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YOUNG'S HOME BREW LIMITED

ABBREVIATED FINANCIAL ACCOUNTS FOR THE
YEAR ENDED 31st JULY 1997

THORPE VERNON & COMPANY
CHARTERED CERTIFIED ACCOUNTANTS
WOLVERHAMPTON



YOUNG'S HOME BREW LIMITED
ABBREVIATED FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 31st JULY 1997

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YOUNG'S HOME BREW LIMITED
REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31st JULY 1997

The directors' present their annual report together with the audited financial statements for the above year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The activities of the company are unchanged since last year and are principally the wholesale supply of home brew merchandise.

The results for the year are set out on page 4.

Both the level of business and year end position were satisfactory given the competitive trading conditions.

DIVIDENDS

The directors do not recommend the payment of a further dividend.

FIXED ASSETS

Movements in fixed assets are summarised in note 7.

DIRECTORS

The directors of the company during the year and their beneficial interests in the issued share capital of the company at the beginning and end of the year were as follows :


	Ordinary Shares of £1 each	
	1997	1996
Robert John Young	80,000	80,000
Margaret Elizabeth Young	20,000	20,000
Alma Young	-	-
Peter John Flavell	-	-

EVENTS SINCE THE END OF THE YEAR

On 2nd August 1997 the company acquired the retail business and stocks of Mrs. A. Young for £11,422.

By Order of the Board

Bilston



 M.E. Young
 Secretary

5th February 1998

YOUNG'S HOME BREW LIMITEDSTATEMENT OF DIRECTORS' RESPONSIBILITIES**Directors' responsibilities in respect of the preparation of accounts**

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; financial accounts;
- 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 proper accounting records which 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 Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

AUDITORS REPORT TO YOUNG'S HOME BREW LIMITEDUNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 4 to 7 together with the financial statements of the company for the year ended 31st July 1997 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

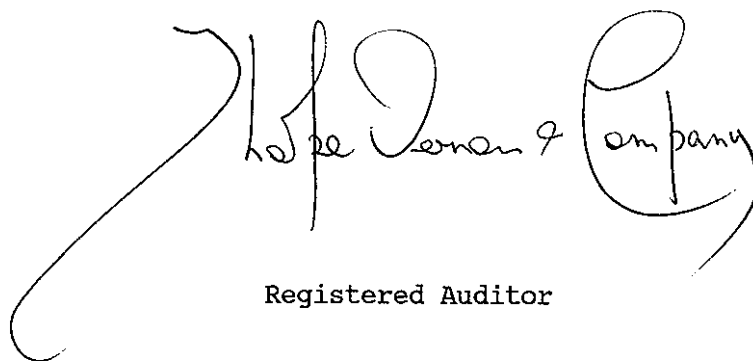
We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 7 are properly prepared in accordance with that provision.

Wolverhampton

Thorpe Vernon & Company

A large, stylized handwritten signature in black ink, appearing to read 'Thorpe Vernon & Company', is written over the printed name of the firm.

6th February 1998

Registered Auditor

YOUNG'S HOME BREW LIMITEDPROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st JULY 1997

	<u>Note</u>	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
Gross Profit		835,445	868,663
Selling and Distribution Costs		317,767	314,125
Administrative Expenses		89,850	90,652
Other Operating Charges		717,140	242,142
Operating Profit/(Loss)	2	(289,312)	221,744
Interest Receivable		45,569	45,142
Profit/(Loss) on Ordinary Activities		(243,743)	266,886
Tax on Ordinary Activities	5	(58,789)	66,321
Profit/(Loss) after Taxation		(184,954)	200,565
Dividends		10,000	32,000
Retained Profit/(Loss) for the Year		(194,954)	168,565
Balance at 1st August 1996		1,460,442	1,291,877
Balance at 31st July 1997		<u>1,265,488</u>	<u>1,460,442</u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

There are no movements in shareholder's funds other than the recognised gains and losses included in the profit and loss account.

YOUNG'S HOME BREW LIMITEDBALANCE SHEET
AS AT 31st JULY 1997

	<u>Note</u>	£	<u>1997</u> £	£	<u>1996</u> £
FIXED ASSETS					
Tangible Assets	6		107,415		115,660
CURRENT ASSETS					
Stocks	7	609,949		602,570	
Debtors	8	431,913		422,587	
Cash at Bank and in Hand		579,675		894,097	
			<u>1,621,537</u>	<u>1,919,254</u>	
CREDITORS : amounts falling due within one year	9	361,964		471,472	
			<u>1,259,573</u>	<u>1,447,782</u>	
NET CURRENT ASSETS					
			<u>1,366,988</u>	<u>1,563,442</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES					
PROVISION FOR LIABILITIES AND CHARGES	10		1,500		3,000
			<u>1,365,488</u>	<u>1,560,442</u>	
CAPITAL AND RESERVES					
Called Up Share Capital	11		100,000		100,000
Profit and Loss Account			1,265,488		1,460,442
			<u>1,365,488</u>	<u>1,560,442</u>	

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies, were approved by the board on 5th February 1998.

Signed on behalf of the Board of Directors.

.....
Robert John Young

Director

YOUNG'S HOME BREW LIMITEDCASH FLOW STATEMENT
FOR THE YEAR ENDED 31st JULY 1997

	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
Reconciliation of operating profit to net cash inflow/outflow from operations		
Operating profit/(loss)	(289,312)	221,744
Depreciation charges	24,116	24,431
Movement in stocks	(7,379)	(67,538)
Movement in debtors	48,184	22,180
Movement in creditors	(81,524)	69,271
Net cash inflow/(outflow) from operations	<u>(305,915)</u>	<u>270,088</u>

CASH FLOW STATEMENT

Net cash inflow/(outflow) from operations	(305,915)	270,088
Returns on investments and servicing of finance (note 14a)	37,559	11,843
Taxation	(64,211)	(83,022)
Capital expenditure (note 14a)	(15,871)	(41,227)
Increase/(decrease) in cash	<u>(348,438)</u>	<u>157,682</u>

Reconciliation of net cash flow to movement in net funds (note 14b)

Increase/(decrease) in cash in the period	(348,438)	157,682
Net funds at 1st August 1996	860,230	702,548
Net funds at 31st July 1997	<u>511,792</u>	<u>860,230</u>

YOUNG'S HOME BREW LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31st JULY 19971. Accounting Policies

a. Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

b. Tangible fixed assets

All tangible fixed assets are stated at cost.

Depreciation is calculated so as to write off the fixed assets, less estimated residual values, on a straight line basis over the expected useful lives of the assets concerned.

The annual rates used for this purpose are as follows:

Plant and Equipment	10% - 20%
Motor Vehicles	20%

c. Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation.

d. Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

e. Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

Exchange differences are taken into account when arriving at the operating profit.

f. Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

g. Pension costs

Pensions are provided by means of defined contribution schemes.

Contributions payable to the company's pension schemes are charged to the profit and loss account in the year in which they are incurred.

YOUNG'S HOME BREW LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31st JULY 19972. Operating Profit/(Loss)

Operating Profit/(Loss) is stated after charging :

	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
Depreciation		
- tangible owned fixed assets	25,383	28,000
Profit on Sale of Fixed Assets	(1,267)	(3,569)
Auditors Remuneration	4,600	4,600
Rentals Under Operating Leases		
- hire of motor lorries	54,022	53,185
- hire of equipment	3,429	3,854
Exceptional Pension Contributions	400,000	-
	<u> </u>	<u> </u>

3. Staff Costs

	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
Staff costs for all employees, including the directors, were as follows:		
Wages and Salaries	587,770	518,349
Social Security Costs	53,850	45,999
Pension Contributions	50,214	50,547
Exceptional Pension Contributions	400,000	-
	<u> </u>	<u> </u>
	1,091,834	614,805
	<u> </u>	<u> </u>

The average number of employees, including the directors, were as follows :

	<u>No.</u>	<u>No.</u>
Warehousing and Distribution	31	32
Office	6	7
Management	7	7
	<u> </u>	<u> </u>

YOUNG'S HOME BREW LIMITED

NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31st JULY 1997

4. Information Regarding Directors

	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
Directors' Emoluments		
Remuneration	219,557	155,377
Pension Contributions	43,039	43,055
Exceptional Pension Contributions	400,000	-
	<u>662,596</u>	<u>198,432</u>

Excluding pension contributions, the emoluments of the highest paid director was as follows:

Remuneration of the Chairman	<u>152,801</u>	<u>91,196</u>
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Related Party Transactions

During the year, the company entered into the following arrangements in which the directors had an interest:

- (a) Sale of goods on normal trade terms amounting to £64,574 to a business owned by Mrs. A. Young.
- (b) Rent payable to the company's self-administered pension scheme, in respect of the company's operating premises, amounting to £2,888.

5. Taxation

The tax charge on the Profit/(Loss) on Ordinary Activities was as follows :

	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
UK Corporation Tax at 25%		
Current	(57,289)	65,921
Deferred	(1,500)	400
	<u>(58,789)</u>	<u>66,321</u>

YOUNG'S HOME BREW LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31st JULY 1997**6. Fixed Assets****Tangible Assets**

	<u>Motor Vehicles</u>	<u>Plant & Equipment</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Cost			
At 1st August 1996	110,682	153,390	264,072
Additions	19,792	4,081	23,873
Disposals	(14,789)	(3,002)	(17,791)
At 31st July 1997	<u>115,685</u>	<u>154,469</u>	<u>270,154</u>
Depreciation			
At 1st August 1996	30,367	118,045	148,412
Charge for the Year	16,172	9,211	25,383
Disposals	(8,094)	(2,962)	(11,056)
At 31st July 1997	<u>38,445</u>	<u>124,294</u>	<u>162,739</u>
Net Book Values			
At 31st July 1997	<u>77,240</u>	<u>30,175</u>	<u>107,415</u>
At 31st July 1996	<u>80,315</u>	<u>35,345</u>	<u>115,660</u>

7. Stocks

Stocks comprise goods for resale only.

8. Debtors

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Amounts due within one year		
Trade Debtors	357,073	395,131
Corporation Tax	59,500	-
Prepayments and Accrued Income	15,340	27,456
	<u>431,913</u>	<u>422,587</u>

YOUNG'S HOME BREW LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31st JULY 19979. Creditors

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Amounts falling due within one year:		
Bank Overdraft	67,883	33,867
Trade Creditors	185,680	291,596
Other Creditors	1,188	2,684
Taxation	-	62,000
Other Taxes and Social Security	52,702	59,833
Accruals and Deferred Income	11,707	12,355
Directors' Current Accounts	42,804	9,137
	<u>361,964</u>	<u>471,472</u>

10. Provision for Liabilities and Charges

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Provision has been made in full for the potential liability to deferred taxation as follows:		
Accelerated Capital Allowances	<u>1,500</u>	<u>3,000</u>

11. Called Up Share Capital

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Authorised		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, Issued and Fully Paid		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

12. Financial Commitments

Operating Lease Commitments

Annual commitments under operating leases were as follows:

	Land and Buildings	Other	Land and Buildings	Other
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Operating leases which expire:				
Within one year	-	3,400	70,000	3,800
- two to five years	-	54,226	-	53,335
After more than five years	80,000	-	-	-
	<u>80,000</u>	<u>57,626</u>	<u>70,000</u>	<u>57,135</u>

YOUNG'S HOME BREW LIMITEDNOTES TO ACCOUNTS
FOR THE YEAR ENDED 31st JULY 1997**13. Post Balance Sheet Events**

On 4th August 1997, the company acquired the retail business and stocks of Mrs. A. Young for the amount of £11,422.

14. Cash Flow Statement**a. Gross Cash Flows**

	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
Returns on investments and servicing of finance		
Interest received	47,559	43,843
Dividends paid	(10,000)	(32,000)
	<u>37,559</u>	<u>11,843</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(23,873)	(51,111)
Receipts from sales of tangible fixed assets	8,002	9,884
	<u>(15,871)</u>	<u>(41,227)</u>

b. Analysis of Changes in Net Funds

	<u>1st Aug</u> <u>1996</u> <u>£</u>	<u>Cash</u> <u>flows</u> <u>£</u>	<u>31st Jul</u> <u>1997</u> <u>£</u>
Cash in hand and at bank	894,097	(314,422)	579,675
Bank overdraft	(33,867)	(34,016)	(67,883)
	<u>860,230</u>	<u>(348,438)</u>	<u>511,792</u>