

Company registration number 10305828 (England and Wales)

BIG DROP BREWING COMPANY LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
PAGES FOR FILING WITH REGISTRAR

BIG DROP BREWING COMPANY LIMITED

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BIG DROP BREWING COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Non-current assets					
Intangible assets	5		15,012		16,949
Property, plant and equipment	6		35,887		16,145
Investments	7		60		73
			<u>50,959</u>		<u>33,167</u>
Current assets					
Inventories		561,381		221,212	
Trade and other receivables	8	1,146,954		717,950	
Cash and cash equivalents		1,332,508		307,319	
		<u>3,040,843</u>		<u>1,246,481</u>	
Current liabilities	9	(1,003,355)		(1,051,708)	
Net current assets			<u>2,037,488</u>		<u>194,773</u>
Total assets less current liabilities			<u>2,088,447</u>		<u>227,940</u>
Non-current liabilities	10		(34,837)		(60,489)
Net assets			<u>2,053,610</u>		<u>167,451</u>
Equity					
Called up share capital	11		28,306		18,800
Share premium account			7,048,427		2,667,509
Other reserves			243,161		61,486
Retained earnings			(5,266,284)		(2,580,344)
Total equity			<u>2,053,610</u>		<u>167,451</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 31 December 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

BIG DROP BREWING COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2021

The financial statements were approved by the board of directors and authorised for issue on 23 December 2022 and are signed on its behalf by:

Mr R Fink
Director

Company Registration No. 10305828

BIG DROP BREWING COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Share option reserve £	Retained earnings £	Total £
Balance at 1 January 2020		16,077	1,310,649	25,024	(1,325,657)	26,093
Year ended 31 December 2020:						
Loss and total comprehensive income for the year		-	-	-	(1,254,687)	(1,254,687)
Issue of share capital	11	2,723	1,356,860	-	-	1,359,583
Share based payment charge		-	-	36,462	-	36,462
Balance at 31 December 2020		18,800	2,667,509	61,486	(2,580,344)	167,451
Year ended 31 December 2021:						
Loss and total comprehensive income for the year		-	-	-	(2,685,940)	(2,685,940)
Issue of share capital	11	9,506	4,380,919	-	-	4,390,425
Share based payment charge		-	-	181,676	-	181,676
Balance at 31 December 2021		28,306	7,048,428	243,162	(5,266,284)	2,053,612

BIG DROP BREWING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Big Drop Brewing Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Third Floor Connexions, 159 Princes Street, Ipswich, Suffolk, IP1 1QJ. The principle place of business is Unit 05.G01, The Leather Market, Weston Street, Bermondsey, London. SE1 3ER.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

1.2 Going concern

In the current period, the Company and wider Group have continued to make significant losses, as expected as a result of the Company's business model and from expectations formed from previous trading periods. The Company's subsidiaries remain in an early stage of their development, meaning that they are reliant on Big Drop Brewing Company Ltd for financial support.

The Directors consider that they have raised sufficient funding to ensure that the Company and wider Group will be able to meet all financial liabilities, and trade within their cash limitations for a period of at least 6 months from the date of sign off however are reliant on further fundraising to continue trading beyond this stage. Further detail of fundraising in the post balance sheet period can be seen in note 13 to the financial statements. Whilst funding is not guaranteed in the current economic climate, the Directors consider that the Company would be likely to be able to obtain additional funding at the point that this is required.

Further to this, the Directors also consider that they have sufficient control over certain variable costs to ensure that adequate savings could be made if absolutely necessary in order to continue to meet financial liabilities, and trade within their cash limitations.

Therefore, at the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources and access to funding to continue in operational existence. As a result, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

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

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

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred.

BIG DROP BREWING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

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

Trademarks	10 Year Straight Line
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1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Leasehold improvements	Over the lease term
Plant and equipment	5 Year Straight Line
Fixtures and fittings	5 Year Straight Line
Computers	5 Year Straight Line

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

1.7 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of non-current assets

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

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

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

BIG DROP BREWING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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

1.9 Inventories

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

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

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

1.10 Cash and cash equivalents

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

1.11 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Classification of financial liabilities

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

BIG DROP BREWING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

1.12 Equity instruments

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

1.13 Employee benefits

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

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

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

1.14 Retirement benefits

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

1.15 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.16 Leases

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

BIG DROP BREWING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.17 Government grants

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

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

1.18 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

3 Employees

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

	2021 Number	2020 Number
Total	16	12

4 Directors' remuneration

	2021 £	2020 £
Remuneration paid to directors	222,339	97,565

BIG DROP BREWING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Intangible fixed assets

	Trademarks £
Cost	
At 1 January 2021 and 31 December 2021	19,370
Amortisation and impairment	
At 1 January 2021	2,421
Amortisation charged for the year	1,937
At 31 December 2021	4,358
Carrying amount	
At 31 December 2021	15,012
At 31 December 2020	16,949

6 Property, plant and equipment

	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 January 2021	-	22,222	22,222
Additions	4,898	24,256	29,154
Disposals	-	(3,189)	(3,189)
At 31 December 2021	4,898	43,289	48,187
Depreciation and impairment			
At 1 January 2021	-	6,077	6,077
Depreciation charged in the year	1,020	6,694	7,714
Eliminated in respect of disposals	-	(1,491)	(1,491)
At 31 December 2021	1,020	11,280	12,300
Carrying amount			
At 31 December 2021	3,878	32,009	35,887
At 31 December 2020	-	16,145	16,145

7 Fixed asset investments

	2021 £	2020 £
Shares in group undertakings and participating interests	60	73

BIG DROP BREWING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7 Fixed asset investments

(Continued)

Fixed asset investments not carried at market value

Investments in associates are measured at cost less provision for impairment in accordance with accounting policies.

Unlisted investments are shareholdings of overseas companies for which there is no active market. It is of the director's opinion that the fair value cannot be measured reliably, therefore these are held at cost less provision for impairment.

Movements in non-current investments

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2021	73
Other movement	(13)
	<hr/>
At 31 December 2021	60
	<hr/>
Carrying amount	
At 31 December 2021	60
	<hr/>
At 31 December 2020	73
	<hr/>

8 Trade and other receivables

	2021 £	2020 £
Amounts falling due within one year:		
Trade receivables	307,309	301,474
Amounts owed by group undertakings	692,377	339,558
Other receivables	75,595	34,899
Prepayments and accrued income	71,673	42,019
	<hr/>	<hr/>
	1,146,954	717,950
	<hr/>	<hr/>

BIG DROP BREWING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Current liabilities

	2021 £	2020 £
Other borrowings	109,968	54,860
Trade payables	503,501	385,155
Taxation and social security	36,539	23,956
Other payables	192,612	455,784
Accruals and deferred income	160,735	131,953
	<u>1,003,355</u>	<u>1,051,708</u>

Other payables include an invoice financing facility with balance of £188,345 (2020: £87,381) which is secured by a charge created by Bibby Financial Services Limited. This contains a fixed charge over certain assets and a floating charge over all property, assets and undertakings of the company, present and future.

10 Non-current liabilities

	2021 £	2020 £
Other borrowings	34,837	43,333
Accruals and deferred income	-	17,156
	<u>34,837</u>	<u>60,489</u>

11 Called up share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary share capital of 1p each	<u>2,830,531</u>	<u>1,879,952</u>	<u>28,306</u>	<u>18,800</u>

Equity Settled Share Option scheme

During the year ended 31 December 2021, the company operated an Equity Settled Share Option plan. The majority of the arrangements in place vest on an exit event and have a maximum term of 10 years. Share options granted in 2019 were originally £1 options but following the reorganisation of share capital became 1p options.

At the year end, there were 267,303 (2020: 170,416) options expected to vest, which were granted with a range of exercise prices.

A share option charge has been incurred in the year amounting to £181,676 (2020: £36,462).

BIG DROP BREWING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Operating lease commitments

Lessee

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

2021	2020
£	£
64,566	7,410
<u> </u>	<u> </u>

13 Events after the reporting date

Since the year end, the Company has raised £1,949,532 in respect of the allotment of 457,626 shares.

14 Related party transactions

A Director has given a personal guarantee to the Company for a value of £80,000 in respect of the invoice financing facility.

15 Directors' transactions

During the year, a Director loaned £95,000 (2020: £323,837) to the Company. The loan was interest free and £405,828 (2020: £71,012) was repaid during the year. A balance of £Nil (2020: £310,828) was outstanding at the year end.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.