

Registration number: 03667842

# The West Berkshire Brewery PLC

Annual Report and Financial Statements

for the Year Ended 31 March 2016



# The West Berkshire Brewery PLC

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# The West Berkshire Brewery PLC

## Company Information

<b>Chairman</b>	Mr A D M Bruce
<b>Directors</b>	Mr A D M Bruce Mr S J Lewis Mr T A R Lucas ACCA Mr S G Robertson-Macleod Mr C R Watson ACA
<b>Company Secretary</b>	Mr T A R Lucas ACCA
<b>Registered Office</b>	2 Old Bath Road Newbury Berkshire RG14 1QL
<b>Solicitors</b>	Shoosmiths LLP Apex Plaza Forbury Road Reading RG1 1SH
<b>Registrars</b>	Share Registrars Limited Suite E First Floor 9 Lion & Lamb Yard Farnham Surrey GU9 7LL
<b>Auditors</b>	Ross Brooke Limited Chartered Accountants and Registered Auditors 2 Old Bath Road Newbury Berkshire RG14 1QL

## **The West Berkshire Brewery PLC**

### **Chairman's Statement for the Year Ended 31 March 2016**

I am delighted to present to fellow shareholders my third Statement since I was invited by our founders, Dave and Helen Maggs, to join the Board as Chairman in March 2013. The year to 31 March 2016 was a vital one for our company as we continued our fundraising and started to implement our strategy.

#### **Fundraising**

Having widened the shareholding in our Company by placing early in 2014 £1.23m. worth of the four founding shareholders' equity with 278 new shareholders, we subsequently launched in November 2014 an Offer to raise new equity capital under the Enterprise Investment Scheme.

To date, we have raised just over £4.26m., bringing the total number of shareholders in our Company now to 434.

However, it is important to remember that our four founding shareholders still each hold a significant stake in our Company and continue to contribute as members of the Founders' Advisory Committee.

The new equity capital raised so far is enabling us to pursue our strategic goals:

- build a brand new, high-specification brewery with bottling, kegging and canning lines, together with a visitor centre, shop and café;
- acquire a drink-led, managed free house in London in which to promote our brands; and
- provide working capital in order to further strengthen our sales and marketing teams as we enlarge our distribution area and expand into new export markets.

#### **Renegade Brewery**

As part of our response to an increasingly competitive market, we decided to develop an additional range of products in order to satisfy the demands of the burgeoning keg and craft beer market. This has also given our brewers the opportunity to experiment with new and different beer styles, to innovate and to have some fun. Our Renegade Brewery brands were launched in the summer of 2015 and the portfolio currently comprises:

- Craft Lager (ABV 4.5%)
- India Session Ale (ABV 4.2%)
- American Pale Ale (ABV 5.1%)

#### **Financial Highlights**

- Turnover: £1.83m. (2015: £1.62m.)
- Gross Profit: £692k (2015: £591k)
- Loss for the financial year: £270k (2015: £314k)

WBB realised a loss in this financial year as our strategic investments in restructuring and personnel impacted upon profitability but this is in line with our expectations and we are committed to driving sales growth and promoting our beers across England and overseas.

#### **Strategic position**

By March 2016, the Company was on the cusp of a transformational year. Our strategic goals, identified above, are in the process of being implemented and the business is entering an unprecedentedly busy and exciting phase of building and expansion.

## **The West Berkshire Brewery PLC**

### **Chairman's Statement for the Year Ended 31 March 2016**

#### **New Brewery and Packaging Site**

We have agreed heads of terms with our landlord, Yattendon Estate, on the disused dairy adjacent to our current site. This is a large, 38,000 sq.ft. site which will provide us with all the space we need to expand and develop our business.

We are delighted at the support that Yattendon Estate has given the Company and are pleased to report that the planning process is underway, we have had extremely positive feedback from West Berkshire Council and are confident of our application being approved.

Over the course of the year, we investigated and researched brewery systems and plant configurations and are pleased to report that we have agreed a contract with CFT of Parma, Italy, for the supply of an automated brewery and packaging line for delivery in December 2016. CFT have a strong pedigree in the drinks market, having supplied brewery systems in the USA and in Europe and packaging lines to AB InBev amongst others.

The brewery is a 60 hl Brewhouse and was identified to fulfil two crucial aims:

Firstly, it is flexible enough for us to produce any beer style, to innovate and to be experimental. This will allow us to not only continue making our favourites but also branch out into new styles and techniques and help keep us at the forefront of British brewing.

Secondly, the Brewhouse is capable of scalability. The specification that we have purchased is capable of brewing 3 times over the course of a 16-hour day, and is rated to enable a volume increase of threefold our current capacity. However, with additions it is capable of brewing 10 times a day giving us the potential for a tenfold increase in volume before any further significant capital expenditure is required.

We have designed a fully automated dual bottling and canning line. This packaging line is unique in the UK and will allow us the flexibility to package our goods into a range of bottle shapes and varieties as well as cans. This is an unusual capability in the current packaging market and we are excited, not only by the cost savings that we will be able to make on our own products but also by the potential to generate significant additional income as a packager of bottles, kegs and cans for other brewers.

Meanwhile, rest assured, once our new production and packaging plant is fully commissioned next spring, your Chairman will be inviting all shareholders to join him for a celebratory party, during which they will be able to witness first hand if he can still "organise a P.U. in a Brewery!"

#### **London Free House**

In June 2016, we purchased the lease of a free-of-tie, drink-led, managed house in London - Shillibeer's ([www.shillibeersbarandgrill.co.uk](http://www.shillibeersbarandgrill.co.uk)).

This business enjoys annual sales of c.£1m. and provides us with an excellent opportunity to showcase a wide range of our beers in London.

## The West Berkshire Brewery PLC

### Chairman's Statement for the Year Ended 31 March 2016

#### Sales and Marketing

In addition to building sales in our heartland, not only with our well-respected cask ales but also with our newly-launched Renegade beers, it has been our intention since 2013 to introduce our beers to a much wider audience. As such, we have appointed a Sales Manager in London to tap into the increasing demand for well-crafted, consistently excellent beers - from the start our beers have proved to be very popular in the Capital and are quickly gaining approval in a very discerning and congested market. Our sales will be further enhanced from the cascade effect generated by our recently purchased London flagship pub, Shillibeer's.

Another recent addition to our Sales Team is a Key Account Manager - this role has been created to capitalise on the growth of smaller pub companies in London and the Home Counties. These companies are continually looking for exciting brands to complement their offerings and we are confident that our brands will make an ideal fit.

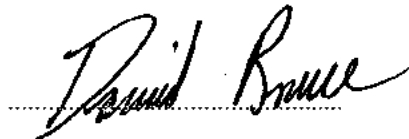
We are also actively looking for an experienced National Account Manager to develop our sales in this very large and influential, but so far untapped, sector of the market. At the recent Imbibe Live Exhibition our Wheat Beer - Wheaty McWheatface - came first out of a line-up of 34 beers and will be listed by Mitchells and Butlers, the UK's biggest managed pub company, this autumn.

Our sponsorships at the BMW PGA at Wentworth, Henley Royal Regatta and Reading FC at the Madejski Stadium were very well received by our partners and consumers alike and also greatly enhanced the raising of our profile in the local areas. It is our intention to continue with these sponsorships as well as supporting the numerous CAMRA beer festivals that are held year round.

#### Annual General Meeting

Our AGM will be held at 10.30 am on Tuesday 30th August at Shillibeer's, 1 Carpenter's Mews, North Road, London N7 9EF.

Please let Clare Candy ([clare.candy@wbbrew.com](mailto:clare.candy@wbbrew.com)) know if you wish to attend the AGM



Mr A D M Bruce  
Chairman

Date: 27 July 2016

# The West Berkshire Brewery PLC

## Strategic Report for the Year Ended 31 March 2016

### Review of the Business

The purpose of the business review is to show how the Company assesses and manages risk and adopts appropriate policies and targets.

Further details of the Company's business and future developments are set out in the Chairman's statement on pages 2 to 4.

The following are some of the principal risks and uncertainties that face the Company:

### Competition risks

The Company sells its beer in competition with other local companies and in competition with larger regional and national brewers. The levels of sales and prices may be adversely affected by competition from other brewers located in the UK or overseas.

### Risks relating to the market for beer

The demand for beer is dependent on a number of factors including overall economic conditions, taste and fashion, levels of taxation and duty and licensing laws. It is possible that economic and political factors may decrease the disposable income that customers have available to spend or may adversely affect customers' confidence and willingness to spend. This could affect the performance of the Company's client pubs and thereby affect demand for the Company's products.

### Risks relating to suppliers

The Company is reliant on positive and continuing relationships with its suppliers. Termination of any supply agreements, variations in their terms or the failure of a key supplier to comply with its obligations under these agreements (including if a key supplier were to become insolvent) could have a negative effect on the Company.

### Risks relating to raw materials and ingredients

The Company sources as many of its ingredients as possible from within or around the county of Berkshire and, if that is not possible, from within the United Kingdom. Forward contracts have been negotiated for both malt and hops to guarantee supply and price long term, although severe adverse weather conditions or other issues could still affect the supply (and cost) of ingredients, thereby adversely affecting the price or quality of the Company's products.

An increase in the cost of raw materials or energy could affect the Company's profitability. Commodity price changes or supply shortages may result in unexpected increases in the cost of raw materials, glass bottles and other packaging materials used by the Company. In addition, energy cost increases could result in higher transportation, freight and other operating costs. The Company may not be able to increase its prices to offset these increased costs without suffering reduced volume, sales and operating profit.

### Reputational risks

It is important that the Company has the ability to maintain and enhance the image of its existing products. The image and reputation of the Company's products may be adversely affected by various matters including litigation, complaints from customers and/or regulatory bodies resulting from quality failure, illness or other health concerns. Such concerns, even when unsubstantiated, could be harmful to the Company's image and the reputation of its products.

Deterioration in the Company's brand equity (brand image, reputation and product quality) may have a negative effect on its operating results, financial condition and prospects.

## **The West Berkshire Brewery PLC**

### **Strategic Report for the Year Ended 31 March 2016**

#### **Dependence on the Directors and senior management**

The Company's future success is substantially dependent on the continuing services and performance of the Directors, in particular the Chairman, David Bruce, and on members of the Company's management and, in addition, on the ability of the Company to continue to attract and retain highly-skilled and qualified members of staff. There can be no assurance that the Directors or members of the management team will remain with the Company. The loss of the services of any of the Directors, members of the Company's management or other key employees could damage the business of the Company.

#### **Risks relating to legislation, regulation and licensing**

The brewing industry in the United Kingdom is highly regulated at both national and local levels and brewing operations require licences, permits and approvals. Delays and failures to obtain, or the withdrawal of, required licences or permits could negatively affect the Company's operations. The United Kingdom government has sponsored campaigns against excessive drinking and these, together with licensing reforms relating to the sale of alcoholic beverages and changes in drink-driving laws, may reduce demand for the Company's products. Any change in the brewing legislation could also adversely impact the products which the Company now produces or may produce in the future.

The Company seeks to comply at all times with applicable health and safety, hygiene and environmental legislation and regulations. Failure to comply with such regulations in the future could give rise to penalties and other financial costs and damage to the Company's reputation. Changes in such legislation or regulation may impose additional costs or restrictions on the Company thereby affecting its profits and prospects.

#### **Raising of future finance by the Company**

The Directors believe that the Company will need to raise additional funds in the future and believe that future fundraisings would most likely be by way of a placing of shares in the Company.

Further equity financing may be dilutive to existing Shareholders or result in the issuance of securities whose rights, preferences and privileges are senior to those of the owners of Ordinary Shares.

If the Company is unable to secure additional funds when needed or cannot do so on terms it finds acceptable, it may be unable to expand its operations, take full advantage of future commercial opportunities or respond adequately to competitive pressures, any of which may have an adverse effect on its business and the results of its operations.

#### **Borrowings**

The Company may elect to fund its future development partially through borrowings. The extent of borrowings and their terms will depend on the Company's ability to obtain credit facilities, the lenders' estimates of the stability of the Company's cash flow and the debt market at any time. Furthermore, to the extent that the Company funds its activities through borrowing, it will be affected by changes in interest rates. Rising interest rates would have an adverse effect on the Company's financial performance by increasing the Company's cost of capital.

If any future funding requirements are met through additional debt financing, the Company may be required to adhere to covenants restricting its future operational and financial activities.

#### **Financial controls and internal reporting procedures**

The Company has established financial controls and internal reporting procedures that the Directors consider appropriate for the Company's current size and stage of development. As the Company grows, it may be necessary to adopt systems and controls more appropriate for a larger organisation.

Any failure by management to manage effectively the implementation of these systems and controls as the Company grows could have an adverse effect on the Company's business and financial performance and hinder its ability to prepare reliable financial statements in the future.



## The West Berkshire Brewery PLC

### Strategic Report for the Year Ended 31 March 2016

#### General business risks

The activities of the Company are subject to the usual commercial risks and factors, such as competition and economic conditions, which may generally affect the Company's ability to generate income or achieve its objectives.

#### Litigation risk

Legal proceedings may arise from time to time in the course of the Company's business. The Company cannot preclude the possibility that litigation may be brought against it or anticipate the costs of dealing with such litigation. Any such litigation may have an adverse effect on the Company.

#### Taxation risk

Statements in this Offer Document concerning the taxation of the Company and Potential New Shareholders are based upon current tax law and practice which is subject to change. Any change in the Company's tax status or the tax applicable to holding Ordinary Shares, or in taxation legislation or its interpretation, could affect the value of the investments held by the Company and the Company's ability to provide returns to Shareholders, and/or alter the post-tax returns to Shareholders.

#### Changes in legislation and fiscal and regulatory policies

The Company's financial performance will be determined, in part, by the legislative and regulatory framework in which it operates. The Company is therefore subject to risks resulting from changes in legislation and regulation which could have an adverse effect on the results of operations of the Company.

#### KPIs

Legislation requires the Board to disclose Key Performance Indicators (KPIs) relevant to the Company. Comments regarding the trading performance of the sites can be found in the Chairman's statement. Trading overall has been in line with the Board's expectations.

Approved by the Board on 27 July 2016 and signed on its behalf by:



Mr A D M Bruce  
Chairman

## The West Berkshire Brewery PLC

### Directors' Report for the Year Ended 31 March 2016

The Directors present their report and the financial statements for the year ended 31 March 2016.

#### Directors of the Company

The Directors who held office during the year were as follows:

Mr A D M Bruce - Chairman

Mr S J Lewis - Director

Mr T A R Lucas ACCA - Company secretary and director

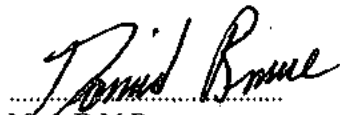
Mr S G Robertson-Macleod - Director

Mr C R Watson ACA - Director

#### Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 27 July 2016 and signed on its behalf by:



Mr A D M Bruce  
Chairman

## **The West Berkshire Brewery PLC**

### **Statement of Directors' Responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 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; and
- 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.

# **The West Berkshire Brewery PLC**

## **Independent Auditor's Report**

We have audited the financial statements of The West Berkshire Brewery PLC for the year ended 31 March 2016, set out on pages 12 to 25. 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 9), 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 (APB's) Ethical Standards for Auditors to the financial statements.

### **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 the 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 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **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

# **The West Berkshire Brewery PLC**

## **Independent Auditor's Report**

Ross Brooke Limited, Statutory Auditors

Emily Ness ACA (Senior Statutory Auditor)  
For and on behalf of Ross Brooke Limited

2 Old Bath Road  
Newbury  
Berkshire  
RG14 1QL

27 July 2016

## The West Berkshire Brewery PLC

### Profit and Loss Account for the Year Ended 31 March 2016

	Note	2016 £	2015 £
Turnover	2	1,838,234	1,621,538
Cost of sales		<u>(1,145,378)</u>	<u>(1,030,404)</u>
Gross profit		692,856	591,134
Administrative expenses	3	(970,813)	(907,972)
Other operating income	4	<u>3,360</u>	<u>3,333</u>
Operating loss	5	<u>(274,597)</u>	<u>(313,505)</u>
Other interest receivable and similar income	9	6,792	312
Interest payable and similar charges	10	<u>(2,518)</u>	<u>(1,611)</u>
		<u>4,274</u>	<u>(1,299)</u>
Loss before tax		(270,323)	(314,804)
Taxation	11	<u>(3,408)</u>	<u>(4,789)</u>
Loss for the financial year		<u>(273,731)</u>	<u>(319,593)</u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

## The West Berkshire Brewery PLC

(Registration number: 03667842)  
Balance Sheet as at 31 March 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	12	441,956	434,820
Investments	13	<u>3</u>	<u>1</u>
		<u>441,959</u>	<u>434,821</u>
<b>Current assets</b>			
Stocks	14	317,315	216,770
Debtors	15	250,864	220,091
Cash at bank and in hand		<u>2,869,355</u>	<u>1,455,537</u>
		3,437,534	1,892,398
Creditors: Amounts falling due within one year	16	<u>(301,164)</u>	<u>(345,293)</u>
<b>Net current assets</b>		<u>3,136,370</u>	<u>1,547,105</u>
<b>Total assets less current liabilities</b>		3,578,329	1,981,926
Creditors: Amounts falling due after more than one year	16	(41,852)	(60,261)
<b>Provisions for liabilities</b>	18	<u>(79,156)</u>	<u>(75,748)</u>
<b>Net assets</b>		<u>3,457,321</u>	<u>1,845,917</u>
<b>Capital and reserves</b>			
Called up share capital	19	224,696	156,560
Share premium reserve		3,421,298	1,604,299
Profit and loss account		<u>(188,673)</u>	<u>85,058</u>
<b>Total equity</b>		<u>3,457,321</u>	<u>1,845,917</u>

Approved and authorised by the Board on 27 July 2016 and signed on its behalf by:



Mr T A R Lucas ACCA  
Company secretary and director

The notes on pages 16 to 25 form an integral part of these financial statements.

**The West Berkshire Brewery PLC**

**Statement of Changes in Equity for the Year Ended 31 March 2016**

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 April 2015	156,560	1,604,299	85,058	1,845,917
Loss for the year	-	-	(273,731)	(273,731)
Total comprehensive income	-	-	(273,731)	(273,731)
New share capital subscribed	68,136	1,816,999	-	1,885,135
At 31 March 2016	<u>224,696</u>	<u>3,421,298</u>	<u>(188,673)</u>	<u>3,457,321</u>
	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 April 2014	1,900	22,683	404,651	429,234
Loss for the year	-	-	(319,593)	(319,593)
Total comprehensive income	-	-	(319,593)	(319,593)
New share capital subscribed	154,660	1,727,181	-	1,881,841
Other share premium reserve movements	-	(145,565)	-	(145,565)
At 31 March 2015	<u>156,560</u>	<u>1,604,299</u>	<u>85,058</u>	<u>1,845,917</u>

The notes on pages 16 to 25 form an integral part of these financial statements.



## The West Berkshire Brewery PLC

### Statement of Cash Flows for the Year Ended 31 March 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Loss for the year		(273,731)	(319,593)
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation and amortisation	5	78,787	66,950
Loss on disposal of tangible assets		-	185
Finance income	9	(6,792)	(312)
Finance costs	10	2,518	1,611
Income tax expense	11	3,408	4,789
		<u>(195,810)</u>	<u>(246,370)</u>
<b>Working capital adjustments</b>			
Increase in stocks	14	(100,545)	(88,197)
Increase in trade debtors	15	(30,773)	(66,121)
(Decrease)/increase in trade creditors	16	(40,286)	117,443
Decrease in deferred income, including government grants		<u>(3,360)</u>	<u>(3,333)</u>
<b>Cash generated from operations</b>		<b>(370,774)</b>	<b>(286,578)</b>
Income taxes paid	11	-	<u>(7,978)</u>
<b>Net cash flow from operating activities</b>		<b><u>(370,774)</u></b>	<b><u>(294,556)</u></b>
<b>Cash flows from investing activities</b>			
Interest received	9	6,792	312
Acquisition of subsidiaries	13	(2)	(1)
Acquisitions of tangible assets		(85,923)	(175,554)
Proceeds from sale of tangible assets		-	<u>13,880</u>
<b>Net cash flows from investing activities</b>		<b><u>(79,133)</u></b>	<b><u>(161,363)</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares, net of issue costs		1,885,135	1,830,792
Proceeds from exercise of share options		(3,961)	(4,207)
Payments to finance lease creditors		<u>(17,449)</u>	<u>(13,567)</u>
<b>Net cash flows from financing activities</b>		<b><u>1,863,725</u></b>	<b><u>1,813,018</u></b>
<b>Net increase in cash and cash equivalents</b>		<b>1,413,818</b>	<b>1,357,099</b>
Cash and cash equivalents at 1 April		<u>1,455,537</u>	<u>98,438</u>
<b>Cash and cash equivalents at 31 March</b>		<b><u>2,869,355</u></b>	<b><u>1,455,537</u></b>

The notes on pages 16 to 25 form an integral part of these financial statements.

# The West Berkshire Brewery PLC

## Notes to the Financial Statements for the Year Ended 31 March 2016

### 1 Accounting policies

#### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

#### Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of beer and other goods to customers in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

#### Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

#### Depreciation

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Improvements to property	Over Term of Lease
Computer equipment	25% on cost
Fixtures and fittings	20% on cost
Motor vehicles	25% on cost
Plant and machinery	15% - 20% on cost
New Brewery Plant and Equipment	Over Term of Lease

#### Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

#### Stocks

Stock represents the value of the ingredients and packaging that remained unused at the balance sheet date together with the stock of finished, bottled or cask beer unsold at the year end.

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

## The West Berkshire Brewery PLC

### Notes to the Financial Statements for the Year Ended 31 March 2016

#### Tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### Hire purchase and Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

#### Financial instruments

##### Classification

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments.

##### Recognition and measurement

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

##### Impairment

There has been no impairment of financial assets.

## 2 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2016	2015
	£	£
Sale of goods	<u>1,838,234</u>	<u>1,621,538</u>

## 3 Administrative expenses

Cost of reorganisation and restructuring and other exceptional items included in Administrative expenses: £7,560,000 (2015: £236,904)

## 4 Other operating income

The analysis of the company's other operating income for the year is as follows:

## The West Berkshire Brewery PLC

### Notes to the Financial Statements for the Year Ended 31 March 2016

	2016 £	2015 £
Government grants	<u>3,360</u>	<u>3,333</u>

#### 5 Operating loss

Arrived at after charging/(crediting)

	2016 £	2015 £
Depreciation expense	78,787	66,950
Loss on disposal of property, plant and equipment	-	185
Government grants receivable	(3,360)	(3,333)
Auditor's remuneration - The audit of the company's annual accounts	<u>3,500</u>	<u>3,500</u>

#### 6 Auditors' remuneration

	2016 £	2015 £
Audit of the financial statements	<u>3,500</u>	<u>3,500</u>

#### 7 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2016 No.	2015 No.
Production	5	4
Administration and support	10	5
Distribution	4	4
	<u>19</u>	<u>13</u>

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016 £	2015 £
Wages and salaries	520,384	447,939
Social security costs	116,657	30,200
Other short-term employee benefits	-	166
Outsourced sales	25,085	53,832
Other employee expense - Director's health insurance and staff training	5,451	9,272
	<u>667,577</u>	<u>541,409</u>

#### 8 Directors' remuneration

The directors' remuneration for the year was as follows:

## The West Berkshire Brewery PLC

### Notes to the Financial Statements for the Year Ended 31 March 2016

	2016 £	2015 £
Remuneration	206,362	129,815

During the year the number of directors who received benefits and share incentives was as follows:

	2016 No.	2015 No.
Exercised share options	-	1

#### 9 Other interest receivable and similar income

	2016 £	2015 £
Interest income on bank deposits	6,792	312

#### 10 Interest payable and similar charges

	2016 £	2015 £
Interest on obligations under finance leases and hire purchase contracts	2,128	1,611
Foreign exchange (gains) / losses	390	-
	2,518	1,611

#### 11 Taxation

Tax charged/(credited) in the income statement

	2016 £	2015 £
<b>Current taxation</b>		
UK corporation tax	-	(7,978)
UK corporation tax adjustment to prior periods	-	(4,438)
	-	(12,416)
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	3,408	17,205
Tax expense in the income statement	3,408	4,789

**The West Berkshire Brewery PLC**

**Notes to the Financial Statements for the Year Ended 31 March 2016**

**12 Tangible assets**

	<b>New brewery plant and equipment £</b>	<b>Computer equipment £</b>	<b>Motor vehicles £</b>	<b>Improvements to property £</b>	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Cost or valuation</b>						
At 1 April 2015	178,021	22,281	73,052	222,587	176,791	672,732
Additions	<u>4,999</u>	<u>1,995</u>	<u>15,675</u>	<u>3,040</u>	<u>60,214</u>	<u>85,923</u>
At 31 March 2016	<u>183,020</u>	<u>24,276</u>	<u>88,727</u>	<u>225,627</u>	<u>237,005</u>	<u>758,655</u>
<b>Depreciation</b>						
At 1 April 2015	28,174	14,731	54,157	56,956	83,894	237,912
Charge for the year	<u>7,789</u>	<u>3,652</u>	<u>15,221</u>	<u>13,803</u>	<u>38,322</u>	<u>78,787</u>
At 31 March 2016	<u>35,963</u>	<u>18,383</u>	<u>69,378</u>	<u>70,759</u>	<u>122,216</u>	<u>316,699</u>
<b>Carrying amount</b>						
At 31 March 2016	<u>147,057</u>	<u>5,893</u>	<u>19,349</u>	<u>154,868</u>	<u>114,789</u>	<u>441,956</u>
At 31 March 2015	<u>149,847</u>	<u>7,550</u>	<u>18,895</u>	<u>165,631</u>	<u>92,897</u>	<u>434,820</u>

## The West Berkshire Brewery PLC

### Notes to the Financial Statements for the Year Ended 31 March 2016

#### Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2016	2015
	£	£
Motor vehicles	10,407	18,374
Plant and machinery	18,600	24,800
	29,007	43,174

#### 13 Investments in subsidiaries, joint ventures and associates

	2016	2015
	£	£
Investments in subsidiaries	3	1

#### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2016	2015
<b>Subsidiary undertakings</b>				
The Royal County of Berkshire Brewery Company Limited	England and Wales	Ordinary shares	100%	100%
Renegade Brewery Limited	England and Wales	Ordinary share	100%	0%
The Renegade Pub Co.1 Limited	England and Wales	Ordinary shares	100%	0%

The Royal County of Berkshire Brewery Company Limited is dormant. Its financial period end is 31 March.

Renegade Brewery Limited is dormant. Its financial period end is 31 March.

The Renegade Pub Co.1 Limited is that of a public house. Its financial period end is 31 March.

#### 14 Stocks

	2016	2015
	£	£
Stocks	317,315	216,770

## The West Berkshire Brewery PLC

### Notes to the Financial Statements for the Year Ended 31 March 2016

#### 15 Debtors

	Note	2016 £	2015 £
Trade debtors		209,125	174,066
Prepayments		33,761	38,047
Deferred tax	11	7,978	7,978
<b>Total current trade and other debtors</b>		<b><u>250,864</u></b>	<b><u>220,091</u></b>

#### 16 Creditors

	Note	2016 £	2015 £
<b>Due within one year</b>			
Loans and borrowings		15,321	18,884
Trade creditors		105,069	213,370
Social security and other taxes		103,598	53,100
Other payables		18,541	1
Accrued expenses		55,582	56,605
Deferred income		3,053	3,333
		<b><u>301,164</u></b>	<b><u>345,293</u></b>
<b>Due after one year</b>			
Loans and borrowings		11,598	26,927
Deferred income		30,254	33,334
		<b><u>41,852</u></b>	<b><u>60,261</u></b>

#### 17 Obligations under leases and hire purchase contracts

##### Finance leases

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	15,321	18,884
Later than one year and not later than five years	12,006	26,927
	<b><u>27,327</u></b>	<b><u>45,811</u></b>

##### Operating leases

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	38,000	38,000
Later than one year and not later than five years	15,833	53,833
	<b><u>53,833</u></b>	<b><u>91,833</u></b>



## The West Berkshire Brewery PLC

### Notes to the Financial Statements for the Year Ended 31 March 2016

The amount of non-cancellable operating lease payments recognised as an expense during the year was £38,000 (2015 - £38,000).

#### 18 Deferred tax and other provisions

	<b>Deferred tax £</b>
At 1 April 2015	75,748
Increase (decrease) in existing provisions	3,408
At 31 March 2016	79,156

#### 19 Share capital

##### Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary shares of £0.10 each	2,246,957	224,695.70	1,565,596	156,559.60

#### 20 Employee share based payments

##### Scheme details and movements

The company operates an Enterprise Management Incentive Plan under which certain employees have been granted options to subscribe to new ordinary shares of the company.

Options granted in the year ended 31 March 2015 were exercisable at a cost of £0.95 per share.

Options granted in the year ended 31 March 2016 were exercisable at a cost of £1.18 per share.

The movements in the number of share options during the year were as follows:

	2016 Number	2015 Number
Outstanding, start of period	98,000	1,800
Granted during the period	154,509	8,000
Increase in options due to bonus issue of shares	-	88,200
Exercised during the period	(5,000)	-
Expired during the period	(10,500)	-
Outstanding, end of period	237,009	98,000

## The West Berkshire Brewery PLC

### Notes to the Financial Statements for the Year Ended 31 March 2016

#### 21 Commitments

##### Other financial commitments

##### Operating lease commitments

As at 31 March 2016 the company had annual commitments under non-cancellable operating leases.

##### Other commitments

The company is contracted to pay consultancy services to two former directors, Mr D Maggs and Mrs H Maggs, through their service company, Maggs & Co Limited, for the value of £37,552 per annum. The contract ceases in December 2016.

The company is contracted to pay €3,780,000 to CFT S.p.A for plant and equipment by 29 April 2017.

## The West Berkshire Brewery PLC

### Notes to the Financial Statements for the Year Ended 31 March 2016

#### 22 Related party transactions

##### Summary of transactions with other related parties

The Country Food and Dining Company Limited (Mr A D M Bruce is a director of both companies). During the year the company made sales totalling £5,363 (2015: £15,114) to The Country Food and Dining Company Limited. At the balance sheet date the amount due from The Country Food and Dining Company Limited at the year end was £831 (2015: £987).

Brew Securities Limited (Mr A D M Bruce is a director of both companies). During the year the company received director's consultancy services totalling £25,000 (2015: £25,000) from Brew Securities Limited and reimbursed director's expenses totalling £333 (2015: £595). The company made sales to Brew Securities Limited totalling £nil (2015: £291). At the balance sheet date the amount due to Brew Securities Limited was £2,336 (2015: £3,095).

The Burlington Arms Pub Co Ltd (Mr A D M Bruce is a director of both companies). During the year the company made sales totalling £3,631 (2015: £3,275) to The Burlington Arms Pub Co Ltd. At the balance sheet date the amount due from The Burlington Arms Pub Co Ltd £844 (2015: £nil).

The City Pub Company (West) PLC (Mr A D M Bruce and Mr C Watson are directors of both companies). During the year the company made sales totalling £9,669 (2015: £nil) to The City Pub Company (West) PLC. At the balance sheet date the amount due from The City Pub Company (West) PLC £nil (2015: £nil).

Bar & Kitchen Limited (Clive Watson is a director of both companies). During the year the company was charged director's fees totalling £20,000 (2015: £7,500) from Bar & Kitchen Limited. At the balance sheet date the amount due to Bar & Kitchen Limited was £10,000 (2015: £7,500).

David Bruce (director). During the year the company made sales totalling £nil (2015: £841) to David Bruce. At the balance sheet date the amount due from David Bruce was £nil (2015: £746).

Simon Lewis (director). During the year the company was charged reimbursed director's expenses totalling £9,808 (2015: £895) from Simon Lewis. At the balance sheet date the amount due to Simon Lewis was £nil (2015: £927).

Thomas Lucas (director). During the year the company was charged reimbursed director's expenses totalling £5,069 (2015: £623) from Tom Lucas. At the balance sheet date the amount due to Tom Lucas was £nil (2015: £71).

Simon Robertson-Macleod (director). During the year the company was charged director's fees totalling £20,000 (2015: £7,500) from Simon Robertson-Macleod. At the balance sheet date the amount due to Simon Robertson-Macleod was £10,000 (2015: £7,500).