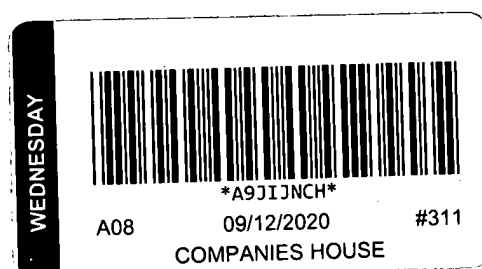


Company Registration No. 02711055 (England and Wales)

Brothers Drinks Co. Limited

**Annual report and
group financial statements
for the year ended 31 December 2019**



Brothers Drinks Co. Limited

Company information

Directors Matthew Showering
Jonathan Showering
Iain Glen
Christopher Courage
Francis Showering (appointed on 10 April 2019)
Daniel Showering (appointed on 10 April 2019)

Secretary Iain Glen

Company number 02711055

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

Independent auditor Saffery Champness LLP
St Catherine's Court
Berkeley Place
Clifton
Bristol
BS8 1BQ

Brothers Drinks Co. Limited

Contents

	Page
Strategic report	1 - 2
Directors' report	3 - 5
Independent auditor's report	6 - 8
Group statement of comprehensive income	9
Group balance sheet	10
Company balance sheet	11 - 12
Group statement of changes in equity	13
Company statement of changes in equity	14
Group statement of cash flows	15
Notes to the financial statements	16 - 37

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

The company's principal activity is manufacturing and bottling drinks. There were no significant changes in the activities of the company during the period. The directors consider that in light of prevailing economic and market conditions, both the results for the period and the prospects for the future are satisfactory. The company strategy for the coming year is to increase shareholder value through improving productivity and increasing output.

Principal risks and uncertainties

The company uses various financial instruments including cash, and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The main risks arising from the company's financial instruments are credit risk and liquidity risk. The directors review and agree policies for managing each of these risks, and they are summarised below. These policies have remained unchanged from previous periods.

The directors have also considered the impact of Brexit and COVID-19.

Credit risk

The credit risk associated with cash is limited. The principal credit risk arises therefore from debtors. In order to manage credit risk the directors assess potential customers based on a mixture of past history, credit references and industry knowledge. Amounts owed are reviewed and followed up on a regular basis.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Short term flexibility is achieved by holding cash balances.

Brexit risk

The Brexit situation remains uncertain. The company has continued its planning exercise and identified the areas which may have an impact on the company. Where possible, we are taking steps to address any exposure and are creating contingency plans and appropriate solutions. Our planning remains active as the Brexit situation unfolds.

Covid-19

The company has recognised the risks and uncertainties posed by the current Covid-19 pandemic and has expedited significant measures and mitigating actions to address all areas including operational and supply chain impacts and changes in demand. We have coordinated and implemented a response and are taking appropriate actions for the business based on Government and World Health Organisation (WHO) advice keeping the situation under daily review.

The health and wellbeing of our company employees continues to be of paramount concern. For those employees who are unable to work from home or are deemed essential employees, all necessary arrangements have been put in place to ensure the company premises remain a safe environment for staff. Communications and HR policies are regularly refreshed and reinforced.

Brothers Drinks Co. Limited

Strategic report (continued)

For the year ended 31 December 2019

Section 172 statement

The directors have had due regard for their duties under section 172 of the UK Companies Act 2006 and consider the interests of the company's main stake holders, being employees, suppliers, customers and local community in their decisions. Regular dialogue is held with these parties to understand their needs and all decisions are taken with the view that they will result in long term benefits.

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 group performed satisfactorily against each measure.

The key financial highlights are as follows:

	2019 £	2018 £
Turnover	41,825,564	35,404,999
Gross profit	9,467,916	10,292,232
(Loss)/profit before tax excluding exceptional items and revaluations	(2,333,050)	2,298,801

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

25 November 2020

Brothers Drinks Co. Limited

Directors' report

For the year ended 31 December 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

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
Francis Showering
Daniel Showering

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 9.

Ordinary dividends were paid amounting to £3 per share (2018: nil). 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.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Statement of business relationships

The directors have due regard for maintaining strong relationships with the key stakeholders, in particular customers and suppliers. The directors maintain regular correspondence with these stakeholders to invest in the business relationship.

Future developments

Future developments, in particular those related to the impact of Covid-19, are included in the strategic report.

Auditor

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

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.

Brothers Drinks Co. Limited

Directors' report (continued)

For the year ended 31 December 2019

Statement of disclosure to auditor

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 auditor of the company is 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 auditor of the company is aware of that information.

On behalf of the board



.....
Iain Glen
Director

Date: 25 November 2020
.....

Brothers Drinks Co. Limited

Independent auditor's report

To the members of Brothers Drinks Co. Limited

Opinion

We have audited the financial statements of Brothers Drinks Co. Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Group Statement of Comprehensive Income, the Group balance sheet, the Company balance sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Brothers Drinks Co. Limited

Independent auditor's report (continued)

To the members of Brothers Drinks Co. Limited

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters 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.

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.

Brothers Drinks Co. Limited

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Saffery Champness LLP

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

04 December 2020

.....

Chartered Accountants
Statutory Auditors

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

Brothers Drinks Co. Limited**Group statement of comprehensive income
For the year ended 31 December 2019**

		2019	2018
	Notes	£	£
Turnover	3	41,825,564	35,404,999
Cost of sales		(32,357,648)	(25,112,767)
Gross profit		9,467,916	10,292,232
Distribution costs		(3,122,102)	(1,424,008)
Administrative expenses		(8,979,686)	(6,784,868)
Other operating income		8,522	8,019
Operating (loss)/profit	4	(2,625,350)	2,091,375
Interest receivable and similar income	8	292,300	207,426
Other gains and losses	9	86,403	1,203,663
(Loss)/profit before taxation		(2,246,647)	3,502,464
Tax on (loss)/profit	10	314,493	(801,175)
(Loss)/profit for the financial year		(1,932,154)	2,701,289

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

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 2019**

	Notes	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	12		19,695,842		19,025,456
Investments	13		200,420		200,070
			<u>19,896,262</u>		<u>19,225,526</u>
Current assets					
Stocks	16	2,820,446		1,608,847	
Debtors	17	9,797,594		5,935,262	
Investments	18	27,170,250		37,285,500	
Cash at bank and in hand		10,283,813		11,026,735	
			<u>50,072,103</u>	<u>55,856,344</u>	
Creditors: amounts falling due within one year	19	(11,017,484)		(8,368,612)	
Net current assets			<u>39,054,619</u>		<u>47,487,732</u>
Total assets less current liabilities			<u>58,950,881</u>		<u>66,713,258</u>
Provisions for liabilities	20		(5,447,023)		(7,046,289)
Net assets			<u><u>53,503,858</u></u>		<u><u>59,666,969</u></u>
Capital and reserves					
Called up share capital	23		1,410,319		1,410,319
Share premium account	24		1,331		1,331
Capital redemption reserve	25		87,545		87,545
Profit and loss reserves			52,004,663		58,167,774
Total equity			<u><u>53,503,858</u></u>		<u><u>59,666,969</u></u>

The financial statements were approved by the board of directors and authorised for issue on 25/11/2020 and are signed on its behalf by:

Matthew Showering

Matthew Showering
Director

Brothers Drinks Co. Limited

**Company balance sheet
As at 31 December 2019**

			2019	2018
	Notes	£	£	£
Fixed assets				
Tangible assets	12		19,695,842	16,600,866
Investments	13		200,421	200,071
			<u>19,896,263</u>	<u>16,800,937</u>
Current assets				
Stocks	16	2,820,446	1,608,847	
Debtors	17	9,797,594	8,770,570	
Investments	18	27,170,250	37,285,500	
Cash at bank and in hand		10,283,813	11,025,294	
		<u>50,072,103</u>	<u>58,690,211</u>	
Creditors: amounts falling due within one year	19	(11,017,484)	(8,367,873)	
Net current assets			<u>39,054,619</u>	<u>50,322,338</u>
Total assets less current liabilities			<u>58,950,882</u>	<u>67,123,275</u>
Provisions for liabilities	20	(5,447,023)		(7,046,289)
Net assets			<u><u>53,503,859</u></u>	<u><u>60,076,986</u></u>
Capital and reserves				
Called up share capital	23	1,410,319	1,410,319	
Share premium account	24	1,331	1,331	
Capital redemption reserve	25	87,545	87,545	
Profit and loss reserves		52,004,664	58,577,791	
Total equity			<u><u>53,503,859</u></u>	<u><u>60,076,986</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £2,342,170 (2018 - £2,750,760 profit).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Brothers Drinks Co. Limited

Company balance sheet (continued)

As at 31 December 2019

The financial statements were approved by the board of directors and authorised for issue on 25/11/2020 and are signed on its behalf by:

Matthew Showering

.....
Matthew Showering
Director

Company Registration No. 02711055

Brothers Drinks Co. Limited

**Group statement of changes in equity
For the year ended 31 December 2019**

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2018		1,410,319	1,331	87,545	55,466,485	56,965,680
Year ended 31 December 2018:						
Profit and total comprehensive income for the year		-	-	-	2,701,289	2,701,289
Balance at 31 December 2018		1,410,319	1,331	87,545	58,167,774	59,666,969
Year ended 31 December 2019:						
Loss and total comprehensive income for the year		-	-	-	(1,932,154)	(1,932,154)
Dividends	11	-	-	-	(4,230,957)	(4,230,957)
Balance at 31 December 2019		1,410,319	1,331	87,545	52,004,663	53,503,858

Brothers Drinks Co. Limited

**Company statement of changes in equity
For the year ended 31 December 2019**

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2018		1,410,319	1,331	87,545	55,827,031	57,326,226
Year ended 31 December 2018:						
Profit and total comprehensive income for the year		-	-	-	2,750,760	2,750,760
Balance at 31 December 2018		1,410,319	1,331	87,545	58,577,791	60,076,986
Year ended 31 December 2019:						
Loss and total comprehensive income for the year		-	-	-	(2,342,170)	(2,342,170)
Dividends	11	-	-	-	(4,230,957)	(4,230,957)
Balance at 31 December 2019		1,410,319	1,331	87,545	52,004,664	53,503,859

Brothers Drinks Co. Limited

Group statement of cash flows

For the year ended 31 December 2019

		2019	2018
	Notes	£	£
Cash flows from operating activities			
Cash (absorbed by)/generated from operations	31	(3,005,704)	2,151,235
Income taxes paid		(1,205,235)	(2,095,000)
Net cash (outflow)/inflow from operating activities		(4,210,939)	56,235
Investing activities			
Purchase of tangible fixed assets	(2,838,232)	(1,947,158)	
Proceeds on disposal of tangible fixed assets	43,603	11,701	
Purchase of fixed asset investments	-	(200,069)	
Proceeds on disposal of fixed asset investments	10,201,303	5,805,663	
Interest received	62,842	-	
Dividends received	229,458	207,426	
Net cash generated from investing activities		7,698,974	3,877,563
Financing activities			
Dividends paid to equity shareholders	(4,230,957)	-	
Net cash used in financing activities		(4,230,957)	-
Net (decrease)/increase in cash and cash equivalents		(742,922)	3,933,798
Cash and cash equivalents at beginning of year		11,026,735	7,092,937
Cash and cash equivalents at end of year		10,283,813	11,026,735

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.

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 £1.

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

The group financial statements incorporate those of Brothers Drinks Co. Limited and all of its active subsidiaries ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits. A sole subsidiary, Dulcote Limited, was not consolidated as it was dormant throughout both the current and preceding years.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.2 Going concern

At the time of approving the financial statements, the Coronavirus pandemic has created inherent uncertainty in the economy. The directors have closely monitored the company's cash flows and have taken actions to protect these. 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 is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Notes to the financial statements (continued)
For the year ended 31 December 2019

1 Accounting policies (continued)

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.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 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.

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.

1.5 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 Accounting policies (continued)

1.6 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible 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.

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.

1.7 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.

Cost is calculated using the first in first out methodology.

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.

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Notes to the financial statements (continued)
For the year ended 31 December 2019

1 Accounting policies (continued)

1.9 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.

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.

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.

1 Accounting policies (continued)

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.

Basic financial liabilities

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.

Derecognition of financial liabilities

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

1.10 Equity instruments

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

1.11 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.

Notes to the financial statements (continued)
For the year ended 31 December 2019

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.

1.12 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 in which it arises.

1.13 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.

1.14 Retirement benefits

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

1 Accounting policies (continued)

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leased asset are consumed.

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.

1.16 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.

3 Turnover and other revenue

The group recognised revenue totalling £40,201,571 (2018: £33,813,872), from the sale of goods. Sale of services resulted in the recognition of revenue totalling £1,623,993 (2018: £1,591,127).

In the opinion of the directors disclosure of information relating to turnover attributable to markets supplied in the course of the year would be seriously prejudicial to the interests of the company. It is not, therefore, disclosed.

Brothers Drinks Co. Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2019**4 Operating (loss)/profit**

	2019	2018
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(22,508)	4,337
Depreciation of owned tangible fixed assets	2,167,846	2,185,931
Profit on disposal of tangible fixed assets	(43,603)	(11,701)
Operating lease charges	132,110	125,991
	<u> </u>	<u> </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £22,508 (2018 - £4,337).

5 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	20,190	20,190
Audit of the company's subsidiaries	2,880	2,880
	<u> </u>	<u> </u>
	23,070	23,070
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	6,000	6,000
	<u> </u>	<u> </u>

6 Employees

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

	Group		Company	
	2019	2018	2019	2018
	Number	Number	Number	Number
Number of production staff	228	172	228	172
Number of administrative staff	62	50	62	50
Number of directors	6	4	6	4
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	296	226	296	226
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Brothers Drinks Co. Limited**Notes to the financial statements (continued)****For the year ended 31 December 2019****6 Employees (continued)**

Their aggregate remuneration comprised:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Wages and salaries	11,022,595	9,349,191	11,022,595	9,349,191
Social security costs	1,243,036	1,074,304	1,243,036	1,074,304
Pension costs	302,016	218,009	302,016	218,009
	<u>12,567,647</u>	<u>10,641,504</u>	<u>12,567,647</u>	<u>10,641,504</u>

7 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	2,878,279	2,135,081
Company pension contributions to defined contribution schemes	27,501	30,435
	<u>2,905,780</u>	<u>2,165,516</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2018 - 3).

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

	2019	2018
	£	£
Remuneration for qualifying services	941,403	967,819
Company pension contributions to defined contribution schemes	6,000	6,000
	<u>947,403</u>	<u>973,819</u>

Brothers Drinks Co. Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2019**8 Interest receivable and similar income**

	2019	2018
	£	£
Interest income		
Interest on bank deposits	62,842	-
Other income from investments		
Dividends received from listed investments	229,458	207,426
Total income	292,300	207,426

9 Other gains and losses

	2019	2018
	£	£
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	(1,211,250)	(134,000)
Other gains/(losses)		
Gain on disposal of current asset investments	1,297,653	1,337,663
	86,403	1,203,663

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2019

10 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	1,268,485	1,490,259
Adjustments in respect of prior periods	(1,412)	-
	<u>1,267,073</u>	<u>1,490,259</u>
Deferred tax		
Origination and reversal of timing differences	(1,581,566)	(689,084)
	<u>(1,581,566)</u>	<u>(689,084)</u>
Total tax (credit)/charge for the year	<u>(314,493)</u>	<u>801,175</u>

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

	2019	2018
	£	£
(Loss)/profit before taxation	(2,246,647)	3,502,464
	<u>(2,246,647)</u>	<u>3,502,464</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(426,863)	665,468
Tax effect of expenses that are not deductible in determining taxable profit	14,161	35,754
Gains not taxable	-	(25,460)
Effect of change in corporation tax rate	-	3,676
Permanent capital allowances in excess of depreciation	170,175	161,148
Deferred tax adjustments in respect of prior years	(28,369)	-
Dividend income	(43,597)	(39,411)
	<u>(314,493)</u>	<u>801,175</u>
Taxation (credit)/charge for the year	<u>(314,493)</u>	<u>801,175</u>

The tax rates applied are based on enacted UK legislation. Deferred tax has been calculated by reference to when the reversal is expected to occur.

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2019

11 Dividends

	2019 £	2018 £
Final paid	4,230,957	-

12 Tangible fixed assets

Group	Freehold land and buildings	Assets under construction	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2019	10,317,973	614,404	19,043,230	1,462,836	420,619	31,859,062
Additions	-	1,505,430	1,215,124	79,353	38,325	2,838,232
Disposals	-	-	(559,632)	(763,169)	(42,063)	(1,364,864)
Transfers	-	(614,404)	614,404	-	-	-
At 31 December 2019	10,317,973	1,505,430	20,313,126	779,020	416,881	33,332,430
Depreciation and impairment						
At 1 January 2019	2,024,647	-	9,391,469	1,187,227	230,263	12,833,606
Depreciation charged in the year	250,823	-	1,717,626	123,367	76,030	2,167,846
Eliminated in respect of disposals	-	-	(559,632)	(763,169)	(42,063)	(1,364,864)
At 31 December 2019	2,275,470	-	10,549,463	547,425	264,230	13,636,588
Carrying amount						
At 31 December 2019	8,042,503	1,505,430	9,763,663	231,595	152,651	19,695,842
At 31 December 2018	8,293,326	614,404	9,651,761	275,609	190,356	19,025,456

Brothers Drinks Co. Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

12 Tangible fixed assets (continued)

Company	Freehold land and buildings	Assets under construction	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2019	7,808,473	614,404	19,043,230	1,462,836	420,619	29,349,562
Additions	2,407,765	1,505,430	1,215,124	79,353	38,325	5,245,997
Disposals	-	-	(559,632)	(763,169)	(42,063)	(1,364,864)
Transfers	-	(614,404)	614,404	-	-	-
At 31 December 2019	10,216,238	1,505,430	20,313,126	779,020	416,881	33,230,695
Depreciation and impairment						
At 1 January 2019	1,939,737	-	9,391,469	1,187,227	230,263	12,748,696
Depreciation charged in the year	233,998	-	1,717,626	123,367	76,030	2,151,021
Eliminated in respect of disposals	-	-	(559,632)	(763,169)	(42,063)	(1,364,864)
At 31 December 2019	2,173,735	-	10,549,463	547,425	264,230	13,534,853
Carrying amount						
At 31 December 2019	8,042,503	1,505,430	9,763,663	231,595	152,651	19,695,842
At 31 December 2018	5,868,736	614,404	9,651,761	275,609	190,356	16,600,866

13 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	14	1	1	2	2
Unlisted investments		200,419	200,069	200,419	200,069
		200,420	200,070	200,421	200,071

Brothers Drinks Co. Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2019**13 Fixed asset investments (continued)**

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. The investment in Dulcote Limited is included above as investments in subsidiaries.

Unlisted shares relate to investments in an unrelated company.

Movements in fixed asset investments
Group

	Shares in group undertakings	Unlisted shares	Total
	£	£	£
Cost or valuation			
At 1 January 2019	1	200,069	200,070
Additions	-	350	350
	<u>1</u>	<u>200,419</u>	<u>200,420</u>
At 31 December 2019	1	200,419	200,420
	<u>1</u>	<u>200,419</u>	<u>200,420</u>
Carrying amount			
At 31 December 2019	1	200,419	200,420
	<u>1</u>	<u>200,419</u>	<u>200,420</u>
At 31 December 2018	1	200,069	200,070
	<u>1</u>	<u>200,069</u>	<u>200,070</u>

Movements in fixed asset investments
Company

	Shares in group undertakings	Unlisted shares	Total
	£	£	£
Cost or valuation			
At 1 January 2019	2	200,069	200,071
Additions	-	350	350
	<u>2</u>	<u>200,419</u>	<u>200,421</u>
At 31 December 2019	2	200,419	200,421
	<u>2</u>	<u>200,419</u>	<u>200,421</u>
Carrying amount			
At 31 December 2019	2	200,419	200,421
	<u>2</u>	<u>200,419</u>	<u>200,421</u>
At 31 December 2018	2	200,069	200,071
	<u>2</u>	<u>200,069</u>	<u>200,071</u>

Brothers Drinks Co. Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2019**14 Subsidiaries**

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Dulcote Limited	United Kingdom	Dormant	Ordinary	100.00	
Showerings Cider Mill Limited	United Kingdom	Property holding company	Ordinary	100.00	

All of the subsidiaries have the same registered office as the parent entity.

15 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	27,170,250	37,285,500	27,170,250	37,285,500

Further information is given at note 18 to the financial statements.

16 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Raw materials and consumables	1,427,148	1,072,747	1,427,148	1,072,747
Finished goods and goods for resale	1,393,298	536,100	1,393,298	536,100
	<u>2,820,446</u>	<u>1,608,847</u>	<u>2,820,446</u>	<u>1,608,847</u>

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2019

17 Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	8,836,485	5,441,647	8,836,485	5,441,647
Amounts owed by group undertakings	-	-	-	2,835,308
Prepayments and accrued income	961,109	493,615	961,109	493,615
	<u>9,797,594</u>	<u>5,935,262</u>	<u>9,797,594</u>	<u>8,770,570</u>

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

18 Current asset investments

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Listed investments	<u>27,170,250</u>	<u>37,285,500</u>	<u>27,170,250</u>	<u>37,285,500</u>

Current asset investment valuation is based on quoted market price as at the balance sheet date as stated on the London Stock Exchange. The book value of the investment was £614,215 (2018: £806,910)

19 Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	4,263,645	3,319,072	4,263,645	3,318,568
Corporation tax payable	303,201	241,363	303,201	241,128
Other taxation and social security	1,979,668	2,406,543	1,979,668	2,406,543
Other creditors	1,317,829	514,024	1,317,829	514,024
Accruals and deferred income	3,153,141	1,887,610	3,153,141	1,887,610
	<u>11,017,484</u>	<u>8,368,612</u>	<u>11,017,484</u>	<u>8,367,873</u>

HSBC hold a fixed charge over the land and buildings, chattels, goodwill and book debt, in addition to a floating charge over all other assets.

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2019

20 Provisions for liabilities

		Group	2018	Company	2018
	Notes	2019		2019	
		£	£	£	£
Other provisions		380,000	397,700	380,000	397,700
Deferred tax liabilities	21	5,067,023	6,648,589	5,067,023	6,648,589
		<u>5,447,023</u>	<u>7,046,289</u>	<u>5,447,023</u>	<u>7,046,289</u>

Movements on provisions apart from deferred tax liabilities:

Group	Other provisions
	£
At 1 January 2019	397,700
Reversal of provision	(17,700)
At 31 December 2019	<u>380,000</u>
Company	Other provisions
	£
At 1 January 2019	397,700
Reversal of provision	(17,700)
At 31 December 2019	<u>380,000</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 cost will be incurred.

Notes to the financial statements (continued)
For the year ended 31 December 2019

21 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	Liabilities
	2019	2018
	£	£
Group		
Accelerated capital allowances	550,665	241,090
Investments	4,516,358	6,407,499
	<u>5,067,023</u>	<u>6,648,589</u>
	<u><u>5,067,023</u></u>	<u><u>6,648,589</u></u>
	Liabilities	Liabilities
	2019	2018
	£	£
Company		
Accelerated capital allowances	550,665	241,090
Investments	4,516,358	6,407,499
	<u>5,067,023</u>	<u>6,648,589</u>
	<u><u>5,067,023</u></u>	<u><u>6,648,589</u></u>
	Group	Company
	2019	2019
	£	£
Movements in the year:		
Liability at 1 January 2019	6,648,589	6,648,589
Credit to profit or loss	(1,581,566)	(1,581,566)
	<u>5,067,023</u>	<u>5,067,023</u>
Liability at 31 December 2019	<u><u>5,067,023</u></u>	<u><u>5,067,023</u></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 2019 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 2019****22 Retirement benefit schemes**

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	302,016	218,009

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. At the balance sheet date £106,999 (2018: £64,301) was included within other creditors in respect of amounts owed to defined contribution schemes.

23 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
1,410,319 Ordinary shares of £1 each	1,410,319	1,410,319

The company has one class of ordinary shares which carry no right to fixed income. Each share is entitled to one voting right and an equal share of distributions upon winding up.

Brothers Drinks Co. Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2019**24 Share premium account**

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
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.

25 Capital redemption reserve

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
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.

26 Financial commitments, guarantees and contingent liabilities

The directors have received notification of a potential claim against the company arising from operational matters. At present it is impossible to quantify the exact amount of any claim. Additional information usually required by FRS 102 has not been disclosed on the grounds that it could prejudice the company's position.

27 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		Company	
	2019	2018	2019	2018
	£	£	£	£
Within one year	268,394	256,993	268,394	256,993
Between two and five years	765,554	776,815	765,554	776,815
In over five years	468,870	656,418	468,870	656,418
	<u>1,502,818</u>	<u>1,690,226</u>	<u>1,502,818</u>	<u>1,690,226</u>

Brothers Drinks Co. Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

28 Capital commitments

At the balance sheet date, the company and group had capital commitments totalling £958,131 (2018: £291,667).

29 Events after the reporting date

After the reporting date the Coronavirus pandemic has adversely impacted global commercial activities. The directors assessed the implications for the group's business and investments and concluded that the matter is a non-adjusting post balance sheet event. The group's revenues have remained stable since.

30 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	2,952,791	2,935,424

Transactions with related parties

Group and company

During the year the directors advanced the company £894,242 (2018: £156,643) and were repaid £93,729 (2018: £154,079). As at the year end directors of the entity were due £813,780 (2018: £13,268) from the Company. These 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 £330,627 (2018: £316,227).

Company

During the year the land and buildings within the subsidiary Showering Cider Mill Limited were transferred to the parent company for a value of £2,407,765.

Brothers Drinks Co. Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2019**31 Cash (absorbed by)/generated from group operations**

	2019	2018
	£	£
(Loss)/profit for the year after tax	(1,932,154)	2,701,289
Adjustments for:		
Taxation (credited)/charged	(314,493)	801,175
Investment income	(292,300)	(207,426)
Gain on disposal of tangible fixed assets	(43,603)	(11,701)
Depreciation and impairment of tangible fixed assets	2,167,846	2,185,931
Gain on sale of investments	(1,297,653)	(1,337,663)
Other gains and losses	1,211,250	134,000
Decrease in provisions	(17,700)	-
Movements in working capital:		
Increase in stocks	(1,211,599)	(431,070)
Increase in debtors	(3,862,332)	(2,472,484)
Increase in creditors	2,587,034	789,184
Cash (absorbed by)/generated from operations	(3,005,704)	2,151,235

32 Analysis of changes in net funds - group

	1 January 2019	Cash flows	31 December 2019
	£	£	£
Cash at bank and in hand	11,026,735	(742,922)	10,283,813