materials.</p>

Other information

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

We have nothing to report in this regard.

Report of the Independent Auditors to the Members of The British Honey Company plc

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through detailed discussions with management about and potential instances of non compliance with laws and regulations. We also selected a specific audit team based on experience with auditing AQSE Growth Market ("AQUIS") listed entities within this industry, of a similar size.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from:
 - AQUIS Listing rules
 - Companies Act 2006 requirements
 - IFRS requirements
 - Food Hygiene standards under SALSA
 - Health & safety act

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

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
 - Making enquiries of management
 - Review of Board minutes
 - Review of accounting ledgers
 - Review of RNS announcements
- We also identified the risks of material misstatement of the financial statements due to fraud. Aside from the non-rebuttable presumption of a risk of fraud arising from management override of controls, we did not identify any significant fraud risks.

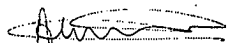
As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: testing over all journals on a risk based approach to identify any unusual transactions that could be indicative of fraud; reviewing accounting estimates for evidence of bias; evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and reviewing transactions through the bank statements to identify potentially large or unusual transactions that do not appear to be in line with our understanding of business operations

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



**Alistair Roberts (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor**

15 Westferry Circus
Canary Wharf
London E14 4HD

28 June 2021

THE BRITISH HONEY COMPANY PLC

Statement of Profit or Loss for the
period ended 31 December 2020

		9 months ended 31/12/2020	12 months ended 31/03/2020
	Notes	£	£
Continuing operations			
Revenue	3	1,547,066	634,562
Cost of sales	4	(630,573)	(369,502)
Gross profit		916,493	265,060
Government grants	6	7,445	-
Profit on disposal of fixed assets		7,880	1,960
Other income	7	40,300	-
Administrative expenses	8	(1,689,329)	(1,537,627)
Exceptional expenses	8	(245,048)	(477,554)
Share based payments	25	(213,943)	(211,875)
Operating loss		(1,176,202)	(1,960,036)
Finance costs	9	(3,509)	(4,665)
Finance income	9	3,223	1,822
Share of net loss of joint venture accounted for using the equity method	15	(43,281)	-
Loss before income tax		(1,219,769)	(1,962,879)
Income tax	10	4,429	-
Loss for the year		(1,215,340)	(1,962,879)
Earnings per share expressed in pence per share:			
Basic	11	(12.95)	(42.33)

The notes form part of these financial statements

THE BRITISH HONEY COMPANY PLC

**Statement of Comprehensive Income for the
period ended 31 December 2020**

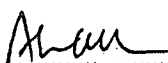
		9 months ended 31/12/2020	12 months ended 31/03/2020
	Notes	£	£
Loss for the year		(1,215,340)	(1,962,879)
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(1,215,340)</u>	<u>(1,962,879)</u>

The notes form part of these financial statements

Statement of Financial Position
As at 31 December 2020

		As at 31/12/2020	As at 31/03/2020
	Notes	£	£
Assets			
Non-current assets			
Intangible assets	12	259,528	231,860
Land, property, plant and equipment	13	647,745	636,801
Right-of-use asset	14	112,675	140,844
Investments	15	556,998	-
		<u>1,576,946</u>	<u>1,009,505</u>
Current assets			
Inventories	16	614,127	408,904
Trade and other receivables	17	708,453	379,053
R&D Tax credit	18	4,425	40,398
Cash and cash equivalents	19	2,458,244	4,033,559
		<u>3,785,249</u>	<u>4,861,914</u>
TOTAL ASSETS		5,362,195	5,871,419
Liabilities			
Non-current liabilities			
Financial liabilities – borrowings			
Interest bearing loans and borrowings	20	<u>(117,309)</u>	<u>(119,599)</u>
Current liabilities			
Trade and other payables	21	(418,486)	(417,975)
Financial liabilities – borrowings			
Interest bearing loans and borrowings	20	<u>(38,816)</u>	<u>(44,864)</u>
		<u>(457,302)</u>	<u>(462,839)</u>
TOTAL LIABILITIES		(574,611)	(582,438)
NET ASSETS		4,787,584	5,288,981
Equity			
Shareholders' equity			
Called up share capital	22	952,546	909,993
Share premium	22	4,764,137	4,306,690
Share based payment reserve		490,086	276,143
Retained earnings		(1,419,185)	(203,845)
TOTAL EQUITY		4,787,584	5,288,981

The financial statements were approved by the Board of Directors on 28 June 2021 and were signed on its behalf by:


A L Wallace - Director

The notes form part of these financial statements

THE BRITISH HONEY COMPANY PLC

**Statement of Changes in Equity for
the period ended 31 December 2020**

	Called up share capital £	Share premium £	Share Based payment reserve £	Retained earnings £	Total equity £
Balance at 1 April 2019	346,583	2,317,460	196,792	(1,497,560)	1,363,275
Changes in equity					
Issue of share capital	563,410	5,242,720	-	-	5,806,130
Issue costs		(129,379)			(129,379)
Equity-settled share-based payment transactions	-	(62,737)	274,571		211,834
Exercise of share options	-	-	(195,220)	195,220	-
Capital reduction	-	(3,061,374)	-	3,061,374	-
Total comprehensive income	-	-	-	(1,962,879)	(1,962,879)
Balance at 31 March 2020	909,993	4,306,690	276,143	(203,845)	5,288,981
Balance at 1 April 2020	909,993	4,306,690	276,143	(203,845)	5,288,981
Changes in equity					
Issue of share capital	42,553	457,447	-	-	500,000
Equity-settled share-based payment transactions	-	-	213,943	-	213,943
Exercise of share options					
Capital reduction					
Total comprehensive income	-	-	-	(1,215,340)	(1,215,340)
Balance at 31 December 2020	952,546	4,764,137	490,086	(1,419,185)	4,787,584

The notes form part of these financial statements

THE BRITISH HONEY COMPANY PLC

**Statement of Cash Flows
for the period ended 31 December 2020**

		9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Cash flows from operating activities	Notes		
Cash generated from operations	1	(1,317,662)	(1,642,717)
Interest element of HP & lease payments paid		(3,509)	(4,665)
Tax (paid) / refunded	2	40,402	-
Net cash from operating activities		(1,280,769)	(1,647,382)
Cash flows from investing activities			
Payments for internally generated software development costs		(60,092)	(36,875)
Payments for the purchase of brand intangibles		-	(11,045)
Payments for the purchase of property, plant and equipment		(192,246)	(267,503)
Proceeds from the sale of for property, plant and equipment		63,187	18,748
Payments to acquire investments		(100,280)	-
Interest received		3,223	1,822
Net cash from investing activities		(286,208)	(294,853)
Cash flows from financing activities			
Additions to finance lease liabilities		41,600	-
Principal elements of finance lease payments		(49,938)	(34,988)
Net proceeds from issue of shares		-	5,510,823
Net cash from financing activities		(8,338)	5,475,835
Increase/(decrease) in cash and cash equivalents		(1,575,315)	3,533,600
Cash and cash equivalents at beginning of year	3	4,033,559	499,959
Cash and cash equivalents at end of year	3	2,458,244	4,033,559

Non-cash transactions

The Company issued 425,532 ordinary shares in the year as part of the share swap with List Distillery LLC as per note 15.

The Company issued financial instruments over its ordinary share capital as outlined in note 25.

THE BRITISH HONEY COMPANY PLC

Notes to the Statement of Cash Flows the period ended 31 December 2020

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

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Loss before income tax	(1,215,340)	(1,962,879)
Depreciation and amortisation charges	186,588	206,589
Share based payment expenses	213,944	211,875
Gain on disposal of fixed assets	(7,880)	(1,960)
Share of net loss of joint venture accounted for using the equity method	43,281	-
Net finance costs/ (income)	286	2,843
	<u>(779,121)</u>	<u>(1,543,532)</u>
(Increase) / Decrease in inventories	(205,223)	(161,953)
(Increase) / Decrease in trade and other receivables	(329,400)	(178,814)
Increase / (Decrease) in trade and other payables	511	241,582
(Increase) / Decrease in tax receivable	(4,429)	-
Goods and services purchased via issue of shares	-	-
Directors' remuneration paid via issue of shares	-	-
	<u>(1,317,662)</u>	<u>(1,642,717)</u>
Cash generated from operations		

2. Tax (Paid) / Received

Year ended 31 December 2020

	31/12/2020 £	01/04/2020 £
Opening balance brought forward	40,398	40,398
Tax Charge	4,429	-
	<u>44,827</u>	<u>40,398</u>
Closing balance	(4,425)	(40,398)
Tax Received / (Paid)	<u>40,402</u>	<u>-</u>

3. 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:

	31/12/2020 £	31/03/2020 £
Cash and cash equivalents	2,458,244	4,033,559

THE BRITISH HONEY COMPANY PLC

Notes to the Financial Statements for the period ended 31 December 2020

1. Statutory information

The British Honey Company Plc 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.

On 14th December 2020 the Company has been elevated to the Apex segment of the Aquis Stock Exchange.

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. The financial statements have been prepared on a historical cost basis.

(a) Basis of preparation

During the period the company changed its accounting reference date from 31st March to 31st December in order to align its year-end reporting with the commercial operating cycle of the business. Consequently, the current period covers the 9 months ended 31 December 2020 and so is not entirely comparable with the comparative period.

The Company reclassified the comparatives for 31 March 2020 for share-based payments and exceptional expenses. This is now included separately on the face of the profit and loss statement in the case of share-based payments and both are included in arriving at operating loss. The Directors feel that this more accurately reflects the nature of these items.

(i.) Compliance with IFRS

The financial statements of The British Honey Company Plc have been prepared in accordance with International Accounting Standards in conformity with the Companies Act 2006 ('Adopted IFRS').

(ii.) New standards and interpretations not yet adopted

There were no new standards, amendments or interpretations applied to the financial statements in the period.

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and not early adopted.

Standard	Impact on initial application	Effective date
IFRS 3 (Amendments)	Business combinations – reference to conceptual framework	*1 January 2022
IAS 16 (Amendments)	Property, plant and equipment	*1 January 2022
Annual Improvements	Annual Improvements to IFRS 2018-2020 cycle	*1 January 2022
IAS 1	Classification of Liabilities as Current or Non-Current.	1 January 2022

**Subject to endorsement*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company.

THE BRITISH HONEY COMPANY PLC

Notes to the Financial Statements for the period ended 31 December 2020

2. Accounting policies *(continued)*

(iii.) Going concern

The directors report and note 27 contains further information with regards to the directors' going concern assessment.

(iv.) Accounting judgements and estimates

The preparation of the financial statements requires the Directors to make several 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.

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. No amounts have been written off in this regard.

Valuation of share options

The Company has made awards of options and warrants over its unissued share capital to certain Directors and employees as part of their remuneration package. The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in Note 25.

Valuation of intangible assets

The Company has capitalised intangible assets at cost and these have been amortised over the estimated useful life as disclosed at Note 2(j)(iv). An impairment review has been carried out on each intangible asset and it is the Director's view that no impairment adjustment needs to be made. The impairment review considered the indicators of impairment per IAS 36, including the future cashflows expected to flow from the intangible assets.

Calculation of lease liabilities

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all the economic benefits of an identified asset for a period of time in exchange for consideration. The IFRS 16 lease calculation required significant judgement to be used for the determination of the discount rate. The incremental borrowing rate was determined at 3.1% as it reflects the rate it would have to pay to borrow over a similar term and a similar asset.

Valuation of assets held at fair value through profit or loss

The 10% equity investment in List Distillery LLC is accounted for at fair value through profit or loss. The carrying value as at 31 December 2020 was £500,000 (31 March 2020 : £Nil) and is based on the cost of acquisition being the fair value of the shares issued in the Company. This valuation is considered to be the fair value of the investment at the year end because the Company has an option to either swap back the shares and receive their shares back as off market shares available to be sold, or

THE BRITISH HONEY COMPANY PLC

Notes to the Financial Statements for the period ended 31 December 2020

2. Accounting policies *(continued)*

pursuing the acquisition of the additional 90% of List. The price agreed for the remaining interest is on the same value terms as the current holding and as a result, there is not considered to be any impairment at the year end.

(iv) Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so, to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount. Initial Public Offering ("IPO") and acquisition related costs are included as exceptional items in profit or loss. See note 8 for further details on exceptional items incurred in the year.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the Company's financial statements are presented in 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 recognised when the Company's performance obligations are fulfilled, namely the delivery of stock or the making available of stock for ex-works collection.

Revenue is recorded based on the price specified in sales invoices, net of any agreed discounts and rebates and exclusive of value added tax but inclusive of excise duty 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.

THE BRITISH HONEY COMPANY PLC

Notes to the Financial Statements for the period ended 31 December 2020

2. Accounting policies (*continued*)

(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 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.

(e) Leases

On 1 April 2019, the Company adopted all of the requirements of IFRS 16 – Leases. IFRS 16 Leases was issued in January 2016 and provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

The Company leases certain plant and equipment. Leases of plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases under IFRS 16. Finance leases are capitalised on the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Other leases are either small in value or cover a period of less than 12 months.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. The interest element of the finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets obtained under finance leases are depreciated over their useful lives. The lease liabilities are shown in note 11.

Rent payable under operating leases on which the short-term exemption has been taken, less any lease incentives received, is charged to the income statement on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

In the Statement of Financial Position, the right-of-use asset is recorded in Non-current assets and the lease liability is split between Current liabilities for the portion due within 12 months and Non-current liabilities for the remainder.

To determine the split between principal and interest in the lease the incremental borrowing rate of 3% applicable to the Company was applied. This method was adopted as the Company was not able to ascertain the implied interest rate in each lease. See Note 14 for further detail.

THE BRITISH HONEY COMPANY PLC

Notes to the Financial Statements for the period ended 31 December 2020

2. Accounting policies (*continued*)

(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.

(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 23(b) for a description of the Company's impairment policies.

(g) Inventories

Inventory comprises of the following categories:

- Raw materials and stores,
- finished goods

Inventories are stated at the lower of cost and net realisable value.

Cost comprises direct materials 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

The Company measures its equity investments as financial asset at fair value through profit or loss. The fair value of the investments is discussed further in Note 2a.

(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
Freehold land	No depreciation

THE BRITISH HONEY COMPANY PLC

Notes to the Financial Statements for the period ended 31 December 2020

2. Accounting policies (*continued*)

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, brands, 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. The amortisation is presented within Administrative Expenses.

(ii) Internally generated software

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

THE BRITISH HONEY COMPANY PLC

Notes to the Financial Statements for the period ended 31 December 2020

2. Accounting policies (*continued*)

(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.

(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.

THE BRITISH HONEY COMPANY PLC

Notes to the Financial Statements for the period ended 31 December 2020

2. Accounting policies (*continued*)

(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.

(n) Capital and reserves

Ordinary shares are classified as equity and accounted for at their nominal value in share capital. Amounts paid over the nominal value are recorded as share premium. Incremental costs directly attributable to the issue of new shares or options are shown in equity, as a deduction, net of tax from the proceeds provided there is sufficient premium available. Should sufficient premium not be available, placing costs are recognised in the Income statement.

The share-based payment reserve consists of the fair value of options and warrants issued, which are recycled to retained earnings upon exercise or expiry.

(o) Investments in Joint Arrangements – Joint Ventures

The Company has applied IFRS 11 and IAS 28 to all joint arrangements. Under IFRS 11 a joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The British Honey Company PLC has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Company's share of losses in joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint ventures), the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Investments in joint ventures are carried at cost less any impairment losses.

(p) Government Grants

Government grants are recognised when there is reasonable assurance that:

- The company will comply with the conditions attaching to them; and
- The grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income in the periods in which it becomes receivable.

THE BRITISH HONEY COMPANY PLC

Notes to the Financial Statements - continued for the period ended 31 December 2020

3. Revenue

The Company has the following revenue streams:

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Sale of spirits	645,375	440,916
Sale of honey products	56,007	68,504
Sale of sanitiser and PPE	694,326	58,759
Other sales	138,250	66,383
Delivery & Shipping	13,108	-
	<u>1,547,066</u>	<u>634,562</u>

Sales by location:

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
United Kingdom	1,487,888	631,245
France	21,508	-
Hong Kong	-	-
China	6,207	3,317
Switzerland	19,318	-
USA - Florida	12,145	-
	<u>1,547,066</u>	<u>634,562</u>

Receivables from contracts with customers solely comprise trade receivables.

4. Cost of sales

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Purchase / Manufacture of spirits	381,732	309,672
Purchase / Manufacture of honey products	18,007	27,086
Purchase / Manufacture of sanitiser and PPE	183,734	16,652
Other sales	47,100	16,092
	<u>630,573</u>	<u>369,502</u>

THE BRITISH HONEY COMPANY PLC

**Notes to the Financial Statements - continued
for the period ended 31 December 2020**

5. Employees and directors

	9 months ended 31/12/2020	12 months ended 31/03/2020
	£	£
Wages and salaries	731,497	613,122
Social security costs	74,269	67,689
Other pension costs	10,601	10,729
	<u>816,367</u>	<u>691,540</u>

The average number of employees (excluding directors) during the year was as follows:

	9 months ended 31/12/2020	12 months ended 31/03/2020
Sales and marketing	6	6
Administration	6	3
Operations	12	9
	<u>24</u>	<u>18</u>

For detail of the directors' remuneration, see the related parties note, Note 24.

THE BRITISH HONEY COMPANY PLC

Notes to the Financial Statements - continued for the period ended 31 December 2020

6. Government grants

The company received government grants in relation to the Covid-19 pandemic. The Coronavirus Job Retention Scheme was announced on 20 March 2020 where companies could claim for furloughed staff extending back to 1 March 2020. During the current accounting period the following claims were made:

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
- November 2020	4,466	-
- December 2020	2,979	-
	<u>7,445</u>	<u>-</u>

7. Other income

Other income comprises the following:

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
- Project management charges – Tusmore Collection Ltd	38,483	-
- Project management charges – Tusmore Park Farm Ltd	1,817	-
	<u>40,300</u>	<u>-</u>

Management charges are raised at an 8% mark-up of costs incurred by The British Honey Company PLC on behalf of Tusmore Collection Ltd, the joint venture entered in to in the period as discussed in Note 15.

8. Loss before income tax

The loss before income tax is stated after charging:

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Cost of inventories recognised as expense	630,821	369,502
Hire of plant and machinery	5,098	14,563
Other operating leases	29,919	41,035
Depreciation - PPE	125,995	174,495
Depreciation - Right-of-use	28,169	12519
Brands and trademarks amortisation	14,808	7,276
Internally developed software amortisation	17,617	11,574
Auditor's remuneration:		
Audit of the company's accounts	25,000	22,000
Other non-audit services	18,000	59,250

THE BRITISH HONEY COMPANY PLC

Notes to the Financial Statements - continued for the period ended 31 December 2020

Exceptional costs incurred during the period comprised:

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Legal & other fees:		
- List LLC ⁽¹⁾	80,344	-
- Tusmore Collection Ltd - Joint Venture ⁽²⁾	24,959	-
- Union Distillers Limited ⁽³⁾	117,500	-
- New product Development ⁽⁴⁾	2,745	-
- Termination pay ⁽⁵⁾	19,500	-
- The London Distillery ⁽⁶⁾	-	35,423
Listing fees ⁽⁷⁾	-	442,131
	245,048	477,554

- (1) On 30 June 2020 the Company acquired a 10% equity interest in List Distillery LLC in exchange for 452,523 of its own shares with a fair value of £500,000 (refer to Note 15). Due diligence costs of £80,344 were incurred in connection with the transaction.
- (2) On 15th of July 2020 the Company entered into a joint venture agreement with Cottisford Ltd to establish the joint venture company, Tusmore Collection Limited. Tusmore Collection Limited has been established specifically to setup and operate a new distillery and bonded warehouse within the grounds of Tusmore Park Estate in Oxfordshire. Both parties hold 50% interest in the new company. Legal fees of £24,959 were incurred in relation to establishing the joint venture arrangement.
- (3) Subsequent to the period end, on the 24 February 2021, the company acquired 100% ownership of Union Distillers Limited. During the period acquisition fees of £117,500 were incurred in relation to the transaction.
- (4) New product development costs relate to costs incurred for product development that was not capitalised.
- (5) Sir Hugo Swire KCMH resigned as a Director of the Company and a termination payment of £12,500 was made, and legal costs relation to employment advice of £7,000 were incurred.
- (6) During the previous year, the Company acquired the trade and assets of The London Distillery Company. It incurred fees of £25,045 in legal fees in relation to the acquisition and other fees of £10,211 in relation to identifying other investment opportunities
- (7) During the previous year the Company re-registered from a private limited company to public limited company and completed an initial public offering on the Aquis Stock Exchange Growth Market. Fees totalling £442,131 were incurred in relation to the listing.

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**Notes to the Financial Statements - continued
for the period ended 31 December 2020**

9. Net finance costs

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
<u>Finance income:</u>		
Deposit account interest	3,223	1,822
<u>Finance costs:</u>		
Bank interest	-	-
IFRS 16 finance charge	2,985	1,510
Hire purchase charge	524	3,155
	<u>3,509</u>	<u>4,665</u>
Net finance costs	<u>286</u>	<u>2,843</u>

10. 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 period (March 2020: £nil). A tax credit of £4,429 has been received in relation to an R&D tax credit as per Note 18.

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:

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Loss before income tax	1,215,340	1,962,879
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	230,915	372,947
Effects of:		
- Expenses not deductible for tax purposes	(40,649)	(21,473)
- Depreciation & amortisation in excess of capital allowances	303	6,601
- Disposal of fixed assets	1,497	372
- R&D expenditure	11,417	7,006
- Share of net loss of joint Venture	(8,223)	
- Unrecognised deferred tax	(194,655)	(365,453)
Tax expense	<u>-</u>	<u>-</u>

At the period end, there were unrecognised deferred tax assets of £885,278 (March 2020: £690,624) in respect of unutilised tax losses. These have not been recognised as their recovery cannot be determined with reasonable certainty.

Corporation tax rates are to remain at 19% for the FY 2021 and 2022, thereafter profits will be taxed at marginal tax rates increasing from 19% up to 25%.

THE BRITISH HONEY COMPANY PLC

**Notes to the Financial Statements - continued
for the period ended 31 December 2020**

11. Earnings per share

Basic earnings per share, also being the diluted earnings due to the losses incurred, is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

December 2020

		Weighted average	
	Earnings £	number of shares	Pence per share
Basic EPS			
Earnings attributable to ordinary shareholders	(1,215,340)	9,383,102	(12.95)

March 2020

		Weighted average	
	Earnings £	number of shares	Pence per share
Basic EPS			
Earnings attributable to ordinary shareholders	(1,962,879)	4,636,822	(42,332)

Subsequent to year-end, 6,947,273 shares were issued. 2,727,273 shares were issued to the shareholders of Union Distillers Ltd and 4,220,000 were issued to raise funds for the cash element of the acquisition.

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**Notes to the Financial Statements - continued
for the period ended 31 December 2020**

12. Intangible assets

	31/12/2020			31/03/2020		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
	£	£	£	£		
Brands and trademarks	191,215	(28,566)	162,649	191,215	(13,758)	177,457
Internally generated Software	133,345	(36,466)	96,879	73,253	(18,850)	54,403
Total	324,560	(65,032)	259,528	264,468	(32,608)	231,860

Reconciliation of intangible assets – 31/12/2020

	Opening Balance	Additions	Internally generated additions	Amortisation	Total
	£	£	£	£	£
Brands and trademarks	177,457	-	-	(14,808)	162,649
Internally generated software	54,403	-	60,092	(17,617)	96,879
Total	231,860	-	60,092	(32,425)	259,528

Reconciliation of intangible assets – 31/03/2020

	Opening Balance	Additions	Internally generated additions	Amortisation	Total
	£	£	£	£	£
Brands and trademarks	24,411	161,045	-	(7,999)	177,457
Internally generated software	29,102	-	36,875	(11,574)	54,403
Total	53,513	161,045	36,875	(19,573)	231,860

During the preceding year the company purchased the trade and assets of The London Distillery Company Limited by way of an Administrative Sale Agreement. The consideration for the assets acquired was £65,975 in cash and the issue of 132,363 shares in order to settle a loan with the previous owners. The assets acquired included inventory, plant equipment and brands and trademarks.

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**Notes to the Financial Statements - continued
for the period ended 31 December 2020**

13. Land, property, plant and equipment

	31/12/2020			31/03/2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	£	£	£	£		
Land	50,000	-	50,000	50,000	-	50,000
Plant & machinery	760,519	(368,454)	392,065	725,625	(281,713)	443,912
Fixtures & Fittings	208,264	(88,502)	119,762	141,513	(65,336)	76,177
Motor vehicles	120,846	(34,928)	85,918	127,278	(60,566)	66,712
Total	1,139,629	(491,884)	647,745	1,044,416	(407,615)	636,801

Reconciliation of Property, plant & equipment – 31/12/2020

	Opening Balance	Additions	Disposals - NBV	Depreciation	Total
	£	£	£	£	£
Land	50,000	-	-	-	50,000
Plant & machinery	443,912	45,182	(8,639)	(88,390)	392,065
Fixtures & Fittings	76,177	71,849	(4,648)	(23,616)	119,762
Motor vehicles	66,712	75,215	(42,020)	(13,989)	85,918
Total	636,801	192,246	(55,307)	(125,995)	647,745

Reconciliation of Property, plant & equipment – 31/03/2020

	Opening Balance	Additions	Disposals - NBV	Depreciation	Total
	£	£	£	£	£
Land	50,000	-	-	-	50,000
Plant & machinery	403,788	167,160	-	(127,036)	443,912
Fixtures & Fittings	73,318	25,041	-	(22,182)	76,177
Motor vehicles	83,978	24,800	(16,789)	(25,277)	66,712
Total	611,084	217,001	(16,789)	(174,495)	636,801

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Notes to the Financial Statements - continued for the period ended 31 December 2020

14. Right-of-Use assets and leases

The Company holds one lease that it accounts for under IFRS 16. Other leases are either small in value or cover a period of less than 12 months, upon which the short-term exemption has been taken. The lease, which is for the Company's factory, was signed in November 2019 and therefore no qualifying leases were held when the standard was adopted on 1 April 2019.

To determine the split between principal and interest in the lease the Company applied an estimate of the interest it would have to pay in order to finance payments under the new lease. This method was adopted as the Company was not able to ascertain the implied interest rate and does not have borrowings to use as a benchmark.

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
For the year		
Cashflow	30,000	13,333
Capital	27,015	11,824
Interest	2,985	1,509
Depreciation charge	28,169	12,519
At 31 March 2020		
Right-of-use asset	140,844	-
At 1 April 2020		
Additions	-	153,363
Depreciation	(28,169)	(12,519)
Closing Right-of-use Asset	112,675	140,844
Lease liability		
Less than 12 months	37,016	41,384
Greater than 12 months	77,509	100,156
Total lease liability	114,525	141,540

Lease liabilities are as shown in note 20.

Rent payable under operating leases, less any lease incentives received, is charged to Administrative expenses on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset is consumed.

At the reporting date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, on which the short-term exemption has been taken, which fall due as:

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Within one year	5,000	10,400
Between 2 and 5 years	14,287	15,000
	19,287	25,400

THE BRITISH HONEY COMPANY PLC

Notes to the Financial Statements - continued for the period ended 31 December 2020

15. Investments

Name of Entity	Type of investment	Basis of accounting	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Tusmore Collection Limited ⁽¹⁾	Joint Venture	Equity accounting	56,998	-
List Distillery LLC ⁽²⁾	10% equity investment	Fair value through profit or loss	500,000	-
			556,998	-

- (1) On 15th of July 2020 the Company entered into a Joint Venture agreement with Cottisford Ltd to establish the Joint Venture company called Tusmore Collection Limited. Tusmore Collection Limited has been established specifically to setup and operate a new distillery and bonded warehouse within the grounds of Tusmore Park Estate in Oxfordshire. Both parties hold 50% interest in the new company. BHC currently produce over 4 tonnes of the finest British honey per year from its 150 beehives of which 120 are operated under licence from Cottisford at the Tusmore Park Estate.

Part of the development will include the installation of a honey extraction plant where Tusmore honey will be processed before packing by BHC at its Worminghall distillery.

The Agreement will allow the Company to work closely with Cottisford to develop an exceptional premium Whiskey brand, drawing on the name and reputation of both BHC and the Tusmore Park Estate, together with an opportunity to create further Tusmore-branded products in the future. The Board of BHC view this Agreement as a great opportunity for the Company to further diversify its product range, create a potentially valuable stock of whiskey and build another premium spirit brand which the Company expects to be able to monetize both within the UK and internationally.

BHC and Cottisford have started work on the renovation and construction of a bonded warehouse and the distillery in the Park Farm building complex. The 2020 whiskey has been produced and will be stored at Tusmore in the new bonded warehouse.

As set out in the Company's Admission Document last March, BHC and Cottisford have been in discussion for some time seeking to develop further their corporate relationship. The development of Tusmore distillery will allow the Company to produce whiskey using barley grown on the estate and to develop an appealing premium heritage brand to add to the Company's already significant stable of spirit brands. The Company will install a small batch Gin and Vodka still to complement the range with high quality specialist botanical spirits.

The Tusmore Park Estate is located approximately 5 miles north of Bicester in Oxfordshire and comprises a magnificent Neo-Georgian house and extensive grounds. The Directors are exploring the opportunity to create an exclusive education and visitor centre at the site of the new distillery, benefiting from the easy transport links to London and the natural beauty of the area.

Headline Terms

- Tusmore Collection Limited will have a Board of 4 directors, comprising two each from BHC and Cottisford.
- Initially, the directors of Tusmore Collection Limited will be Michael Williams, Robert Porter-Smith, Wafic Said and William Heard.
- Tusmore Collection Limited will lease premises from Cottisford under a 20 year lease agreement on open market terms.
- A perpetual licence of the Tusmore brand for the production of Spirits has been granted by Cottisford.
- BHC and Cottisford will fund the JV up to £2 million by way of loan note instruments (the "Loan Notes") with half being committed by each party. Initially only £100,000 will be subscribed for under the loan note instrument by each shareholder. The notes will accrue interest at 3% and Tusmore Collection Limited will be obliged to begin repaying the notes after 5 years.
- BHC is providing back office support including provision of its bespoke software.

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**Notes to the Financial Statements - continued
for the period ended 31 December 2020**

The carrying value of the investment in the joint venture is determined as follows:

Joint Venture	Basis of accounting	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Opening Balance		-	-
Investment in Joint Venture at Cost		50	-
Loan notes issued to Joint Venture	Equity accounting	100,229	-
Share of losses of Joint Venture		(43,281)	-
		56,998	-

The above loan is made up of two loan note instruments of £50,000 each: both of the loan notes were issued by the Joint Venture on the 02/12/2020 with a repayment date of 02/12/2025. The loan notes are unsecured and bear interest at 3% per annum. The loan notes form part of the net investment in the investment under IAS 28.

Summarised financial information of material joint ventures:

Summarised Statement of Profit or Loss and Other Comprehensive Income	7 months ended 31/12/2020 £
Turnover - Interest Income	5
Administrative Costs	(86,563)
Total profit or loss and Other Comprehensive Income	(86,563)
 Summarised Statement of Financial Position	 As at 31/12/2020 £
Non-current assets – Tangible Assets	301,559
Current assets - Cash & Cash equivalents	5
TOTAL ASSETS	301,564
 Non-current liabilities – Loans from Shareholders	 199,900
Current liabilities – Trade & other payables	188,127
TOTAL LIABILITIES	388,027
 TOTAL NET ASSETS	 (86,463)

- (2) On 30 June 2020 the Company acquired a 10% equity interest in List Distillery LLC ("List") in exchange for 452,523 of its own ordinary shares (fair value of which was £500,000). The investment has continued to be value at the fair value of BHC's shares on the date of issue, as the Company has the right to swap back its holding for its own shares should a further investment in List Distillery LLC not take place or continue to invest at the same valuation.

The Company had identified the United States as one of its key territories where it wishes to focus its overseas marketing efforts and that, in particular, it sought to develop its existing relationship with List, a Florida based distillery whose bourbon and rum the Company bottles and sells in the UK under the Keepr's and Dodd's Brands. This trading relationship became more formal when on 30 March 2020 the Company entered into a collaboration agreement with List. Given the fragmented nature of the US retail spirits market, BHC considered this to be a highly cost-effective way of market entry and penetration. Over the course of the next five years the Company wishes to expand the range and volume of products sold into the US market and this may be achieved through organic growth or through selective acquisitions.

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**Notes to the Financial Statements - continued
for the period ended 31 December 2020**

16. Inventories

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Raw materials	142,553	238,705
Finished goods	471,574	170,199
	<u>614,127</u>	<u>408,904</u>

Amounts recognised as cost of sales in the year amounted to £630,573 (March 2020: £369,502). Amounts written down to net realisable value in the year amounted to £nil (March 2020: £nil).

17. Trade and other receivables

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Current:		
Trade receivables	425,552	105,393
Other debtors	30,092	11,575
VAT	-	83,202
Prepayments and accrued income	252,809	178,883
	<u>708,453</u>	<u>379,053</u>

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

Refer to note 23 for details of credit risk management for trade receivables.

18. Income tax recoverable

Although the company has not made taxable profits throughout the current period and preceding years, they have made claims from HMRC for Research and Development costs incurred.

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Opening Balance Receivable	40,398	40,398
HMRC – Research and Development claim	4,429	-
Tax refunded	(40,402)	-
Closing Balance Receivable	<u>4,425</u>	<u>40,398</u>

19. Cash and cash equivalents

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Cash in hand	69	94
Bank deposit account	2,318,846	3,996,803
Bank accounts	139,329	36,662
	<u>2,458,244</u>	<u>4,033,559</u>

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**Notes to the Financial Statements - continued
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Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit Rating			9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Bank	Rating	Credit rating institution		
Citi Bank	Aa3	Fitch	150,070	4,024,022
Metro Bank Plc	BB-	Moody's	2,300,642	-
Paypal	A-	Fitch	7,463	9,443

20. Financial liabilities - borrowings

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Current:		
IFRS 16 lease liability	37,015	41,384
Other borrowings	1,800	3,480
	38,815	44,864

Non-current and less than 5 years:		
IFRS 16 lease liability	77,509	100,156
Other borrowings	39,800	19,443
	117,309	119,599

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
IFRS 16 lease liability		
Brought forward	141,540	-
Additions	-	153,363
Finance charges	2,985	1,510
Repayments	(30,000)	(13,333)
	114,525	141,540

Other		
Brought Forward	22,923	62,576
Additions	41,600	-
Interest	524	3,150
Repayments	(23,447)	(42,803)
	41,600	22,923

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Notes to the Financial Statements - continued for the period ended 31 December 2020

21. Trade and other payables

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Current:		
Trade creditors	181,818	242,826
VAT	47,682	-
Social security and other taxes	32,137	40,197
Other creditors	1,107	2,476
Accruals and deferred income	155,742	56,092
Advances from customers	-	76,384
	418,486	417,975

Exposure to currency risk

Refer to note 23 Financial instruments and risk management for details of currency risk management for trade payables.

Exposure to liquidity risk

Refer to note 23 Financial instruments and risk management for details of liquidity risk management for trade payables.

22. Called up share capital and share premium

Class:	Nominal value:	9 months ended 31/12/2020 # of shares	12 months ended 31/03/2020 # of shares	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Ordinary	10p per share	9,525,462	9,099,930	952,546	909,993

The shares issued to List Distillery LLC (425,532 shares) during the year gave rise to a total share premium of £457,447 before issue costs of £nil.

In the prior year shares issued gave rise to a share premium of £5,242,720 before issue costs of £129,379.

23. Financial instruments and risk management

Fair value

All financial assets and liabilities are measured at either amortised cost or at fair value through profit or loss as outlined in the accounting policies and relevant notes.

Overview

The company is exposed to the following risks from its use of financial instruments:

- Market risk (currency risk, interest risk and price risk)
- Credit risk
- Liquidity risk

THE BRITISH HONEY COMPANY PLC

Notes to the Financial Statements - continued for the period ended 31 December 2020

23. Financial risk management (*continued*)

(a) Market risk

(i) Foreign exchange risk

The Company's exposure to foreign exchange risk is limited because it has minimal transactions which are denominated in foreign currencies. All sales are invoiced in Sterling.

During the year purchases of £208,406 were made in Euros (March 2020: £4,336) and at the year-end £nil was outstanding (March 2020: £nil).

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

(ii) Price risk

The Company holds a 10% share in List Distillery LLC, but the holding is not considered to materially exposed the company to price risk.

(iii) Interest rate risk

Fluctuations in interest rate impact on the value of investments and financing activities, giving rise to interest rate risk. The Company's exposure to interest rate risk is limited.

Interest received via the Company's Call deposit accounts are minimal with only £3,223 of interest income being earned within the current period (March 2020: £1,888).

All finance lease obligations are held at a fixed interest rate or at Nil interest for the period of the agreements.

There have been no significant changes in the interest rate risk management policies and procedures since the prior reporting period.

(b) 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:

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Trade receivables	425,552	105,393

THE BRITISH HONEY COMPANY PLC

Notes to the Financial Statements - continued
for the period ended 31 December 2020

23. Financial risk management (continued)

(b) 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.

31/12/2020			
	Weighted average loss rate	Gross carrying amount – trade receivables £	Impairment loss allowance £
Current	0%	82,457	-
More than 30 days past due	0%	329,327	-
More than 60 days past due	0%	7,458	-
More than 90 days past due	0%	6,302	-
More than 120 days past due	100%	1,834	1,834
Total		427,378	1,834
31/03/2020			
	Weighted average loss rate	Gross carrying amount – trade receivables £	Impairment loss allowance £
Current	1%	91,005	910
More than 30 days past due	2%	14,150	272
More than 60 days past due	3%	1,190	35
More than 120 days past due	10%	288	23
Total		106,633	1,240

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. No impairment has been recognised against any receivables less than 120 days past due because no losses are expected and this is in line with historic default rates.

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Notes to the Financial Statements - continued
for the period ended 31 December 2020

23. Financial risk management (continued)

(c) 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:

2020	Other borrowings	Trade and Other payables	Total
	£	£	£
Carrying amount	41,600	262,744	304,344
Contractual cash flows			
1 year or less	1,800	262,744	264,544
1 to < 2 years	1,800	-	1,800
2 to < 5 years	38,000	-	38,000
5 years and over	-	-	-
Total	41,600	262,744	304,344

2019	Other borrowings	Trade and Other payables	Total
	£	£	£
Carrying amount	22,923	361,883	384,806
Contractual cash flows			
1 year or less	3,480	361,883	365,363
1 to < 2 years	19,443	-	19,443
2 to < 5 years	-	-	-
5 years and over	-	-	-
Total	22,923	361,883	384,806

THE BRITISH HONEY COMPANY PLC

**Notes to the Financial Statements - continued
for the period ended 31 December 2020**

24. Related party disclosures

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

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Short term employee benefits		
Salaries & fees	206,041	112,028
Share based payments		
Issue of share options	3,083	13,714
	-	-
Termination benefits		
Hugo Swire – termination payment	12,500	-
Total	221,624	149,721

No post-employment benefits are accruing for directors (March 2020: none) under a defined benefit scheme. No directors (March 2020: none) were members of defined contribution schemes.

THE BRITISH HONEY COMPANY PLC

**Notes to the Financial Statements - continued
for the period ended 31 December 2020**

24. Related party disclosures (continued)

During the year the following transactions took place between the Company and related parties. All transactions were made on terms equivalent to those that prevail in arm's length transactions:

Entities with joint control or significant influence over the entity:

Party:	Cottisford Ltd
Relationship:	Previously a 29% shareholder – in the current period all shares were transferred to Khaled Said on 9 th of December 2020. Joint control over Tusmore Collection Ltd
Transactions:	During the year, there were transactions amounting to £18,000 (March 2020: £32,400 (2019: nil). In the current year the amounts related to rents paid at 2 Hardwick on The Tusmore Estate, in the prior year the Company also had rentals for 4 Hardwick. There was a charge to Cottisford to the amount of £12,951 towards Electrical work done at the Tusmore Estate.
Balances:	As at balance sheet date, there was a payable balance of £12,900 (March 2020: £15,000 and March 2019: nil). As at balance sheet date, there was a receivable balance of £12,951 (March 2020: nil).
Party:	Trebor Trust Fund
Relationship:	Beneficiary – R A Porter-Smith
Transactions:	During the year, there were transactions amounting to £39,375 (March 2020: £40,000 and March 2019: nil). The amounts related to the rent of Unit 32A Wornal Park.
Balances:	As at balance sheet date, there was a payable balance of £3,375 (March 2020 £4,000 and March 2019: nil)
Party:	Brackenwood Pension Fund
Relationship:	The Williams family are the beneficial owners.
Transactions:	In January 2020, rent was expensed for the whole of 2020 year and paid, therefore no transactions are reflected in the current period (March 2020: £54,200 and March 2019: nil). In the prior year, land known as Rushy Meadow was sold to the Company at £50,000 and rent of the office at Kings Retreat amounted to £4,200.
Balances:	As at balance sheet date, there was no outstanding balance (March 2020: nil and March 2019: nil).
Party:	Frames Up Ltd
Relationship:	The son of director M Williams is a director of Frames Up Ltd.
Transactions:	During the year, there were purchases amounting to £1,440 (March 2020: £46,985 and March 2019: £19,678). Frames Up Ltd provided the company with digital marketing services.
Balances:	As at balance sheet date, there was no outstanding balance (March 2020: Nil and March 2019: nil).

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Notes to the Financial Statements - continued
for the period ended 31 December 2020

24. Related party disclosures (*continued*)

Common Directorship:

Party: Clifden Arms Trading Limited
Relationship: Common directorship – R A Porter-Smith.
Transactions: During the year, there were transactions amounting to £1,282 (March 2020: £1,504 and March 2019: nil). The amounts related to sales of various products made to Clifden Arms Trading Limited.
Balances: As at balance sheet date, there was a receivable balance outstanding of £79 (March 2020: £345 and March 2019: nil).

Party: D2F Fitness Ltd
Relationship: Common directorship – R A Porter-Smith.
Transactions: During the year, there were transactions amounting to £39,035 (March 2020: £12,969 and March 2019: 4,999). The amounts related to a variety of rental charges, such as storage charges, equipment charges and then there was also Consulting fees incurred.
Balances: As at balance sheet date, there was a payable balance of £971 (March 2020: £3,025 and March 2019: £2,500).

Party: Direct2Fans Ltd – Company being struck off
Relationship: Common directorship – R A Porter-Smith.
Transactions: During the year, there were no transactions made between the two parties (March 2020: Nil and March 2019: £87,723).
Balances: As at balance sheet date, there was no outstanding balance (March 2020: nil and March 2019: nil).

Party: The Gin Guild Ltd
Relationship: Common directorship – M Riley (whom resigned on 19 November 2020)
Transactions: During the year, there were no transactions made between the two parties (March 2020: £930 and March 2019: nil). The previous amounts incurred related to the annual membership fee.
Balances: As at balance sheet date, there was no outstanding balance (2019: nil).

Party: BKB Accountants Ltd
Relationship: Common directorship – A L Wallace.
Transactions: During the year, there were transactions amounting to £7,044 (March 2020: £16,000 and March 2019: nil). The amounts related to accountancy work provided in relation to the company listing and drafting the annual financial statements.
Balances: As at balance sheet date, there was a payable balance outstanding of £216 (March 2020 Nil and March 2019: nil).

Party: Just Results Ltd
Relationship: Common directorships – M Williams and C A Williams.
Transactions: During the year, there were purchase and sale transactions amounting to £307,391 and £6,000 respectively (March 2020: £13,490 purchases and March 2019: £11,294 purchases). The purchase amounts related to various expenses such as telephone costs, car allowance, software costs, Tusmore Development costs. The sales made during the current year related to 1 barrel of Tusmore Whiskey.
Balances: As at balance sheet date, there was a payable balance of £13,005 (March 2020: Nil and March 2019: nil).

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**Notes to the Financial Statements - continued
for the period ended 31 December 2020**

24. Related party disclosures (*continued*)

Key management personnel of the entity

Party:	L Wallace
Relationship:	Wife of A L Wallace.
Transactions:	During the year, there were transactions amounting to £1,209 (March 2020: nil and March 2019: nil). The amounts related to accountancy work provided.
Balances:	As at balance sheet date, there was £923 outstanding (March 2020 Nil and March 2019: nil).

Investments

Party:	List Distillery LLC
Relationship:	10% Equity Investment
Transactions:	During the year, there was a share swap done between the two parties. A 10% equity investment in List Distillery LLC was acquired for a corresponding 452,532 shares in BHC. There was no other transactions between the two parties during the year.
Balances:	As at balance sheet date, there was no outstanding balance

Joint ventures in which the entity is a partner

Party:	Tusmore Collection Limited
Relationship:	50% holding in Joint Venture with Cottisford Limited
Transactions:	During the year, 2 loan note instruments were issued amount to £100,000, interest receivable was due of £230 and development cost relating to the new distillery being constructed at Tusmore Estate was on-charged to the value of £457,535. There was also an accrual of £138,583 which related to the development costs not yet billed as of year-end
Balances:	As at balance sheet date, there was a loan receivable of £100,230, trade receivables of £257,535 and accrued income of £138,583 receivable.

BRITISH HONEY COMPANY PLC

Notes to the Financial Statements - continued for the period ended 31 December 2020

25. 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, 2018 and 2019.

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. In 2020, there were no cancelled options.

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
6 April 2019	40,000	Note iii)	Note v)
18 March 2020	880,228	Note v)	Note v)
18 March 2020	231,772	Note vi)	Note v)
18 March 2020	20,000	Note iii)	Note v)
22 October 2020	50,000	Note v)	Note v)
19 November 2020	100,000	Note v)	Note v)

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.

Note v) Unapproved options issued to directors that vest annually in three equal tranches from grant. The contractual life of the option is the earlier of the date the option lapses per the contract or three years from the date of vesting. This means the longest life possible for each vesting tranche is three years.

Note vi) Approved options for directors under the EMI scheme that vest annually in three tranches from grant.

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**Notes to the Financial Statements - continued
for the period ended 31 December 2020**

25. Share-based payment transactions (continued)

Options (Continued)

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

31/12/2020	Weighted average exercise price £	Number of options
Outstanding at 1 April 2020	0.94	1,678,000
Forfeited or cancelled during the period	(1.11)	(148,000)
Exercised during the period	-	-
Granted during the period	1.10	150,000
Outstanding at 31 December 2020	0.93	1,680,000
Exercisable at 31 December 2020	0.57	202,625
31/03/2020	Weighted average exercise price £	Number of options
Outstanding at 1 April 2019	0.57	1,208,000
Forfeited during the year	-	-
Exercised during the year	0.51	(712,000)
Granted during the year	1.08	1,182,000
Outstanding at 31 March 2020	0.94	1,678,000
Exercisable at 31 March 2020	0.50	133,000

The options outstanding at the period-end had a weighted average contractual life of 4.33 (March 2020: 9.4 years).

The fair value of the share options granted are measured using the Black Scholes model. Measurement inputs and assumptions are as follows:

	9 months ended 31/12/2020	12 months ended 31/03/2020
Weighted average fair value at grant date	£0.44	£0.59
Weighted average share price	£1.10	£1.10
Expected volatility expressed	43.2%	43.2%
Option life (expressed as weighted average life)	6.61	10
Expected dividend yield	0%	0%
Risk-free interest rate	0.87%	0.88%

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**Notes to the Financial Statements - continued
for the period ended 31 December 2020**

26. Share-based payment transactions (continued)

Warrants

Starting in 2020 the Company began issuing warrants over the shares of the Company. During the previous period, these have been issued as consideration for the acquisition of the trade and assets of TLDC, compensation for investors not eligible for the tax advantaged EMI scheme and to advisors in lieu of cash payment.

Date of grant	Number of Instruments	Vesting Conditions	Contractual life of warrants
12 March 2020	303,900	Note i)	12 March 2022
12 March 2020	50,000	Note ii)	12 March 2022
12 March 2020	409,361	Note ii)	12 March 2025
12 March 2020	463,498	Note iii)	12 March 2023
18 March 2020	25,351	Note iii)	18 March 2023

Note i) Warrants issued to the shareholders of TLDC as consideration for the asset purchase.

Note ii) Adviser warrants issued in lieu of remuneration of services provided.

Note iii) Investor warrants issued to key investors as part of the listing package.

Warrants

31/12/2020

	Weighted average exercise price £	Number of warrants
Outstanding at 1 April 2020	1.03	1,252,110
Granted during the year	-	-
Lapsed during the year	-	-
Outstanding at 31 December 2020	1.03	1,252,110
Exercisable at 31 December 2020	1.03	1,252,110

31/03/2020

	Weighted average exercise price £	Number of warrants
Outstanding at 1 April 2019	-	-
Granted during the year	1.03	1,252,110
Lapsed during the year	-	-
Outstanding at 31 March 2020	1.03	1,252,110
Exercisable at 31 March 2020	1.03	1,252,110

THE BRITISH HONEY COMPANY PLC

Notes to the Financial Statements - continued for the period ended 31 December 2020

The warrants outstanding at the year-end had a weighted average contractual life of 3.3 years.

The fair value of warrants granted is measured using the Black Scholes model. No warrants were issued in the period. Measurement inputs and assumptions used for option issued in the prior period are as follows:

	12 months ended 31/03/2020
Weighted average fair value at grant date	£0.27
Weighted average share price	£0.94
Expected volatility expressed as a % using the Black Scholes model	43.2%
Warrant life (expressed as weighted average life using the Black Scholes model)	3
Expected dividends	0%
Risk-free interest rate (based on national government bonds)	0.22%

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

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Equity settled share-based payment expense	213,943	211,875

Other share-based payment

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

	9 months ended 31/12/2020 £	12 months ended 31/03/2020 £
Directors remuneration	-	31,212
Investment in List Distillery Ltd	500,000	-

27. Going concern

On 24 February 2021, the company completed a second public offering in order to raise funds for the purchase of Union Distillers Ltd, which is in line with the company's growth strategy. The funds raised have helped the company maintain cash whilst expanding its activities.

Considering the effects that COVID-19 has had on the economy, off-trade sales via different online platforms have created future revenue streams that the company believes will be of benefit in the future. The on-trade market has fallen away with the closure of the hospitality sector. As this industry begins to reopen, then the directors anticipate increased revenues from on-trade sales. Sales from e-commerce have continued to expand on platforms such as Amazon, Not On The High Street and Gin To My Tonic and this is expected to continue throughout the year.

Given the Company's cash position and diversified activities and notwithstanding the severity of the economic impact of COVID-19, 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.

THE BRITISH HONEY COMPANY PLC

Notes to the Financial Statements - continued for the period ended 31 December 2020

28. Comparative figures

The reporting period is shorter than a year, therefore comparative amounts are not comparable to the current balances.

29. Subsequent Events

Please refer to the Directors' report for further disclosure of subsequent events. A summary of post balance sheet events has been included below:

Board Appointment - Mark Gamble has joined the Board of BHC as an Executive Director

Convertible Loan Note - The company has entered into an agreement on the 24th February 2021 for a new £1.63 million unsecured convertible loan facility (the "CLN") arranged with Mr Khaled Said

The investment in List Distillery LLC – The timeframe for completion of the mutual Share-Swap Agreement extended (originally announced on 30 June 2020 with an extension announced 29 October 2020) from 28 February 2021 to 28 July 2021.

Acquisition of Union Distillers Limited - 24th February 2021, the company completed the 100% acquisition of Union Distillers Limited for an initial consideration of £8 million and an earn-out consideration of up to £2.0 million. A Summary balance sheet of Union Distillers Limited is included below:

	£
Non-Current Assets	
Intangible assets	4,385
Fixed assets	648,842
Current Assets	
Cash	416,453
Trade and other receivables	697,237
Stock	642,328
Current Liabilities	
Trade and other payables	(293,238)
Non-Current Liabilities	
Lease Liability	(172,971)
Deferred Tax	(108,313)
Net Assets	1,834,721
Equity	
Share Capital	(20)
Retained Earnings	(1,834,701)
Total Equity	(1,834,721)

THE BRITISH HONEY COMPANY PLC

**Notes to the Financial Statements - continued
for the period ended 31 December 2020**

Details of the net assets acquired and purchase price allocation are as follows:

	£
Consideration	9,735,537
Net assets acquired	<u>1,834,721</u>
Goodwill	<u><u>7,900,816</u></u>

The company has not completed a full purchase price allocation exercise under IFRS 3. The company has 12 months to finalise the purchase price allocation and adjust the provisional amounts stated above.