WHISKYINVESTDIRECT LIMITED

TRADING AS WHISKYINVESTDIRECT.COM

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
COMPANY REGISTRATION NUMBER: 09068458

FOR THE YEAR ENDED 31 OCTOBER 2021

Registered number: 09068458

WHISKYINVESTDIRECT LIMITED

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FOR THE YEAR ENDED 31 OCTOBER 2021

COMPANY INFORMATION

Directors	C T Evans (resigned 16 March 2021) R C Patrick A R Procter P G Tustain I M Lochhead (appointed 16 March 2021)
Company secretary	J Prytula
Registered number	09068458
Registered office	7th Floor 3 Shortlands London W6 8DA
Independent auditors	Armstrong Watson Audit Limited Statutory Auditors 1st Floor 24 Blythswood Square Glasgow G2 4BG

WHISKYINVESTDIRECT LIMITED

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2021

The directors present their report and the financial statements for the year ended 31 October 2021.

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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Principal activity

The principal activity of the company is that of enabling its customers to buy and sell barrel whisky for maturation, via the internet, and arranging the custody of the alcohol in professional bonded storage in Scotland. The company delivers its services through the WhiskyInvestDirect.com website.

Business review

WhiskyInvestDirect made solid progress in the 2020/2021 financial year, bouncing back well from the disruption from Covid-19. Two key performance indicators, commission and storage fees, grew by 19% and 20% respectively. In addition, overall customer numbers paying custody fees was up 28% on prior year. Customer deposits increased 27% to £13.2m and registrations rose by 18% on prior year.

Demand for spirit on the platform, from both existing and new customers was high. At year end our customers owned 11.8m lpa of spirit, up from 9.7m lpa in prior year. 97% of total stock is now owned by customers. Due to market pressure, we were not able to accelerate our spirit purchases in the financial year to Oct 21. We added 1.6m lpa of maturing spirit to the platform, in line with last year. The market remains tight.

Full year turnover increased 10% to £8.66m, generating an operating profit of £0.47m, up 26% on last year. Profit before tax rose 30% to £0.42m. As the business matures, so does the value of Scotch held by customers. This in turn is driving higher commissions which are being generated, more frequently, from client to client trading, where we earn a fee on both sides.

Administrative Expenses grew by 10% as we strengthened the WhiskyInvestDirect management team and continued to improve the user experience. A key development this year was the automation of the Bulk Trade Bid process. We also increased marketing spend by 25%.

Account holders continued to see positive returns from holding stock. Now six years on from launch there are concrete examples of accounts that have bought stock, held it for 5-6 years and sold at a healthy profit. The majority however seem content to continue investing in this new asset class.

There were seven successful Bulk Trade Bids in the year, up from two the previous year. There was also a significant rise in trade purchases and withdrawals. This is where whisky industry players buy/sell whisky directly via the live order board with the outcome of withdrawing the stock. Combined, these purchases show that the Scotch whisky trade is increasingly disposed to using the platform for stock acquisition and that WhiskyInvestDirect's business proposition remains strong.

OUTLOOK

2020/1 proved to be a stronger year than expected for the Scotch industry. The weakening of demand from Covid-19 and the US 25% tariff had a significant impact on sales. However, the suspension of those tariffs in March 21 and the recovery in consumption in many key markets, has driven a renewed optimism within the industry.

Long term confidence in Scotch whisky is being driven by single malts and emerging markets. While there has not been any movement yet on the India import tax, I believe pressure is building on that front and any reduction will not only be welcome, but it may also put significant further pressure on Scotch whisky stocks, which are already tight. WhiskyInvestDirect's supply of new spirit for the current year is forecasted to be lower than prior year.

One of WhiskyInvestDirect's priorities over the next few years is to continue to secure our reputation in the Scotch world as an efficient and effective trading platform for all participants of the trade. Due to the current tight market conditions we have made limited progress in the last twelve months in broadening our supply base; indeed we have seen a number of suppliers cut off new supply until further notice. My current estimate for this financial year is a reduction of over 25% in total supply.

One of WhiskyInvestDirect's key revenue earners is storage fees and from launch in 2015 until December 2021 we kept our storage fee for clients at 15p per lpa. This was a very competitive rate six years ago and has been an extremely competitive since then, given the inflationary pressures we've experienced. The decision to increase our client storage rate to 17.5p was communicated to investors in October 2021. The new rate is a better reflection of market prices and will restore our margins on this important revenue stream.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2021

Bulk Trade Bids (BTB's) are a very important feature of the business. They are the best way for an industry buyer to purchase large volumes from investors. Since the beginning of the 2021/22 trading period we've had a further ten successful BTB's with another eleven bids due to complete before the end of January 2022. This is a significant, and encouraging trend, but there is a downside in that it reduces the total volume of stock held on the platform.

Scotch whisky's attractiveness is clear. Consumption is growing ahead of the long term average and interest in old and rare bottles, and casks, has grown significantly. Inevitably, this has opened up opportunities for many cask traders, some rogue, to join in. Our business remains very firmly based at the wholesale level of the market and our key proposition is to be the only recognised Scotch trading platform for distillers, blenders and brand owners.

Directors

The directors who served during the year were:

C T Evans (resigned 16 March 2021)
R C Patrick
A R Procter
P G Tustain
I M Lochhead (appointed 16 March 2021)

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.

Auditors

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

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 6/2/22 and signed on its behalf.

RCPatrick

R C Patrick
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WHISKYINVESTDIRECT LIMITED

Opinion

We have audited the financial statements of Whiskyinvestdirect Limited (the 'Company') for the year ended 31 October 2021, which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes, 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2021 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.

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 Auditors' 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 in the United Kingdom, including the Financial Reporting Council'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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WHISKYINVESTDIRECT LIMITED (CONTINUED)

Opinion on other matters 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 the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out 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, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WHISKYINVESTDIRECT LIMITED (CONTINUED)

Auditors' 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 Auditors' 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 considered 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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and knowledge of the Company to identify or recognise non-compliance with applicable laws and regulations. The applicable laws and regulations include compliance with FRS 102, the Companies Act 2006, UK Tax Legislation and Anti-Money Laundering Legislation.

- We identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

- We assessed the level of fraud risk and concluded that the area most susceptible to fraud was revenue recognition and management override of internal controls.

To address the risk of fraud/error with regard to revenue recognition, we:

- Performed a variety of substantive tests over principle deals revenue in the year.

- Gained assurance over commission and custody fees through analytical procedures.

To address the risk of fraud through management bias and override of controls, we:

- Tested journal entries recorded on the Company's finance system to identify unusual transactions that may indicate an override of controls;

- Reviewed key judgements and estimates for any evidence of management bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation; and

- Enquiring of management to identify actual and potential litigation and claims.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WHISKYINVESTDIRECT LIMITED (CONTINUED)

audit in accordance with auditing standards. For example, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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

Armstrong Watson Audit Limited

Martin Johnston (Senior statutory auditor)

for and on behalf of
Armstrong Watson Audit Limited

Statutory Auditors

1st Floor 24 Blythswood Square
Glasgow
G2 4BG
Date: 14 February 2022

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 OCTOBER 2021

	Note	2021 £	*2020* *£*
Turnover		**8,660,119**	*7,932,325*
Cost of sales		**(7,539,756)**	*(6,968,215)*
Gross profit		**1,120,363**	*964,110*
Administrative expenses		**(653,141)**	*(593,331)*
Operating profit		**467,222**	*370,779*
Interest payable and similar expenses		**(46,598)**	*(46,665)*
Profit before tax		**420,624**	*324,114*
Tax on profit		**(105,370)**	*(71,321)*
Profit after tax		**315,254**	*252,793*
Retained earnings at the beginning of the year		**524,861**	*272,068*
		524,861	*272,068*
Profit for the year		**315,254**	*252,793*
Retained earnings at the end of the year		**840,115**	*524,861*

The notes on pages 10 to 17 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2021

	Note		2021 £		2020 £
Fixed assets					
Tangible assets	4		**306,880**		*319,980*
			306,880		*319,980*
Current assets					
Stocks	5	**674,893**		*2,171,228*	
Debtors: amounts falling due within one year	6	**701,275**		*629,576*	
Cash at bank and in hand	7	**4,016,814**		*2,137,243*	
		5,392,982		*4,938,047*	
Creditors: amounts falling due within one year	8	**(1,145,722)**		*(1,035,182)*	
Net current assets			**4,247,260**		*3,902,865*
Total assets less current liabilities			**4,554,140**		*4,222,845*
Creditors: amounts falling due after more than one year	9		**(1,553,972)**		*(1,553,972)*
Provisions for liabilities					
Deferred tax	12	**(76,720)**		*(60,679)*	
			(76,720)		*(60,679)*
Net assets			**2,923,448**		*2,608,194*
Capital and reserves					
Called up share capital			**80,000**		*80,000*
Share premium account			**2,003,333**		*2,003,333*
Profit and loss account			**840,115**		*524,861*
			2,923,448		*2,608,194*

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 by:

RCPatrick
....
R C Patrick
Director

Date: 6/2/22

The notes on pages 10 to 17 form part of these financial statements.

1. General information

WhiskyInvestDirect Limited is a private company, limited by shares, registered in England and Wales. The company's registration number is 09068458 and registered office address is 7th Floor, 3 Shortlands, London, W6 8DA.

These financial statements have been presented in pounds sterling, rounded to the nearest pound, as this is the currency of the primary economic environment in which it operates.

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 directors have considered the on-going situation with regard to COVID-19 as part of their going concern assessment. The view of the directors is that, while they acknowledge the significant disruption that the pandemic will continue to bring over the coming weeks and months, the directors feel that the Company is well placed to negotiate the unique set of conditions currently facing the UK economy and has sufficient cash in order to continue to meet its liabilities as they fall due.

The Company has a strong cash position at the year end and at the time of signing. The directors have prudently assessed the level of outgoings in the business against the available cash and concluded there is sufficient headroom to enable the company to meet its liabilities as they fall due for a period of at least 12 months from the financial statements being signed.

After consideration of all factors, the directors continue to adopt the going concern basis in preparing the financial statements.

2.3 Turnover recognition

Turnover represents the sale of whisky and the related services as part of a composite supply of services to customers and includes interest earned on client accounts. Turnover is recognised at the point of sale.

Where there is an element in the initial sale price that relates to the ownership of the casks by the Company, this element is spread over the period of time the Company expects to own those casks for the purposes of customers storing that whisky.

2. Accounting policies (continued)

2.4 Current and Deferred Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current 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 taxable income.

Deferred tax is recognised on timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date. The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit. Deferred tax liabilities are presented within provisions for liabilities on the balance sheet.

2.5 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.6 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.

2. Accounting policies (continued)

2.7 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	- 15 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.

2.8 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.

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

2.9 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.

2.10 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.

2.11 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. Accounting policies (continued)

2.12 Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

2.13 Reserves

Called up share capital represents the nominal value of shares that have been issued.

Share premium account includes any premiums received on the issue of share capital. Transaction costs associated with the issuing of shares are deducted from the share premium.

Profit and loss account includes all current and prior period profits and losses.

2.14 Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Redeemable preference shares are treated as non-current loans and borrowings, which is in accordance with FRS 102.

2.15 Client accounts

The Company operates separately designated client accounts in each currency in which the company trades. Customers are only able to purchase whisky once the Company has received cleared money and this money is paid to and held in the separately designated financial accounts. As these amounts are held within designated client accounts and beneficial entitlement is retained by the customers, these cash balances are not included in the balance sheet of the Company.

2.16 Financial instruments

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 banks and other third parties, loans to related parties and investments in ordinary shares.

Derivatives, including currency swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for derivatives.

3. Employees

The average monthly number of employees, including directors, during the year was 6 *(2020 - 7)*.

4. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 November 2020	403,906
Additions	15,005
At 31 October 2021	418,911
Depreciation	
At 1 November 2020	83,927
Charge for the year on owned assets	28,104
At 31 October 2021	112,031
Net book value	
At 31 October 2021	306,880
At 31 October 2020	*319,980*

5. Stocks

	2021 £	*2020 £*
Raw materials and consumables	674,893	*2,171,228*
	674,893	*2,171,228*

6. Debtors

	2021 £	*2020 £*
Other debtors	681,081	*609,316*
Prepayments and accrued income	20,194	*20,260*
	701,275	*629,576*

Other debtors balance contains a balance of £87,260 that falls due after 12 months of the balance sheet date.

7. Cash and cash equivalents

	2021 £	*2020 £*
Cash at bank and in hand	**4,016,815**	*2,137,244*
	4,016,815	*2,137,244*

8. Creditors: Amounts falling due within one year

	2021 £	*2020 £*
Trade creditors	**17,710**	*10,441*
Corporation tax	**54,106**	*32,250*
Other taxation and social security	**15,275**	*12,732*
Other creditors	**1,058,631**	*979,759*
	1,145,722	*1,035,182*

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

	2021 £	*2020 £*
Other creditors	**1,553,972**	*1,553,972*
	1,553,972	*1,553,972*

10. Reedemable Preference Shares

The redeemable preference shares are redeemable at the option of the holder between 1 May 2025 and 31 May 2025. They are redeemable at £1 per share together with any unpaid cumulative preference dividend at the time of redemption and carry no voting rights.

The holder has the right to purchase one ordinary share of £0.01 each per preference share redeemed between 1 May 2025 and 31 May 2025 for consideration of £1 each.

If the shares are not redeemed by the holder during either of the periods then the Company can enforce redemption after 31 May 2025.

11. Related party transactions

Summary of transactions with directors and key management

During the year the directors made personal purchases of whisky from the Company totalling £50,755 (2020 - £69,825) and sales of whisky to the Company totalling £64,031 (2020 - £107,174) which have been settled as normal clients paying in personal funds. At the balance sheet date the amount due from the directors was £Nil (2020 - £Nil).

During the year other related parties made purchases of whisky from the Company of £36,944 (2020 - £36,186) which have been settled as normal clients paying in personal funds and sales of whisky to the Company totalling £3,665. At the balance sheet date the amounts due from other related parties in regards to these transactions was £Nil.

Dividends were paid to the directors and key management who held preference shares at the year end. The amount of dividends paid to directors and key management was £5,085 (2020 - £5,674).

Dividends were paid to other related parties who held preference shares at the year end. The amount of dividends paid to other related parties was £1,545.

Directors received reimbursement for expenses totalling £547 during the year.

Summary of transactions with companies under common directorship

During the year the company had recharge agreements in place with Galmarley Limited. These recharges have been reflected in the accounts against the corresponding expenditure. In relation to recharges the Company paid £151,450 (2020 - £136,619) and received £Nil (2020 - £1,287).

The Company paid £3,733 (2020 - £3,279) to Galmarley Limited in order to settle a debt with Galmarley's subsidiary, Bullionvault Limited.

At the balance sheet date the amount due (to)/from Galmarley Limited was £(17,710) (2020 - £(10,193)).

During the year the Company had recharge agreements in place with James Eadie Limited. These recharges have been reflected in the accounts against the corresponding expenditure. In relation to recharges the Company paid £Nil (2020 - £547) and received £Nil (2020 - £63,433).

The Company received £Nil (2020 - £27,354) from James Eadie from the sale of whisky, casks and bottling.

The amount outstanding at the balance sheet date owed to the Company by James Eadie Limited was £87,260 (2020 - £87,260).

12. Deferred taxation

	2021 £
At beginning of year	(60,679)
Charged to profit or loss	(16,041)
At end of year	**(76,720)**

The provision for deferred taxation is made up as follows:

	2021 £	*2020 £*
Accelerated capital allowances	(76,720)	*(60,679)*
	(76,720)	*(60,679)*

13. Controlling party

The company has no ultimate controlling party at the balance sheet date.