

Registered in England, number 2378126

Inch's Cider Limited

Directors' Report and Accounts

31 December 2006

WEDNESDAY



SCT

S60CRU9S

31/10/2007

COMPANIES HOUSE

373

Inch's Cider Limited

Directors' Report and Accounts

<i>Contents</i>	<i>Page</i>
Report of the directors	1
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Statement of total recognised gains and losses	5
Balance sheet	6
Notes to the accounts	7

Inch's Cider Limited

DIRECTORS' REPORT

The directors present their annual report and the audited accounts for the year ended 31 December 2006.

Principal activity

The company has ceased to trade.

Financial review

The retained profit for the year amounted to £nil (year ended 31 December 2005 – £nil). The directors do not recommend the payment of a dividend.

Ultimate parent undertaking

The ultimate parent undertaking of the company is Scottish & Newcastle plc.

Directors and their interests

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

W J J Crawshay

J-F Jamet

M Stevens

None of the directors who served during the year had any disclosable interest in the shares of the company.

The directors' interests in the 20p ordinary shares of Scottish & Newcastle plc (including options granted under the terms of the United Kingdom employee share schemes to subscribe for ordinary shares) were as follows:

	Ordinary shares		Options	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
W J J Crawshay	3,526	21,982	41,635	114,059
J-F Jamet	16,416	15,266	32,419	32,419
M Stevens	3,993	3,493	2,588	2,588

Financial Risk Management Policy

The main risks associated with the company's financial assets and liabilities are set out below.

Interest rate risk

The company benefits from the management of interest rate risk being undertaken at parent company level and therefore interest rate risk is viewed at a Group level.

Liquidity risk

The company benefits from the management of liquidity risk being undertaken at parent company level and therefore primarily obtaining funding intra group. Its bank accounts form part of the Group offset arrangements.

Foreign currency risk

The company benefits from the management of foreign currency risk being undertaken at parent company level. The company hedges its overseas investments by way of currency denominated liabilities.

Statement of disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Inch's Cider Limited

Auditors

A resolution to re-appoint Ernst & Young LLP as the company's auditors will be submitted at the forthcoming annual general meeting.

By order of the Board

A handwritten signature in dark ink, appearing to read 'M Stevens', is written over the printed name.

M Stevens

Secretary

23 October 2007

Ashby House
1 Bridge Street
Staines
TW18 4TP

Inch's Cider Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom 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 period. In preparing these 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;
- state whether applicable 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 proper accounting records that 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 1985. 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.

Inch's Cider Limited

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INCH'S CIDER LIMITED

We have audited the company's financial statements for the period ended 31 December 2006 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 10. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 auditors' 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 auditors

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 United Kingdom law and 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. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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.

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 31 December 2006 and of its profit for the period then ended;
- the financial statements 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.

Ernst & Young LLP
Registered Auditor, Edinburgh
31 October 2007

Ernst & Young LLP

Inch's Cider Limited

**Profit and Loss Account
For the year ended 31 December 2006**

		Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
	<i>Note</i>		
Grant of brand licence		-	-
Profit on ordinary activities before taxation		-	-
Taxation charge on profit on ordinary activities	5	-	-
Profit attributable to ordinary shareholders retained		-	-

**Statement of Total Recognised Gains and Losses
for the year ended 31 December 2006**

There are no recognised gains and losses for the current and preceding financial year.

Inch's Cider Limited

**Balance Sheet
At 31 December 2006**

		31 December 2006		31 December 2005	
	<i>Note</i>	£'000	£'000	£'000	£'000
Current assets					
Debtors	6	17,933		17,933	
Creditors: amounts falling due within one year	7	(806)		(806)	
Net current assets			17,127		17,127
			17,127		17,127
Capital and reserves					
Called up share capital	8		940		940
Share premium account	9		313		313
Profit and loss account	9		15,874		15,874
			17,127		17,127

These accounts were approved by the Board of Directors on 23 October 2007 and were signed on its behalf by:



Director

Inch's Cider Limited

Notes to the accounts

1. Accounting Policies

Basis of preparation

The accounts are prepared in accordance with applicable United Kingdom Accounting Standards.

The financial statements have been prepared on a historical cost basis and the accounting policies outlined have been applied consistently throughout the periods under review.

The company has taken advantage of exemptions under FRS1 and has not prepared a cash flow statement.

The company has taken advantage of exemptions under FRS8 and has not disclosed certain related party transactions.

The company is exempt from the requirement to produce group accounts by the Companies Act 1985 section 248. The financial statements present information about the company as an individual undertaking and not about its group

2. Net operating costs

Fees in respect of services provided by the auditors for the statutory audit of the company and other services were paid on behalf of the company by its ultimate parent company Scottish and Newcastle plc.

3. Remuneration of directors

No directors received emoluments from the company during the year ended 31 December 2006 (year ended 31 December 2005 – nil).

4. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was nil (year ended 31 December 2005 – nil).

5. Taxation charge on profit on ordinary activities

	Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
(i) Tax charge		
Corporation Tax - transfer from deferred tax asset	-	-
(ii) Tax reconciliation		
Profit on ordinary activities before taxation	-	-
	-	-

Inch's Cider Limited

Notes to the accounts (*continued*)

6. Debtors

	31 December 2006 £'000	31 December 2005 £'000
Amounts owed by group undertakings	17,933	17,933

7. Creditors: amounts falling due within one year

	31 December 2006 £'000	31 December 2005 £'000
Amounts owed to other group companies	806	806

8. Called up share capital

Authorised

	Number of shares		Amount	
	31 December 2006	31 December 2005	31 December 2006 £'000	31 December 2005 £'000
Ordinary shares of £1 each	150	150	150	150
'A' ordinary shares of £1 each	97	97	97	97
'B' ordinary shares of £1 each	43	43	43	43
'C' preference shares of £1 each	150	150	150	150
'D' preference shares of £1 each	500	500	500	500
	940	940	940	940

Allotted, called up & fully paid

	Number of shares		Amount	
	31 December 2006	31 December 2005	31 December 2006 £'000	31 December 2005 £'000
Ordinary shares of £1 each	150	150	150	150
'A' ordinary shares of £1 each	97	97	97	97
'B' ordinary shares of £1 each	43	43	43	43
'C' preference shares of £1 each	150	150	150	150
'D' preference shares of £1 each	500	500	500	500
	940	940	940	940

The defined rights attaching to certain classes of shares are set out below.

Inch's Cider Limited

Notes to the accounts (*continued*)

'A' Ordinary Shares

Dividend - The shares carry the right to a dividend of 10.5% net of the nominal value of shares which is cumulative should the company be unable to make a distribution legally for any financial year. This dividend will be adjusted to 7% of profit before taxation as shown in the profit and loss account if higher, allocated to each share on a pro-rata basis.

Conversion - The shares may be converted at any time into a like number of ordinary shares.

On winding up - On winding up shareholders are entitled to £1 per share, together with a sum equal to any arrears of dividends, after any payment to preference shareholders but before ordinary shareholders. In addition any balance of assets shall be distributed amongst the holders of the 'A' ordinary, 'B' ordinary and ordinary shares in proportion to the amounts paid up.

Voting rights - Each share carries the right to one vote.

'B' Ordinary Shares

Dividend - The shares carry the right to a dividend of 6% net of the nominal value, plus premium paid on the issue of the shares, which is cumulative should the company be unable to make a distribution legally for any financial year. This dividend will be increased by 3.15% of profit before taxation as shown in the profit and loss account, allocated to each share on a pro-rata basis.

Conversion - The shares may be converted at any time into a like number of ordinary shares.

On winding up - On winding up shareholders are entitled to £1 per share, together with a sum equal to any arrears of dividends, after any payment to preference shareholders but before ordinary shareholders. In addition any balance of assets shall be distributed amongst the holders of the 'A' ordinary, 'B' ordinary and ordinary shares in proportion to the amounts paid up.

Voting rights - Each share carries the right to one vote.

'A' Preference Shares

Dividend - The shares carry the right to a dividend of 10.5% of the nominal value of shares which is cumulative should the company be unable to make a distribution legally for any financial year.

Redemption - The shares are redeemable at any time at £1 per share at the option of the company.

On winding up - On winding up shareholders are entitled to £1 per share, together with a sum equal to any arrears of preference dividends, and this payment shall be made in priority to any payments to ordinary shareholders, but ranking *pari passu* with the 'B' preference shares.

Voting rights - The shares carry no voting rights.

'B' Preference Shares

Dividend - The shares carry the right to a dividend of 8% net of the nominal value of shares which is cumulative should the company be unable to make a distribution legally for any financial year.

Redemption - The shares are redeemable at any time at £1 per share at the option of the company.

On winding up - On winding up shareholders are entitled to £1 per share, together with a sum equal to any arrears of preference dividends, and this payment shall be made in priority to any payments to ordinary shareholders, but ranking *pari passu* with the 'A' preference shares.

Voting rights - The shares carry no voting rights, except in a situation where dividends are in arrears for a period in excess of nine months, or redemption is more than six months overdue, whereupon each preference share has one vote.

Waiver of rights

H P Bulmer Limited has waived its rights to receive dividends on ordinary and preference shares.

Inch's Cider Limited

Notes to the accounts (*continued*)

9. Reconciliation of movements in reserves

	Share premium £'000	Profit and loss account £'000
At 31 December 2005 and 31 December 2006	313	15,874

10. Parent company

The ultimate parent undertaking, which is also the parent for the largest group of undertakings for which group accounts are drawn up and of which the company is a member, is Scottish & Newcastle plc, a company registered in Scotland.

Group accounts for this company may be obtained from the Company Secretary, Scottish & Newcastle plc, 28 St Andrew Square, Edinburgh, EH2 1AF.

**Nigel
Rutherford/Mktg/Scottish
Courage**

29/10/2007 16:53

To Graeme Colquhoun/SN PLC@GROUP

cc

bcc

Subject Latest NDA REsponse from Lancer - The merry go round continues

Graeme,
Please see below.

I am just wondering.....where we are at and after such a long time, bearing in mind that they will produce the 1st prototype in 3 - 4 weeks time; should we change to a contract? This would cover key elements from the NDA but clear agreement on things like fees to pay, paying for tooling, areas to sell in.....or does the NDA cover that?

Reference their request for USA, this feels a bit like a dripping tap...we agree USA and then they ask for something else! However, we tend not to include USA in the list of countries that we operate in but maybe we should.

Reference payment, I think we should pay £100K on signing and £50K on project completion.

Looking forward to discussing with you as long as you are not on holiday or ill; not that i'm indicating a pattern here!

Nigel.

----- Forwarded by Nigel Rutherford/Mktg/Scottish Courage on 29/10/2007 16:48 -----



"Paul Haskayne"
<PHaskayne@lancergb.co.uk>

29/10/2007 15:48

To "Nigel Rutherford" <nigel.rutherford@s-n.com>

cc

Subject

Hi Nigel,

Got the NDA back from the USA ready to Sign

Only two changes the addition of the USA if Lancer or Hoshizaki wants to sell in the U.S. I believe you don't actually sell in this market. We would obviously pay for any Patents required in these countries, and once we get to the Manufacturing stage the volumes may go up and give us all more volume which means better economics of manufacture

And the addition of "to be agreed upon by the parties" so Lancer and S&N can jointly set the Timelines and specification mutually.

Also we will if I don't have any notice to the contrary send files to the Laser company to have parts made for evaluation this week, we are waiting for the timeframe for the Models and should have the info tomorrow.