

Financial Statements

Torabhaig Distillery Limited

For the Year Ended 31 December 2016

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COMPANIES HOUSE

Registered number: SC457756

Company Information

Directors

Alan Rutherford (appointed 3 November 2013)
Francesco Annibali (appointed 3 November 2013)
Lucilla Noble (appointed 3 November 2013)
John Mathieson (appointed 3 November 2013)

Registered number

SC457756

Registered office

Mossburn House
Camptown
Jedburgh
Roxburghshire
TD8 6PJ

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Senior Statutory Auditor
110 Queen Street
Level 8
Glasgow
G1 3BX

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Directors' Report

For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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.

Results and dividends

The loss for the year, after taxation, amounted to £281,928 (2015 - loss £27,795).

Directors

The directors who served during the year were:

Alan Rutherford
Francesco Annibali
Lucilla Noble
John Mathieson

Future developments

The construction of the production plant ended early in 2017. The company began producing its first batches accordingly. The plan to complete the project will see the retail shop and visitor centre open in the second half of the coming year.

Directors' Report (continued)

For the Year Ended 31 December 2016

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 09/05/2017 and signed on its behalf.

John Mathieson
Director



Independent Auditor's Report to the Shareholders of Torabhaig Distillery Limited

We have audited the financial statements of Torabhaig Distillery Limited for the year ended 31 December 2016, set out on pages 5 to 13. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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 Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

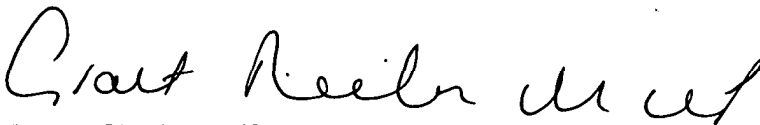
Independent Auditor's Report to the Shareholders of Torabhaig Distillery Limited (continued)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

- 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



James Chadwick (Senior Statutory Auditor)

Grant Thornton UK LLP
Chartered Accountants

110 Queen Street
Level 8
Glasgow
G1 3BX

Date:

17 May 2017

Statement of Comprehensive Income

For the Year Ended 31 December 2016

	Note	2016 £	2015 £
Administrative expenses		(280,545)	(27,795)
Operating loss		(280,545)	(27,795)
Interest payable and expenses		(1,383)	-
Loss before tax		(281,928)	(27,795)
Loss for the year		(281,928)	(27,795)

There was no other comprehensive income for 2016 (2015: £NIL).

The notes on pages 8 to 13 form part of these financial statements.

Balance Sheet

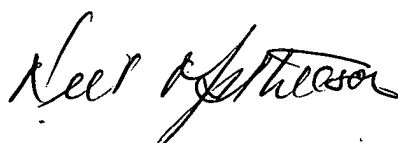
As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	5	1,653,478	781,967
		<u>1,653,478</u>	<u>781,967</u>
Current assets			
Stocks	6	13,211	
Debtors: amounts falling due within one year	7	114,838	17,800
Cash at bank and in hand	8	151,453	208
		<u>279,502</u>	<u>18,008</u>
Creditors: amounts falling due within one year	9	(174,720)	(827,768)
Net current assets/(liabilities)		<u>104,782</u>	<u>(809,760)</u>
Total assets less current liabilities		<u>1,758,260</u>	<u>(27,793)</u>
Creditors: amounts falling due after more than one year	10	(667,983)	
Net assets/(liabilities)		<u><u>1,090,277</u></u>	<u><u>(27,793)</u></u>
Capital and reserves			
Called up share capital		1,400,000	2
Profit and loss account		(309,723)	(27,795)
		<u><u>1,090,277</u></u>	<u><u>(27,793)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

John Mathieson
Director



09/05/17

The notes on pages 8 to 13 form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	2	(27,795)	(27,793)
Comprehensive income for the year			
Loss for the year	-	(281,928)	(281,928)
Other comprehensive income for the year			
	-	-	-
Total comprehensive income for the year	-	(281,928)	(281,928)
Shares issued during the year	1,399,998	-	1,399,998
Total transactions with owners	1,399,998	-	1,399,998
At 31 December 2016	1,400,000	(309,723)	1,090,277

Statement of Changes in Equity

For the Year Ended 31 December 2015

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	2	-	2
Comprehensive income for the year			
Loss for the year	-	(27,795)	(27,795)
Total comprehensive income for the year	-	(27,795)	(27,795)
At 31 December 2015	2	(27,795)	(27,793)

The notes on pages 8 to 13 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2016

1. General information

The principal activity of the company is the building of a distillery.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis, which assumes that the company will have sufficient working capital facilities to enable it to continue in business for the foreseeable future.

2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	20%
Motor vehicles	-	10%
Fixtures and fittings	-	10%
Computer equipment	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.4 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

3. Auditor's remuneration

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5,750	-
Fees payable to the Company's auditor and its associates in respect of:		
All other services	2,000	-
	<u>2,000</u>	<u>-</u>

4. Employees

The average monthly number of employees, including directors, during the year was 1 (2015 - 0).

Notes to the Financial Statements

For the Year Ended 31 December 2016

5. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Assets in course of construction £
Cost or valuation					
At 1 January 2016	-	-	-	-	781,967
Additions	3,083	5,750	13,235	393	849,504
At 31 December 2016	3,083	5,750	13,235	393	1,631,471
Depreciation					
Charge for the period on owned assets	184	192	12	66	-
At 31 December 2016	184	192	12	66	-
Net book value					
At 31 December 2016	2,899	5,558	13,223	327	1,631,471
At 31 December 2015	-	-	-	-	781,967
					Total £
Cost or valuation					
At 1 January 2016					781,967
Additions					871,965
At 31 December 2016					1,653,932
Depreciation					
Charge for the period on owned assets					454
At 31 December 2016					454
Net book value					
At 31 December 2016					1,653,478
At 31 December 2015					781,967

Notes to the Financial Statements

For the Year Ended 31 December 2016

6. Stocks

	2016 £	2015 £
Raw materials and consumables	13,211	-
	<u>13,211</u>	<u>-</u>

7. Debtors

	2016 £	2015 £
Other debtors	54,838	17,800
Prepayments and accrued income	60,000	-
	<u>114,838</u>	<u>17,800</u>

8. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	151,453	208
	<u>151,453</u>	<u>208</u>

9. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	11,020	106,800
Amounts owed to group undertakings	-	700,968
Other taxation and social security	584	-
Accruals and deferred income	163,116	20,000
	<u>174,720</u>	<u>827,768</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

10. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Amounts owed to group undertakings	666,600	-
Accrued interest	1,383	-
	<u>667,983</u>	<u>-</u>

11. Controlling party

The Company's immediate parent is Mossburn Distillers Limited. The ultimate parent company is Sastre Holding SA, a company incorporated in Switzerland. The ultimate controlling party is The Paulsen Familiae Foundation, a legal entity incorporated under the Jersey law.

The smallest and largest group of companies which prepares consolidated accounts which this company is included in is Haydn Holding AB. Consolidated accounts can be obtained from the company secretary, Haydn Holding AB C/O Moore Stephens, Stortogate 8, Box 4051, 2003 11 Malmö, Sweden.