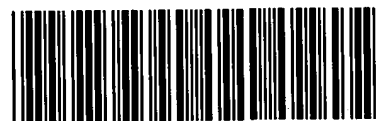

GRISSAN CARNSIDE LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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GRISSAN CARNSIDE LIMITED

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GRISSAN CARNSIDE LIMITED

COMPANY INFORMATION

Directors	P.G. Gordon P.G. Blackler N.R. Smyth
Company secretary	N.R. Smyth
Registered number	SC531420
Registered office	Grangestone Industrial Estate Ladywell Avenue Girvan Ayrshire KA26 9PT

GRISSAN CARNSIDE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Directors present their report and audited financial statements of Grissan Carnside Limited ("the Company") for the year ended 31 December 2022.

Incorporation

The Company is a private Company limited by shares and was incorporated on 1 April 2016 with the Registrar of Companies for Scotland. This report and audited financial statements cover the year to 31 December 2022.

The Company's immediate parent is Grissan Energy UK Limited. The intermediate parent is Grissan Limited. Grissan Limited is the holding company of the Grissan Group of companies which comprises several companies (together the "Group Undertakings").

The ultimate parent company is William Grant & Sons Holdings Limited, which together with William Grant & Sons Distillers Limited and William Grant & Sons Limited (and many other subsidiaries of the ultimate parent company), form the William Grant & Sons Holdings Limited Group ("Parent Undertakings").

Principal activity

The Statement of Comprehensive Income for the year is set out on page 8. The principal activity of the Company is the development and operation of renewable energy plants.

Directors

The Directors who served during the year and subsequently were:

P.G. Gordon
P.G. Blackler
N.R. Smyth

Secretary

The secretary who held office throughout the financial year and subsequently was as follows:

N.R. Smyth

Registered office

The registered office of the Company was Grangestone Industrial Estate, Ladywell Avenue, Girvan, Ayrshire, KA26 9PT.

Independent auditors

BDO Limited were appointed as auditors on 10 January 2018 and have expressed their willingness to continue in office.

The auditors, BDO Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

GRISSAN CARNSIDE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

GRISSAN CARNSIDE LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Going concern

The Company had net liabilities of £8,592,766 (2021: £9,896,008) at 31 December 2022. Included in the Company's liabilities are loans payable to Parent Undertakings of £17,574,918 (2021: £21,274,303), which consists of amounts falling due after more than one year of £17,507,018 (2021: £21,250,270) and amounts falling due within one year of £67,900 (2021: £24,033) (as identified in notes 13 and 12 respectively). The Company made a profit of £1,303,242 (2021: loss of £483,487) during the year ended 31 December 2022.

The Directors have taken into consideration the going concern ability of the Company in light of the effects of the COVID-19 pandemic. The Grissan Group managed the pandemic well and now being on the other side, have adapted to become more resilient versus any future pandemics with greater ability for hybrid working and working from home, greater leverage off technologies, stress tested supply chains and business continuity measures.

The directors have assessed the conflict in Ukraine in their assessment of the Company's ability to continue as a going concern. Whilst the conflict initially drove the market price of wholesale gas up, the gas prices started to regress closer to levels seen before the conflict. Gas production and sales have at least remained consistently robust and the directors do not currently anticipate that it will materially impact upon the Company's ability to continue as a going concern.

The directors have assessed the increased inflationary environment in which the business continues to operate post year-end, including Bank of England base interest rate rises impacting the Company's funding costs and price inflation increasing costs of operations and critical equipment. The directors are comfortable that the Company is able to continue as a going concern in this volatile and inflationary environment based on future projections and the ongoing financial support of its Parent Undertakings.

Confirmation has been obtained from Parent Undertakings that they will continue to support the Company by providing adequate financial assistance to enable the Company to continue its business operations as a going concern for the foreseeable future and they will not recall or demand repayment of the loans and advances made to the Company or other Group Undertakings for a period of at least 12 months from the date of signing of the 2022 financial statements. This will be done except to the extent that the financial position of the Company permits such repayment and such repayment will not adversely affect the ability of the Company to carry on its operations as a going concern.

Accordingly, considering the abovementioned circumstances and the position of the loans payable to Group Undertakings, the Directors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 03/05/2023

and signed on its behalf.

DocuSigned by:

Nicholas Smyth

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N.R. Smyth
Secretary



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRISSAN CARNSIDE LIMITED

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit 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.

We have audited the financial statements of Grissan Carnside Limited ("the Company") for the 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes 1 to 17 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1.3 in the financial statements, which indicates that the Company had net liabilities of £8,592,766. Included in the Company's liabilities are amounts payable to its Parent Undertakings of £17,574,918. As stated in note 1.3, these events or conditions, along with the other matters as set forth in note 1.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



Other Companies Act 2006 reporting

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 the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

We gained an understanding of the legal framework applicable to the Company and the industry in which it operates and, considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to



compliance with Companies Act 2006. We made enquiries of the Directors to obtain further understanding of risks of non-compliance.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management regarding known or suspected instances of non-compliance with laws and regulations;
- review of minutes of Board meetings throughout the period; and
- obtaining an understanding of the control environment in place to prevent and detect irregularities, including a substantive review of material journals.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

BDO Limited

Joshua Payne (Senior Statutory Auditor)
For and on behalf of BDO Limited, Statutory Auditor
Jersey, Channel Islands
4 May 2023

GRISSAN CARNSIDE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Revenue		9,303,116	5,567,282
Cost of sales		(3,916,514)	(3,057,067)
Gross profit		5,386,602	2,510,215
Other costs		(1,939,549)	(1,296,805)
Profit before interest, tax and depreciation	4	3,447,053	1,213,410
Depreciation		(1,344,328)	(1,364,155)
Operating profit/(loss)	4	2,102,725	(150,745)
Interest payable and similar charges	5	(525,988)	(284,628)
Profit/(loss) on ordinary activities before tax		1,576,737	(435,373)
Taxation	6	(273,495)	(48,114)
Total comprehensive profit/(loss) for the year		1,303,242	(483,487)

All amounts relating to continuing activities.

The notes on pages 11 to 23 form part of these financial statements.

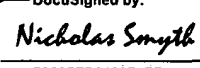
GRISSAN CARNSIDE LIMITED
REGISTERED NUMBER: SC531420

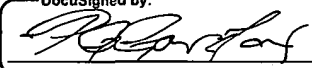
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible fixed assets	8	6,125,134	7,492,924
Debtors: amounts falling due after one year	10	-	43,571
		<u>6,125,134</u>	<u>7,536,495</u>
Current assets			
Cash at bank	11	223,331	655,729
Stocks	9	856,766	664,679
Debtors: amounts falling due within one year	10	3,189,362	3,651,859
		<u>4,269,459</u>	<u>4,972,267</u>
Creditors: amounts falling due within one year	12	(661,763)	(605,268)
Net current assets		<u>3,607,696</u>	<u>4,366,999</u>
Total assets less current liabilities		<u>9,732,830</u>	<u>11,903,494</u>
Creditors: amounts falling due after more than one year	13	(17,889,663)	(21,250,270)
Provisions for liabilities			
Deferred tax	7	(435,933)	(549,232)
		<u>(435,933)</u>	<u>(549,232)</u>
Net liabilities		<u><u>(8,592,766)</u></u>	<u><u>(9,896,008)</u></u>
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account		(8,592,767)	(9,896,009)
		<u><u>(8,592,766)</u></u>	<u><u>(9,896,008)</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 03/05/2023

DocuSigned by:

 N.R. Smyth
 Director

DocuSigned by:

 P.G. Gordon
 Director

The notes on pages 11 to 23 form part of these financial statements.

GRISSAN CARNSIDE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	1	(9,412,522)	(9,412,521)
Total comprehensive loss for the year	-	(483,487)	(483,487)
At 1 January 2022	1	(9,896,009)	(9,896,008)
Total comprehensive profit for the year	-	1,303,242	1,303,242
At 31 December 2022	1	(8,592,767)	(8,592,766)

The notes on pages 11 to 23 form part of these financial statements.

GRISSAN CARNSIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies

1.1 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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of William Grant & Sons Holdings Limited ("Parent") as at 31 December 2022 and these financial statements may be obtained from The Registrar of Companies, Companies House, Fourth Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH39FF.

GRISSAN CARNSIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.3 Going concern

The Company had net liabilities of £8,592,766 (2021: £9,896,008) at 31 December 2022. Included in the Company's liabilities are loans payable to Parent Undertakings of £17,574,918 (2021: £21,274,303), which consists of amounts falling due after more than one year of £17,507,018 (2021: £21,250,270) and amounts falling due within one year of £67,900 (2021: £24,033) (as identified in notes 13 and 12 respectively). The Company made a profit of £1,303,242 (2021: loss of £483,487) during the year ended 31 December 2022.

The Directors have taken into consideration the going concern ability of the Company in light of the effects of the COVID-19 pandemic. The Grissan Group managed the pandemic well and now being on the other side, have adapted to become more resilient versus any future pandemics with greater ability for hybrid working and working from home, greater leverage off technologies, stress tested supply chains and business continuity measures.

The directors have assessed the conflict in Ukraine in their assessment of the Company's ability to continue as a going concern. Whilst the conflict initially drove the market price of wholesale gas up, the gas prices started to regress closer to levels seen before the conflict. Gas production and sales have at least remained consistently robust and the directors do not currently anticipate that it will materially impact upon the Company's ability to continue as a going concern.

The directors have assessed the increased inflationary environment in which the business continues to operate post year-end, including Bank of England base interest rate rises impacting the Company's funding costs and price inflation increasing costs of operations and critical equipment. The directors are comfortable that the Company is able to continue as a going concern in this volatile and inflationary environment based on future projections and the ongoing financial support of its Parent Undertakings.

Confirmation has been obtained from Parent Undertakings that they will continue to support the Company by providing adequate financial assistance to enable the Company to continue its business operations as a going concern for the foreseeable future and they will not recall or demand repayment of the loans and advances made to the Company or other Group Undertakings for a period of at least 12 months from the date of signing of the 2022 financial statements. This will be done except to the extent that the financial position of the Company permits such repayment and such repayment will not adversely affect the ability of the Company to carry on its operations as a going concern.

Accordingly, considering the abovementioned circumstances and the position of the loans payable to Group Undertakings, the Directors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis.

GRISSAN CARNSIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Company earns various incentives under a series of UK Government schemes designed to support renewable energy producers, including:

i) Incentives – The Company is accredited under one or more incentive schemes (such as the Renewable Heat Incentive scheme and the Feed-in Tariffs scheme), whereby eligible outputs of renewable energy are measured at an agreed tariff (inflation linked), an incentive revenue is calculated and the resulting revenues are recognised on a day-to-day basis.

ii) Certificates - The Company is accredited under one or more certification schemes (such as the Green Gas Certification Scheme, the Renewable Obligation Certificates scheme and the Renewable Transport Fuel Obligation scheme), whereby eligible outputs of renewable energy generate certificates in accordance with the specific scheme rules. As the Company produces green gas and ultra-low carbon fuels on a day-to-day basis it becomes entitled to new certificates. The Company can subsequently sell it certificates on the open market, with the variance in price (selling price less market price at last reporting date) being accounted for in revenue. Any certificates unsold at the balance sheet reporting date are revalued at the prevailing market price.

1.5 Expenditure

Expenditure is accounted for on an accruals basis. Research and development expenditure is expensed as incurred.

1.6 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.

Only additions over a value of £5,000 are capitalised.

Assets are not depreciated until such time as they are brought into use.

GRISSAN CARNSIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)**1.6 Tangible fixed assets (continued)**

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:

Freehold property	- No depreciation
Leaseholds	- First lease break date
Plant and machinery	- 10 years
Motor vehicles	- 3 years
Fixtures and fittings	- 10 years
Assets under construction	- No depreciation
Computer hardware, software and office equipment	- 4 years

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 profit or loss.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Assets under construction are initially and subsequently measured under the cost model.

Assets under construction are brought into use as property, plant and equipment when the takeover process has been completed which comprise the following:

- i) the construction is completed;
- ii) necessary inspections (internal and external) have been passed;
- iii) the initial commissioning phase has been concluded satisfactorily; and
- iv) the takeover certificate has been issued to the operations team.

Assets under construction are not depreciated until such time that they are brought into use.

1.7 Stocks

Stocks (including feedstocks, consumables and critical spares) 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 weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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.

GRISSAN CARNSIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balances are not discounted.

1.9 Operating leases: the Company as lessee

Costs in respect of operating leases are charged on a straight line basis over the lease term.

1.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

All foreign exchange gains and losses are presented in profit or loss within 'other income'.

1.11 Financial instruments

The Company has chosen to adopt Section 11 of FRS 102 in respect of financial instruments.

GRISSAN CARNSIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Accounting policies (continued)

1.11 Financial instruments (continued)

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from other third parties and loans to and from related parties.

Debt instruments (repayable or receivable within or beyond one year), including loans and other accounts receivable and payable, are initially measured at transaction price.

Loans from group undertakings and parent undertakings are measured at cost less impairment and are not discounted at a market rate of interest.

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.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position 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.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

1.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

The Company matches the employee's contributions up to 7% of the employee's salary and the employees can opt to contribute further to their pension in the form of a salary sacrifice.

GRISSAN CARNSIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have had to make the following judgements:

- The determination of whether leases entered into by the Company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

Tangible fixed assets

Tangible fixed assets are depreciated over their economic lives taking into account residual values, where appropriate. The economic lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3. Employees

The average monthly number of persons employed by the Company during the year was 8 (2021: 6).

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2022	2021
	£	£
Depreciation	1,344,328	1,364,155
Pension costs	25,427	8,765
Operating lease costs	134,020	79,825
Auditors' remuneration	10,323	8,481
Auditors' remuneration - non-audit	445	415
	=====	=====

GRISSAN CARNSIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Interest payable and similar expenses

	2022 £	2021 £
Interest payable to parent undertakings	525,057	284,628
Interest payable to group undertakings	931	-
	<u>525,988</u>	<u>284,628</u>

6. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits/(losses) for the year	382,645	(44,436)
Adjustments in respect of previous periods	4,149	865
	<u>386,794</u>	<u>(43,571)</u>
Total current tax	<u>386,794</u>	<u>(43,571)</u>
Deferred tax		
Origination and reversal of timing differences	(83,027)	92,550
Adjustments in respect of previous periods	(4,054)	(865)
Effect of changes in tax rates	(26,218)	-
Total deferred tax	<u>(113,299)</u>	<u>91,685</u>
Taxation on profit/(loss) on ordinary activities	<u>273,495</u>	<u>48,114</u>

GRISSAN CARNSIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2021 - the same as) the standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

	2022 £	2021 £
Profit/(loss) on ordinary activities before tax	<u>1,576,739</u>	<u>(435,373)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	299,580	(82,721)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	38	87
Adjustments to tax charge in respect of prior periods	95	-
Re-measurement of deferred tax – change in UK tax rate	(26,218)	131,816
Non-taxable income	-	(1,068)
Total tax charge for the year	<u><u>273,495</u></u>	<u><u>48,114</u></u>

7. Deferred taxation

	2022 £	2021 £
At beginning of year	(549,232)	(457,547)
Charged to profit or loss	113,299	(91,685)
At end of year	<u><u>(435,933)</u></u>	<u><u>(549,232)</u></u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Opening balance	549,232	457,547
Accelerated capital allowances	(109,245)	92,550
Adjustment in respect of prior years	(4,054)	(865)
	<u><u>435,933</u></u>	<u><u>549,232</u></u>

GRISSAN CARNSIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation			
At 1 January 2022	13,525,507	9,078	13,534,585
Additions	22,230	-	22,230
Disposals	(107,500)	-	(107,500)
At 31 December 2022	13,440,237	9,078	13,449,315
Depreciation			
At 1 January 2022	6,032,583	9,078	6,041,661
Charge for the year on owned assets	1,338,062	-	1,338,062
Disposals	(55,542)	-	(55,542)
At 31 December 2022	7,315,103	9,078	7,324,181
Net book value			
At 31 December 2022	6,125,134	-	6,125,134
At 31 December 2021	7,492,924	-	7,492,924

9. Stocks

	2022 £	2021 £
Feedstocks	836,428	634,791
Consumables	12,107	20,517
Critical spares	8,231	9,371
	856,766	664,679

GRISSAN CARNSIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Debtors

	2022 £	2021 £
Due after more than one year		
Amounts due from parent undertakings	-	43,571
	<u>-</u>	<u>43,571</u>
	<u>-</u>	<u>43,571</u>

The amounts due from Parent Undertakings are in relation to tax losses surrendered by the Company and utilised for loss relief by William Grant & Sons Distillers Limited, a fellow subsidiary of the ultimate parent company.

	2022 £	2021 £
Due within one year		
Trade debtors	317,945	458,485
Accrued revenue	2,063,214	1,923,948
Amounts due from group undertakings	650,291	931,652
Prepayments and accrued income	94,034	54,245
Amounts due from parent undertakings	63,878	283,529
	<u>3,189,362</u>	<u>3,651,859</u>
	<u>3,189,362</u>	<u>3,651,859</u>

The amounts due from Parent Undertakings are in relation to tax losses surrendered by the Company and utilised for loss relief by William Grant & Sons Distillers Limited, a fellow subsidiary of the ultimate parent company. Amounts are classified as due in less than one year when amendments to the tax losses surrendered are improbable.

11. Cash and cash equivalents

	2022 £	2021 £
Cash at bank	223,331	655,729
	<u>223,331</u>	<u>655,729</u>
	<u>223,331</u>	<u>655,729</u>

GRISSAN CARNSIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Creditors: Amounts falling due within one year

	2022 £	2021 £
Sundry creditors	174,784	138,986
Payroll taxes and payable to HMRC	9,907	6,452
Trade creditors	275,263	243,736
VAT payable	49,583	85,651
Amounts owed to parent undertakings	67,900	24,033
Amounts owed to group undertakings	84,326	106,410
	<u>661,763</u>	<u>605,268</u>

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

	2022 £	2021 £
Corporation tax	382,645	-
Loan from William Grant & Sons Commercial Limited	17,507,018	21,250,270
	<u>17,889,663</u>	<u>21,250,270</u>

The loan agreements with William Grant & Sons Commercial Limited is unsecured, interest bearing at the Bank of England Base rate plus 1.25% (2021: LIBOR plus 1.25%) and are repayable on demand. The Directors of the Company have obtained confirmation that there is no intention to call for repayment of these loans within 12 months of the date of signing these financial statements. As such, the loans have been classified as non-current liabilities.

14. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
1 (2021 - 1) Ordinary share of £1	<u>1</u>	<u>1</u>

The company has unlimited authorised share capital at £1 per share. The allotted share capital is issued and fully paid.

15. Related party transactions

Related party transactions with Grissan Limited group companies ("the Group Undertakings") have not been disclosed in full, in accordance with the exemption for subsidiary undertakings contained in FRS 102 Section 33 "Related Party Disclosures".

GRISSAN CARNSIDE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Ultimate controlling party

The Company's immediate parent is Grissan Energy UK Limited. The intermediate parent is Grissan Limited, a company incorporated in Jersey, Channel Islands. Grissan Limited is the holding company of the Grissan Group (the "Group"). The ultimate parent undertaking is William Grant & Sons Holdings Limited. The largest group of undertakings for which group accounts are drawn up is William Grant & Sons Holdings Limited (the "Parent Undertakings") and the smallest such group of undertakings is Grissan Energy UK Limited (the "Sub Group"). The address from which copies of the largest group financial statements are available to the public is:

The Registrar of Companies, Companies House, Fourth Floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh EH39FF.

William Grant & Sons Holdings Limited has confirmed that its current intention is for the Parent Undertakings to continue to provide sufficient financial support for the Company to enable it to meet its current and future obligations for at least twelve months from the date of the signing of the financial statements.

17. Contingencies and commitments

At 31 December 2022 the Company had the following contingent liabilities and commitments:

- a) The Company was committed to additional purchase orders of £301,394 (2021: £nil) raised prior to the year end relating to expenditure other than operational expenses.
- b) The Company has entered into operating leases to rent land in Scotland. Rental fees of £90,512 (plus VAT) are due less than one year from the balance sheet date.