

HAPPY DRINKS CO LIMITED

Abridged Accounts

Period of accounts

Start date: 01 January 2021

End date: 31 December 2021

HAPPY DRINKS CO LIMITED
Contents Page
For the year ended 31 December 2021

Accountants' report

Statement of financial position

Notes to the financial statements

HAPPY DRINKS CO LIMITED
Accountants' Report
For the year ended 31 December 2021

In order to assist you to fulfil your duties under Companies Act 2006, we have prepared for your approval the accounts of Happy Drinks Co Limited for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and related notes from the company's accounting records and from information and explanations you have given us.

As a practising member of the Association of Chartered Certified Accountants, we are subject to its ethical and other professional requirements which are detailed at <http://rulebook.accaglobal.com>.

This report is made solely to the member of Happy Drinks Co Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the accounts of Happy Drinks Co Limited and state those matters that we have agreed to state to the Board of Happy Drinks Co Limited, as a body, in this report in accordance with the requirements of the Association of Chartered Certified Accountants and as detailed at <http://www.accaglobal.com/factsheet163>. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Happy Drinks Co Limited and its members as a body for our work or for this report.

It is your duty to ensure that Happy Drinks Co Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and Loss of Happy Drinks Co Limited. You consider that Happy Drinks Co Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the accounts of Happy Drinks Co Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

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Allazo Ltd

2 Claridge Court

Lower Kings Road

Berkhamsted

HP4 2AF

12 May 2022

HAPPY DRINKS CO LIMITED

Statement of Financial Position

As at 31 December 2021

	Notes	31/12/2021 £	31/12/2020 £
Fixed assets			
Intangible fixed assets		1,857,420	1,129,285
Tangible fixed assets		3,807,082	307,728
		5,664,502	1,437,013
Current assets			
Stocks		932,728	267,326
Debtors		1,870,103	1,490,564
Cash at bank and in hand		1,499,879	1,386,823
		4,302,710	3,144,713
Creditors: amount falling due within one year		(818,087)	(2,840,614)
Net current assets		3,484,623	304,099
Total assets less current liabilities		9,149,125	1,741,112
Creditors: amount falling due after more than one year		(1,892,045)	(44,167)
Provisions for liabilities		(414,105)	(273,033)
Net assets		6,842,975	1,423,912
Capital and reserves			
Called up share capital		358	231
Share premium account		8,756,703	2,106,698
Profit and loss account		(1,914,086)	(683,017)
Shareholder's funds		6,842,975	1,423,912

For the 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.

Directors' responsibilities:

1. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.
2. The directors acknowledge their responsibilities for complying with the requirements of the companies act 2006 with respect to accounting records and the preparation of accounts.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of Part 15 of the Companies Act 2006. In accordance with Section 444 of the Companies Act 2006 the income statement has not been delivered to the Registrar of Companies.

The members have agreed to the preparation of abridged accounts for this accounting period in accordance with section 444(2A).

The financial statements were approved by the board of directors on 12 May 2022 and were signed on its behalf by:

Steven Wilkinson
Director

HAPPY DRINKS CO LIMITED

Notes to the Abridged Financial Statements

For the year ended 31 December 2021

General Information

Happy Drinks Co Limited is a private company, limited by shares, registered in England and Wales, registration number 10843995, registration address Unit 4, Mersey Reach, Dunning's Bridge Road, Liverpool, L30 6UZ.

The presentation currency is £ sterling.

1. Accounting policies

Significant accounting policies

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The company has taken advantage of the following disclosure exemptions with FRS 102 Section 1A:

- The requirement to present a statement of cash flows and related notes
- Financial instrument disclosures, including: Categories of financial instruments, Items of income, expenses, gains or losses relating to financial instruments, and exposure to and management of financial risks.

Group accounts

The company is a parent company subject to the small companies regime. The company and its subsidiary comprise a small group. The company has, therefore, taken advantage of the option provided by section 398 of the Companies Act 2006 not to prepare group accounts.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Going concern basis

The directors believe that the company is experiencing good levels of sales growth and profitability, and that it is well placed to manage its business risks successfully. Accordingly, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. Turnover includes revenue earned from the sale of goods, the policies adopted are as follows:

- Sale of goods

Sale of goods revenue is recognised at the point of sale, which is usually where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

- Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

The company recognises government support grants as other income, accrued for the period of eligibility.

The company has received a loan via the Covid Bounceback Loan Scheme which is government backed financial borrowing in order to aid business recovery. The loan is 100% backed by the government and with the government funding the interest for the first 12 months.

The company has also received Government backed asset finance which is also secured on the assets acquired.

The company includes the nominal interest charge in finance costs and relief received from the government in other income.

The company received Job Retention Scheme (JRS) payments during the year which are government grants to support employment levels and enable businesses to retain staff during the Covid pandemic. Monies received from JRS are included in Other Income.

Operating lease rentals

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Research and development expenditure

Expenditure during the research phase of a project is recognised as an expense when incurred.

Development costs are capitalised when technical feasibility studies identify that the project will develop an intangible asset that will be completed and available for use or sale, that there are adequate technical, financial and other resources to complete the development, that it will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Development costs are in relation to the creation of new recipes and products. Costs include materials, employee costs and external costs necessary to the projects. Amortisation is calculated on a straight line basis over 10 years which is considered a reasonable lifeline for the economic benefit.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted. Current tax is recognised at the amount of tax payable or refundable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date. Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if the company has legal right to set off against current tax liabilities and if they both relate to income tax levied by the same taxation authority on the same entity.

Intangible assets

Intangible assets (including purchased goodwill and patents) are amortised at rates calculated to write off the assets on a straight line basis over their estimated useful economic lives. Impairment of intangible assets is only reviewed where circumstances indicate that the carrying value of an asset may not be fully recoverable.

Development expenditures

Research and development expenditure is charged to the income statement in the period in which it is incurred. However, where the directors are satisfied as to the technical, commercial and financial viability of individual projects, development expenditure is deferred and amortised over 10 years during which the company is expected to benefit.

Tangible fixed assets

Tangible fixed assets, other than freehold land, are stated at cost or valuation less depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Leasehold improvements	10% Straight Line
Plant and Machinery	10% Reducing Balance
Fixtures and Fittings	25% Straight Line

Assets on finance lease and hire purchase

Assets held under finance lease or hire purchase contracts i.e. those contracts where substantially all the risks and rewards of ownership have passed to the company, are included in the appropriate category of tangible fixed assets and depreciated over the shorter of the lease term and their estimated expected useful lives.

Future obligations under such contracts are included in creditors net of the finance charge allocated to future periods.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Financial instruments

- Financial assets

Basic financial assets, including trade and other debtors, inter-group loans, cash and bank balances, are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method. Assets within one year are not amortised.

- Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans 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 receipts discounted at a market rate of interest.

Significant Judgements and Estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The following are significant management judgements in applying the accounting policies of the group that have the most significant effect on the financial statements.

- **Intangible assets**

Management monitors progress of internal research and development projects. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

Amortisation is charged on development intangibles over their deemed useful life. This period has been determined via a review of each project, considering both historic and future factors. The directors believe the amortisation periods applied appropriately reflect the estimated useful life of the assets.

- **Going concern**

The Directors have reviewed the company's budgets and forecasts for beyond 12 months from the date of this report, its liquid resources, medium term plans and potential fund raising. The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

The company undertook a successful private equity raise shortly after the year end which the Directors believe will support the Company's funding requirements for the short term.

2. Average number of employees

Average number of employees during the year was 15 (2020 : 9).

3. Intangible fixed assets

Cost	Research and Development	Total
	£	£
At 01 January 2021	1,294,692	1,294,692
Additions	952,740	952,740
Disposals	-	-
At 31 December 2021	2,247,432	2,247,432
Amortisation		
At 01 January 2021	165,407	165,407
Charge for year	224,605	224,605
On disposals	-	-
At 31 December 2021	390,012	390,012
Net book values		
At 31 December 2021	1,857,420	1,857,420
At 31 December 2020	1,129,285	1,129,285

4. Tangible fixed assets

Cost or valuation	Leasehold improvements	Computer Equipment	Plant and Machinery	Fixtures and Fittings	Total
	£	£	£	£	£
At 01 January 2021	146,500	5,188	212,026	17,291	381,005
Additions	1,678,204	20,396	2,231,959	-	3,930,559
Disposals	-	-	-	-	-
At 31 December 2021	1,824,704	25,584	2,443,985	17,291	4,311,564
Depreciation					
At 01 January 2021	14,650	1,297	53,007	4,323	73,277
Charge for year	182,470	6,396	239,097	3,242	431,205
On disposals	-	-	-	-	-
At 31 December 2021	197,120	7,693	292,104	7,565	504,482
Net book values					
Closing balance as at 31 December 2021	1,627,584	17,891	2,151,881	9,726	3,807,082
Opening balance as at 01 January 2021	131,850	3,891	159,019	12,968	307,728

The net book value of Leasehold improvements, Plant and Machinery includes £ 3,353,992(2021 £131,850) in respect of assets leased under finance leases or hire purchase contracts.

5. Share Capital

Allotted, called up and fully paid	31/12/2021	31/12/2020
	£	£
2,709,179 Ordinary shares of £0.0001 each	271	144
	271	144

Prior year there were 1,443,200 Ordinary shares of £0.0001 each.

During the year the following share allotments occurred

- Feb 2021 1,003,779 Ordinary shares of £0.0001 each
- Jun 2021 262,200 Ordinary shares of £0.0001 each

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.