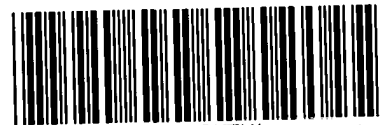


Company Registration No. 02711055 (England and Wales)

Brothers Drinks Co. Limited

**Annual report and
group financial statements
for the year ended 31 December 2016**

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Brothers Drinks Co. Limited

Company information

Directors	Matthew Showering Jonathan Showering Iain Glen Christopher Courage
Secretary	Iain Glen
Company number	02711055
Registered office	St Catherine's Court Berkeley Place Clifton Bristol BS8 1BQ
Independent auditors	Saffery Champness LLP St Catherine's Court Berkeley Place Clifton Bristol BS8 1BQ
Bankers	HSBC Bank plc 13 High Street Shepton Mallet Somerset BA4 5AD

Brothers Drinks Co. Limited**Contents**

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Brothers Drinks Co. Limited

Strategic report

For the year ended 31 December 2016

The directors present the strategic report for the year ended 31 December 2016.

Fair review of the business

During the year the group acquired the assets previously known as the "Shepton Mallet Cider Mill" from C&C group, through a newly incorporated wholly owned subsidiary, Showerings Cider Mill Limited. On 30 April 2017 the trade of Shepton Mallet Cider Mill was transferred to Brothers Drinks Co Limited in order to improve the operational efficiency of the group.

There was no other significant changes in the activities of the group during the year and up to the date of signing of this report.

Output and turnover increased during the year. Competitive pricing pressures and a changing product mix led to a decline in gross profit. Additional expenses associated with the Cider Mill acquisition led to an overall operating loss. Gains from investments made a substantial contribution to profit before tax.

Principle risks and uncertainties

The principal risks facing the business include: Government changes in excise rates and regulation; loss of a major bottling customer; availability of suitable labour; and increased competition for the company's own brands.

The group actively seeks to develop strong relationships with customers and during the year the company traded with a number of companies across a variety of product categories to reduce exposure to a small number of customers. Indeed, discussions continue with existing and prospective customers to mitigate this risk further.

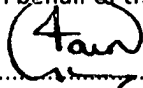
Key performance indicators

The core key performance indicators tracked by the business include profit before tax, cash generation from operating activities and return on capital employed. During the year the company performed satisfactorily against each measure.

The key financial highlights are as follows:	2016 £	2015 £
Turnover	16,064,146	14,635,225
Gross profit	4,361,993	6,034,348
(Loss)/profit before tax excluding exceptional items and revaluations	(2,507,054)	2,187,513

The above highlights do not include the revaluation of financial assets held at "fair value through profit and loss", since the directors do not consider this movement when making day to day management decisions.

On behalf of the board



Iain Glen

Director

29 September 2017

Brothers Drinks Co. Limited

Directors' report

For the year ended 31 December 2016

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

Principal activities

The principal activity of the company and group during the year was manufacturing and bottling alcoholic and non-alcoholic drinks.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Matthew Showering

Jonathan Showering

Iain Glen

Christopher Courage

The directors' report does not include a description of a fair review of the business, details of the risks and uncertainties and future developments, as this information is documented within the Strategic Report as required under s414C (11).

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £2,115,479. The directors do not recommend payment of a further dividend.

Directors' insurance

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Research and development

The Group continued to develop own brand products in the year.

Auditors

The auditors, Saffery Champness LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Directors' report (continued)

For the year ended 31 December 2016

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

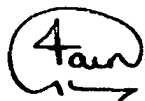
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditors of the company and group are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditors of the company and group are aware of that information.

On behalf of the board



Iain Glen

Director

29 September 2017

Brothers Drinks Co. Limited

Independent auditors' report

To the members of Brothers Drinks Co. Limited

We have audited the financial statements of Brothers Drinks Co. Limited for the year ended 31 December 2016 set out on pages 6 to 36. 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), including FRS 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 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Brothers Drinks Co. Limited

Independent auditors' report (continued)
To the members of Brothers Drinks Co. Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Saffery Champness LLP

29-SEPTEMBER-2017

David Lemon (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

.....

Chartered Accountants
Statutory Auditors

St Catherine's Court
Berkeley Place
Clifton
Bristol
BS8 1BQ

Brothers Drinks Co. Limited

**Group profit and loss account
For the year ended 31 December 2016**

	Notes	2016 £	2015 £
Turnover	3	16,064,146	14,635,225
Cost of sales		(11,702,153)	(8,600,877)
Gross profit		4,361,993	6,034,348
Distribution costs		(1,159,963)	(982,837)
Administrative expenses		(5,844,153)	(2,924,540)
Other operating income		9,000	9,210
Exceptional item	4	-	(1,875,000)
Operating (loss)/profit	5	(2,633,123)	261,181
Interest receivable and similar income	9	126,656	55,412
Interest payable and similar expenses	10	(587)	(4,080)
Other gains and losses	11	16,335,642	19,742,268
Profit before taxation		13,828,588	20,054,781
Taxation	12	(2,135,252)	(3,458,425)
Profit for the financial year		11,693,336	16,596,356

Total comprehensive income for the year is all attributable to the owners of the parent company.

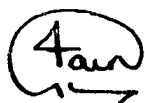
The profit and loss account has been prepared on the basis that all operations are continuing operations.

Brothers Drinks Co. Limited

**Group balance sheet
As at 31 December 2016**

	Notes	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	14		20,219,382		3,812,231
Investments	15		1		1
			<u>20,219,383</u>		<u>3,812,232</u>
Current assets					
Stocks	18	798,751		541,124	
Debtors	19	2,116,312		1,677,792	
Investments	20	28,682,384		27,792,288	
Cash at bank and in hand		1,828,795		4,433,053	
			<u>33,426,242</u>	<u>34,444,257</u>	
Creditors: amounts falling due within one year	21	(9,037,335)		(3,055,038)	
Net current assets			<u>24,388,907</u>		<u>31,389,219</u>
Total assets less current liabilities			<u>44,608,290</u>		<u>35,201,451</u>
Provisions for liabilities	23		(5,234,550)		(5,405,568)
Net assets			<u><u>39,373,740</u></u>		<u><u>29,795,883</u></u>
Capital and reserves					
Called up share capital	26		1,410,319		1,410,319
Share premium account			1,331		1,331
Capital redemption reserve			87,545		87,545
Profit and loss reserves			37,874,545		28,296,688
Total equity			<u><u>39,373,740</u></u>		<u><u>29,795,883</u></u>

The financial statements were approved by the board of directors and authorised for issue on 29/09/2017 and are signed on its behalf by:



Iain Glen
Director

Brothers Drinks Co. Limited

**Company balance sheet
As at 31 December 2016**

	Notes	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	14		11,216,341		3,812,231
Investments	15		2		1
			<u>11,216,343</u>		<u>3,812,232</u>
Current assets					
Stocks	18	798,751		541,124	
Debtors	19	11,333,865		1,677,792	
Investments	20	28,682,384		27,792,288	
Cash at bank and in hand		1,828,599		4,433,053	
			<u>42,643,599</u>	<u>34,444,257</u>	
Creditors: amounts falling due within one year	21	(8,917,858)		(3,055,038)	
Net current assets			<u>33,725,741</u>		<u>31,389,219</u>
Total assets less current liabilities			<u>44,942,084</u>		<u>35,201,451</u>
Provisions for liabilities	23		(5,233,973)		(5,405,568)
Net assets			<u><u>39,708,111</u></u>		<u><u>29,795,883</u></u>
Capital and reserves					
Called up share capital	26		1,410,319		1,410,319
Share premium account			1,331		1,331
Capital redemption reserve			87,545		87,545
Profit and loss reserves			38,208,916		28,296,688
Total equity			<u><u>39,708,111</u></u>		<u><u>29,795,883</u></u>

Brothers Drinks Co. Limited

Company balance sheet (continued)

As at 31 December 2016

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £12,027,707 (2015 - £16,596,356 profit).

The financial statements were approved by the board of directors and authorised for issue on 29/09/2017..... and are signed on its behalf by:



Iain Glen

Director

Company Registration No. 02711055

Brothers Drinks Co. Limited

**Group statement of changes in equity
For the year ended 31 December 2016**

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2015		1,409,311	1,331	87,545	12,700,943	14,199,130
Year ended 31 December 2015:						
Profit and total comprehensive income for the year		-	-	-	16,596,356	16,596,356
Issue of share capital	26	1,008	-	-	-	1,008
Dividends	13	-	-	-	(1,000,611)	(1,000,611)
Balance at 31 December 2015		1,410,319	1,331	87,545	28,296,688	29,795,883
Year ended 31 December 2016:						
Profit and total comprehensive income for the year		-	-	-	11,693,336	11,693,336
Dividends	13	-	-	-	(2,115,479)	(2,115,479)
Balance at 31 December 2016		1,410,319	1,331	87,545	37,874,545	39,373,740

Brothers Drinks Co. Limited

**Company statement of changes in equity
For the year ended 31 December 2016**

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2015		1,409,311	1,331	87,545	12,700,943	14,199,130
Year ended 31 December 2015:						
Profit and total comprehensive income for the year		-	-	-	16,596,356	16,596,356
Issue of share capital	26	1,008	-	-	-	1,008
Dividends	13	-	-	-	(1,000,611)	(1,000,611)
Balance at 31 December 2015		1,410,319	1,331	87,545	28,296,688	29,795,883
Year ended 31 December 2016:						
Profit and total comprehensive income for the year		-	-	-	12,027,707	12,027,707
Dividends	13	-	-	-	(2,115,479)	(2,115,479)
Balance at 31 December 2016		1,410,319	1,331	87,545	38,208,916	39,708,111

Brothers Drinks Co. Limited

Group statement of cash flows
For the year ended 31 December 2016

	Notes	£	2016 £	£	2015 £
Cash flows from operating activities					
Cash generated from operations	34		1,646,326		1,220,068
Interest paid			(587)		(4,080)
Income taxes paid			(14,366)		(289,712)
Net cash inflow from operating activities			1,631,373		926,276
Investing activities					
Purchase of business		(9,109,500)		-	
Purchase of tangible fixed assets		(8,525,139)		(529,247)	
Proceeds on disposal of tangible fixed assets		500		-	
Proceeds from investments		15,451,796		-	
Interest received		1,547		5,237	
Dividends received		125,109		50,175	
Net cash used in investing activities			(2,055,687)		(473,835)
Financing activities					
Repayment of bank loans		(64,465)		(135,883)	
Dividends paid to equity shareholders		(2,115,479)		(1,000,611)	
Net cash used in financing activities			(2,179,944)		(1,136,494)
Net decrease in cash and cash equivalents			(2,604,258)		(684,053)
Cash and cash equivalents at beginning of year			4,433,053		5,117,106
Cash and cash equivalents at end of year			1,828,795		4,433,053

1 Accounting policies

Company information

Brothers Drinks Co. Limited ("the company") is a private limited company incorporated in England and Wales. The registered office is St Catherine's Court, Berkeley Place, Clifton, Bristol, BS8 1BQ.

The consolidated financial statements consists of Brothers Drinks Co. Limited and all of its subsidiaries, ("the group"). All financial statements are made up to 31 December 2016.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents the amount derived from the sale of own branded drinks, contract bottling sales and warehousing, after the deduction of trade discounts, value added tax and duty.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

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

Notes to the financial statements (continued)
For the year ended 31 December 2016

1 Accounting policies (continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2-4% straight line
Plant and equipment	5-20% straight line or 20% reducing balance
Fixtures and fittings	20-25% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1 Accounting policies (continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 Accounting policies (continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Notes to the financial statements (continued)
For the year ended 31 December 2016

1 Accounting policies (continued)

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

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

1.12 Taxation

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

Current tax

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

1 Accounting policies (continued)

Deferred tax

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

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

1.13 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

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

1 Accounting policies (continued)

1.16 Share-based payments

The fair value of equity-settled share based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the company's estimate of shares or options that will eventually vest.

1.17 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Group has recognised a provision for rates and taxation in its financial statements which require management to make judgements. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other relevant factors.

Notes to the financial statements (continued)
For the year ended 31 December 2016

3 Turnover and other revenue

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

	2016	2015
	£	£
Turnover		
Contract bottling sales	12,102,497	10,670,424
Own brand sales	3,568,762	3,441,027
Warehousing	392,887	523,774
	<u>16,064,146</u>	<u>14,635,225</u>

Turnover analysed by geographical market

	2016	2015
	£	£
United Kingdom	15,390,606	14,173,113
Overseas	673,540	462,112
	<u>16,064,146</u>	<u>14,635,225</u>

4 Exceptional costs/(income)

	2016	2015
	£	£
Exceptional expenditure	-	1,875,000
	<u>-</u>	<u>1,875,000</u>

In 2015, the group settled on a trading contract dispute.

5 Operating (loss)/profit

	2016	2015
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange gains	(43,039)	-
Research and development costs	46,475	8,577
Depreciation of owned tangible fixed assets	1,227,488	463,790
(Profit)/loss on disposal of tangible fixed assets	(6,750)	376
Cost of stocks recognised as an expense	4,290,953	3,478,932
Share-based payments	-	1,008
Operating lease charges	107,889	108,199
	<u>5,622,996</u>	<u>5,060,702</u>

Brothers Drinks Co. Limited**Notes to the financial statements (continued)****For the year ended 31 December 2016****6 Auditors' remuneration**

	2016	2015
	£	£
Fees payable to the company's auditors and associates:		
For audit services		
Audit of the financial statements of the group and company	17,000	12,750

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group	2015	Company	2015
	2016	2015	2016	2015
	Number	Number	Number	Number
Number of production staff	106	82	106	82
Number of administrative staff	37	31	37	31
Number of directors	4	4	4	4
	<u>147</u>	<u>117</u>	<u>147</u>	<u>117</u>

Their aggregate remuneration comprised:

	Group	2015	Company	2015
	2016	2015	2016	2015
	£	£	£	£
Wages and salaries	6,531,631	3,768,231	6,401,897	3,768,231
Social security costs	760,158	392,756	745,770	392,756
Pension costs	120,125	117,698	120,125	117,698
Equity-settled share based payments	-	1,008	-	1,008
	<u>7,669,325</u>	<u>4,279,693</u>	<u>7,267,792</u>	<u>4,279,693</u>

Notes to the financial statements (continued)
For the year ended 31 December 2016

8 Directors' remuneration

	2016	2015
	£	£
Remuneration for qualifying services	2,425,365	718,835
Company pension contributions to defined contribution schemes	30,000	36,000
	<u>2,455,365</u>	<u>754,835</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2015 - 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	1,101,201	322,203
Company pension contributions to defined contribution schemes	15,320	6,000
	<u>1,116,521</u>	<u>328,203</u>

9 Interest receivable and similar income

	2016	2015
	£	£
Interest income		
Other interest income	1,547	5,237
Other income from investments		
Dividends received	125,109	50,175
Total income	<u>126,656</u>	<u>55,412</u>

Investment income includes the following:

Dividends from financial assets measured at fair value through profit or loss	125,109	50,175
	<u>125,109</u>	<u>50,175</u>

10 Interest payable and similar expenses

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	587	4,080
	<u>587</u>	<u>4,080</u>

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2016

11 Other gains and losses

	2016	2015
	£	£
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	13,424,171	19,742,268
Other gains/(losses)		
Gain on disposal of current asset investments	2,911,471	-
	<u>16,335,642</u>	<u>19,742,268</u>

12 Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	2,385,770	14,366
	<u>2,385,770</u>	<u>14,366</u>
Deferred tax		
Origination and reversal of timing differences	39,809	54,782
Changes in tax rates	(224,636)	(559,177)
Other adjustments	(65,691)	3,948,454
	<u>(250,518)</u>	<u>3,444,059</u>
Total deferred tax	<u>(250,518)</u>	<u>3,444,059</u>
Total tax charge	<u>2,135,252</u>	<u>3,458,425</u>

Notes to the financial statements (continued)
For the year ended 31 December 2016

12 Taxation (continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	13,828,588	20,054,781
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	2,765,718	4,010,956
Tax effect of expenses that are not deductible in determining taxable profit	36,627	13,539
Gains not taxable	(204,437)	-
Effect of change in corporation tax rate	(475,239)	(555,846)
Permanent capital allowances in excess of depreciation	37,605	(64,096)
Other non-reversing timing differences	-	53,872
Dividend income	(25,022)	-
Taxation charge for the year	2,135,252	3,458,425

The deferred tax rate, at 31 December 2016, is measured at 17%, being the enacted rate of corporation tax at the reporting date.

13 Dividends

	2016 £	2015 £
Final paid	2,115,479	1,000,611

Notes to the financial statements (continued)
For the year ended 31 December 2016

14 Tangible fixed assets

Group	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2016	3,762,118	6,331,742	1,046,747	174,227	11,314,834
Additions	6,326,731	11,135,861	135,514	36,533	17,634,639
Disposals	-	(43,284)	-	-	(43,284)
At 31 December 2016	10,088,849	17,424,319	1,182,261	210,760	28,906,189
Depreciation and impairment					
At 1 January 2016	1,330,227	5,146,151	935,065	91,160	7,502,603
Depreciation charged in the year	188,027	943,488	62,700	33,273	1,227,488
Eliminated in respect of disposals	-	(43,284)	-	-	(43,284)
At 31 December 2016	1,518,254	6,046,355	997,765	124,433	8,686,807
Carrying amount					
At 31 December 2016	8,570,595	11,377,964	184,496	86,327	20,219,382
At 31 December 2015	2,431,891	1,185,591	111,682	83,067	3,812,231

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2016

14 Tangible fixed assets (continued)

Company	Freehold land and buildings	Plant and Fixtures and equipment	fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2016	3,762,118	6,331,742	1,046,747	174,227	11,314,834
Additions	3,817,231	4,517,537	135,514	36,533	8,506,815
Disposals	-	(43,284)	-	-	(43,284)
At 31 December 2016	7,579,349	10,805,995	1,182,261	210,760	19,778,365
Depreciation and impairment					
At 1 January 2016	1,330,227	5,146,151	935,065	91,160	7,502,603
Depreciation charged in the year	183,877	822,855	62,700	33,273	1,102,705
Eliminated in respect of disposals	-	(43,284)	-	-	(43,284)
At 31 December 2016	1,514,104	5,925,722	997,765	124,433	8,562,024
Carrying amount					
At 31 December 2016	6,065,245	4,880,273	184,496	86,327	11,216,341
At 31 December 2015	2,431,891	1,185,591	111,682	83,067	3,812,231

15 Fixed asset investments

		Group		Company	
		2016	2015	2016	2015
	Notes	£	£	£	£
Investments in subsidiaries	16	1	1	2	1

During the year Brothers Drinks Co. Limited invested in a new subsidiary, Showerings Cider Mill Limited.

Brothers Drinks Co. Limited also holds an investment in a 100% owned subsidiary, Dulcote Limited. This company is dormant and is immaterial to the group and therefore is not consolidated into these group financial statements.

Notes to the financial statements (continued)
For the year ended 31 December 2016

15 Fixed asset investments (continued)

**Movements in fixed asset investments
Group**

**Shares in group
undertakings**

£

Cost or valuation

At 1 January 2016 and 31 December 2016

1

Carrying amount

At 31 December 2016

1

At 31 December 2015

1

**Movements in fixed asset investments
Company**

**Shares in group
undertakings**

£

Cost or valuation

At 1 January 2016

1

Additions

1

At 31 December 2016

2

Carrying amount

At 31 December 2016

2

At 31 December 2015

1

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Showerings Cider Mill Limited	United Kingdom	Manufacturing of cider and other fruit wines	Ordinary	100.00	
Dulcote Limited	United Kingdom	Dormant	Ordinary	100.00	

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2016

17 Financial instruments

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	2,010,448	1,624,692	11,274,715	1,624,692
Equity instruments measured at cost less impairment	-	-	2	1
Instruments measured at fair value through profit or loss	28,682,384	27,792,288	28,682,384	27,792,288
	<u>28,682,384</u>	<u>27,792,288</u>	<u>28,682,384</u>	<u>27,792,288</u>
Carrying amount of financial liabilities				
Measured at amortised cost	4,388,718	2,239,353	4,281,318	2,239,353
	<u>4,388,718</u>	<u>2,239,353</u>	<u>4,281,318</u>	<u>2,239,353</u>

18 Stocks

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Raw materials and consumables	501,855	355,292	501,855	355,292
Finished goods and goods for resale	296,896	185,832	296,896	185,832
	<u>798,751</u>	<u>541,124</u>	<u>798,751</u>	<u>541,124</u>

19 Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,010,448	1,624,692	1,937,175	1,624,692
Amounts due from group undertakings	-	-	9,337,540	-
Prepayments and accrued income	105,864	53,100	59,150	53,100
	<u>2,116,312</u>	<u>1,677,792</u>	<u>11,333,865</u>	<u>1,677,792</u>

Amounts due from group undertakings are repayable on demand and unsecured.

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2016

20 Current asset investments

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Listed investments	28,682,384	27,792,288	28,682,384	27,792,288

Current asset investment valuation is based on quoted market price as at the balance sheet date as stated on the London Stock Exchange.

21 Creditors: amounts falling due within one year

	Notes	Group		Company	
		2016	2015	2016	2015
		£	£	£	£
Bank loans and overdrafts	22	-	64,465	-	64,465
Trade creditors		1,807,988	906,458	1,807,071	906,458
Corporation tax payable		2,385,770	14,366	2,385,770	14,366
Other taxation and social security		2,262,847	801,319	2,250,770	801,319
Other creditors		1,065,273	18,348	1,065,274	18,348
Accruals and deferred income		1,515,457	1,250,082	1,408,973	1,250,082
		9,037,335	3,055,038	8,917,858	3,055,038

22 Loans and overdrafts

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans	-	64,465	-	64,465
Payable within one year	-	64,465	-	64,465

The bank loan was fully repaid during the year. The loan was secured by way of debenture comprised of charges over the fixed and floating assets of the group in favour of the bank.

Notes to the financial statements (continued)
For the year ended 31 December 2016

23 Provisions for liabilities

		Group 2016 £	2015 £	Company 2016 £	2015 £
	Notes				
Other provisions		397,700	318,200	397,700	318,200
Deferred tax liabilities	24	4,836,850	5,087,368	4,836,273	5,087,368
		<u>5,234,550</u>	<u>5,405,568</u>	<u>5,233,973</u>	<u>5,405,568</u>

Movements on provisions apart from deferred tax liabilities:

Group	Other provisions £
At 1 January 2016	318,200
Additional provisions in the year	<u>79,500</u>
At 31 December 2016	<u>397,700</u>
	Other provisions £
Company	
At 1 January 2016	318,200
Additional provisions in the year	<u>79,500</u>
At 31 December 2016	<u>397,700</u>

The Group has provided for certain operational costs which it has probable legal obligation to pay but which are uncertain of timing and amount. It is possible that future events will reveal that no liability exists in respect of the carry forward provision, but at the year end the directors considers it more likely than not that the costs will be incurred.

Notes to the financial statements (continued)
For the year ended 31 December 2016

24 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Group		
Accelerated capital allowances	124,565	84,756
Investments	4,712,285	5,002,612
	<u>4,836,850</u>	<u>5,087,368</u>
	Liabilities 2016 £	Liabilities 2015 £
Company		
Accelerated capital allowances	123,988	84,756
Investments	4,712,285	5,002,612
	<u>4,836,273</u>	<u>5,087,368</u>
	Group 2016 £	Company 2016 £
Movements in the year:		
Liability at 1 January 2016	5,087,368	5,087,368
Credit to profit or loss	(7,671)	(90,779)
	<u>5,079,697</u>	<u>4,996,589</u>

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so.

It is not possible to quantify the expected reversal of deferred tax assets and liabilities in the year to 31 December 2016 due to the unknown timing of disposals in respect of current asset investments.

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2016

25 Retirement benefit schemes

	2016	2015
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>120,125</u>	<u>117,698</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

26 Share capital

	Group and company	
	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
1,410,319 Ordinary shares of £1 each	<u>1,410,319</u>	<u>1,410,319</u>

The company has one class of ordinary shares which carry no right to fixed income.

Brothers Drinks Co. Limited

Notes to the financial statements (continued)

For the year ended 31 December 2016

27 Share premium account

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
At beginning and end of year	<u>1,331</u>	<u>1,331</u>	<u>1,331</u>	<u>1,331</u>

The share premium reserve reflects amounts paid for ordinary share capital of the company in excess of the nominal value.

28 Capital redemption reserve

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
At beginning and end of year	<u>87,545</u>	<u>87,545</u>	<u>87,545</u>	<u>87,545</u>

The capital redemption reserve was created after the buy back of preference shares in the company.

29 Acquisitions

On 12 October 2016 the group acquired the business of The Shepton Mallet Cider Mill. The acquisition was in the form of a group of assets disposed of by the vendor which together formed a business. Assets acquired included land and buildings, property, plant and equipment and fixtures and fittings.

	Book Value	Adjustments	Fair Value
	£	£	£
Property, plant and equipment	<u>9,109,500</u>	<u>-</u>	9,109,500
Goodwill			-
Total consideration			<u>9,109,500</u>
The consideration was satisfied by:			£
Cash			<u>9,109,500</u>

No adjustments to costs were made since the total cost paid equalled the fair value of the assets given, liabilities incurred and assumed plus any directly attributable costs attributable to the business combination, in accordance with section 19 of FRS 102.

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2016

29 Acquisitions (continued)

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition: £

Turnover	61,061
Loss after tax	(320,049)

No goodwill or negative goodwill has been recognised in respect of the acquisition since the cost of the acquisition was equivalent to the fair value of the assets given, liabilities incurred and assumed plus the directly attributable costs attributable to the business combination.

30 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Within one year	150,152	167,174	150,152	167,174
Between two and five years	388,908	98,394	388,908	98,394
In over five years	539,060	-	539,060	-
	<u>1,078,120</u>	<u>265,568</u>	<u>1,078,120</u>	<u>265,568</u>

31 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Acquisition of tangible fixed assets	-	25,364	-	25,364

32 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2016	2015
	£	£
Aggregate compensation	3,459,557	1,030,403

Transactions with related parties

Nil (2015: 1,008) ordinary £1 shares were issued at par to directors of the company.

As at the year end directors of the entity were due £1,074,078 (2015: £4,042) from the Company. In respect of 2016 and 2015, the amounts are short term in nature and no further interest has been charged or other conditions applicable. During the year related parties employed by the company, who were not key management personnel, received remuneration of £165,291 (2015: £190,434).

The company has taken advantage of the exemption available in FRS 102 Section 33 "Related Party Disclosures" whereby it has not disclosed transactions between the ultimate parent and any wholly owned subsidiary undertaking.

The related party transactions of the group are consistent with those noted.

33 Controlling party

The directors are considered to be the ultimate controlling party by virtue of their ability to act in concert in respect of the operational and financial policies of the company and group.

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2016

34 Cash generated from group operations

	2016	2015
	£	£
Profit for the year after tax	11,693,336	16,596,356
Adjustments for:		
Taxation charged	2,135,252	3,458,425
Finance costs	587	4,080
Investment income	(126,656)	(55,412)
(Gain)/loss on disposal of tangible fixed assets	(6,750)	376
Depreciation and impairment of tangible fixed assets	1,227,488	463,790
Gain on sale of investments	(2,911,471)	-
Other gains and losses	(13,424,171)	(19,742,268)
Equity settled share based payment expense	-	1,008
Increase in provisions	79,500	35,856
Movements in working capital:		
(Increase)/decrease in stocks	(257,627)	10,153
(Increase)/decrease in debtors	(438,520)	667,004
Increase/(decrease) in creditors	3,675,358	(219,300)
Cash generated from operations	1,646,326	1,220,068