

SOUTHAMPTON HOMEBREWS LIMITED

1124015  
26

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1981

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DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1981.

## RESULTS

The profit for the year and the treatment thereof is set out in the profit and loss account.

## DIVIDEND

The directors recommend that no dividend be paid.

## PRINCIPAL ACTIVITIES

The company's principal activity during the year was the wholesale distribution of supplies for the home-brewing of wines and beers.

## DIRECTORS

The directors during the year and their interests in shares and debentures of the company were:-

<u>Name</u>	<u>Ordinary</u>
C.D. Sanders	99
M.E. Sanders	1
R.A. Cutcliffe	-

Under the company's articles of association R.A. Cutcliffe retires and being eligible offers himself for re-election.

## FIXED ASSETS

Movements in fixed assets are shown in the notes to the accounts.

## AUDITORS

Weeks Green have notified their willingness to continue as auditors of the company and a resolution for their re-appointment will be proposed.

Registered Office:

21 Cumberland Place,  
Southampton,  
Hampshire.

26 March 1982

By Order of the Board

M E Sanders

M.E. SANDERS

Secretary

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1981

		<u>1981</u>	<u>1980</u>
	<u>Note</u>		
Turnover	1	<u>£2,219,463</u>	<u>£1,467,528</u>
Profit before taxation	2	50,462	67,720
Taxation	3	<u>13,226</u>	<u>(41,822)</u>
Profit after taxation		37,236	109,542
Extraordinary profit	6	<u>4,411</u>	<u>-</u>
		41,647	109,542
Balance at beginning of year		<u>252,465</u>	<u>142,923</u>
Balance at end of year		<u>£294,112</u>	<u>£252,465</u>

BALANCE SHEET  
at 31 December 1981

	Note	<u>1981</u>	<u>1980</u>
Fixed assets	4	83,699	62,503
Current assets:-			
Stock and work-in-progress		238,017	198,968
Directors current account	8	-	17,560
Debtors and prepayments		466,493	222,743
Bank and cash balances		682	250
		<u>£705,192</u>	<u>£439,521</u>
Less: Current liabilities			
Creditors		357,025	206,965
Bank loans and overdrafts (secured)		82,690	224
Hire purchase		1,437	5,020
Taxation	3	15,883	12,431
Directors' current accounts		12,405	-
		<u>£469,440</u>	<u>£224,640</u>
Net current assets		<u>235,752</u>	<u>214,881</u>
		319,451	277,384
Deferred taxation		<u>25,239</u>	<u>24,819</u>
		<u>£294,212</u>	<u>£252,565</u>
CAPITAL EMPLOYED			
Ordinary share capital	5	100	100
Reserves		<u>294,112</u>	<u>252,465</u>
Interest of ordinary shareholders		<u>£294,212</u>	<u>£252,565</u>

C.D. SANDERS

M.E. SANDERS

Directors

26 March 1982

NOTES TO THE ACCOUNTS

## 1. ACCOUNTING POLICIES

## a) Turnover

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

## b) Depreciation

Depreciation has been provided on all fixed assets, except freehold land and buildings, 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% Straight line
Motor vehicles	-	25% Reducing balance

## c) Stock and work-in-progress

Stocks and work-in-progress are valued consistently at the lower of cost and net realisable value. In the case of work in progress and finished goods cost includes an appropriate proportion of fixed and variable production overhead expenses.

## d) Deferred taxation

Deferred taxation is provided for by the liability method at 40% on all timing differences, except to the extent that the tax reduction is expected to continue for the foreseeable future.

2. PROFIT before TAXATION IS  
after charging:-

	<u>1981</u>	<u>1980</u>
Depreciation	17,074	12,620
Interest payable		
on bank borrowings and short term loans	8,062	3,256
Auditors' remuneration	1,300	1,200

## 3. TAXATION

## a) The charge in the profit and loss account comprises:-

	<u>1981</u>	<u>1980</u>
Corporation tax on the taxable profits for the period at 40%	12,342	12,431
Deferred taxation	420	7,596
Deferred taxation provision no longer required	-	(60,811)
Adjustments relating to prior periods	(136)	(1,037)
	<u>£13,226</u>	<u>(£41,821)</u>

NOTE TO THE ACCOUNTS (CONTINUED)

The charge for taxation has been reduced by £6,823 (1980 - £7,062) in respect of current year stock appreciation relief.

	<u>1981</u>	<u>1980</u>
b) Deferred Taxation relates to timing differences other than stock appreciation relief	<u>£25,239</u>	<u>£24,819</u>

The full potential deferred taxation liability amounts to £88,709. This includes £63,470 in respect of stock appreciation relief which would become payable only if the company were to cease trading or substantially reduce the level of its trading activities.

4. FIXED ASSETS	Improvements to long lease- hold property	Plant, Equipment and motor vehicles	<u>1981 Total</u>	<u>1980 Total</u>
Cost or valuation				
At beginning of period	-	92,221	92,221	62,652
Additions	12,951	33,259	46,210	32,225
Sales	-	(9,843)	(9,843)	(2,656)
At end of period	<u>£12,951</u>	<u>£115,637</u>	<u>£123,588</u>	<u>£92,221</u>
Depreciation				
At beginning of period	-	23,718	23,718	18,199
Charge for period	-	17,074	17,074	12,620
Sales	-	(1,903)	(1,903)	(1,131)
At end of period	<u>-</u>	<u>£44,889</u>	<u>£44,889</u>	<u>£29,718</u>
Net Book Value	<u>£12,951</u>	<u>£70,748</u>	<u>£83,699</u>	<u>£62,503</u>

## 5. SHARE CAPITAL

	Authorised		Issued and fully paid	
	<u>1981</u>	<u>1980</u>	<u>1981</u>	<u>1980</u>
Ordinary shares of £1	<u>£1,000</u>	<u>£1,000</u>	<u>£100</u>	<u>£100</u>

NOTES TO THE ACCOUNTS (CONTINUED)

## 6. EXTRAORDINARY PROFIT

The company received a payment from a competitor for relinquishing its rights to an advertising slogan which had previously been used by both companies. The £4,411, included in the profit and loss account net of Corporation Tax of £2,941, is stated after deducting legal expenses and other related costs.

## 7. DIRECTORS' EMOLUMENTS

	<u>1981</u>	<u>1980</u>
Salaries (including benefits)	51,032	38,550
Pension Scheme Contributions	49,998	-
	<u>£111,030</u>	<u>£38,550</u>

Emoluments (excluding Pension Scheme Contributions) were:

Chairman	<u>£27,610</u>	<u>£26,550</u>
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Ranges of other directors:

	<u>Number</u>	
£5,001 - £10,000	1	-
£10,001 - £15,000	-	1
£20,001 - £25,000	1	-

## 8. DIRECTORS LOAN ACCOUNT

At the 1 January 1981 Mr. C.D. Sanders loan account had an overdrawn balance of £17,560. At the 31 December 1981 the account showed a credit balance of £12,405. The maximum overdrawn balance during the year was £19,075.

NOTES TO THE ACCOUNTS (CONTINUED)

9. TRANSACTIONS WITH CONNECTED PERSONS

The company bought goods amounting to £314,327 and supplied management and other services to Brewmaker Limited, a company controlled by C.D. Sanders and M.E. Sanders.

The company bought printing services amounting to £16,296 from Bittern Press, a business owned by C.D. Sanders and M.E. Sanders.

Goods to the value of £72,175 were sold to 'Homebrews', a business owned by C.D. Sanders.

All of the above transactions were conducted on a commercial basis.

10. CONTINGENT LIABILITIES

The company is party to an unlimited cross guarantee with Brewmaker Limited, in favour of Midland Bank Limited, whereby each party guarantees the others bank borrowings.

At the 31 December 1981 this contingent liability amounted to £62,250.



STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
for the year ended 31 December 1981

	<u>1981</u>	<u>1980</u>
SOURCE OF FUNDS		
Profit before taxation	50,462	67,721
Extraordinary profit	<u>7,352</u>	<u>-</u>
	57,814	67,721
Adjustment for items not involving the movement of funds:-		
Depreciation	17,074	12,620
Loss on sale of fixed assets	<u>2,880</u>	<u>770</u>
	77,768	81,111
Sales of fixed assets	<u>5,060</u>	<u>785</u>
Total funds generated	82,828	81,896
APPLICATION OF FUNDS		
Corporation Tax paid	12,295	4,733
Purchase of fixed assets	<u>46,210</u>	<u>32,225</u>
	58,505	36,958
Increase in working capital	<u>£24,323</u>	<u>£44,938</u>
Represented by:-		
Increase in stocks and work-in-progress	39,049	7,123
Increase/(Decrease) in debtors	243,750	(8,033)
(Increase) in creditors	(150,060)	(20,387)
(Increase)/Decrease in directors' current accounts	(29,965)	31,695
Decrease/(Increase) in hire purchase liabilities	3,583	(438)
(Decrease)/Increase in net liquid funds		
Bank and cash balances	<u>(82,034)</u>	<u>34,978</u>
	<u>£24,323</u>	<u>£44,938</u>

REPORT OF THE AUDITORS TO THE MEMBERS OF SOUTHAMPTON HOMEBREWS LIMITED

We have audited the financial statements set out on pages 2 to 8.

Note 8 on page 6 gives details of a loan to a director. Such loans are contrary to the provision of Section 49 Companies Act 1980.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31 December 1981, and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

*Week Green*

WEEKS GREEN,  
Chartered Accountants,  
21 Cumberland Place,  
Southampton.

15 April 1982