



1124015/53

## Directors and Officers

<b>Directors:</b>	Colin D. Sanders Marlene E. Sanders Richard A. Cutcliffe Christopher J. Armstrong, F.C.A.
<b>Secretary:</b>	Marlene E. Sanders
<b>Auditors:</b>	Weeks Green, 21 Cumberland Place, Southampton SO9 5SS
<b>Solicitors:</b>	Jonas & Parker, 45 Castle Street, Salisbury SP1 3SS
<b>Stockbrokers:</b>	Sternberg, Thomas Clarke and Co. Provincial House, 218-226 Bishopsgate, London EC2M 4QD
<b>Administrative Offices:</b>	Brewmaker House, First Avenue, Millbrook, Southampton SO1 0LG.
<b>Registered Offices:</b>	21 Cumberland Place, Southampton SO9 5SS
<b>Registrars and Transfer Office:</b>	Ravensbourne Registration Services Limited, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.





## Financial Highlights

	1984	1982
	£	£
Turnover	6,315,277	4,182,398
Profit before taxation	622,367	304,422
Profit after taxation	392,959	153,534
Shareholders' funds	1,351,561	449,200
Earnings per share	2.5p	1.0p
Dividend per share	0.4p	—

The 1983/84 Accounting period was the thirteen months ended 31st January, 1984.

The 1982 period was the year ended 31st December, 1982.

### Six Year Summary

	Turnover £	Profit before tax £	Profit after tax £	Shareholders' funds £	Earnings per share pence
1984 (13 months)	6,315,277	622,367	392,959	1,351,561	2.5
1982	4,182,398	304,422	153,534	449,200	1.0
1981	2,290,515	72,032	50,421	295,666	0.3
1980	1,555,300	57,186	42,411	240,045	0.3
1979	1,211,710	33,985	25,949	202,634	0.2
1978	1,123,804	62,648	61,856	176,685	0.4

Earnings per share have been adjusted to take account of bonus issues.

## Chairman's Statement

I am pleased to welcome you as a Shareholder. At the time of the Prospectus in November, 1983, we forecast profits of £600,000 for the 13 months ended 31st January, 1984, and it was not our intention to pay a final dividend.

I am happy to report that the group has exceeded this forecast and earned £622,367 on sales of £6,315,277. This compares with a profit of £304,422 on sales of £4,182,398 for the year ended 31st December, 1982. Following these satisfactory results the Directors are recommending a final dividend of 0.4p per share net and this together with the associated tax credit is equivalent to 0.57p per share gross. This dividend should not be taken as indicative of future dividend policy, rather it represents the Board's awareness of your requirements to achieve a return on capital albeit that the new capital was only subscribed for a relatively short time during the last financial period.

My Wife and I have waived our entitlement to the dividend in respect of our shareholding.

During 1983 we experienced an increasing demand for home brew products and in particular the increasing variety of Brewmaker products has been well received. Our Concentrate sales continue to grow and we now market what is considered to be the largest range of variants within this fast growing industry, and many of our flavours are unique.

As a result of the injection of funds from the Offer of Sale we have now geared the company both financially and managerially for future growth. Our factory and warehouses have been purchased and our computer installation is being further developed and extended. In addition to the natural growth within the industry, our expansion continues to reflect the opening of new stores by our existing supermarket and multiple customers. In most instances we deliver direct to individual stores but with one major group we are now delivering to a central warehouse for re-distribution by the customer. We have also continued to open further non-traditional outlets and several wholesalers are now carrying Brewmaker products.

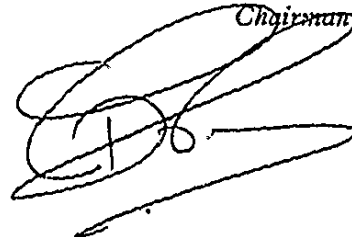
Although significant growth in turnover is being achieved, our margins are having to be reduced in the face of competition, and clearly overheads have increased to enable the company to achieve this higher level of turnover. It must be appreciated that our business is seasonal, with the majority of profits being earned in the last six months, but early signs are of a very satisfactory year.

Your Board are examining the possibility of acquiring similar businesses in our market, and if the occasion arises will diversify into allied products.

The success of our business depends on a number of factors, one of which is the people employed. I would like to take this opportunity to thank all our staff for their loyalty and effort during the period under review. Many of our long standing employees are shareholders of the Company, and it is the intention of the Directors to put forward proposals for the introduction of an employee share incentive scheme in the near future.

COLIN SANDERS

*Chairman*

A large, stylized handwritten signature in black ink, appearing to be 'C. Sanders', written over the printed name and title.



## Directors' Report

The directors present their report and accounts for the period 1st January, 1983 to 31st January, 1984.

### Change of name

The company changed its name from Southampton Homebrews Limited to Brewmaker Limited on 21st September, 1983 and was re-registered as a Public Limited Company on 12th October, 1983.

### Review of the Business

On the 30th September, 1983 the company acquired the whole of the share capital of Southampton Homebrews Limited (formerly Brewmaker Limited), which manufactures soft drink concentrates. The Group's principal activity continues to be the manufacture, processing and wholesale distribution of supplies for the home-brewing of wines and beers.

The long leasehold interest of the Group's main premises in Millbrook, Southampton, was acquired for £258,300 and the extensive improvements which were started in 1982 have now been completed.

A new concentrate manufacturing plant was installed during the period at a cost of £78,000.

The Group's balance sheet was considerably strengthened in November, 1983 when it joined the Unlisted Securities Market and raised £533,309 net of expenses from the issue of new shares.

### Results and Dividends

The Group's profit for the period was £622,367 before a taxation charge of £229,408. This represents an increase of £317,945 over the previous year.

Turnover has increased from £4,182,398, in the twelve months ended 31st December, 1982, to £6,315,277.

The directors recommend payment of a final dividend on 16th May, 1984 to shareholders on the register at the close of business on 5th April, 1984 of 0.4 pence per share.

### Post Balance Sheet Events

On the 3rd April, 1984 agreement was reached with Midland Bank PLC for the mortgage loan, which was repayable by instalments, to be repaid in full on the 6th April, 1984. It was also agreed that the Bank should release all charges held over the Group's assets but continue to provide overdraft facilities which currently amount to £500,000.

### Shareholdings

The directors are not aware of any holding representing 5% or more of the issued Ordinary share capital apart from those of Mr. and Mrs. C.D. Sanders shown below.



## Directors' Report (continued)

### Directors

The directors during the period and their beneficial interest in the shares of the Company were:—

	Ordinary 1p 31st January, 1984	Ordinary £1 31st December, 1982 or date of appointment
C.D. Sanders } Mrs. M.E. Sanders }	13,199,493*	127**
R.A. Cutcliffe	74,074	—
C.J. Armstrong	—	—

\* 1,576,378 of these shares are owned by the Trustees of the J. Sanders Settlement Trust upon trust for the children of Mr. and Mrs. C.D. Sanders.

\*\* Restated to 127 to reflect the acquisition of the subsidiary company Southampton Homebrews Limited.

Mr. C.J. Armstrong having been appointed a Director on 13th October, 1983 under the provisions of Article 93 of the company's Articles of Association retires, and being eligible offers himself for re-election.

Mrs. M.E. Sanders retires by rotation and being eligible offers herself for re-election.

None of the directors had a beneficial interest in any material contract (other than service contracts) to which the company or its subsidiary were a party during the period except as disclosed in the notes to the accounts.

### Close Company Status

The company is a close company under the provisions of the Income and Corporation Taxes Act 1970.

### Auditors

Weeks Green have notified their willingness to continue as Auditors of the Company and a resolution for their re-appointment will be proposed at the Annual General Meeting.

### Registered Office:

21 Cumberland Place,  
Southampton, SO9 5SS

By Order of the Board  
MRS. M.E. SANDERS

Secretary

3rd April, 1984

## Group Profit and Loss Account for the thirteen months ended 31st January, 1984

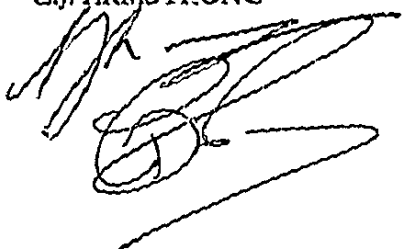
	Note	1984	Year ended 31st December, 1982
Turnover	2	6,315,277	4,182,398
Cost of sales		4,769,648	3,183,852
Gross Profit		1,545,629	998,546
Distribution costs		337,272	252,697
Administrative expenses		564,958	417,100
		902,230	669,797
		643,399	328,749
Operating Profit			
Other operating income		4,333	6,178
Interest receivable and similar income		5,746	56
		10,079	6,234
		653,478	334,983
		31,111	30,561
Interest payable			
Profit on Ordinary Activities before tax	3	622,367	304,422
Tax on profit on ordinary activities	5	229,408	150,888
Profit for the financial period	8	392,959	153,534
Dividend	9	23,907	—
Retained profit for the period	18	£369,052	£153,534
Earnings per share	10	2.5p	1.0p

## Group Balance Sheet at 31st January, 1984

	Note	31st January, 1984	31st December, 1982
<b>Fixed assets</b>			
Tangible assets	11	754,086	345,082
<b>Current assets</b>			
Stock	13	648,609	522,664
Debtors	14	1,160,745	1,045,263
Cash at bank and in hand		105,890	209
		<u>£1,915,244</u>	<u>£1,568,136</u>
<b>Current liabilities</b>			
Creditors — Amounts falling due within one year	17	<u>£1,181,545</u>	<u>£1,301,731</u>
<b>Net current assets</b>		<u>733,699</u>	<u>266,405</u>
<b>Total assets less current liabilities</b>		<u>1,487,785</u>	<u>611,487</u>
Creditors — Amounts falling due after more than one year	15	84,820	95,272
Provisions for liabilities and charges	16	<u>51,404</u>	<u>67,015</u>
		<u>136,224</u>	<u>162,287</u>
<b>Net assets</b>		<u>£1,351,561</u>	<u>£449,200</u>
<b>Capital and reserves</b>			
Called up share capital	17	176,000	127
Share premium account	18	511,309	—
Other reserves	18	173	173
Profit and loss account	18	664,079	448,900
<b>Shareholders' funds</b>		<u>£1,351,561</u>	<u>£449,200</u>

Approved by the Board on: 3rd April, 1984

C.D. SANDERS  
C.J. ARMSTRONG Directors





## Company Balance Sheet at 31st January, 1984

	Note	31st January, 1984	31st December, 1982
Fixed assets			211,571
Tangible assets	11	754,086	27
Investments	12	<u>754,113</u>	<u>211,598</u>
Current assets			
Stock	13	648,609	486,763
Debtors	14	1,159,633	1,032,353
Cash at bank and in hand		105,890	144
		<u>£1,914,132</u>	<u>£1,519,260</u>
Current liabilities			
Creditors — Amounts falling due within one year	15	<u>£1,290,250</u>	<u>£1,169,613</u>
Net current assets		623,882	349,647
Total assets less current liabilities		1,377,995	561,245
Creditors — Amounts falling due after more than one year	15	84,820	95,272
Provisions for liabilities and charges	16	<u>51,404</u>	<u>53,256</u>
		136,224	148,528
Net assets		<u>£1,241,771</u>	<u>£412,717</u>
Capital and reserves			127
Called up share capital	17	176,000	—
Share premium account	18	511,309	412,590
Profit and loss account	18	554,462	—
Shareholders' funds		<u>£1,241,771</u>	<u>£412,717</u>

Approved by the Board on: 3rd April, 1984

C.D. SANDERS  
C.J. ARMSTRONG Directors



## Accounting Policies

a) Accounting Convention

The accounts are prepared under the historic cost convention. Supplementary current cost accounting information is not required by the Statement of Standard Accounting Practice Number 16 for the period ended 31st January, 1984.

b) Basis of Consolidation

The Group accounts are the consolidated accounts of the company and its subsidiary Southampton Homebrews Limited (formerly Brewmaker Limited) drawn up in accordance with the principles of merger accounting. The financial information has been prepared as if the Group structure, as presently constituted, had been in existence throughout the current and comparative periods.

c) Turnover

Turnover is the value of goods supplied in the normal course of business.

d) Depreciation

Depreciation has been provided on all fixed assets to spread the cost over the estimated useful lives of the relevant assets at the following rates:—

Leasehold premises — Straight line over the term of the lease commencing in the year following expenditure.

Fixtures & fittings — 10% Straight line

Computer equipment — 25% Straight line

Plant & machinery — 10% to 20% Straight line

Motor vehicles — 25% Reducing balance

e) Stock

Stock is valued consistently at the lower of cost and net realisable value. Finished goods cost includes an appropriate proportion of fixed and variable production overhead expenses.

f) Deferred Taxation

Deferred taxation is provided for by the liability method on all timing differences expected to reverse in the foreseeable future. The provision included in the accounts has been calculated at the anticipated rate of Corporation Tax prevailing during the year in which the liability is expected to crystallise (1982 52%).

g) Foreign Currency

Amounts due by the company to overseas suppliers which are payable in foreign currencies are included in the accounts at the rate of exchange at the date of the balance sheet. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All exchange adjustments are taken to the profit and loss account.



## Notes to the Accounts for the thirteen months ended 31st January, 1984

1. **Accounting period**  
The accounting reference date of both Group companies has been changed from 31st December to 31st January. These accounts relate to the thirteen month period ended 31st January, 1984. The comparative information relates to the twelve month period ended 31st December, 1982.

2. Turnover	1984	1982
United Kingdom	6,167,128	4,118,131
Overseas	148,149	64,267
	<u>£6,315,277</u>	<u>£4,182,398</u>

3. <b>Profit before tax is after charging:—</b>		
Depreciation	£49,837	£29,424
Hire of plant and machinery	£4,813	£2,102
Auditors' remuneration	£8,650	£1,900
	<u>£53,300</u>	<u>£33,426</u>

4. <b>Interest Payable</b>		
On bank overdraft	17,655	26,953
Bank mortgage loan	13,456	3,608
	<u>£31,111</u>	<u>£30,561</u>

5. <b>Taxation</b>		
The charge in the profit and loss account comprises:—		
Corporation tax on the taxable profits for the period	236,050	116,130
Deferred tax for the period	10,166	27,935
	<u>246,216</u>	<u>144,065</u>
Corporation tax prior periods	(1,277)	(1,796)
Deferred tax resulting from a change in the rate of taxation	(15,531)	8,619
	<u>£229,408</u>	<u>£150,888</u>

The Corporation Tax charge on the company is at 52%/50%. (1982 — 52%). The rate applying to its subsidiary is 38%/30%. (1982 — 40%/38%).

The taxation charge for the period has been reduced by £32,350 (1982 £ Nil) in respect of accelerated capital allowances and other timing differences for which no deferred taxation has been provided and by £16,513 (1982 £6,798) in respect of stock appreciation relief.

## Notes to the Accounts (continued)

6.	<b>Employees</b>	<u>1984</u>	<u>1982</u>
	The average number of employees of the Group during the period was:—		
	Direct	59	43
	Distribution	3	2
	Directors	3	3
	Office	25	23
		<u>90</u>	<u>71</u>
	Their aggregate remuneration amounted to:—		
	Wages, salaries and fees	472,682	365,851
	Social Security costs	48,986	31,102
	Pension contributions	155	15,000
		<u>£521,823</u>	<u>£411,953</u>
7.	<b>Directors' remuneration</b>		
	Salaries and other emoluments	63,570	101,835
	Pension contributions	155	15,000
		<u>63,725</u>	<u>£116,835</u>
	Emoluments (excluding pension scheme contributions) of the Chairman	<u>£23,266</u>	<u>£55,750</u>
	The emoluments (excluding pension scheme contributions) of other directors fell within the following ranges:—	<u>Number</u>	<u>Number</u>
	£1 — £ 5,000	1	—
	£10,001 — £15,000	—	1
	£15,001 — £20,000	1	—
	£20,001 — £25,000	1	—
	£30,001 — £35,000	—	1
8.	<b>Profit for the financial period</b>		
	Dealt with in the accounts of Brewmaker plc	322,802	125,055
	Retained by subsidiary	70,157	28,479
		<u>£392,959</u>	<u>£153,534</u>
9.	<b>Dividends</b>		
	Proposed dividend of 0.4 pence per share payable	<u>£23,907</u>	<u>—</u>
	Mr. C.D. Sanders and Mrs. M.E. Sanders have waived their rights to dividends for the period on 11,623,115 shares amounting to £46,493.		
	The dividend cover is 16.4 based on the actual total payment or 5.6 on the theoretical payment if there had been no dividend waiver.		

## Notes to the Accounts (continued)

**10. Earnings per share**

The calculation of earnings per share is based on earnings of £392,959 (1982 £153,534) after taxation and 15,795,793 Ordinary shares being the adjusted weighted average number in issue (1982 15,400,000).

**11. Tangible fixed assets**

	Long leasehold property and leasehold improvements	Motor Vehicles	Plant and machinery	Total
<b>Group</b>				
Cost				
At 1st January, 1983	198,412	43,716	178,718	420,846
Additions	327,322	57,436	112,059	496,817
Disposals	(13,551)	(35,983)	(4,500)	(54,034)
At 31st January, 1984	£512,183	£65,169	£286,277	£863,629
Depreciation				
At 1st January, 1983	1,497	14,275	59,992	75,764
Provided during the period	5,717	12,944	31,176	49,837
Disposals	(262)	(15,271)	(525)	(16,058)
At 31st January, 1984	£6,952	£11,948	£90,643	£109,543
Net Book Value at 31st January, 1984	£505,231	£53,221	£195,634	£754,086
Net Book Value at 31st December, 1982	£196,915	£29,441	£118,726	£345,082
<b>Company</b>				
Cost				
At 1st January, 1983	94,005	43,716	143,462	281,183
Additions	307,984	57,436	58,023	423,443
Group transfers	123,745	—	89,292	213,037
Disposals	(13,551)	(35,983)	(4,500)	(54,034)
At 31st January, 1984	£512,183	£65,169	£286,277	£863,629
Depreciation				
At 1st January, 1983	167	14,275	55,170	69,612
Provided during the period	4,028	12,944	15,741	32,713
Group transfers	3,019	—	20,257	23,276
Disposals	(262)	(15,271)	(525)	(16,058)
At 31st January, 1984	£6,952	£11,948	£90,643	£109,543
Net Book Value at 31st January, 1984	£505,231	£53,221	£195,634	£754,086
Net Book Value at 31st December, 1982	£93,838	£29,441	£88,292	£211,571

## Notes to the Accounts (continued)

**12. Investment — Shares in Group Company**

The whole of the issued share capital of Southampton Homebrews Limited (formerly Brewmaker Limited) was acquired on 30th September, 1983. 27 Ordinary £1 shares were issued in consideration. After capitalisation bonus issues the value of the consideration calculated at the Offer for Sale price of 33.25p amounted to £524,145.

In accordance with the principles of merger accounting this transaction is reflected in the accounts as though it had taken place on 19th January, 1981 when Southampton Homebrews was incorporated.

The net profit before taxation of the subsidiary company for the current period up to the date of the merger was approximately £64,000.

Southampton Homebrews Limited is incorporated in England and until its trade was transferred to Brewmaker plc on 31st October, 1983 it was engaged in the manufacture of soft drink concentrates.

**13. Stocks**

	Group		Company	
	1984	1982	1984	1982
Raw materials	108,720	99,848	108,720	60,797
Finished goods and goods for re-sale	539,889	422,816	539,889	425,966
	<u>£648,609</u>	<u>£522,664</u>	<u>£648,609</u>	<u>£486,763</u>

**14. Debtors**

Amounts falling due within one year:

Trade debtors	1,136,055	1,031,462	1,136,055	1,031,462
Other debtors	13,177	11,674	12,065	—
Prepayments and accrued income	11,513	2,127	11,513	891
	<u>£1,160,745</u>	<u>£1,045,263</u>	<u>£1,159,633</u>	<u>£1,032,353</u>

## Notes to the Accounts (continued)

15. Creditors	Group		Company	
	1984	1982	1984	1982
Amounts falling due within one year:				
Bank loan	7,064	3,108	7,064	3,108
Bank overdraft	385	320,231	385	263,840
Trade creditors	657,148	625,037	657,148	567,137
Amount owed to subsidiary company	—	—	114,697	22,007
Corporation tax	246,496	124,986	240,504	114,821
Other taxation and social security	140,567	127,802	140,567	101,322
Directors' current accounts	60	2,375	60	2,375
Hire purchase	1,852	331	1,852	331
Proposed dividend	23,907	—	23,907	—
Other creditors	93,074	86,434	93,074	84,190
Accruals	10,992	11,427	10,992	10,482
	<u>£1,181,545</u>	<u>£1,301,731</u>	<u>£1,290,250</u>	<u>£1,169,613</u>
Amounts falling due after more than one year:				
Bank loan	83,277	95,000	83,277	95,000
Hire purchase	1,543	272	1,543	272
	<u>£84,820</u>	<u>£95,272</u>	<u>£84,820</u>	<u>£95,272</u>
Bank loan				
Repayable by instalments—				
After five years	38,198	56,472	38,198	56,472
Between two and five years	35,805	30,467	35,805	30,467
Between one and two years	9,274	8,061	9,274	8,061
	<u>83,277</u>	<u>95,000</u>	<u>83,277</u>	<u>95,000</u>
Within one year	7,064	3,108	7,064	3,108
	<u>£90,341</u>	<u>£98,108</u>	<u>£90,341</u>	<u>£98,108</u>

The bank loan carries interest at 2½% above Midland Bank base rate.

Bank borrowings are secured against assets of the company.

On 3rd April, 1984 agreement was reached with Midland Bank PLC for the loan which was repayable by instalments to be repaid in full on 6th April, 1984. It was also agreed that the Bank should release all charges held over the Group's assets but continue to provide overdraft facilities which currently amount to £500,000.

## Notes to the Accounts (continued)

16. Provisions for liabilities and charges	Group		Company	
	1984	1982	1984	1982
Deferred taxation provided on accelerated capital allowances and general timing differences	61,650	67,015	61,650	53,256
Advance Corporation Tax recoverable	(10,246)	—	(10,246)	—
	<u>£51,404</u>	<u>£67,015</u>	<u>£51,404</u>	<u>£53,256</u>
Potential deferred taxation liability not provided on accelerated capital allowances	<u>£32,350</u>	<u>—</u>	<u>£32,350</u>	<u>—</u>

The deferred taxation provision has been calculated by reference to the proposed Corporation Tax rates announced by the Chancellor of the Exchequer on 13th March, 1984. The movement on the deferred taxation provision is shown in note 5.

17. Share capital	1984	1982
Authorised		
18,000,000 Ordinary Shares of 1p		
(1982, 1,000 Ordinary Shares of £1)	<u>£180,000</u>	<u>£1,000</u>
Allotted issued and fully paid		
17,600,000 Ordinary Shares of 1p		
(1982 100 Ordinary Shares of £1)		
(Restated to 127 Ordinary Shares of £1 under the principle of merger accounting)	<u>£176,000</u>	<u>£127</u>

On 30th September, 1983:—

27 Ordinary Shares of £1 each were issued, credited as fully paid up, as consideration for the acquisition of the whole of the issued share capital of Southampton Homebrews Limited (formerly Brewmaker Limited); each Ordinary Share of £1 was subdivided into 100 Ordinary Shares of 1p each; the authorised share capital was increased to £60,000 by the creation of an additional 5,900,000 Ordinary Shares of 1p each; and 5,080,000 Ordinary Shares of 1p each were allotted to existing shareholders, credited as fully paid, by way of a bonus issue.

On 16th November, 1983 the authorised capital was increased to £180,000 by the creation of 12,000,000 additional Ordinary Shares of 1p each and 10,307,300 of these were allotted to existing shareholders, credited as fully paid, by way of a bonus issue.

On 18th November, 1983 178,000 Ordinary Shares of 1p were issued to 26 long-standing employees of the Company at 27p per share for a total consideration of £48,060.

Under an agreement dated 21st November, 1983 Harvard Securities Limited subscribed for 2,022,000 Ordinary Shares of 1p for cash at 29.925p per share. The total consideration net of expenses amounted to £485,249.

## Notes to the Accounts (continued)

18. Reserves	Group	Company
Share premium account		
Arising on issues during the period	631,143	631,143
Less associated costs	119,834	119,834
Balance at 31st January, 1984	<u>£511,309</u>	<u>£511,309</u>
Other reserves		
Arising on consolidation	<u>£173</u>	<u>—</u>
Profit and loss account		
At 1st January, 1983	448,900	412,590
Retained profit for the period	369,052	295,745
Capitalisation issues	(153,873)	(153,873)
Balance at 31st January, 1984	<u>£664,079</u>	<u>£554,462</u>
Total at 31st January, 1984:—		
Non-distributable	511,482	511,309
Distributable	664,079	554,462
	<u>£1,175,561</u>	<u>£1,065,771</u>

19. Capital commitments		
Contracts placed	<u>—</u>	<u>£38,338</u>

20. Transactions with connected persons
- The company bought printing services amounting to £87,666 from Bittern Press, a business owned by C.D. Sanders and M.E. Sanders.
- Goods to the value of £68,483 were sold to 'Homebrews', a business owned by C.D. Sanders.
- Rent amounting to £24,402 was paid to C.D. Sanders for the company's occupation of the Millbrook property.
- Rent amounting to £11,560 was paid to M.E. Sanders for the subsidiary company's occupation of the Peel Street property.
- The company bought the long leasehold interest of the property it occupies in Millbrook from C.D. Sanders under a contract dated 31st July, 1983, which was completed on 18th January, 1984. The purchase price of £258,300 was based on an independent professional valuation.
- Leasehold improvements made by the company to the property it occupies in Northam were sold to C.D. Sanders who owns a long leasehold interest in that property. The sale price was the original cost of £12,951 less accumulated depreciation of £262.
- The subsidiary company sold its Peel Street premises to M.E. Sanders on 28th April, 1983 for £117,000. It subsequently repurchased the property at the same price under a contract dated 31st July, 1983 which was completed on 18th January, 1984 with the Holding company.
- The whole of the issued share capital of Southampton Homebrews Limited (formerly Brewmaker Limited) was acquired from C.D. Sanders, M.E. Sanders and the Trustees of the J. Sanders Settlement Trust on 30th September, 1983 in consideration for the issue of 27 Ordinary Shares of £1 in the company, credited as fully paid.
- These transactions were all conducted on a commercial basis.
- Arrangements are being finalised for C.D. Sanders and M.E. Sanders to dispose of their interest in Bittern Press and it is anticipated that this transaction will be completed by 30th April, 1984.

21. Loans to Directors
- Mr. C.D. Sanders' director's current account was overdrawn for the period from 6th May to 30th July, 1983. The maximum balance outstanding during this period was £29,866.



# BREWMAKER

## Group Statement of Source and Application of Funds for the thirteen months ended 31st January, 1984

	1984	Year ended 31st December, 1982
<b>Source</b>		
Profit before taxation	622,367	304,422
Adjustment for items not involving the movement of funds:—		
Depreciation and loss on sale of fixed assets	54,669	29,424
Sales of fixed assets	33,144	—
Shares issued	533,309	—
Loan	—	95,000
Total funds generated	1,243,489	428,846
<b>Application</b>		
Corporation Tax	124,621	439
Purchase of fixed assets	496,817	173,722
Repayment of loan	11,723	—
	633,161	174,161
Increase in working capital	<u>£610,328</u>	<u>£254,685</u>
<b>Represented by:—</b>		
<b>Increase in:</b>		
Stock	125,945	282,695
Debtors	115,482	574,571
Creditors	(56,626)	(423,709)
Increase/(Decrease) in net liquid funds	425,527	(178,872)
Bank and cash balances	<u>£610,328</u>	<u>£254,685</u>



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## Auditor's Report

### Report of the Auditors to the members of Brewmaker plc

We have audited the financial statements on pages 8 to 19 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historic cost convention, give a true and fair view of the state of affairs of the company and the group at 31st January, 1984 and of the profit and source and application of funds of the group for the thirteen months then ended and comply with the Companies Acts 1948 to 1981.

WEEKS GREEN,  
21 Cumberland Place,  
Southampton SO9 5SS.

3rd April, 1984