

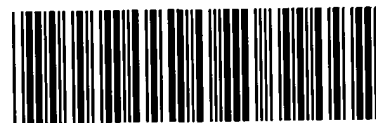
**Company Registration No. SC205193 (England and Wales)**

**Compass Box Delicious Whisky Limited**

**Financial statements  
for the year ended 31 March 2018**

**Pages for filing with the Registrar**

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COMPANIES HOUSE

## **Compass Box Delicious Whisky Limited**

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**Compass Box Delicious Whisky Limited**

**Statement of financial position**

**As at 31 March 2018**

|  | Notes | £           | 2018<br>£               | £                | 2017<br>£             |
|--|-------|-------------|-------------------------|------------------|-----------------------|
| <b>Fixed assets</b>  |       |             |                         |                  |                       |
| Tangible assets  | 5     |             | 49,710                  |                  | 92,002                |
| Investments  | 6     |             | 115,913                 |                  | 2                     |
|  |       |             | <u>165,623</u>          |                  | <u>92,004</u>         |
| <b>Current assets</b>  |       |             |                         |                  |                       |
| Stocks   |       | 1,471,238   |                         | 1,390,810        |                       |
| Debtors  | 7     | 991,069     |                         | 764,097          |                       |
| Cash at bank and in hand                                       |       | 60,140      |                         | 201,424          |                       |
|  |       |             | <u>2,522,447</u>        | <u>2,356,331</u> |                       |
| <b>Creditors: amounts falling due within one year</b>          | 8     | (1,268,479) |                         | (1,440,619)      |                       |
| <b>Net current assets</b>                                      |       |             | <u>1,253,968</u>        |                  | <u>915,712</u>        |
| <b>Total assets less current liabilities</b>                   |       |             | <u>1,419,591</u>        |                  | <u>1,007,716</u>      |
| <b>Creditors: amounts falling due after more than one year</b> | 9     |             | (252,943)               |                  | (806,468)             |
| <b>Net assets</b>  |       |             | <u><u>1,166,648</u></u> |                  | <u><u>201,248</u></u> |
| <b>Capital and reserves</b>                                    |       |             |                         |                  |                       |
| Called up share capital  | 11    |             | 2,492                   |                  | 2,180                 |
| Share premium account  |       |             | 3,544,323               |                  | 2,187,279             |
| Profit and loss reserves                                       |       |             | (2,380,167)             |                  | (1,988,211)           |
| <b>Total equity</b>  |       |             | <u><u>1,166,648</u></u> |                  | <u><u>201,248</u></u> |

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

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

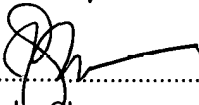
**Compass Box Delicious Whisky Limited**

**Statement of financial position (continued)**

**As at 31 March 2018**

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The financial statements were approved by the board of directors and authorised for issue on 9/8/2018 and are signed on its behalf by:

  
.....  
John Glaser

**Director**

**Company Registration No. SC205193**

**Compass Box Delicious Whisky Limited**

**Statement of changes in equity  
For the year ended 31 March 2018**

|  | Notes | Share capital<br>£ | Share premium account<br>£ | Profit and loss reserves<br>£ | Total<br>£ |
|--|-------|--------------------|----------------------------|-------------------------------|------------|
| <b>Balance at 1 April 2016</b>                   |       | 2,172              | 2,182,487                  | (1,343,288)                   | 841,371    |
| <b>Year ended 31 March 2017:</b>                 |       |                    |                            |                               |            |
| Loss and total comprehensive income for the year |       | -                  | -                          | (644,923)                     | (644,923)  |
| Issue of share capital                           | 11    | 8                  | 4,792                      | -                             | 4,800      |
| <b>Balance at 31 March 2017</b>                  |       | 2,180              | 2,187,279                  | (1,988,211)                   | 201,248    |
| <b>Year ended 31 March 2018:</b>                 |       |                    |                            |                               |            |
| Loss and total comprehensive income for the year |       | -                  | -                          | (391,956)                     | (391,956)  |
| Issue of share capital                           | 11    | 312                | 1,357,044                  | -                             | 1,357,356  |
| <b>Balance at 31 March 2018</b>                  |       | 2,492              | 3,544,323                  | (2,380,167)                   | 1,166,648  |

## **Compass Box Delicious Whisky Limited**

### **Notes to the financial statements**

**For the year ended 31 March 2018**

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#### **1 Accounting policies**

##### **Company information**

Compass Box Delicious Whisky Limited is a private company limited by shares incorporated in England and Wales. The registered office is 4th Floor, 115 George Street, Edinburgh, EH2 4JN.

##### **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. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

##### **1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future based on the forecasts that have been produced for a five year period. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services 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 dispatch 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 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Notes to the financial statements (continued)

For the year ended 31 March 2018

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**1 Accounting policies (continued)**

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:

|                                |   |
|--------------------------------|---|
| Design costs                   | A straight line provision based on the directors' assessment of the specific products' life |
| Fixtures, fittings & equipment | 4 years straight line   |
| Software & website costs       | 3 years 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.

**1.5 Fixed asset 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.

**1.6 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

Notes to the financial statements (continued)

For the year ended 31 March 2018

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**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.

**1.7 Stocks**

Stocks 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 stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks 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.

**1.8 Cash at bank and in hand**

Cash at bank and in hand 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.

**1.9 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 debtors, 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.



**1 Accounting policies (continued)**

***Basic financial liabilities***

Basic financial liabilities, including creditors, 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 creditors 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**1.10 Equity instruments**

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

**1.11 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Notes to the financial statements (continued)

For the year ended 31 March 2018

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**1 Accounting policies (continued)**

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.12 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 fixed 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.

**1.13 Retirement benefits**

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

**1.14 Share-based payments**

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

**1.15 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income 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.

Notes to the financial statements (continued)  
For the year ended 31 March 2018

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**1 Accounting policies (continued)**

**1.16 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 are included in the income statement for the period.

**2 Critical accounting 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.

**Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

**Share based payment**

The company has incurred a charge of £115,911 based on the fair value of the cash settled share based payment transaction. The assumptions used to determine the fair value are detailed in note 13.

**3 Turnover and other revenue**

An analysis of the company's turnover is as follows:

|   | 2018<br>£        | 2017<br>£        |
|---|------------------|------------------|
| <b>Turnover analysed by geographical market</b> |                  |                  |
| USA   | 2,192,960        | 1,956,863        |
| United Kingdom                                  | 481,772          | 266,978          |
| European Union                                  | 1,195,762        | 994,562          |
| Rest of the World                               | 582,272          | 272,620          |
|   | <u>4,452,766</u> | <u>3,491,023</u> |

**Compass Box Delicious Whisky Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 March 2018**

**4 Employees**

The average monthly number of persons (including directors) employed by the company during the year was 10 (2017 - 9).

**5 Tangible fixed assets**

|                                    | <b>Plant and machinery</b> |
|------------------------------------|----------------------------|
|                                    | <b>£</b>                   |
| <b>Cost</b>                        |                            |
| At 1 April 2017                    | 591,063                    |
| Additions                          | 30,715                     |
|                                    | <hr/>                      |
| At 31 March 2018                   | 621,778                    |
|                                    | <hr/>                      |
| <b>Depreciation and impairment</b> |                            |
| At 1 April 2017                    | 499,061                    |
| Depreciation charged in the year   | 73,007                     |
|                                    | <hr/>                      |
| At 31 March 2018                   | 572,068                    |
|                                    | <hr/>                      |
| <b>Carrying amount</b>             |                            |
| At 31 March 2018                   | 49,710                     |
|                                    | <hr/>                      |
| At 31 March 2017                   | 92,002                     |
|                                    | <hr/>                      |

**6 Fixed asset investments**

|             | <b>2018</b> | <b>2017</b> |
|-------------|-------------|-------------|
|             | <b>£</b>    | <b>£</b>    |
| Investments | 115,913     | 2           |
|             | <hr/>       | <hr/>       |

Fixed asset investments relate to 100% shareholdings in Compass Box Whisky Supply Limited, a company incorporated in England and Wales, and Compass Box USA LLC, a company incorporated in the USA.

**Compass Box Delicious Whisky Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 March 2018**

**6 Fixed asset investments (continued)**

**Movements in fixed asset investments**

|                                 | Shares in group<br>undertakings<br>£ |
|---------------------------------|--------------------------------------|
| <b>Cost or valuation</b>        |                                      |
| At 1 April 2017                 | 2                                    |
| Additions - share based payment | 115,911                              |
|                                 | <hr/>                                |
| At 31 March 2018                | 115,913                              |
|                                 | <hr/>                                |
| <b>Carrying amount</b>          |                                      |
| At 31 March 2018                | 115,913                              |
|                                 | <hr/>                                |
| At 31 March 2017                | 2                                    |
|                                 | <hr/>                                |

**7 Debtors**

|   | 2018<br>£ | 2017<br>£ |
|---|-----------|-----------|
| <b>Amounts falling due within one year:</b> |           |           |
| Trade debtors                               | 907,475   | 652,122   |
| Amounts owed by group undertakings          | 7,199     | -         |
| Other debtors                               | 76,395    | 111,975   |
|   | <hr/>     | <hr/>     |
|   | 991,069   | 764,097   |
|   | <hr/>     | <hr/>     |

**8 Creditors: amounts falling due within one year**

|                                    | 2018<br>£ | 2017<br>£ |
|------------------------------------|-----------|-----------|
| Bank loans and overdrafts          | 200,703   | 453,528   |
| Trade creditors                    | 454,145   | 445,132   |
| Amounts due to group undertakings  | -         | 90,850    |
| Other taxation and social security | 16,578    | 17,053    |
| Other creditors                    | 597,053   | 434,056   |
|                                    | <hr/>     | <hr/>     |
|                                    | 1,268,479 | 1,440,619 |
|                                    | <hr/>     | <hr/>     |

Included in other creditors is an invoice financing facility secured by a floating charge over the assets and undertakings of the company and a charge over the debtor book.

## Compass Box Delicious Whisky Limited

### Notes to the financial statements (continued) For the year ended 31 March 2018

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#### 9 Creditors: amounts falling due after more than one year

|                 | 2018           | 2017           |
|-----------------|----------------|----------------|
|                 | £              | £              |
| Other creditors | 252,943        | 806,468        |
|                 | <u>252,943</u> | <u>806,468</u> |

Creditors due after more than one year relate to an unsecured loan that is due to be repaid by 31 August 2019. The directors consider that the carrying amount of this loan approximates to the amortised cost value. The movement on the loan from the prior year is due to a conversion of \$649,886 to equity in April 2017. The loan bears interest at a rate of 7% per annum.

#### 10 Share-based payment transactions

The company has entered into a phantom share scheme for four employees that are employed by its subsidiary Compass Box USA LLC. The phantom share scheme is in relation to 52 AA phantom shares and vest on the date of a change of control of the company as determined in the sole discretion of the board. The scheme will lapse on the date that the employee ceases to work for the company except when the cessation is terminated with good reason. The award payment will be made after the vesting date.

The company has used a Black Scholes model to determine the fair value of the cash settled share based payment transaction resulting in a change in the investment held in Compass Box USA LLC of £115,911. The model used relevant assumptions that were appropriate for the company as at the year-end 31 March 2018, these included;

- Exit event occurring within the next 3 years;
- 50% of employees eligible for phantom shares remaining in employment until the exit event occurs; and
- Low volatility of share price taking into account similar competitors and forecasts of the company

There is no impact to the income statement with an increase in other creditors and investment in its subsidiary, Compass Box USA LLC, of £115,911.

## Compass Box Delicious Whisky Limited

### Notes to the financial statements (continued)

For the year ended 31 March 2018

#### 11 Called up share capital

|                                      | 2018         | 2017         |
|--------------------------------------|--------------|--------------|
|                                      | £            | £            |
| <b>Ordinary share capital</b>        |              |              |
| <b>Issued and fully paid</b>         |              |              |
| 1,239 "A" Ordinary shares of £1 each | 1,239        | 1,065        |
| 1,199 "B" Ordinary shares of £1 each | 1,199        | 1,061        |
| 1 "C" Ordinary shares of £1 each     | 1            | 1            |
| 53 "AA" Ordinary shares of £1 each   | 53           | 53           |
|                                      | <u>2,492</u> | <u>2,180</u> |

During the year 174 "A" Ordinary shares of £1 each and 138 "B" Ordinary shares of £1 each were issued for a total consideration of £1,357,356. This share issue included the consolidation of £522,060 of an unsecured loan into capital.

#### 12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Jamie Cassell.

The auditor was Saffery Champness LLP.

#### 13 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:

| 2018   | 2017   |
|--------|--------|
| £      | £      |
| 61,718 | 10,812 |

#### 14 Related party transactions

During the year the company received goods and services to a value of £1,364,991 (2017: £1,167,624) from Compass Box USA LLC. At the end of the year the company owed £7,199 to Compass Box USA LLC (2017: £90,850 owed from Compass Box USA LLC). Compass Box USA LLC is a wholly owned subsidiary of the company.

**Compass Box Delicious Whisky Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 March 2018**

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**15 Directors' transactions**

Remuneration paid to directors during the year was £72,165 (2017: £71,576). Directors were considered to be key management personnel during the year.

**16 Parent company**

The directors consider there to be no ultimate controlling party.