

GLAMORGAN BREWING COMPANY LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019



Watts Gregory LLP
Chartered Accountants & Statutory Auditors
Elfed House
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
County of Cardiff
CF23 8RS

GLAMORGAN BREWING COMPANY LIMITED

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FOR THE YEAR ENDED 31 JULY 2019**

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GLAMORGAN BREWING COMPANY LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 JULY 2019**

DIRECTORS:

R M Anstee
R T Anstee
J Anstee
D J Atkins

SECRETARY:

R M Anstee

REGISTERED OFFICE:

Unit B Llantrisant Business Park
Llantrisant
Pontyclun
CF72 8LF

REGISTERED NUMBER:

02987379 (England and Wales)

AUDITORS:

Watts Gregory LLP
Chartered Accountants & Statutory Auditors
Elfed House
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
County of Cardiff
CF23 8RS

GLAMORGAN BREWING COMPANY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019

The directors present their strategic report for the year ended 31 July 2019.

REVIEW OF BUSINESS

The principal activity of Glamorgan Brewing Company Limited remains the brewing, supply and distribution of beers, ciders, wines, spirits, and soft drinks to the licensed trade. Production of our own brewed products remains our primary focus, although strong partnerships with major brewers provide complimentary distribution opportunities to enhance the supply chain. We have a growing off trade presence with some of the major supermarket chains and have a small retail presence with our brewery shop and our first retail only outlet (public house) which opened in June 2019.

Review and performance

The directors are pleased with the trading performance of the business, and that in our first year of audited accounts we have recorded significant growth in both sales and profitability.

	2019 £'000	2018 £'000
Turnover	12,578	10,582
Gross Profit Margin	20.5%	19.2%
Operating Profit	477	375

We continue to improve our net assets, and the position at the year-end is in line with our business plans and adequate to support further growth going forward.

Our own brewed beers continue to drive brand loyalty, improved volumes and have been rewarded with a number of accolades being received in the past year.

Competition	Date	Category	Product	Award
SIBA	May-18	SIBA Wales & West Regional Awards	Jemimas Pitchfork	Gold Medal Bitter 4-4.5%
CAMRA	May-19	CAMRA Carmarthen Beer festival	Jemimas Pitchfork	Best Cask Premium Bitter - Gold
CMARA	May-19	CAMRA Dorset Beer Festival	Cwrw Gorslas	Gold medal for bitter 4-4.5%
CAMRA	Jan-20	CAMRA Carmarthen Beer festival	Jemimas Pitchfork	Overall winner best beer in festival
SIBA	May-19	National Beer Championship, Liverpool	Cwrw Gorslas	Silver - 2nd Best Bitter in UK
SIBA	May-19	National Beer Championship, Liverpool	Welsh Lager	Silver - 2nd Lager in UK
SIBA	Aug-19	SIBA Wales & West Regional Awards	Welsh Lager	Best Regional Can/Bottle 2019 Gold
SIBA	Mar-20	SIBA Wales & West Regional Awards	Welsh Cake Stout	Overall Champion Bottle/Can 2019
SIBA	Mar-20	SIBA Wales & West Regional Awards	Cwrw Gorslas	Best Regional Cask Bitter 2019 Gold
CAMRA	Mar-20	CAMRA Carmarthen Beer festival	Jemimas Pitchfork	Overall Winner best beer in festival

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2019**

KEY PERFORMANCE INDICATORS

Key performance indicators continue to play a vital role in the day to day monitoring of the business, including production monitoring, turnover, product profitability, stock levels and ageing, credit control, and a number of other operational measures (hours, fuel usage, mileage, delivery accuracy, breakages amongst others).

PRINCIPAL RISKS AND UNCERTAINTIES

Whilst the uncertainty around Brexit and its effect on the economy remains a medium term concern, the major risk to the business in the short term is the effect of the COVID-19 virus and our responsibility to ensure our staff, customers, stakeholders and the general public remain safe from the potential health effects.

COVID-19 is a worldwide pandemic with the long-lasting effect on the economy unknown but material. It has had a huge effect on the retail leisure industry and with 95% of our trade coming through licensed premises the effect on our business is substantial. As a board of directors we have introduced a number of measures to mitigate the risks, including staff furlough (to protect staff health and the spread of the virus as well as receiving government assistance), creditor payment management with the support of our key suppliers, the use of other government assistance (grants, rates concessions etc). We have also switched the focus of the business to concentrate on home deliveries and customer collections (both services we have not provided previously) to ensure our vastly reduced staff resources do not come into contact with members of the public as well as maintaining a level of income. This has proved successful and will be something to consider as an alternative income stream when we get to the end of this very difficult period.

This is a very fast-moving situation and we remain extremely vigilant to any changes to our own circumstances or those witnessed by the wider community.

In the longer term, as and when the company returns to normality we plan to expand the business further through organic growth and strategic acquisitions.

PEOPLE

The success of the business is reliant upon the performance, recruitment, and retention of employees. We continue to operate with a team of skilled employees who demonstrate a 'can-do' attitude and play a key role in the business expansion. We have made significant strides in staff training through on-the-job certified courses and have plans in place to continue to develop our overall staff resource and attain a Fair Employer accreditation on an ongoing basis.

ON BEHALF OF THE BOARD:



.....
D J Atkins - Director

Date: 29/5/2020

GLAMORGAN BREWING COMPANY LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2019**

The directors present their report with the financial statements of the company for the year ended 31 July 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a brewery and licenced trade wholesaling.

DIVIDENDS

The company issued dividends to its parent company, G B C (Holdings) Limited of £214,735 (2018 - £147,136).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2018 to the date of this report.

R M Anstee
R T Anstee
J Anstee
D J Atkins

DISCLOSURE IN THE STRATEGIC REPORT

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments and financial risk management.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:


.....
D J Atkins - Director

Date: 29/5/2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GLAMORGAN BREWING COMPANY LIMITED

Qualified opinion

We have audited the financial statements of Glamorgan Brewing Company Limited (the 'company') for the year ended 31 July 2019 which comprise the Profit and Loss account, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the basis for qualified opinion section, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2019 and of its profit 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.

Basis for qualified opinion

We were not appointed as auditor of the company at 31 July 2018 and so we were not able to observe the counting of stock at the end of that year. We were unable to satisfy ourselves by alternative means concerning the quantities of stock, totalling £278,643 held at 31 July 2018, by using other audit procedures. Consequently we were unable to determine whether any adjustment to this amount was necessary or whether there was any consequential effect on the cost of sales for the year ended 31 July 2019.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other matter

The corresponding figures are unaudited.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the opening stock quantities of £278,643 held at 1 August 2018. We have concluded that where the other information refers to the stock balance or related balances such as cost of sales, it may be materially misstated for the same reason.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GLAMORGAN BREWING COMPANY LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Arising solely from the limitation on the scope of our work relating to opening stock, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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 a Report of the Auditors 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.

Julia Mortimer (Senior Statutory Auditor)
for and on behalf of Watts Gregory LLP
Chartered Accountants & Statutory Auditors
Elfed House
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
County of Cardiff
CF23 8RS

11 June 2020

GLAMORGAN BREWING COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2019**

		2019	2018 as restated
	Notes	£	£
TURNOVER	3	12,578,283	10,581,548
Cost of sales		(9,994,515)	(8,548,980)
GROSS PROFIT		2,583,768	2,032,568
Distribution costs		(1,030,697)	(844,688)
Administrative expenses		(1,076,399)	(813,019)
OPERATING PROFIT	5	476,672	374,861
Interest payable and similar expenses	6	(9,042)	(14,718)
PROFIT BEFORE TAXATION		467,630	360,143
Tax on profit	7	(73,703)	(88,576)
PROFIT FOR THE FINANCIAL YEAR		393,927	271,567
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			271,567
Prior year adjustment	9	(50,594)	
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		343,333	

The notes form part of these financial statements

GLAMORGAN BREWING COMPANY LIMITED (REGISTERED NUMBER: 02987379)

BALANCE SHEET
31 JULY 2019

		2019	2018
	Notes	£	as restated £
FIXED ASSETS			
Intangible assets	10	78,694	45,581
Tangible assets	11	506,852	478,599
Investments	12	70,002	80,461
		<u>655,548</u>	<u>604,641</u>
CURRENT ASSETS			
Stocks	13	319,473	278,643
Debtors	14	1,409,721	1,381,451
Cash at bank and in hand		134,147	140,482
		<u>1,863,341</u>	<u>1,800,576</u>
CREDITORS			
Amounts falling due within one year	15	(2,022,850)	(2,076,291)
NET CURRENT LIABILITIES		<u>(159,509)</u>	<u>(275,715)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		496,039	328,926
CREDITORS			
Amounts falling due after more than one year	16	(24,118)	(49,851)
PROVISIONS FOR LIABILITIES	21	(67,440)	(53,786)
NET ASSETS		<u>404,481</u>	<u>225,289</u>
CAPITAL AND RESERVES			
Called up share capital	22	6,000	6,000
Capital redemption reserve		4,000	4,000
Retained earnings		394,481	215,289
SHAREHOLDERS' FUNDS		<u>404,481</u>	<u>225,289</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 29/5/2020 and were signed on its behalf by:


D J Atkins - Director

The notes form part of these financial statements

GLAMORGAN BREWING COMPANY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2019**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 August 2017	6,000	90,858	4,000	100,858
Changes in equity				
Dividends	-	(147,136)	-	(147,136)
Total comprehensive income	-	322,161	-	322,161
Balance at 31 July 2018	6,000	265,883	4,000	275,883
Prior year adjustment	-	(50,594)	-	(50,594)
As restated	6,000	215,289	4,000	225,289
Changes in equity				
Dividends	-	(214,735)	-	(214,735)
Total comprehensive income	-	393,927	-	393,927
Balance at 31 July 2019	6,000	394,481	4,000	404,481

The notes form part of these financial statements

GLAMORGAN BREWING COMPANY LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2019**

		2019	2018 as restated
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	306,541	869,179
Interest paid		(7,749)	(9,751)
Interest element of hire purchase payments paid		(1,293)	(4,967)
Tax paid		(35,333)	(37,711)
Net cash from operating activities		<u>262,166</u>	<u>816,750</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(36,555)	-
Purchase of tangible fixed assets		(100,410)	(132,221)
Sale of tangible fixed assets		2,967	-
Sale of fixed asset investments		10,459	-
Net cash from investing activities		<u>(123,539)</u>	<u>(132,221)</u>
Cash flows from financing activities			
Loan repayments in year		(50,079)	(307,893)
Capital repayments in year		(6,046)	(4,858)
Amount introduced by directors		113,592	-
Amount withdrawn by directors		(5,000)	(113,592)
Equity dividends paid		(214,735)	(147,136)
Net cash from financing activities		<u>(162,268)</u>	<u>(573,479)</u>
(Decrease)/increase in cash and cash equivalents		<u>(23,641)</u>	<u>111,050</u>
Cash and cash equivalents at beginning of year	2	136,316	25,266
Cash and cash equivalents at end of year	2	<u><u>112,675</u></u>	<u><u>136,316</u></u>

The notes form part of these financial statements

GLAMORGAN BREWING COMPANY LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2019**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019	2018 as restated
	£	£
Profit before taxation	467,630	360,143
Depreciation charges	72,799	62,244
Profit on disposal of fixed assets	(167)	-
Finance costs	9,042	14,718
	<u>549,304</u>	<u>437,105</u>
Increase in stocks	(40,830)	(129,201)
Increase in trade and other debtors	(136,862)	(216,657)
(Decrease)/increase in trade and other creditors	(65,071)	777,932
	<u>306,541</u>	<u>869,179</u>
Cash generated from operations	<u>306,541</u>	<u>869,179</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 July 2019

	31/7/19	1/8/18
	£	£
Cash and cash equivalents	134,147	140,482
Bank overdrafts	(21,472)	(4,166)
	<u>112,675</u>	<u>136,316</u>

Year ended 31 July 2018

	31/7/18	1/8/17
	£	£
Cash and cash equivalents	140,482	47,002
Bank overdrafts	(4,166)	(21,736)
	<u>136,316</u>	<u>25,266</u>

The notes form part of these financial statements

1. **STATUTORY INFORMATION**

Glamorgan Brewing Company Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The financial statements are presented in Sterling (£), the company's functional currency, and rounded to the nearest pound.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

There have been no material departures from Financial Reporting Standard 102.

Going concern

At 31 July 2019 there were net current liabilities of £159,509 (2018: £275,715). The company meets its day to day working capital requirements through an overdraft facility and the use of invoice discounting.

Whilst the entire world are in completely unprecedented times with regards to the COVID-19 situation, the directors are confident as a board that they have the flexibility to adapt to the constantly changing environment, and the challenges they will face as the country returns to a level of normality. They have already launched a new income stream which will provide opportunity as they move forward and have introduced the necessary cash flow measures to allow them to negotiate this tricky period. They understand there will be a longer term impact on the business, through continued measures to control the pandemic and also the downturn in the economy, however their latest financial plans allow for these impacts and project that they can continue to grow profitability and net worth going forward.

Significant judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, be likely to differ from the related actual results. The estimates and assumptions that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Depreciation

Judgement is used to determine the useful economic lives and residual values of tangible fixed assets. The assets are depreciated down to their estimated residual values over their estimated useful lives. There is a risk that incorrect estimation of the useful economic lives and residual values will lead to the value of assets being either over or under stated in the balance sheet.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development costs are being amortised evenly over their estimated useful life of twenty years.

Computer software is being amortised evenly over its estimated useful life of twenty years.

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life to its residual value or, if held under a finance lease, over the lease term, whichever is the shorter.

Leasehold property	4% straight line
Plant & machinery	4% - 25% straight line
Fixtures & fittings	25% straight line
Motor vehicles	15% straight line and reducing balance

Fixed assets are initially recorded at cost.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Stocks are valued on a first in first out basis.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Fixed asset investments

Fixed asset investments are initially recorded at cost and subsequently amortised.

GLAMORGAN BREWING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019**

2. ACCOUNTING POLICIES - continued

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, trade and other creditors and interest free loans.

Unless otherwise stated, the carrying value of the company's financial assets and liabilities are a reasonable approximation of their fair values.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand. For the purpose of the cash flow statement, cash and cash equivalents are net of bank overdrafts which are repayable on demand.

Bank overdraft

The bank overdraft is recorded at amortised cost.

Interest-bearing borrowings

Interest-bearing borrowings are stated at amortised cost using the effective interest method.

Financing of trade debtors

The company has in place an invoice discounting arrangement. Invoices which are subject to this arrangement form part of the trade debtors balance, with amounts due to the finance company in respect of advances included in creditors due within one year.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2019	2018 as restated
	£	£
Wholesale	11,118,016	9,512,003
Brewery	1,441,496	1,069,545
Pub	18,771	-
	<u>12,578,283</u>	<u>10,581,548</u>

4. EMPLOYEES AND DIRECTORS

	2019	2018 as restated
	£	£
Wages and salaries	1,108,500	887,234
Social security costs	87,241	56,700
Other pension costs	38,368	15,754
	<u>1,234,109</u>	<u>959,688</u>

GLAMORGAN BREWING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019**

4. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2019	2018 as restated
Drivers	26	18
Sales	6	5
Admin	13	9
Operations	5	4
Brewery	9	7
Directors	4	4
Pub	1	-
	<u>64</u>	<u>47</u>

	2019 £	2018 as restated £
Directors' remuneration	41,519	59,429
Directors' pension contributions to money purchase schemes	<u>21,557</u>	<u>11,603</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>4</u>	<u>4</u>
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5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2019 £	2018 as restated £
Hire of plant and machinery	12,061	7,692
Depreciation - owned assets	65,036	36,960
Depreciation - assets on hire purchase contracts	4,321	13,632
Profit on disposal of fixed assets	(167)	-
Development costs amortisation	3,442	6,826
Auditors' remuneration	6,804	-
Operating lease rentals	<u>77,666</u>	<u>80,540</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 as restated £
Bank interest	7,749	9,751
Hire purchase interest	<u>1,293</u>	<u>4,967</u>
	<u>9,042</u>	<u>14,718</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019	2018 as restated
	£	£
Current tax:		
UK corporation tax	74,957	33,716
Over provision in prior year	(14,908)	1,074
Total current tax	60,049	34,790
Deferred tax	13,654	53,786
Tax on profit	73,703	88,576

UK corporation tax has been charged at 19%.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018 as restated
	£	£
Profit before tax	467,630	360,143
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	88,850	68,427
Effects of:		
Expenses not deductible for tax purposes	1,367	1,019
Adjustments to tax charge in respect of previous periods	(14,908)	1,074
Enhanced expenditure	-	(14,364)
Under provision of deferred tax	-	34,670
Change in rate	(1,606)	(2,250)
Total tax charge	73,703	88,576

Deferred tax has been calculated at 17% as that was the rate that had been enacted or substantively enacted at the reporting date. Corporation tax has been calculated at 19%.

8. DIVIDENDS

	2019	2018 as restated
	£	£
Ordinary shares of £1 each		
Interim	214,735	147,136

9. PRIOR YEAR ADJUSTMENT

A prior year adjustment was made to correct various balance sheet items and address cut-off errors, resulting in decrease in pre tax profits of £13,334. In addition the company did not previously account for deferred tax which at 31 July 2019 should have been £53,786. As a result of the prior year adjustment the corporation tax charge for the prior year has decreased by £16,526. These result in a net prior year adjustment of £50,594, being the reduction in profit of £13,334 plus the deferred tax of £53,786 less the corporation tax adjustment of £16,526.

GLAMORGAN BREWING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019

10. INTANGIBLE FIXED ASSETS

	Development costs £	Computer software £	Totals £
COST			
At 1 August 2018	68,833	-	68,833
Additions	-	36,555	36,555
At 31 July 2019	68,833	36,555	105,388
AMORTISATION			
At 1 August 2018	23,252	-	23,252
Amortisation for year	3,442	-	3,442
At 31 July 2019	26,694	-	26,694
NET BOOK VALUE			
At 31 July 2019	42,139	36,555	78,694
At 31 July 2018	45,581	-	45,581

11. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Plant & Equipment £	Motor vehicles £	Totals £
COST					
At 1 August 2018	138,067	331,094	196,530	62,504	728,195
Additions	-	-	17,672	82,738	100,410
Disposals	-	-	(2,800)	-	(2,800)
At 31 July 2019	138,067	331,094	211,402	145,242	825,805
DEPRECIATION					
At 1 August 2018	40,515	61,864	114,248	32,969	249,596
Charge for year	5,410	22,817	20,596	20,534	69,357
At 31 July 2019	45,925	84,681	134,844	53,503	318,953
NET BOOK VALUE					
At 31 July 2019	92,142	246,413	76,558	91,739	506,852
At 31 July 2018	97,552	269,230	82,282	29,535	478,599

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
COST	
At 1 August 2018 and 31 July 2019	37,124
DEPRECIATION	
At 1 August 2018	13,632
Charge for year	4,321
At 31 July 2019	17,953
NET BOOK VALUE	
At 31 July 2019	19,171
At 31 July 2018	23,492

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019

12. FIXED ASSET INVESTMENTS

	Interest in other participating interests £	Unlisted investments £	Totals £
COST			
At 1 August 2018	62,500	17,961	80,461
Disposals	-	(10,459)	(10,459)
At 31 July 2019	<u>62,500</u>	<u>7,502</u>	<u>70,002</u>
NET BOOK VALUE			
At 31 July 2019	<u>62,500</u>	<u>7,502</u>	<u>70,002</u>
At 31 July 2018	<u>62,500</u>	<u>17,961</u>	<u>80,461</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Associated company**Portobello Brewing Company Ltd**

Registered office: Unit 6, Mitre Bridge Industrial Estate, Mitre Way, LONDON, W10 6AU

Nature of business: Brewery

	% holding	31/12/18 £	31/12/17 £
Class of shares:			
Ordinary	25.00		
Aggregate capital and reserves		32,542	2,882
Profit for the year		<u>29,660</u>	<u>1,062</u>

Included within unlisted investments are £7,500 in respect of WRU debentures. Of the remaining £2, £1 relates to GBC Estates Limited a dormant company and £1 in the Society of Vinters. All unlisted investments are recognised at fair value.

13. STOCKS

	2019 £	2018 as restated £
Finished goods	<u>319,473</u>	<u>278,643</u>

The value of stock expensed through the profit and loss account in the year amounted to £9,889,402 (2018: £8,458,235). Stock is pledged as security for the company's borrowings by way of a floating charge over the company's assets.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 as restated £
Trade debtors	1,207,898	1,092,332
Amounts owed by group undertakings	807	-
Other debtors	15,888	26,506
Directors' current accounts	5,000	113,592
Prepayments and accrued income	180,128	149,021
	<u>1,409,721</u>	<u>1,381,451</u>

GLAMORGAN BREWING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018 as restated
	£	£
Bank loans and overdrafts (see note 17)	29,673	14,025
Financing of trade debtors (see note 17)	41,654	82,704
Hire purchase contracts (see note 18)	10,784	6,844
Trade creditors	1,501,557	1,541,341
Amounts owed to group undertakings	-	9
Corporation tax	58,431	33,715
Social security and other taxes	29,193	28,001
VAT	126,920	101,816
Other creditors	87,157	160,348
Accruals and deferred income	137,481	107,488
	<u>2,022,850</u>	<u>2,076,291</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018 as restated
	£	£
Bank loans (see note 17)	-	7,370
Hire purchase contracts (see note 18)	10,863	20,849
Other creditors	13,255	21,632
	<u>24,118</u>	<u>49,851</u>

17. LOANS

An analysis of the maturity of loans is given below:

	2019	2018 as restated
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	21,472	4,166
Bank loans	8,201	9,859
Financing of trade debtors	41,654	82,704
	<u>71,327</u>	<u>96,729</u>
Amounts falling due between one and two years:		
Bank loans	-	7,370
	<u>-</u>	<u>7,370</u>

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts 2019	2018 as restated
	£	£
Net obligations repayable:		
Within one year	10,784	6,844
Between one and five years	10,863	20,849
	<u>21,647</u>	<u>27,693</u>

GLAMORGAN BREWING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019**

18. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	2019	2018 as restated
	£	£
Within one year	109,237	77,666
Between one and five years	237,341	186,868
	<u>346,578</u>	<u>264,534</u>

19. SECURED DEBTS

The following secured debts are included within creditors:

	2019	2018 as restated
	£	£
Bank overdrafts	21,472	4,166
Bank loans	8,201	17,229
Hire purchase contracts	21,647	27,693
Financing of trade debtors	41,654	82,704
	<u>92,974</u>	<u>131,792</u>

Bank loans and overdraft are secured by way of a fixed and floating charge over the assets of the company. Invoice discounting creditors and hire purchase creditors are secured on the assets to which they relate.

J Anstee has given a personal guarantee of £50,000 in respect of the bank loan.

20. FINANCIAL INSTRUMENTS

	2019	2018
	£	£
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>1,420,158</u>	<u>1,487,243</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>1,832,424</u>	<u>1,984,978</u>

Financial assets measured at amortised cost comprise cash, trade and other debtors.

Financial liabilities measured at amortised cost comprise bank and other loans, hire purchase and finance lease obligations, trade creditors, other creditors and accruals.

The amount expensed through the profit and loss account in respect of financial liabilities measured at amortised cost is £9,042 (2018: £14,718).

21. PROVISIONS FOR LIABILITIES

	2019	2018 as restated
	£	£
Deferred tax	<u>67,440</u>	<u>53,786</u>

GLAMORGAN BREWING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019**

21. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 August 2018	53,786
Provided during year	<u>13,654</u>
Balance at 31 July 2019	<u><u>67,440</u></u>

Deferred tax comprises the following:

	2019 £	2018 £
Fixed asset timing differences	67,694	53,786
Short term timing differences	<u>(254)</u>	<u>-</u>
	<u><u>67,440</u></u>	<u><u>53,786</u></u>

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2019 £	2018 as restated £
Number:	Class:			
6,000	Ordinary	£1	<u><u>6,000</u></u>	<u><u>6,000</u></u>

23. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company and amounts to £38,368 (2018: £15,754). Contributions totalling £1,497 (2018: £nil) were payable to the fund at the year end.

24. ULTIMATE PARENT COMPANY

GBC Holdings Limited is regarded by the directors as being the company's ultimate parent company.

25. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

At the year end the directors' owed the company £5,000 (2018: £113,592). During the year the directors repaid the company £113,592 and borrowed £5,000. The balance is repayable on demand and no interest is charged.

GLAMORGAN BREWING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2019**

26. RELATED PARTY DISCLOSURES

During the year the company entered into transactions, in the ordinary course of business, with its related parties. Transactions entered into, and balances outstanding at 31 July are as follows:

Name	Nature of transaction	2019 £	2018 £
Entities that have control, joint control or significant influence over the company	Dividends	214,735	147,135
Key management personnel	Emoluments	75,243	71,044

The following balances existed with the company's related parties as at 31 July 2019:

Name	Nature of balance	2019 £	2018 £
Key management personnel	Debtor	5,000	113,592