

BROTHERS DRINKS CO. LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2009



TRIPP & CO
Chartered Accountants & Statutory Auditor
The Old Brewery
Newtown
Bradford on Avon
Wiltshire
BA15 1NF

BROTHERS DRINKS CO. LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	M H Showering J Showering A J Standard I D Glen
Company secretary	I D Glen
Registered office	The Old Brewery Newtown Bradford on Avon Wiltshire BA15 1NF
Auditor	Tripp & Co Chartered Accountants & Statutory Auditor The Old Brewery Newtown Bradford on Avon Wiltshire BA15 1NF
Bankers	HSBC Bank Plc 13 High Street Shepton Mallet Somerset BA4 5AD
Solicitors	Chubb Bullied 7 Market Place Wells Somerset

BROTHERS DRINKS CO. LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2009

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2009

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The company's manufacturing and bottling activities continue to be split into two main strands manufacturing and bottling drinks for other companies and manufacturing and bottling own brand product At the present time demand for the company's products remains good

The company's turnover is concentrated in a few customers For this reason, the company has continued to diversify its customer base in the year and to grow its own brand sales This strategy is considered to be in the best interests of shareholders in the long term The development of own brand products has again lead to significant advertising and marketing costs being incurred in the year

The key financial highlights are as follows

	Year ended December 2009 £	8 months ended December 2008 £
Turnover	25,759,396	17,313,413
Gross Profit margin	5,221,298	3,392,111
Profit before tax	700,729	235,167
Dividends proposed	-	-
Net current assets	2,606,077	1,532,141
Net assets	6,236,773	5,751,229

The company's gross profit percentage again increased during the year due to the increasing value of own brand sales as a percentage of total sales Net profit also increased as a result

Despite increased profitability, the directors have decided not to declare a dividend this year and to retain all profit earned within the business This is because the company has an increased working capital requirement due to the increasing value of own brand sales.

The company's financial position remained strong at the year end, both in terms of cash and net assets

FUTURE DEVELOPMENTS

The directors are of the opinion that under favourable economic conditions the company will continue to trade profitably in future periods

BROTHERS DRINKS CO. LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £484,203. The directors have not recommended a dividend.

FINANCIAL INSTRUMENTS

Details of the company's financial risk management objectives and policies are included in note 18 to the accounts.

RESEARCH AND DEVELOPMENT

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

DIRECTORS

The directors who served the company during the year were as follows:

M H Showering
J Showering
A J Standard
I D Glen

FIXED ASSETS

In the opinion of the directors, there is no significant difference between the present market value of land and buildings held by the company, and the amount at which it is stated in the accounts.

DIRECTORS' INSURANCE COVER

During the year the company purchased insurance to cover the directors against the cost of defending themselves in civil legal proceedings taken against them in their capacity as directors and in respect of any damages resulting from such proceedings.

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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,

BROTHERS DRINKS CO. LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

- 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Tripp & Co are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office
The Old Brewery
Newtown
Bradford on Avon
Wiltshire
BA15 1NF

Signed by order of the directors



I D GLEN
Company Secretary

Approved by the directors on **30/07/2010**

BROTHERS DRINKS CO. LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BROTHERS DRINKS CO. LIMITED

YEAR ENDED 31 DECEMBER 2009

We have audited the financial statements of Brothers Drinks Co Limited for the year ended 31 December 2009 on pages 7 to 24. 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).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Section 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, 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 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 (APB'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 directors, and the overall presentation of the financial statements.

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 2009 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

BROTHERS DRINKS CO. LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
BROTHERS DRINKS CO. LIMITED *(continued)***

YEAR ENDED 31 DECEMBER 2009

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

Mark Tripp

MARK TRIPP FCA (Senior Statutory Auditor)
For and on behalf of
TRIPP & CO
Chartered Accountants & Statutory Auditor

The Old Brewery
Newtown
Bradford on Avon
Wiltshire
BA15 1NF

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BROTHERS DRINKS CO. LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2009

		Year to 31 Dec 09 £	Period from 1 May 08 to 31 Dec 08 £
TURNOVER	Note 2	25,759,396	17,313,413
Cost of sales		(20,538,098)	(13,921,302)
GROSS PROFIT		<u>5,221,298</u>	<u>3,392,111</u>
Distribution costs		(2,432,604)	(1,631,261)
Administrative expenses		(2,084,441)	(1,521,335)
Other operating income	3	3,861	80
OPERATING PROFIT	4	<u>708,114</u>	<u>239,595</u>
Interest receivable and similar income		3,464	7,790
Interest payable and similar charges	7	(10,849)	(12,218)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>700,729</u>	<u>235,167</u>
Tax on profit on ordinary activities	8	(216,526)	(68,285)
PROFIT FOR THE FINANCIAL YEAR		<u><u>484,203</u></u>	<u><u>166,882</u></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the
year as set out above

The notes on pages 11 to 24 form part of these financial statements

BROTHERS DRINKS CO. LIMITED

BALANCE SHEET

31 DECEMBER 2009

	Note	2009 £	2008 £
FIXED ASSETS			
Tangible assets	9	4,108,560	4,315,134
CURRENT ASSETS			
Stocks	10	1,460,994	1,653,642
Debtors	11	4,079,877	2,941,504
Investments	13	838	838
Cash at bank and in hand		1,579,580	1,322,372
		<u>7,121,289</u>	<u>5,918,356</u>
CREDITORS: Amounts falling due within one year	14	<u>(4,515,212)</u>	<u>(4,386,215)</u>
NET CURRENT ASSETS		2,606,077	1,532,141
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,714,637</u>	<u>5,847,275</u>
CREDITORS: Amounts falling due after more than one year	15	(477,864)	(96,046)
		<u>6,236,773</u>	<u>5,751,229</u>
CAPITAL AND RESERVES			
Called-up equity share capital	21	1,404,271	1,403,263
Share premium account	22	333	—
Other reserves	23	87,545	87,545
Profit and loss account	24	4,744,624	4,260,421
SHAREHOLDERS' FUNDS	25	<u>6,236,773</u>	<u>5,751,229</u>

The Balance sheet continues on the following page.
The notes on pages 11 to 24 form part of these financial statements

BROTHERS DRINKS CO. LIMITED

BALANCE SHEET *(continued)*

31 DECEMBER 2009

These financial statements were approved by the directors and authorised for issue on **30/07/2010**
and are signed on their behalf by



M H SHOWERING
Director

Company Registration Number 2711055

The notes on pages 11 to 24 form part of these financial statements

BROTHERS DRINKS CO. LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2009

	Note	Year to 31 Dec 09 £	£	Period from 1 May 08 to 31 Dec 08 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	26		690,312		1,612,308
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	26		(7,385)		(4,428)
TAXATION	26		(387,304)		—
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	26		(398,982)		(461,653)
CASH (OUTFLOW)/INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING			(103,359)		1,146,227
MANAGEMENT OF LIQUID RESOURCES Cash placed in other liquid investments			—		720
NET CASH INFLOW FROM MANAGEMENT OF LIQUID RESOURCES			—		720
FINANCING	26		360,567		(92,348)
INCREASE IN CASH	26		<u>257,208</u>		<u>1,054,599</u>

BROTHERS DRINKS CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts, value added tax and duty

Research and development

Research and development expenditure is written off in the year in which it is incurred

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold Property	- 4% straight line (office buildings - over 50 years)
Plant & Machinery	- 20% straight line (tanks & vessels - over 20 years)
Fixtures & Eq'ment	- 20% straight line (office equipment - over 2 years)
Motor Vehicles	- 25% straight line

Stocks

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

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

BROTHERS DRINKS CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date

Share-based payments

The company issues equity-settled share-based payments to one of the directors. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Interest-bearing loans and borrowings

All loans and borrowings are recognised at cost, which is the fair value of the consideration received.

BROTHERS DRINKS CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company
An analysis of turnover is given below

	Year to 31 Dec 09 £	Period from 1 May 08 to 31 Dec 08 £
United Kingdom	<u>25,759,396</u>	<u>17,313,413</u>

3. OTHER OPERATING INCOME

	Year to 31 Dec 09 £	Period from 1 May 08 to 31 Dec 08 £
Rent receivable	3,861	—
Profit on disposal of investments	—	80
	<u>3,861</u>	<u>80</u>

4. OPERATING PROFIT

Operating profit is stated after charging

	Year to 31 Dec 09 £	Period from 1 May 08 to 31 Dec 08 £
Depreciation of owned fixed assets	605,556	406,098
Auditor's remuneration		
- as auditor	10,500	6,110
- for other services	8,890	3,500
Operating lease costs		
- Other	<u>258,529</u>	<u>128,800</u>

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered

	Year to 31 Dec 09 £	Period from 1 May 08 to 31 Dec 08 £
Audit	10,500	6,110
Accountancy	5,410	3,000
Taxation	3,480	500
	<u>19,390</u>	<u>9,610</u>

BROTHERS DRINKS CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

5 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	Year to 31 Dec 09	Period from 1 May 08 to 31 Dec 08
	No	No
Number of production staff	60	59
Number of administrative staff	15	14
Number of directors	3	3
	<u>78</u>	<u>76</u>

The aggregate payroll costs of the above were

	Year to 31 Dec 09	Period from 1 May 08 to 31 Dec 08
	£	£
Wages and salaries	2,688,580	1,906,028
Social security costs	266,882	185,638
Other pension costs	64,215	42,312
Equity-settled share-based payments	1,341	672
	<u>3,021,018</u>	<u>2,134,650</u>

6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	Year to 31 Dec 09	Period from 1 May 08 to 31 Dec 08
	£	£
Remuneration receivable	647,126	421,188
Value of company pension contributions to money purchase schemes	18,000	12,000
	<u>665,126</u>	<u>433,188</u>

Remuneration of highest paid director:

	Year to 31 Dec 09	Period from 1 May 08 to 31 Dec 08
	£	£
Total remuneration (excluding pension contributions)	282,219	185,433
Value of company pension contributions to money purchase schemes	6,000	4,000
	<u>288,219</u>	<u>189,433</u>

BROTHERS DRINKS CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

6. DIRECTORS' REMUNERATION *(continued)*

The number of directors who accrued benefits under company pension schemes was as follows

	Year to 31 Dec 09	Period from 1 May 08 to 31 Dec 08
	No	No
Money purchase schemes	<u>3</u>	<u>3</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 31 Dec 09	Period from 1 May 08 to 31 Dec 08
	£	£
Interest payable on bank borrowing	<u>10,849</u>	<u>12,218</u>

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	Year to 31 Dec 09	Period from 1 May 08 to 31 Dec 08
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2008 - 28%)	<u>251,548</u>	<u>96,219</u>
Total current tax	<u>251,548</u>	<u>96,219</u>
Deferred tax		
Origination and reversal of timing differences (note 12)		
Capital allowances	<u>(35,022)</u>	<u>(27,934)</u>
Tax on profit on ordinary activities	<u>216,526</u>	<u>68,285</u>

BROTHERS DRINKS CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

8. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 - 28%)

	Year to 31 Dec 09 £	Period from 1 May 08 to 31 Dec 08 £
Profit on ordinary activities before taxation	<u>700,729</u>	<u>235,167</u>
Profit on ordinary activities by rate of tax	196,204	65,847
Expenses not deductible for tax purposes	30,228	15,353
Depreciation for period in excess of capital allowances	35,022	25,941
Tax chargeable at lower rates	<u>(9,906)</u>	<u>(10,922)</u>
Total current tax (note 8(a))	<u>251,548</u>	<u>96,219</u>

9. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Fixtures & Equipment £	Motor Vehicles £	Total £
COST					
At 1 January 2009	3,614,118	5,619,282	978,929	55,305	10,267,634
Additions	148,000	176,438	74,544	–	398,982
Disposals	–	(728,734)	(319,044)	–	(1,047,778)
At 31 December 2009	<u>3,762,118</u>	<u>5,066,986</u>	<u>734,429</u>	<u>55,305</u>	<u>9,618,838</u>
DEPRECIATION					
At 1 January 2009	611,746	4,631,440	665,179	44,135	5,952,500
Charge for the year	106,569	358,199	132,397	8,391	605,556
On disposals	–	(728,734)	(319,044)	–	(1,047,778)
At 31 December 2009	<u>718,315</u>	<u>4,260,905</u>	<u>478,532</u>	<u>52,526</u>	<u>5,510,278</u>
NET BOOK VALUE					
At 31 December 2009	<u>3,043,803</u>	<u>806,081</u>	<u>255,897</u>	<u>2,779</u>	<u>4,108,560</u>
At 31 December 2008	<u>3,002,372</u>	<u>987,842</u>	<u>313,750</u>	<u>11,170</u>	<u>4,315,134</u>

The net book value of freehold property includes £750,000 (2008 £700,000) relating to freehold land which is not depreciated

BROTHERS DRINKS CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

9 TANGIBLE FIXED ASSETS *(continued)*

Capital commitments

	2009 £	2008 £
Contracted but not provided for in the financial statements	<u>126,220</u>	<u>-</u>

10 STOCKS

	2009 £	2008 £
Raw materials	1,232,790	1,446,600
Finished goods	<u>228,204</u>	<u>207,042</u>
	<u>1,460,994</u>	<u>1,653,642</u>

11. DEBTORS

	2009 £	2008 £
Trade debtors	3,938,601	2,879,980
Prepayments and accrued income	78,320	33,590
Deferred taxation (note 12)	<u>62,956</u>	<u>27,934</u>
	<u>4,079,877</u>	<u>2,941,504</u>

12. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	Year to 31 Dec 09 £	Period from 1 May 08 to 31 Dec 08 £
Included in debtors (note 11)	<u>62,956</u>	<u>27,934</u>

The movement in the deferred taxation account during the year was

	Year to 31 Dec 09 £	Period from 1 May 08 to 31 Dec 08 £
Balance brought forward	27,934	-
Profit and loss account movement arising during the year	<u>35,022</u>	<u>27,934</u>
Balance carried forward	<u>62,956</u>	<u>27,934</u>

BROTHERS DRINKS CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

12 DEFERRED TAXATION *(continued)*

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of.

	2009	2008
	£	£
Excess of depreciation over taxation allowances	62,956	27,934
	<u>62,956</u>	<u>27,934</u>

13. INVESTMENTS

	2009	2008
	£	£
Quoted investments	<u>838</u>	<u>838</u>

14. CREDITORS: Amounts falling due within one year

	2009	2008
	£	£
Bank loans	127,285	148,536
Trade creditors	2,061,158	2,107,696
Corporation tax	251,548	387,304
PAYE and social security	78,645	233,238
VAT	433,186	280,444
Other creditors	62,752	60,736
Directors current accounts	174,042	121,932
Accruals and deferred income	1,326,596	1,046,329
	<u>4,515,212</u>	<u>4,386,215</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2009	2008
	£	£
Bank loans	<u>127,285</u>	<u>148,536</u>

The bank loan and overdraft are secured by a fixed charge over land and buildings, chattels, goodwill and book debt and a floating charge over all other assets

15. CREDITORS: Amounts falling due after more than one year

	2009	2008
	£	£
Bank loans and overdrafts	<u>477,864</u>	<u>96,046</u>

BROTHERS DRINKS CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

15 CREDITORS: Amounts falling due after more than one year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	2009 £	2008 £
Bank loans and overdrafts	<u>477,864</u>	<u>96,046</u>

The bank loan is secured by a fixed charge over land and buildings, chattels, goodwill and book debt and a floating charge over all other assets

16. CREDITORS - BANK LOAN

Creditors include finance capital which is due for repayment as follows

	2009 £	2008 £
Amounts repayable		
In one year or less or on demand	127,285	148,536
In more than one year but not more than two years	130,729	96,046
In more than two years but not more than five years	347,135	—
	<u>605,149</u>	<u>244,582</u>

17. SHARE-BASED PAYMENTS

During the year the company issued 1,008 ordinary £1 shares (2008 672) to the director I D Glen as part of his remuneration package

The company has estimated that the fair value of these shares was £1,341 (2008 £672) As the company's shares are not traded on a recognised Stock Exchange the market value of the shares issued was not readily available The directors have thus estimated the fair value of the shares issued based on a number of factors including the total number of shares owned by I D Glen, the general marketability of the shares, the profitability of the company and the level of expected future dividends

The company recognised total expenses of £1,341 (2008 £672) related to equity-settled share-based payment transactions during the year

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise bank balances and bank loans, plus various items such as trade debtors, trade creditors and accruals that arise directly from the company's operations The main purpose of these financial instruments is to finance the company's operations

BROTHERS DRINKS CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Interest rate risk

The company finances its operations mainly through retained profits with the aim of minimising its exposure to fluctuating interest rates. Bank loans have been taken out to fund capital expenditure and to provide additional working capital, but due to their size and the nature of other financial instruments the company has minimal interest rate risk exposure.

Credit risk

Trade debtors are managed in respect of credit risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding. The company's major trade debtor is also a major trade creditor which further reduces the company's credit risk exposure.

Liquidity risk

Bank balances are managed by ensuring that sufficient liquid funds are retained to meet day to day obligations as they fall due including monthly bank loan repayments which are fixed, whilst surplus funds are placed in an instant access savings account to maximise returns. The company also maintains an overdraft facility for added flexibility and to minimise liquidity risk.

Currency risk

Due to the nature of the company's operations there is no currency risk.

19. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>	
	2009	2008
	£	£
Operating leases which expire		
Within 2 to 5 years	<u>261,637</u>	<u>121,637</u>

20. RELATED PARTY TRANSACTIONS

During the year 1008 ordinary £1 shares were issued at a price of £1.33 each to the director I D Glen.

During the year the director J Showering maintained a current account with the company. This was in credit throughout. At the year end £96,391 was owed to him by the company. The balance is interest free and repayable on demand.

During the year the director M Showering also maintained a director's current account with the company. This was also in credit throughout. At the year end £77,651 was owed to him by the company. The balance is interest free and repayable on demand.

BROTHERS DRINKS CO. LIMITED
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21. SHARE CAPITAL

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
1,404,271 Ordinary shares (2008 - 1,403,263) of £1 each	<u>1,404,271</u>	<u>1,404,271</u>	<u>1,403,263</u>	<u>1,403,263</u>

During the year the company allotted 1,008 ordinary £1 shares fully paid for a consideration of £1,341

22. SHARE PREMIUM ACCOUNT

	Year to 31 Dec 09	Period from 1 May 08 to 31 Dec 08
	£	£
Premium on shares issued in the year	<u>333</u>	-
Balance carried forward	<u>333</u>	-

23 OTHER RESERVES

	Year to 31 Dec 09	Period from 1 May 08 to 31 Dec 08
	£	£
Capital redemption reserve	<u>87,545</u>	<u>87,545</u>

24. PROFIT AND LOSS ACCOUNT

	Year to 31 Dec 09	Period from 1 May 08 to 31 Dec 08
	£	£
Balance brought forward	4,260,421	4,093,539
Profit for the financial year	<u>484,203</u>	<u>166,882</u>
Balance carried forward	<u>4,744,624</u>	<u>4,260,421</u>

BROTHERS DRINKS CO. LIMITED
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25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009		2008
	£	£	£
Profit for the financial year		484,203	166,882
New equity share capital subscribed	1,008		672
Premium on new share capital subscribed	333		—
		<u>1,341</u>	<u>672</u>
Net addition to shareholders' funds		485,544	167,554
Opening shareholders' funds		5,751,229	5,583,675
Closing shareholders' funds		<u>6,236,773</u>	<u>5,751,229</u>

26. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year to 31 Dec 09 £	Period from 1 May 08 to 31 Dec 08 £
Operating profit	708,114	239,595
Depreciation	605,556	406,098
Decrease/(increase) in stocks	192,648	(148,776)
(Increase)/decrease in debtors	(1,103,351)	2,415,224
Increase/(decrease) in creditors	286,004	(1,300,505)
Equity-settled share-based payments	1,341	672
Net cash inflow from operating activities	<u>690,312</u>	<u>1,612,308</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Year to 31 Dec 09 £	Period from 1 May 08 to 31 Dec 08 £
Interest received	3,464	7,790
Interest paid	(10,849)	(12,218)
Net cash outflow from returns on investments and servicing of finance	<u>(7,385)</u>	<u>(4,428)</u>

TAXATION

	Year to 31 Dec 09 £	Period from 1 May 08 to 31 Dec 08 £
Taxation	<u>(387,304)</u>	<u>—</u>

BROTHERS DRINKS CO. LIMITED
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26. NOTES TO THE CASH FLOW STATEMENT *(continued)*

CAPITAL EXPENDITURE

	Year to 31 Dec 09 £	Period from 1 May 08 to 31 Dec 08 £
Payments to acquire tangible fixed assets	(398,982)	(461,653)
Net cash outflow from capital expenditure	<u>(398,982)</u>	<u>(461,653)</u>

FINANCING

	Year to 31 Dec 09 £	Period from 1 May 08 to 31 Dec 08 £
Increase in/(repayment of) bank loans	360,567	(92,348)
Net cash inflow/(outflow) from financing	<u>360,567</u>	<u>(92,348)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2009 £	£	2008 £	£
Increase in cash in the period	257,208		1,054,599	
Net cash (inflow) from/outflow from bank loans	(360,567)		92,348	
Cash used to decrease liquid resources	<u>—</u>		<u>(720)</u>	
		(103,359)		1,146,227
Change in net funds		(103,359)		1,146,227
Net funds at 1 January 2009		1,078,628		(67,599)
Net funds at 31 December 2009		<u>975,269</u>		<u>1,078,628</u>

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26. NOTES TO THE CASH FLOW STATEMENT *(continued)*

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2009 £	Cash flows £	At 31 Dec 2009 £
Net cash			
Cash in hand and at bank	1,322,372	257,208	1,579,580
Liquid resources			
Current asset investments	838	-	838
Debt			
Debt due within 1 year	(148,536)	21,251	(127,285)
Debt due after 1 year	(96,046)	(381,818)	(477,864)
	(244,582)	(360,567)	(605,149)
Net funds	1,078,628	(103,359)	975,269