

BROTHERS DRINKS CO LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2006

Company Registration Number 2711055

THURSDAY



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BROTHERS DRINKS CO LTD
FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2006

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 4
Independent auditor's report to the members	5 to 6
Profit and loss account	7
Statement of total recognised gains and losses	8
Balance sheet	9
Cash flow statement	10
Notes to the financial statements	11 to 22
 The following pages do not form part of the statutory financial statements	
Detailed profit and loss account	24
Notes to the detailed profit and loss account	25

BROTHERS DRINKS CO LTD
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 30 APRIL 2006

The board of directors	M H Showering J Showering A J Standard I D Glen
Company secretary	I D Glen
Business address	Anglo Trading Estate Shepton Mallet Somerset BA4 5BY
Registered office	The Old Mill Park Road Shepton Mallet Somerset BA4 5BS
Auditor	Old Mill Accountancy LLP Chartered Accountants and Registered Auditor The Old Mill Park Road Shepton Mallet Somerset BA4 5BS
Bankers	HSBC Bank plc 13 High Street Shepton Mallet Somerset BA4 5AD
Solicitors	Chubb Bulleid 7 Market Place Wells Somerset

BROTHERS DRINKS CO LTD
THE DIRECTORS' REPORT
YEAR ENDED 30 APRIL 2006

The directors present their report and the financial statements of the company for the year ended 30 April 2006.

Principal activities and business review

The principal activity of the company during the year was that of manufacturing and bottling alcoholic drinks. The main development during the period was the production and sale of own brand cider.

The company's balance sheet as detailed on page 9 shows a satisfactory position, shareholders' funds amounting to £4,730,111.

Future developments

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

Results and dividends

The profit for the year, after taxation, amounted to £1,061,706. Particulars of dividends paid are detailed in note 10 to the financial statements.

Financial risk management objectives and policies

The company finances its operations through a mixture of retained profits and where necessary to fund capital expenditure programmes through bank borrowings.

In managing the financial risks faced by the company, the directors aim to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on the surplus funds;
- minimise the company's exposure to fluctuating interest rates when seeking new borrowings;
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the company's trading activities.

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred.

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At	At
	30 April 2006	1 May 2005
M H Showering	15,462	15,462
J Showering	-	-
A J Standard	10,491	10,491
I D Glen	10,011	9,003

BROTHERS DRINKS CO LTD
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 APRIL 2006

M H Showering and J Showering were beneficiaries of trusts which held at the balance sheet date 468,814 ordinary shares (2005: 468,814 ordinary shares).

C J Courage resigned as a director on 20 July 2005.
K Tibbals resigned as a director on 19 April 2006.

Fixed assets

In the opinion of the directors, there is no significant difference between the present market value of the company's interest in freehold land and buildings and the amounts at which they are stated in the accounts.

Share capital

During the year the company issued 1,008 ordinary shares at par. All shares were fully paid up in cash at the year end.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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:

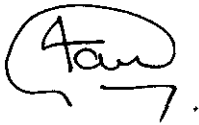
- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

BROTHERS DRINKS CO LTD
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 APRIL 2006

Auditor

The previous auditors, Tenon Audit Limited, have transferred certain of their audit business to Old Mill Accountancy LLP who, accordingly, have acted as auditors to the company in their place. In accordance with Section 385 Companies Act 1985 a resolution to reappoint Old Mill Accountancy LLP as auditors will be proposed at the Annual General meeting.

Signed by order of the directors



I D Glen
Company Secretary

Approved by the directors on 25/09/2006

BROTHERS DRINKS CO LTD
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BROTHERS DRINKS CO LTD
YEAR ENDED 30 APRIL 2006

We have audited the financial statements of Brothers Drinks Co Ltd for the year ended 30 April 2006 on pages 7 to 22 which have been prepared on the basis of the accounting policies set out on pages 11 to 13.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditor

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

BROTHERS DRINKS CO LTD
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BROTHERS DRINKS CO LTD *(continued)*
YEAR ENDED 30 APRIL 2006

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 30 April 2006 and of the profit for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Old Mill Accountancy LLP

Old Mill Accountancy LLP
Chartered Accountants and Registered Auditor
The Old Mill
Park Road
Shepton Mallet
Somerset
BA4 5BS

Date:- *28 September 2006*

BROTHERS DRINKS CO LTD
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 APRIL 2006

	Note	2006 £	2005 (restated) £
Turnover	2	25,918,775	24,691,809
Cost of sales		(21,637,456)	(20,496,165)
Gross profit		<u>4,281,319</u>	<u>4,195,644</u>
Distribution costs		(14,457)	(52,065)
Administrative expenses		(2,726,654)	(2,726,559)
Other operating income	3	307	—
Operating profit	4	<u>1,540,515</u>	<u>1,417,020</u>
Interest receivable and similar income	7	33,335	36,904
Interest payable and similar charges	8	(39,950)	(75,735)
Profit on ordinary activities before taxation		<u>1,533,900</u>	<u>1,378,189</u>
Tax on profit on ordinary activities	9	(472,194)	(429,422)
Profit for the financial year		<u><u>1,061,706</u></u>	<u><u>948,767</u></u>

All of the activities of the company are classed as continuing.

The notes on pages 11 to 22 form part of these financial statements.

BROTHERS DRINKS CO LTD
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 30 APRIL 2006

	2006	2005 (restated)
	£	£
Profit for the financial year		
Attributable to the shareholders	1,061,706	948,767
Total recognised gains and losses relating to the year	1,061,706	948,767
Prior year adjustment (see note 11)	419,870	419,568
Total gains and losses recognised since the last annual report	<u>1,481,576</u>	<u>1,368,335</u>

The notes on pages 11 to 22 form part of these financial statements.

BROTHERS DRINKS CO LTD

BALANCE SHEET

30 APRIL 2006

		2006		2005 (restated)	
	Note	£	£	£	£
Fixed assets					
Tangible assets	12		4,027,844		4,682,326
Investments	13		1		1
			<u>4,027,845</u>		<u>4,682,327</u>
Current assets					
Stocks	14	1,309,533		1,400,234	
Debtors	15	2,746,170		5,787,591	
Investments	16	1,558		1,851	
Cash at bank and in hand		1,545,170		3,305	
			<u>5,602,431</u>	<u>7,192,981</u>	
Creditors: Amounts falling due within one year	17	(4,390,495)		(6,660,300)	
Net current assets			1,211,936		532,681
Total assets less current liabilities			<u>5,239,781</u>		<u>5,215,008</u>
Creditors: Amounts falling due after more than one year	18		(458,527)		(586,940)
			<u>4,781,254</u>		<u>4,628,068</u>
Provisions for liabilities					
Deferred taxation	20		(51,143)		(120,628)
			<u>4,730,111</u>		<u>4,507,440</u>
Capital and reserves					
Called-up share capital	23		1,400,575		1,399,567
Other reserves	24		87,545		87,545
Profit and loss account	24		3,241,991		3,020,328
Shareholders' funds	25		<u>4,730,111</u>		<u>4,507,440</u>

These financial statements were approved by the directors on the 25/09/06 and are signed on their behalf by:



M H Showering
Director

The notes on pages 11 to 22 form part of these financial statements.

BROTHERS DRINKS CO LTD
CASH FLOW STATEMENT
YEAR ENDED 30 APRIL 2006

		2006		2005 (restated)	
	Note	£	£	£	£
Net cash inflow from operating activities	26		2,947,567		1,283,829
Returns on investments and Servicing of finance					
Interest received		33,335		36,904	
Interest paid		<u>(39,950)</u>		<u>(75,735)</u>	
Net cash outflow from returns on investments and servicing of finance			(6,615)		(38,831)
Taxation			(390,832)		(498,373)
Capital expenditure					
Payments to acquire tangible fixed assets		(148,238)		(783,328)	
Receipts from sale of fixed assets		<u>—</u>		<u>23,351</u>	
Net cash outflow from capital expenditure			(148,238)		(759,977)
Equity dividends paid			(419,870)		(419,568)
Cash inflow/(outflow) before use of liquid resources and financing			<u>1,982,012</u>		<u>(432,920)</u>
Management of liquid resources					
Cash placed in other liquid investments		<u>293</u>		<u>27</u>	
Net cash inflow from management of liquid resources			293		27
Financing					
Issue of equity share capital		1,008		1,008	
Repayment of bank loans		<u>(115,583)</u>		<u>(829,345)</u>	
Net cash outflow from financing			(114,575)		(828,337)
Increase/(decrease) in cash	26		<u>1,867,730</u>		<u>(1,261,230)</u>

BROTHERS DRINKS CO LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2006

1. Accounting policies

Basis of accounting

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

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

-FRS 21 'Events after the Balance Sheet date (IAS 10)'.

FRS 21 'Events after the Balance Sheet date (IAS 10)'

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

This change in accounting policy has resulted in a prior year adjustment for the company. Shareholders' funds at 1 May 2004 have been increased by £419,568. For year ended 30 April 2005, the change in accounting policy has resulted in a net increase in retained profit for the year of £419,870. The balance sheet at 30 April 2005 has been restated to reflect the de-recognition of a liability for proposed equity dividends of £419,870. For year ended 30 April 2006, the change in accounting policy has resulted in a net increase in retained profit for the year of £nil.

Turnover

The turnover shown in the profit and loss account represents amounts receivable during the year, exclusive of Value Added Tax.

Research and development

Research expenditure is written off to the profit and loss account 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, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Freehold Property	- over 25 years
Plant & Machinery	- 5-50% straight line
Fixtures & Fittings	- 20% straight line; Computer Equipment - over 13 months
Motor Vehicles	- 25% straight line

BROTHERS DRINKS CO LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2006

1. Accounting policies *(continued)*

Stocks

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

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

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.

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 that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

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

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.

BROTHERS DRINKS CO LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2006

1. Accounting policies *(continued)*

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when liabilities are derecognised or impaired, as well as through the amortisation process.

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:

	2006	2005 <i>(restated)</i>
	£	£
United Kingdom	<u>25,918,775</u>	<u>24,691,809</u>

3. Other operating income

	2006	2005 <i>(restated)</i>
	£	£
Current asset investment profit	<u>307</u>	<u>—</u>

4. Operating profit

Operating profit is stated after charging/(crediting):

	2006	2005 <i>(restated)</i>
	£	£
Depreciation of owned fixed assets	802,720	690,806
(Profit)/loss on disposal of fixed assets	—	(7,349)
Auditor's remuneration	4,950	4,900
Operating lease costs:		
-Other	<u>201,914</u>	<u>167,397</u>

BROTHERS DRINKS CO LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2006

5. Particulars of employees

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

	2006	2005 (restated)
	No	No
Number of production staff	62	65
Number of administrative staff	11	11
Number of directors	3	3
	<u>76</u>	<u>79</u>

The aggregate payroll costs of the above were:

	2006	2005 (restated)
	£	£
Wages and salaries	2,512,552	2,559,987
Social security costs	280,761	289,519
Other pension costs	42,874	37,817
	<u>2,836,187</u>	<u>2,887,323</u>

6. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2006	2005 (restated)
	£	£
Emoluments receivable	458,577	588,238
Value of company pension contributions to money purchase schemes	18,000	18,000
	<u>476,577</u>	<u>606,238</u>

Emoluments of highest paid director:

	2006	2005 (restated)
	£	£
Total emoluments (excluding pension contributions)	267,820	239,376
Value of company pension contributions to money purchase schemes	6,000	6,000
	<u>273,820</u>	<u>245,376</u>

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

	2006	2005 (restated)
	No	No
Money purchase schemes	<u>3</u>	<u>3</u>

BROTHERS DRINKS CO LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2006

7. Interest receivable and similar income

	2006	2005 <i>(restated)</i>
	£	£
Bank interest receivable	33,190	36,771
Other similar income receivable	145	133
	<u>33,335</u>	<u>36,904</u>

8. Interest payable and similar charges

	2006	2005 <i>(restated)</i>
	£	£
Interest payable on bank borrowing	<u>39,950</u>	<u>75,735</u>

9. Taxation on ordinary activities

(a) Analysis of charge in the year

	2006	2005 <i>(restated)</i>
	£	£
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	555,466	394,863
Over/under provision in prior year	<u>(13,787)</u>	<u>9,756</u>
	541,679	404,619
Deferred tax:		
Origination and reversal of timing differences	<u>(69,485)</u>	<u>24,803</u>
Tax on profit on ordinary activities	<u>472,194</u>	<u>429,422</u>

BROTHERS DRINKS CO LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2006

9. 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 30% (2005 - 30%).

	2006	2005 <i>(restated)</i>
	£	£
Profit on ordinary activities before taxation	<u>1,533,900</u>	<u>1,378,189</u>
Profit/(loss) on ordinary activities by rate of tax	460,170	413,457
Effects of:		
Adjustment for expenses and income which are not deductible for tax purposes	11,581	7,633
Capital allowances in excess of depreciation	83,715	(24,802)
Expenses not deductible but allowable for capital allowances	-	(1,425)
Adjustments to tax charge in respect of previous periods	<u>(13,787)</u>	<u>9,756</u>
Total current tax (note 9(a))	<u>541,679</u>	<u>404,619</u>

10. Dividends

Dividends on equity shares

	2006	2005 <i>(restated)</i>
	£	£
Paid during the year		
Equity dividends on ordinary shares	<u>419,870</u>	<u>419,568</u>
Proposed at the year-end (recognised as a liability)		
Equity dividends on ordinary shares	<u>420,173</u>	<u>-</u>
Proposed after the year-end (not recognised as a liability)		
Equity dividends on ordinary shares	<u>-</u>	<u>419,870</u>

11. Prior year adjustment

During the year the company adopted FRS 21 - Events after the Balance Sheet date, which has affected the timing of recognition of equity dividends. Under the new standard only equity dividends which are declared prior to the year-end are shown as a liability at the balance sheet date. The disclosure of dividends has also changed in line with amendments to the Companies Act. Details of dividends declared and paid are now included in note 10 of the financial statements. As the above is a change in accounting policy it has been reflected as a prior year adjustment.

BROTHERS DRINKS CO LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2006

12. Tangible fixed assets

	Freehold Land & Property £	Plant & Machinery £	Fixtures, Fittings & Computer Equipment £	Motor Vehicles £	Total £
Cost					
At 1 May 2005	2,911,969	4,631,443	534,569	17,950	8,095,931
Additions	—	91,935	41,308	14,995	148,238
At 30 April 2006	<u>2,911,969</u>	<u>4,723,378</u>	<u>575,877</u>	<u>32,945</u>	<u>8,244,169</u>
Depreciation					
At 1 May 2005	269,033	2,675,227	460,698	8,647	3,413,605
Charge for the year	88,391	625,080	84,187	5,062	802,720
At 30 April 2006	<u>357,424</u>	<u>3,300,307</u>	<u>544,885</u>	<u>13,709</u>	<u>4,216,325</u>
Net book value					
At 30 April 2006	<u>2,554,545</u>	<u>1,423,071</u>	<u>30,992</u>	<u>19,236</u>	<u>4,027,844</u>
At 30 April 2005	<u>2,642,936</u>	<u>1,956,216</u>	<u>73,871</u>	<u>9,303</u>	<u>4,682,326</u>

Of the amounts included under Freehold Land and Property, £700,000 (2005: £700,000) relates to Freehold Land which is not depreciated.

Of the amounts included under Plant and Machinery, £182,756, (2005: £199,191) relates to Tanks and Vessels which are depreciated at a rate of 5% per annum on a straight line basis.

13. Investments

	Investment in associated undertaking £
Cost	
At 1 May 2005 and 30 April 2006	<u>1</u>
Net book value	
At 30 April 2006	<u>1</u>
At 30 April 2005	<u>1</u>

The company owns 50% of the issued share capital of the company listed below. The company is registered in England. The company has not traded since incorporation.

Aggregate capital and reserves

Adam and Eve Cider Co Ltd (dormant)	2	2
-------------------------------------	---	---

Profit and (loss) for the year

Adam and Eve Cider Co Ltd (dormant)	—	—
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BROTHERS DRINKS CO LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2006

14. Stocks

	2006	2005 <i>(restated)</i>
	£	£
Raw materials	1,234,259	1,255,724
Work in progress	31,328	144,510
Finished goods	43,946	—
	<u>1,309,533</u>	<u>1,400,234</u>

15. Debtors

	2006	2005 <i>(restated)</i>
	£	£
Trade debtors	2,621,642	5,650,362
Prepayments and accrued income	124,528	137,229
	<u>2,746,170</u>	<u>5,787,591</u>

16. Investments

	2006	2005 <i>(restated)</i>
	£	£
Quoted investments	<u>1,558</u>	<u>1,851</u>

17. Creditors: Amounts falling due within one year

	2006	2005 <i>(restated)</i>
	£	£
Bank loans and overdrafts	136,698	449,733
Trade creditors	2,225,990	4,718,405
Amounts owed to undertakings in which the company has a participating interest	1	1
Corporation tax	555,466	404,619
Other taxation and social security	295,755	243,822
Dividends payable	420,173	—
Other creditors	34,054	108
Accruals and deferred income	722,358	843,612
	<u>4,390,495</u>	<u>6,660,300</u>

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

	2006	2005 <i>(restated)</i>
	£	£
Bank loans and overdrafts	<u>136,698</u>	<u>449,733</u>

The bank loan and overdraft is secured by a fixed charge over land and buildings and book debt and a floating charge over all other assets.

BROTHERS DRINKS CO LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2006

18. Creditors: Amounts falling due after more than one year

	2006	2005 <i>(restated)</i>
	£	£
Bank loans and overdrafts	<u>458,527</u>	<u>586,940</u>

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

	2006	2005 <i>(restated)</i>
	£	£
Bank loans and overdrafts	<u>458,527</u>	<u>586,940</u>

For security of bank loan see note 17.

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2006	2005 <i>(restated)</i>
	£	£
Bank loans and overdrafts	<u>39,194</u>	<u>68,559</u>

The bank loans are payable by monthly instalments over 15 years. The interest rate on the loans is 1.375% above the base rate.

19. Creditors - capital instruments creditors: Bank loans

Creditors include finance capital which is due for repayment as follows:

	2006	2005 <i>(restated)</i>
	£	£
Amounts repayable:		
In one year or less or on demand	124,175	111,345
In more than one year but not more than two years	131,670	118,345
In more than two years but not more than five years	287,663	400,036
In more than five years	39,194	68,559
	<u>582,702</u>	<u>698,285</u>

20. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2006	2005 <i>(restated)</i>
	£	£
At 1 May 2005	120,628	95,825
Profit and loss account movement arising during the year	(69,485)	24,803
At 30 April 2006	<u>51,143</u>	<u>120,628</u>

BROTHERS DRINKS CO LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2006

20. Deferred taxation (continued)

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2006	2005 (restated)
	£	£
Excess of taxation allowances over depreciation on fixed assets	51,143	120,628
	<u>51,143</u>	<u>120,628</u>

21. Commitments under operating leases

At 30 April 2006 the company had annual commitments under non-cancellable operating leases as set out below.

	<i>Land & buildings</i>	
	2006	2005 (restated)
	£	£
Operating leases which expire:		
Within 1 year	155,416	94,176
Within 2 to 5 years	-	16,000
	<u>155,416</u>	<u>110,176</u>

22. Related party transactions

Share issues

During the year 1,008 Ordinary Shares of £1 each were issued at par, and fully paid in cash, to the director I D Glen.

Dividends

The amount of proposed dividend payable to related parties is £339,983 (2005: £339,681), of which £15,589 (2005: £15,287) is payable to directors on their personal shareholdings, £163,144 (2005: £163,144) is payable to trusts in which directors were beneficiaries (as detailed in the directors' report) and £161,250 (2005: £161,250) is payable to the close family of the directors M H and J Showering either directly, or to trusts in which close family are beneficiaries, or to companies that are under close family control.

BROTHERS DRINKS CO LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2006

23. Share capital

Authorised share capital:

	2006	2005 (restated)
	£	£
2,000,000 Ordinary shares of £1 each	2,000,000	2,000,000
2,000,000 Preference shares of £1 each	2,000,000	2,000,000
	<u>4,000,000</u>	<u>4,000,000</u>

Allotted, called up and fully paid:

	2006	£	2005	£
	No		No	
Ordinary shares of £1 each	<u>1,400,575</u>	<u>1,400,575</u>	<u>1,399,567</u>	<u>1,399,567</u>
Equity shares				
Ordinary shares of £1 each	<u>1,400,575</u>	<u>1,400,575</u>	<u>1,399,567</u>	<u>1,399,567</u>

During the year, 1,008 ordinary shares of £1 each were allotted, fully paid at par in cash.

24. Reserves

	Capital redemption reserve	Profit and loss account (restated)
	£	£
Balance brought forward	87,545	2,600,458
Prior year adjustment (note 11)	—	419,870
Restated balance as at 1 May 2005	87,545	3,020,328
Profit for the year	—	1,061,706
Equity dividends	—	(840,043)
Balance carried forward	<u>87,545</u>	<u>3,241,991</u>

25. Reconciliation of movements in shareholders' funds

	2006	2005 (restated)
	£	£
Profit for the financial year	1,061,706	948,767
New ordinary share capital subscribed	1,008	1,008
Equity dividends proposed	(420,173)	—
Equity dividends paid	(419,870)	(419,568)
Net addition to shareholders' funds	222,671	530,207
Opening shareholders' funds	4,087,570	3,557,665
Prior year adjustment (see note 11)	419,870	419,568
	<u>4,507,440</u>	<u>3,977,233</u>
Closing shareholders' funds	<u>4,730,111</u>	<u>4,507,440</u>

BROTHERS DRINKS CO LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2006

26. Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2006	2005 (restated)
	£	£
Operating profit	1,540,515	1,417,020
Depreciation	802,720	690,806
Profit on disposal of fixed assets	–	(7,349)
Decrease/(increase) in stocks	90,701	(502,039)
Decrease/(increase) in debtors	3,041,421	(2,907,431)
(Decrease)/increase in creditors	(2,527,790)	2,592,822
Net cash inflow from operating activities	<u>2,947,567</u>	<u>1,283,829</u>

Reconciliation of net cash flow to movement in net funds

	2006	2005 (restated)
	£	£
Increase/(decrease) in cash in the period	1,867,730	(1,261,230)
Net cash outflow from bank loans	115,583	829,345
Cash used to decrease liquid resources	(293)	(27)
Change in net funds	<u>1,983,020</u>	<u>(431,912)</u>
Net debt at 1 May 2005	(1,031,517)	(599,605)
Net funds at 30 April 2006	<u>951,503</u>	<u>(1,031,517)</u>

Analysis of changes in net funds

	At 1 May 2005 £	Cash flows £	At 30 April 2006 £
Net cash:			
Cash in hand and at bank	3,305	1,541,865	1,545,170
Overdrafts	(338,388)	325,865	(12,523)
	<u>(335,083)</u>	<u>1,867,730</u>	<u>1,532,647</u>
Liquid resources:			
Current asset investments	1,851	(293)	1,558
Debt:			
Debt due within 1 year	(111,345)	(12,830)	(124,175)
Debt due after 1 year	(586,940)	128,413	(458,527)
	<u>(698,285)</u>	<u>115,583</u>	<u>(582,702)</u>
Net funds	<u>(1,031,517)</u>	<u>1,983,020</u>	<u>951,503</u>