

Company Registration No. 02711055 (England and Wales)

Brothers Drinks Co. Limited

**Annual report and financial statements
for the year ended 31 December 2015**



Saffery Champness
CHARTERED ACCOUNTANTS

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

Auditors Saffery Champness
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

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Brothers Drinks Co. Limited

Strategic report

For the year ended 31 December 2015

The directors present their strategic report for the year ended 31 December 2015.

Principal activities and review of the business

The principal activity of the company during the year was manufacturing and bottling alcoholic and non-alcoholic drinks. At the present time demand for the company's products remains good.

There were no significant changes in the activities of the company during the period.

A changing product mix led to a decline in turnover but with improved output led to an increase in gross profit. The settlement of a long running dispute led to an exceptional charge of £1,875,000. Without this charge operating profit would be ahead of 2014.

In addition, under new FRS102 accounting rules, unrealised gains from investments are included in the profit and loss account. This change leads to a substantial increase in reported profit before tax due to the value of investments held on the balance sheet.

Principal risks and uncertainties

The principal risks facing the business include: Government changes in excise rates and regulation; loss of a major bottling customer; and increased competition for the company's own brands. The company manages this risk by developing strong relationships with customers. During the year the company traded with a number of companies across a variety of product categories helping spread the risk. Discussions continue with existing and prospective customers.

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, excluding the exceptional costs, the company performed well against each measure.

Brothers Drinks Co. Limited

Strategic report (continued)

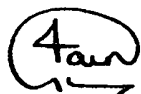
For the year ended 31 December 2015

The key financial highlights are as follows:

	2015	2014
	£	£
Turnover	14,635,225	19,643,534
Gross profit	6,034,348	5,548,741
Profit before tax excluding exceptional items and revaluations	2,187,513	1,346,929

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.

By order of the board



Iain Glen

Director

29 June 2016

Brothers Drinks Co. Limited

Directors' report

For the year ended 31 December 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

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

(Resigned 3 March 2015)

Results and dividends

The results for the year are set out on page 7.

The directors declared a dividend of £1,000,611 during the year.

The directors' report does not include a description of the principal activities, 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).

Qualifying third party indemnity provisions

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 company continued to develop own brand products in the year.

Post reporting date events

Events after the reporting date are disclosed fully in note 30.

Brothers Drinks Co. Limited

Directors' report (continued)

For the year ended 31 December 2015

Auditors

Saffery Champness have expressed their willingness to continue in office.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

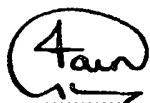
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 company's auditors 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 company's auditors are aware of that information.

By order of the board



Iain Glen

Director

29 June 2016

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 2015 set out on pages 7 to 35. 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 Financial Reporting Standard 102.

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 page 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 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 company's affairs as at 31 December 2015 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 matters prescribed by the Companies Act 2006

In our opinion 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.

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

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

Saffery Champness

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

1 July 2016

Chartered Accountants
Statutory Auditors

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

Brothers Drinks Co. Limited**Profit and loss account****For the year ended 31 December 2015**

		2015	2014
	Notes	£	£
Turnover	3	14,635,225	19,643,534
Cost of sales		(8,600,877)	(14,094,793)
Gross profit		6,034,348	5,548,741
Distribution costs		(982,837)	(1,739,274)
Administrative expenses		(2,924,540)	(2,646,695)
Other operating income		9,210	10,000
Exceptional item	4	(1,875,000)	-
Operating profit	5	261,181	1,172,772
Interest receivable and similar income	9	55,412	181,548
Interest payable and similar charges	8	(4,080)	(7,391)
Unrealised gains and losses	10	19,742,268	5,814,028
Profit before taxation		20,054,781	7,160,957
Taxation	11	(3,458,425)	(1,927,130)
Profit for the financial year		16,596,356	5,233,827
Total comprehensive income for the year		16,596,356	5,233,827

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

Brothers Drinks Co. Limited

Balance sheet

As at 31 December 2015

	Notes	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	13		3,812,231		3,747,150
Investments	14		1		1
			<u>3,812,232</u>		<u>3,747,151</u>
Current assets					
Stocks	16	541,124		551,277	
Debtors	17	1,677,792		2,344,796	
Investments	18	27,792,288		8,050,020	
Cash at bank and in hand		4,433,053		5,117,106	
		<u>34,444,257</u>		<u>16,063,199</u>	
Creditors: amounts falling due within one year	19	(3,055,038)		(3,625,183)	
Net current assets			<u>31,389,219</u>		<u>12,438,016</u>
Total assets less current liabilities			<u>35,201,451</u>		<u>16,185,167</u>
Creditors: amounts falling due after more than one year	20		-		(60,384)
Provisions for liabilities	22		(5,405,568)		(1,925,653)
Net assets			<u>29,795,883</u>		<u>14,199,130</u>
Capital and reserves					
Called up share capital	25		1,410,319		1,409,311
Share premium account	26		1,331		1,331
Capital redemption reserve	27		87,545		87,545
Profit and loss reserves			<u>28,296,688</u>		<u>12,700,943</u>
Total equity			<u>29,795,883</u>		<u>14,199,130</u>

The financial statements were approved by the board of directors and authorised for issue on 29 June 2016 and are signed on its behalf by:

Matthew Showering

Matthew Showering

Director

Company Registration No. 02711055

Brothers Drinks Co. Limited

**Statement of changes in equity
For the year ended 31 December 2015**

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2014		1,408,303	1,331	87,545	7,467,116	8,964,295
Year ended 31 December 2014:						
Profit and total comprehensive income for the year excluding gain on current asset investments		-	-	-	1,029,803	1,029,803
Revaluation gain on current asset investments		-	-	-	5,814,028	5,814,028
Deferred taxation on revaluation of current asset investments		-	-	-	(1,610,004)	(1,610,004)
Total comprehensive income for the year		-	-	-	5,233,827	5,233,827
Issue of share capital	25	1,008	-	-	-	1,008
Balance at 31 December 2014		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	25	1,008	-	-	-	1,008
Dividends	12	-	-	-	(1,000,611)	(1,000,611)
Balance at 31 December 2015		1,410,319	1,331	87,545	28,296,688	29,795,883

Brothers Drinks Co. Limited

Statement of cash flows

For the year ended 31 December 2015

	Notes	£	2015 £	£	2014 £
Cash flows from operating activities					
Cash generated from operations	33		1,220,068		3,244,048
Interest paid			(4,080)		(7,391)
Income taxes paid			(289,712)		(305,427)
Net cash inflow from operating activities			<u>926,276</u>		<u>2,931,230</u>
Investing activities					
Purchase of tangible fixed assets		(529,247)		(160,403)	
Proceeds on disposal of tangible fixed assets		-		19,828	
Interest received		5,237		181,500	
Dividends received		50,175		48	
Net cash (used in)/generated from investing activities			<u>(473,835)</u>		<u>40,973</u>
Financing activities					
Repayment of bank loans		(135,883)		(132,073)	
Dividends paid		(1,000,611)		-	
Net cash used in financing activities			<u>(1,136,494)</u>		<u>(132,073)</u>
Net (decrease)/increase in cash and cash equivalents			<u>(684,053)</u>		<u>2,840,130</u>
Cash and cash equivalents at beginning of year			<u>5,117,106</u>		<u>2,276,976</u>
Cash and cash equivalents at end of year			<u><u>4,433,053</u></u>		<u><u>5,117,106</u></u>

1 Accounting policies

Company information

Brothers Drinks Co. Limited is a company limited by shares 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 £.

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.

These financial statements for the year ended 31 December 2015 are the first financial statements of Brothers Drinks Co. Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 34.

The company has taken advantage of the exemption under section 405 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Group accounts are not prepared as the company's subsidiary is dormant and its net assets immaterial.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company 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.

Notes to the financial statements (continued)
For the year ended 31 December 2015

1 Accounting policies (continued)

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 buildings	2 - 4% straight line
Plant and machinery	5 - 20% straight line or 20% reducing balance
Fixtures, fittings and equipment	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 credited or charged to profit or loss.

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 company. 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 end date, the company 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.

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 in 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.

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 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.

Notes to the financial statements (continued)
For the year ended 31 December 2015

1 Accounting policies (continued)

1.9 Financial instruments

The company 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 company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 trade and other 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.

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 publically 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. The impairment loss is recognised in profit or loss.

Notes to the financial statements (continued)
For the year ended 31 December 2015

1 Accounting policies (continued)

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 company 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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other 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 receipts discounted at a market rate of interest.

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. Accounts payable are classified as 'creditors: amounts falling due within one year' if payment is due within one year or less. If not, they are presented as 'creditors: amounts falling due after more than one year'. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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 company after deducting all of its liabilities.

Derecognition of financial liabilities

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

Notes to the financial statements (continued)
For the year ended 31 December 2015

1 Accounting policies (continued)

1.10 Equity instruments

Equity instruments issued by the company 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 company.

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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company 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.

1.13 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 Accounting policies (continued)

1.14 Retirement benefits

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

1.15 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.

1.16 Leases

Rentals payable or receivable under operating leases are charged to or credited against income 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.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company'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.

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

Brothers Drinks Co. Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2015**3 Turnover and other revenue**

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

	2015	2014
	£	£
Turnover		
Contract bottling sales	10,670,424	14,845,848
Own brand sales	3,441,027	4,234,317
Warehousing	523,774	563,369
	<u>14,635,225</u>	<u>19,643,534</u>

Other significant revenue

Interest income	5,237	181,500
Dividends received	50,175	48
Rental income	9,210	10,000
	<u>59,422</u>	<u>191,548</u>

Turnover analysed by geographical market

	2015	2014
	£	£
United Kingdom	14,173,113	19,252,543
Overseas	462,112	390,991
	<u>14,635,225</u>	<u>19,643,534</u>

4 Exceptional costs

	2015	2014
	£	£
Exceptional item	<u>1,875,000</u>	<u>-</u>

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

Brothers Drinks Co. Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2015**5 Operating profit**

	2015	2014
	£	£
Operating profit for the year is stated after charging/(crediting):		
Research and development costs	8,577	-
Fees payable to the company's auditors for the audit of the company's financial statements	12,750	12,250
Depreciation of owned tangible fixed assets	463,790	421,926
Loss/(gain) on disposal of tangible fixed assets	376	(4,066)
Cost of stocks recognised as an expense	3,119,047	9,257,252
Share-based payments	1,008	1,008
Operating lease charges	369,436	334,818
	<u> </u>	<u> </u>

6 Employees

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

	2015	2014
	Number	Number
Number of production staff	82	77
Number of administrative staff	31	31
Number of directors	4	5
	<u> </u>	<u> </u>
	117	113
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2015	2014
	£	£
Wages and salaries	3,768,231	3,422,303
Social security costs	392,756	342,689
Pension costs	117,698	94,913
Equity-settled share-based payments	1,008	1,008
	<u> </u>	<u> </u>
	4,279,693	3,860,913
	<u> </u>	<u> </u>

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

7 Directors' remuneration

	2015	2014
	£	£
Remuneration for qualifying services	718,835	918,019
Company pension contributions to defined contribution schemes	36,000	22,406
	<u>754,835</u>	<u>940,425</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2014 - 4).

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

Remuneration for qualifying services	322,203	297,613
Company pension contributions to defined contribution schemes	6,000	6,000
	<u>328,203</u>	<u>303,613</u>

8 Interest payable and similar charges

	2015	2014
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	4,080	7,391
	<u>4,080</u>	<u>7,391</u>

9 Interest receivable and similar income

	2015	2014
	£	£
Interest income		
Other interest income	5,237	181,500
Other income from investments		
Dividends received	50,175	48
Total income	<u>55,412</u>	<u>181,548</u>

Investment income includes the following:

Dividends from financial assets measured at fair value through profit or loss	50,175	48
	<u>50,175</u>	<u>48</u>

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

10 Other gains and losses

	2015	2014
	£	£
Fair value gains on financial instruments		
Change in value of investments held	19,742,268	5,814,028

11 Taxation

	2015	2014
	£	£
Current tax		
UK corporation tax on profits for the current period	14,366	307,206
Deferred tax		
Origination and reversal of timing differences	54,782	9,920
Changes in tax rates	(559,177)	-
Other adjustments	3,948,454	1,610,004
Total deferred tax	3,444,059	1,619,924
Total tax charge	3,458,425	1,927,130

There has been a reduction in the rate of corporation tax from 21% to 20% effective from 1 April 2015. the current tax rate used in the financial statements reflects this change.

The deferred tax rate, at 31 December 2015, is measured at 18%, being the enacted rate of corporation tax at the reporting date.

Brothers Drinks Co. Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2015**11 Taxation (continued)**

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2015 £	2014 £
Profit before taxation	20,054,781	7,160,957
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2014: 21.49%)	4,010,956	1,538,890
Tax effect of expenses that are not deductible in determining taxable profit	13,539	7,585
Effect of change in corporation tax rate	(555,846)	-
Permanent capital allowances in excess of depreciation	(64,096)	8,563
Other non-reversing timing differences	53,872	1,606
Transition adjustments	-	370,486
Tax expense for the year	3,458,425	1,927,130

12 Dividends

	2015 £	2014 £
Final paid	1,000,611	-
	1,000,611	-

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

13 Tangible fixed assets

	Freehold buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2015	3,762,118	5,933,857	997,663	92,424	10,786,062
Additions	-	397,885	49,559	81,803	529,247
Disposals	-	-	(475)	-	(475)
At 31 December 2015	3,762,118	6,331,742	1,046,747	174,227	11,314,834
Depreciation and impairment					
At 1 January 2015	1,228,241	4,868,375	872,166	70,130	7,038,912
Depreciation charged in the year	101,986	277,776	62,998	21,030	463,790
Eliminated in respect of disposals	-	-	(99)	-	(99)
At 31 December 2015	1,330,227	5,146,151	935,065	91,160	7,502,603
Carrying amount					
At 31 December 2015	2,431,891	1,185,591	111,682	83,067	3,812,231
At 31 December 2014	2,533,877	1,065,482	125,497	22,294	3,747,150

14 Fixed asset investments

	Notes	2015 £	2014 £
Investments in subsidiaries	32	1	1

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

14 Fixed asset investments (continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2015 & 31 December 2015	1
Carrying amount	
At 31 December 2015	1
At 31 December 2014	1

15 Financial instruments

	2015 £	2014 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,624,692	2,063,789
Equity instruments measured at cost less impairment	1	1
Instruments measured at fair value through profit or loss	27,792,288	8,050,020
Carrying amount of financial liabilities		
Measured at amortised cost	2,239,353	2,605,876

16 Stocks

	2015 £	2014 £
Raw materials and consumables	355,292	445,177
Finished goods and goods for resale	185,832	106,100
	541,124	551,277

Brothers Drinks Co. Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2015**17 Debtors**

	2015	2014
	£	£
Amounts falling due within one year:		
Trade debtors	1,624,692	2,063,789
Prepayments and accrued income	53,100	281,007
	<u>1,677,792</u>	<u>2,344,796</u>

Trade debtors disclosed above are measured at amortised cost.

18 Current asset investments

	2015	2014
	£	£
Listed investments	<u>27,792,288</u>	<u>8,050,020</u>

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

19 Creditors: amounts falling due within one year

	Notes	2015	2014
		£	£
Loans and overdrafts	21	64,465	139,964
Trade creditors		906,458	879,852
Corporation tax		14,366	289,712
Other taxation and social security		801,319	789,979
Other creditors		18,348	9,758
Accruals and deferred income		1,250,082	1,515,918
		<u>3,055,038</u>	<u>3,625,183</u>

20 Creditors: amounts falling due after more than one year

	Notes	2015	2014
		£	£
Loans and overdrafts	21	<u>-</u>	<u>60,384</u>

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

21 Loans and overdrafts

	2015 £	2014 £
Bank loans	64,465	200,348
Payable within one year	64,465	139,964
Payable after one year	-	60,384

The long-term loans are secured by fixed charges over land and buildings, chattels, goodwill and book debt and a floating charge over all other assets

The bank loan included in creditors falling due within one year, (and more than one year in 2014), is repayable in equal instalments over the next 12 months.

22 Provisions for liabilities

	Notes	2015 £	2014 £
Other provisions		318,200	282,344
Deferred tax liabilities	23	5,087,368	1,643,309
		5,405,568	1,925,653

Movements on provisions apart from retirement benefits and deferred tax liabilities:

	£
At 1 January 2015	282,344
Additional provisions in the year	35,856
At 31 December 2015	318,200

The company has provided for certain operational costs which it has a 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 consider it more likely than not that the costs will be incurred.

Notes to the financial statements (continued)
For the year ended 31 December 2015

23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2015 £	Liabilities 2014 £
Balances:		
Accelerated capital allowances	84,756	33,305
Revaluation of current asset investments	5,002,612	1,610,004
	<u>5,087,368</u>	<u>1,643,309</u>
		2015
Movements in the year:		£
Liability at 1 January 2015		1,643,309
Charge to profit or loss		4,003,236
Effect of change in tax rate - profit or loss		(559,177)
Liability at 31 December 2015		<u>5,087,368</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.

24 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £117,698 (2014 - £94,913).

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

25 Share capital

	2015	2014
	£	£
Ordinary share capital		
Issued and fully paid		
1,410,319 Ordinary shares of £1 each	1,410,319	1,409,311

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

Reconciliation of movements during the year:

	Ordinary Number
At 1 January 2015	1,409,311
Issue of fully paid shares	1,008
At 31 December 2015	1,410,319

During the year the company issued 1,008 ordinary £1 shares (2014: 1,008) to the director Iain Glen as part of his remuneration package. The company has not carried out a valuation exercise in the year to determine the fair value and therefore has issued these at par. The directors are of the opinion that the overall difference in market value and par would not be material to the financial statements. The company recognised total expenditure of £1,008 (2014: £1,008) related to equity settled share-based payment transactions during the year.

26 Share premium account

	2015	2014
	£	£
At beginning and end of year	1,331	1,331

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

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

27 Capital redemption reserve

	2015	2014
	£	£
At beginning and end of year	<u>87,545</u>	<u>87,545</u>

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

28 Operating lease commitments

Lessee

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

	2015	2014
	£	£
Within one year	167,174	196,189
Between two and five years	<u>98,394</u>	<u>91,579</u>
	<u>265,568</u>	<u>287,768</u>

29 Capital commitments

	2015	2014
	£	£
At 31 December 2015 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	<u>25,364</u>	<u>127,948</u>

30 Events after the reporting date

On 21 March 2016, a dividend totalling £2,115,478.50 was proposed and paid to the shareholders of the company.

On 1 April 2016, the company acquired an additional production facility in Shepton Mallet. The company will be adding additional equipment to the site before it is operational and at the date the accounts were signed the committed spend on the new facility is in excess of £7.8m.

Notes to the financial statements (continued)
For the year ended 31 December 2015

31 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, which includes all directors, is as follows.

	2015	2014
	£	£
Aggregate compensation	1,030,403	975,858

Transactions with related parties

During the year the company entered into the following transactions with related parties:

1,008 (2014: 1,008) ordinary £1 shares were issued at par to I D Glen, a director of the company.

As at the 31 December 2015, director's were owed in total £4,043.47 (2014: nil), by the company. As of 5 February 2016 all amounts were repaid in full. The amount constitutes payments made by directors on behalf of the company. In respect of 2015 and 2014, 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 £190,434 (2014: £132,256).

Brothers Drinks Co. Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2015**32 Subsidiaries**

These financial statements are separate company financial statements for Brothers Drinks Co. Limited.

Details of the company's subsidiaries at 31 December 2015 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct
Dulcote Limited (United Kingdom)	Dormant	Ordinary	100

33 Cash generated from operations

	2015	2014
	£	£
Profit for the year	16,596,356	5,233,827
Adjustments for:		
Income tax expense	3,458,425	1,927,130
Finance costs	4,080	7,391
Investment income	(55,412)	(181,548)
Loss/(gain) on disposal of tangible fixed assets	376	(4,066)
Depreciation and impairment of tangible fixed assets	463,790	421,926
Fair value gains on investments	(19,742,268)	(5,814,028)
Equity settled share based payment expense	1,008	1,008
Increase in provisions	35,856	39,044
Increase in accrued loan interest	-	(179,972)
Movements in working capital:		
Decrease in stocks	10,153	1,122,727
Decrease in debtors	667,004	3,677,317
(Decrease) in creditors	(219,300)	(3,006,708)
Cash generated from operations	1,220,068	3,244,048

Notes to the financial statements (continued)
For the year ended 31 December 2015

34 Reconciliations on adoption of FRS 102

Reconciliation of equity

	1 January 2014 £	31 December 2014 £
Equity as reported under previous UK GAAP	8,964,295	9,995,106
Adjustments arising from transition to FRS 102:		
Fair value through profit and loss adjustment	-	5,814,028
Deferred tax	-	(1,610,004)
Equity reported under FRS 102	<u>8,964,295</u>	<u>14,199,130</u>

Reconciliation of profit and loss account

	2014 £
Profit as reported under previous UK GAAP	1,029,803
Adjustments arising from transition to FRS 102:	
Fair value through profit and loss adjustment	5,814,028
Deferred tax	(1,610,004)
Profit reported under FRS 102	<u>5,233,827</u>

Notes to the financial statements (continued)
For the year ended 31 December 2015

34 Reconciliations on adoption of FRS 102 (continued)

Reconciliation of equity

	At 1 January 2014			At 31 December 2014		
	Previous UK	Effect of	FRS 102	Previous UK	Effect of	FRS 102
	GAAP	transition		GAAP	transition	
	£	£	£	£	£	£
Fixed assets						
Tangible assets	4,024,435	-	4,024,435	3,747,150	-	3,747,150
Investments	2,055,183	-	2,055,183	1	-	1
	<u>6,079,618</u>	<u>-</u>	<u>6,079,618</u>	<u>3,747,151</u>	<u>-</u>	<u>3,747,151</u>
Current assets						
Stocks	1,674,004	-	1,674,004	551,277	-	551,277
Debtors	6,022,113	-	6,022,113	2,344,796	-	2,344,796
Investments	838	-	838	2,235,992	5,814,028	8,050,020
Bank and cash	2,300,868	-	2,300,868	5,117,106	-	5,117,106
	<u>9,997,823</u>	<u>-</u>	<u>9,997,823</u>	<u>10,249,171</u>	<u>5,814,028</u>	<u>16,063,199</u>
Creditors due within one year						
Loans and overdrafts	163,856	-	163,856	139,964	-	139,964
Taxation	809,615	-	809,615	1,079,691	-	1,079,691
Other creditors	5,680,533	-	5,680,533	2,405,528	-	2,405,528
	<u>6,654,004</u>	<u>-</u>	<u>6,654,004</u>	<u>3,625,183</u>	<u>-</u>	<u>3,625,183</u>
Net current assets	<u>3,343,819</u>	<u>-</u>	<u>3,343,819</u>	<u>6,623,988</u>	<u>5,814,028</u>	<u>12,438,016</u>
Total assets less current liabilities	<u>9,423,437</u>	<u>-</u>	<u>9,423,437</u>	<u>10,371,139</u>	<u>5,814,028</u>	<u>16,185,167</u>
Creditors due after one year						
Loans and overdrafts	192,457	-	192,457	60,384	-	60,384

Brothers Drinks Co. Limited

Notes to the financial statements (continued)
For the year ended 31 December 2015

34 Reconciliations on adoption of FRS 102

	At 1 January 2014			At 31 December 2014		
	<i>Previous UK</i>	<i>Effect of</i>	<i>FRS 102</i>	<i>Previous UK</i>	<i>Effect of</i>	<i>FRS 102</i>
	<i>GAAP</i>	<i>transition</i>		<i>GAAP</i>	<i>transition</i>	
	£	£	£	£	£	£
Provisions for liabilities						(continued)
Deferred tax	23,385	-	23,385	33,305	1,610,004	1,643,309
Other provisions	243,300	-	243,300	282,344	-	282,344
	<u>266,685</u>	<u>-</u>	<u>266,685</u>	<u>315,649</u>	<u>1,610,004</u>	<u>1,925,653</u>
Net assets	<u>8,964,295</u>	<u>-</u>	<u>8,964,295</u>	<u>9,995,106</u>	<u>4,204,024</u>	<u>14,199,130</u>
Capital and reserves						
Share capital	1,408,303	-	1,408,303	1,409,311	-	1,409,311
Share premium	1,331	-	1,331	1,331	-	1,331
Capital redemption	87,545	-	87,545	87,545	-	87,545
Profit and loss	7,467,116	-	7,467,116	8,496,919	4,204,024	12,700,943
Total equity	<u>8,964,295</u>	<u>-</u>	<u>8,964,295</u>	<u>9,995,106</u>	<u>4,204,024</u>	<u>14,199,130</u>

Brothers Drinks Co. Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2015**34 Reconciliations on adoption of FRS 102 (continued)****Reconciliation of profit or loss for the year**

	Year ended 31 December 2014		
	Previous UK GAAP £	Effect of transition £	FRS 102 £
Turnover	19,643,534	-	19,643,534
Cost of sales	(14,094,793)	-	(14,094,793)
Gross profit	5,548,741	-	5,548,741
Distribution costs	(1,739,274)	-	(1,739,274)
Administrative expenses	(2,646,695)	-	(2,646,695)
Other operating income	10,000	-	10,000
Operating profit	1,172,772	-	1,172,772
Interest receivable and similar income	181,548	-	181,548
Interest payable and similar charges	(7,391)	-	(7,391)
Other gains and losses	-	5,814,028	5,814,028
Profit before taxation	1,346,929	5,814,028	7,160,957
Taxation	(317,126)	(1,610,004)	(1,927,130)
Profit for the financial period	1,029,803	4,204,024	5,233,827

Notes to reconciliations on adoption of FRS 102**Fair value through profit and loss**

The fair value through profit and loss adjustment is as a result of the revaluation of current asset investments to fair value (being market value) as at 31 December 2014. Under the previous financial reporting framework these were stated at cost.

Deferred tax

The deferred tax adjustment reflects the non permanent additional deferred tax liability in respect of the restatement of current asset investments at fair value through profit and loss as at 31 December 2014 based on the expected rate to settle future tax liabilities at that date of 20%.