

**The Brotherton Group Limited**  
**Director's report and consolidated financial statements**  
**for the year ended 31 December 2010**  
**Registration number 05480765**

THURSDAY



\*AE6M5X6Q\*

A43

01/09/2011

1

COMPANIES HOUSE

## **The Brotherton Group Limited**

### **Company information**

Director	A Brotherton-Ratcliffe
Secretary	J M Dartnell
Company number	05480765
Registered office	Paxton House Home Farm Road Brighton East Sussex BN1 9HU
Auditors	Maxwell-Gumbleton & Co 1 West Street Lewes East Sussex BN7 2NZ
Business address	Paxton House Home Farm Road Brighton East Sussex BN1 9HU
Bankers	HSBC 153 North Street Brighton East Sussex BN1 1RE
Solicitors	Mayo Wynne Baxter Dial House 221 High Street Lewes East Sussex BN7 2AE

# **The Brotherton Group Limited**

## **Contents**

	<b>Page</b>
Director's report	<b>1 - 3</b>
Auditors' report	<b>4 - 5</b>
Consolidated profit and loss account	<b>6</b>
Consolidated balance sheet	<b>7</b>
Company balance sheet	<b>8</b>
Consolidated cash flow statement	<b>9</b>
Notes to the consolidated financial statements	<b>10 - 23</b>

## **The Brotherton Group Limited**

### **Director's report for the year ended 31 December 2010**

The director presents his report and the accounts for the year ended 31 December 2010

#### **Principal activity and review of the business**

The Brotherton Group Limited is a holding company whose principal activity, carried on through subsidiary undertakings, is the manufacture and distribution of electronic goods

2010 has proved to be a difficult year for the group and all of its competitors, given the global economic situation. However, the group has been able to increase its market share in all markets to which it has significant exposure

As a result, the group grew substantially during the year, increasing turnover by 23% and gross profit by 31% over 2009 levels. At the same time administrative expenses were increased by 40% so that net profit for the year before tax ended up as £80,976. The group's net worth increased from £4,169,720 to £4,239,150 over the year.

The growth in the administrative expenses resulted largely from the conscious decision to accelerate the spending on research and development and on developing overseas channels. Expenditure on research and development has already resulted in lower production costs leading to the company's gross profit improving from the 2009 level of 59% of sales to 63% in 2010.

Additional products and markets enable the group to spread the inherent risk of future trading more widely, and this is expected to be reflected in the future results of the group.

The group is defined as medium sized and therefore this business review does not contain information about environmental matters, the group's employees, or social and community issues. The group has no contractual or other arrangements which are essential to its business, and therefore no such details are disclosed here.

The success of the group has been promoted by both the Director and Directors of the subsidiary undertakings. The measure of this success is the continued growth of the group, and its excellent performance relative to its competitors as far as this can be ascertained, and its increasing profitability.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £69,430. The director does not recommend payment of a final dividend.

#### **Principal risks and uncertainties**

i) The group's business is partly speculative, in that it is not known which new products will succeed, even though sales trends for existing products are known. The Director cannot give any undertaking as to the success or otherwise of new products yielded by its research and development work. There is therefore a significant risk inherent with expenditure related to this.

ii) The company Director and the Directors of the subsidiary undertakings are not privy to new products currently in development by the group's competitors, there is therefore a risk that sales of its own products may suffer in the future as a result of unknown improvements in its competitors' products.

## **The Brotherton Group Limited**

### **Director's report for the year ended 31 December 2010**

continued

iii) The group is typical of many companies of its type in that it is heavily reliant on its IT Systems. Whilst the Directors diligently review and improve measures for ensuring resilience of its systems and back up of its data, they cannot absolutely ensure that failures will not damage the group's business at some point.

iv) In recent years, there has been a sharp increase in the amount of legislation affecting the activities of the group. Compliance with Illegal working legislation, new Health and Safety regulations covering those driving for the group and other regulations have substantially increased the administrative burden and other costs. This has had an adverse effect on the group's profitability and there is a significant risk of this becoming more serious if trends continue.

v) Sales to the group's customers are made on a credit basis. Trade debtors amount to a substantial sum. Mindful of the current credit conditions affecting all companies, including our customers, there is an increased awareness regarding the importance of adherence to our credit terms. The board has satisfied itself that its customers are financially sound and will continue to be able to fund their debt for the foreseeable future.

#### **Director and his interests**

The director who served during the year and his interest in the company is stated below

	<b>Class of share</b>	<b>31/12/10</b>	<b>01/01/10</b>
A Brotherton-Ratcliffe	Ordinary shares	201,002	201,002

#### **Statement of director's responsibilities**

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that year. In preparing these financial statements, the director is required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the director is aware

**The Brotherton Group Limited**

**Director's report  
for the year ended 31 December 2010**

continued

- the director has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

**Auditors**

Maxwell-Gumbleton & Co are deemed to be reappointed in accordance with an elective resolution made under Section 386(1) of the Companies Act 1985 which continues in force under the Companies Act 2006

This report was approved by the Board on - 1 JUL 2011 and signed on its behalf by



**J. M. Dartnell**  
Secretary

**Independent auditor's report to the shareholder of  
The Brotherton Group Limited**

We have audited the financial statements of The Brotherton Group Limited for the year ended 31 December 2010 as set out on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholder, 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 shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of director and auditors**

As explained more fully in the Director's Responsibilities Statement set out on page 1 - 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, and the overall presentation of the financial statements.

**Opinion on the financial statements**

In our opinion the group financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2010 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.

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

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

**Independent auditor's report to the shareholder of  
The Brotherton Group Limited**

continued

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**R V Maxwell-Gumbleton (senior statutory auditor)  
For and on behalf of Maxwell-Gumbleton & Co.  
Chartered Accountants and  
Registered Auditor**

**1 West Street  
Lewes  
East Sussex  
BN7 2NZ**

*11th July 2011*



# The Brotherton Group Limited

## Consolidated profit and loss account for the year ended 31 December 2010

		Continuing operations	
		2010	2009
	Notes	£	£
<b>Turnover</b>	<b>2</b>	15,601,352	12,693,566
Cost of sales		(5,723,154)	(5,167,590)
<b>Gross profit</b>		<u>9,878,198</u>	<u>7,525,976</u>
Administrative expenses		(9,714,972)	(6,919,261)
<b>Operating profit</b>	<b>3</b>	<u>163,226</u>	<u>606,715</u>
Other interest receivable and similar income	<b>5</b>	12	920
Interest payable and similar charges	<b>6</b>	(82,262)	(75,757)
<b>Profit on ordinary activities before taxation</b>		<u>80,976</u>	<u>531,878</u>
Tax on profit on ordinary activities	<b>9</b>	(11,546)	17,782
<b>Profit for the year</b>	<b>17</b>	<u>69,430</u>	<u>549,660</u>
Retained profit brought forward		3,968,718	3,419,058
<b>Retained profit carried forward</b>		<u><u>4,038,148</u></u>	<u><u>3,968,718</u></u>

None of the group's activities were acquired or discontinued during the above two financial years  
The group has no recognised gains or losses other than the profit or loss for the above two financial years

The notes on pages 10 to 23 form an integral part of these financial statements.

**The Brotherton Group Limited**

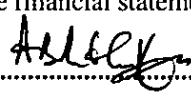
**Consolidated balance sheet  
as at 31 December 2010**

		<b>2010</b>		<b>2009</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Tangible assets	<b>10</b>		5,435,171		5,593,045
<b>Current assets</b>					
Stocks	<b>12</b>	1,694,471		1,618,312	
Debtors	<b>13</b>	3,931,493		3,298,135	
Cash at bank and in hand		172,532		483,976	
		<u>5,798,496</u>		<u>5,400,423</u>	
<b>Creditors: amounts falling due within one year</b>	<b>14</b>	<u>(2,712,656)</u>		<u>(2,568,765)</u>	
<b>Net current assets</b>			<u>3,085,840</u>		<u>2,831,658</u>
<b>Total assets less current liabilities</b>			8,521,011		8,424,703
<b>Creditors: amounts falling due after more than one year</b>	<b>15</b>		<u>(4,281,861)</u>		<u>(4,254,983)</u>
<b>Net assets</b>			<u>4,239,150</u>		<u>4,169,720</u>
<b>Capital and reserves</b>					
Called up share capital	<b>16</b>		201,002		201,002
Profit and loss account	<b>17</b>		4,038,148		3,968,718
<b>Shareholder's funds</b>	<b>18</b>		<u>4,239,150</u>		<u>4,169,720</u>

The financial statements were approved by the Board on

- 1 JUL 2011

and signed on its behalf by

  
.....  
**A. Brotherton-Ratchliffe**  
Director

**Registration number 05480765**

**The notes on pages 10 to 23 form an integral part of these financial statements.**

**The Brotherton Group Limited**  
**Company abbreviated balance sheet**  
**as at 31 December 2010**

		2010		2009	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Investments	11		201,001		201,001
<b>Current assets</b>					
Cash at bank and in hand		368		317	
		<u>368</u>		<u>317</u>	
<b>Creditors: amounts falling due within one year</b>	14	(3,460)		(1,458)	
<b>Net current assets</b>			<u>(3,092)</u>		<u>(1,141)</u>
<b>Total assets less current liabilities</b>			197,909		199,860
<b>Net assets</b>			<u>197,909</u>		<u>199,860</u>
<b>Capital and reserves</b>					
Called up share capital	16		201,002		201,002
Profit and loss account	17		(3,093)		(1,142)
<b>Shareholder's funds</b>	18		<u>197,909</u>		<u>199,860</u>

The financial statements were approved by the Board on - 1 JUL 2011 and signed on its behalf by



A. Brotherton-Ratcliffe  
Director

Registration number 05480765

The notes on pages 10 to 23 form an integral part of these financial statements.

**The Brotherton Group Limited**

**Consolidated cash flow statement  
for the year ended 31 December 2010**

	Notes	2010 £	2009 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit		163,226	606,715
Depreciation		397,818	445,870
(Increase) in stocks		(76,159)	803,614
(Increase) in debtors		(647,329)	(583,220)
Increase in creditors		369,212	508,637
<b>Net cash inflow from operating activities</b>		<u>206,768</u>	<u>1,781,616</u>
<b>Cash flow statement</b>			
Net cash inflow from operating activities		206,768	1,781,616
Returns on investments and servicing of finance	23	(82,250)	(74,837)
Taxation	23	2,425	113,169
Capital expenditure	23	(220,012)	(552,693)
		(93,069)	1,267,255
Financing	23	(149,427)	(446,457)
<b>Decrease in cash in the year</b>		<u>(242,496)</u>	<u>820,798</u>
<b>Reconciliation of net cash flow to movement in net debt (Note 24)</b>			
<b>Decrease in cash in the year</b>		(242,496)	820,798
Cash inflow from increase in debts and lease financing		149,427	446,457
Change in net debt resulting from cash flows		(93,069)	1,267,255
New finance leases and hire purchase contracts		(19,932)	-
<b>Movement in net debt in the year</b>		(113,001)	1,267,255
<b>Net debt at 1 January 2010</b>		<u>(4,578,252)</u>	<u>(5,845,507)</u>
<b>Net debt at 31 December 2010</b>		<u>(4,691,253)</u>	<u>(4,578,252)</u>

## **The Brotherton Group Limited**

### **Notes to the consolidated financial statements for the year ended 31 December 2010**

#### **1. Accounting policies**

##### **1.1. Accounting convention**

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

##### **1.2. Turnover**

Turnover represents the total value, excluding value added tax, of sales made during the year. Invoices raised in foreign currencies are converted into sterling using a monthly average exchange rate

##### **1.3. Research and development**

Research expenditure is written off to the profit and loss account in the year in which it is incurred

##### **1.4. Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

Leasehold properties	-	Straight line over the life of the lease
Plant and machinery	-	20% Reducing Balance
Fixtures, fittings and equipment	-	20% Reducing Balance and 20%/40% Straight Line
Motor vehicles	-	25% Reducing Balance
Improvements to premises	-	20% Reducing Balance

##### **1.5. Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

##### **1.6. Stock**

Stock is valued at the lower of cost and net realisable value on a FIFO basis. Cost comprises the purchase cost of the goods excluding any costs relating to distribution. With regards to finished manufactured goods the cost includes an element of labour cost based on the average completion time and average hourly rate

##### **1.7. Pensions**

The pension costs charged in the financial statements represent the contribution payable by the group during the year

# The Brotherton Group Limited

## Notes to the consolidated financial statements for the year ended 31 December 2010

continued

### 1.8. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

### 1.9. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account

### 2. Turnover

	2010 £	2009 £
<b>Geographical market</b>		
UK	12,036,796	10,102,707
Europe	2,101,794	1,785,457
Rest of the World	1,462,662	805,402
	<u>15,601,252</u>	<u>12,693,566</u>

### 3. Operating profit

	2010 £	2009 £
Operating profit is stated after charging		
Depreciation and other amounts written off tangible assets	387,021	419,775
Loss on disposal of tangible fixed assets	10,797	26,095
Research and development		
- expenditure in current year	1,121,839	423,887
Net foreign exchange loss	83,915	-
Operating lease rentals		
- Motor vehicles	107,122	70,930
Auditors' remuneration (Note 4)	11,112	10,229
	<u>          </u>	<u>          </u>
and after crediting		
Net foreign exchange gain	<u>          -</u>	<u>16,154</u>

**The Brotherton Group Limited**

**Notes to the consolidated financial statements  
for the year ended 31 December 2010**

continued

**4. Auditors' remuneration**

	2010	2009
	£	£
Auditors' remuneration - audit of the financial statements	11,112	10,229

**5. Interest receivable and similar income**

	2010	2009
	£	£
Other interest	12	920

**6. Interest payable and similar charges**

	2010	2009
	£	£
Interest payable on loans due within one year	3,533	12,845
On loans repayable between two and five years	6,558	9,869
On loans repayable in five years or more	72,171	53,043
	82,262	75,757

**7. Employees**

<b>Number of employees</b>	<b>2010</b>	<b>2009</b>
The average monthly numbers of employees (including the director) employed by the group during the year were		
Administration	91	76
Production	34	27
Cleaning	1	1
	126	104

**Aggregate employment costs for the group**

	2010	2009
	£	£
Wages and salaries	4,045,138	3,632,792
Social security costs	444,878	383,513
Pension costs-other operating charge	88,104	89,268
	4,578,120	4,105,573

**The Brotherton Group Limited**  
**Notes to the consolidated financial statements**  
**for the year ended 31 December 2010**

continued

<b>7.1. Director's remuneration</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Remuneration and other emoluments	<u>50,400</u>	<u>50,400</u>

**8. Pension costs**

The Group operates a defined contribution pension scheme in respect of the director and employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the group and amounted to £88,104 (2009 - £89,268).



# The Brotherton Group Limited

## Notes to the consolidated financial statements for the year ended 31 December 2010

continued

### 9. Tax on profit on ordinary activities

Taxation based on the profit for the year of the Company and its subsidiaries	2010 £	2009 £
<b>Current tax</b>		
Adjustments in respect of previous periods	11,546	(11,551)
Total current tax charge	<u>11,546</u>	<u>(11,551)</u>
<b>Deferred tax</b>		
Timing differences, origination and reversal	-	(6,231)
Total deferred tax	<u>-</u>	<u>(6,231)</u>
Tax on profit on ordinary activities	<u>11,546</u>	<u>(17,782)</u>

#### Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (28 00 per cent) The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>80,976</u>	<u>531,878</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28 00% (31 December 2009 28 00%)	22,673	148,926
<b>Effects of:</b>		
Expenses not deductible for tax purposes	11,521	9,167
Capital allowances for period in excess of depreciation	7,222	(16,416)
Adjustments to tax charge in respect of previous periods	11,546	(11,551)
Research and development 175% tax credit	(285,594)	(203,510)
Unrelieved losses carried forward	244,178	61,833
Current tax charge for period	<u>11,546</u>	<u>(11,551)</u>

**The Brotherton Group Limited**

**Notes to the consolidated financial statements  
for the year ended 31 December 2010**

continued

**10. Tangible fixed assets  
Group**

	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Improvements to premises £	Total £
<b>Cost</b>						
At 1 January 2010	4,371,245	1,295,933	362,793	378,760	682,049	7,090,780
Additions	5,000	77,598	99,808	13,465	110,553	306,424
Disposals	-	(20,866)	(41,151)	(163,174)	-	(225,191)
At 31 December 2010	4,376,245	1,352,665	421,450	229,051	792,602	7,172,013
<b>Depreciation</b>						
At 1 January 2010	164,363	613,577	235,573	219,183	265,039	1,497,735
On disposals	-	(12,946)	(32,830)	(102,138)	-	(147,914)
Charge for the year	39,954	146,053	79,096	26,399	95,519	387,021
At 31 December 2010	204,317	746,684	281,839	143,444	360,558	1,736,842
<b>Net book values</b>						
At 31 December 2010	4,171,928	605,981	139,611	85,607	432,044	5,435,171
At 31 December 2009	4,206,882	682,356	127,220	159,577	417,010	5,593,045

**11. Fixed asset investments  
Company**

	Subsidiary undertakings shares £	Total £
<b>Cost</b>		
At 1 January 2010		
At 31 December 2010	201,000	201,000
<b>Net book values</b>		
At 31 December 2010	201,000	201,000
At 31 December 2009	201,000	201,000

# The Brotherton Group Limited

## Notes to the consolidated financial statements for the year ended 31 December 2010

continued

### 11.1. Principal subsidiary undertakings

The following subsidiary undertakings are included in the consolidated financial statements

Company	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
<b>Subsidiary undertaking</b>				
Paxton Access Limited	United Kingdom	Manufacture and distribution of electronic goods	Ordinary shares	100%
General Distribution Limited	United Kingdom	Manufacture and distribution of electronic goods	Ordinary shares	100%

### 12. Stocks

	<b>Group</b>		<b>Company</b>	
	2010	2009	2010	2009
	£	£	£	£
Components and goods for resale	1,679,835	1,597,950	-	-
Stock of brochures and leaflets	14,636	20,362	-	-
	<u>1,694,471</u>	<u>1,618,312</u>	<u>-</u>	<u>-</u>

### 13. Debtors

	<b>Group</b>		<b>Company</b>	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	3,758,607	3,186,963	-	-
Amount owed by participating interest	-	30,921	-	-
Other debtors	11	15,422	-	-
Prepayments and accrued income	172,875	64,829	-	-
	<u>3,931,493</u>	<u>3,298,135</u>	<u>-</u>	<u>-</u>

**The Brotherton Group Limited**

**Notes to the consolidated financial statements  
for the year ended 31 December 2010**

continued

**14. Creditors: amounts falling due  
within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank overdraft	349,804	398,219	-	-
Bank loan	212,187	409,025	-	-
Net obligations under finance leases and hire purchase contracts	19,932	-	-	-
Trade creditors	1,625,008	1,207,351	-	-
Other taxes and social security costs	392,273	474,475	-	-
Director's accounts	2,500	1,000	2,500	1,000
Other creditors	30,485	50,895	-	-
Accruals and deferred income	80,467	27,800	960	458
	<u>2,712,656</u>	<u>2,568,765</u>	<u>3,460</u>	<u>1,458</u>

**The Brotherton Group Limited**

**Notes to the consolidated financial statements  
for the year ended 31 December 2010**

continued

**15. Creditors: amounts falling due  
after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loan	2,104,431	2,258,144	-	-
Other loans	2,177,430	1,996,839	-	-
	<u>4,281,861</u>	<u>4,254,983</u>	<u>-</u>	<u>-</u>
<b>Loans</b>				
Repayable in one year or less, or on demand (Note 14)	212,187	409,025	-	-
Repayable between one and two years	218,096	464,969	-	-
Repayable between two and five years	2,831,717	3,790,014	-	-
Repayable in five years or more	1,232,048	-	-	-
	<u>4,494,048</u>	<u>4,664,008</u>	<u>-</u>	<u>-</u>
 Repayable in five years or more				
Bank loan	1,232,048	-	-	-
	<u>1,232,048</u>	<u>-</u>	<u>-</u>	<u>-</u>

There is a first legal mortgage, held by HSBC, over both the leasehold property known as Paxton House, Home Farm Business Park, Brighton and the property known as Unit 3 Brampton Business Park, Brampton Road, Eastbourne. There is also a debenture in favour of HSBC bank comprising a fixed and floating charge over all the assets and undertakings.

There are two Bank loans which both have a term of ten years and are repayable in 2020. Repayments are made on a monthly basis and interest is charged at a rate of 2.25% per annum over the Bank's Sterling Base Rate.

**The Brotherton Group Limited**

**Notes to the consolidated financial statements  
for the year ended 31 December 2010**

continued

<b>16. Share capital</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
500,000 Ordinary shares of £1 each	500,000	500,000
<b>Allotted, called up and fully paid</b>		
201,002 Ordinary shares of £1 each	201,002	201,002
<b>Equity Shares</b>		
201,002 Ordinary shares of £1 each	201,002	201,002
<b>17. Equity Reserves</b>		
<b>Group</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>At 1 January 2010</b>	3,968,718	3,968,718
Profit for the year	69,430	69,430
<b>At 31 December 2010</b>	4,038,148	4,038,148
<b>Company</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>At 1 January 2010</b>	(1,142)	(1,142)
Loss for the year	(1,951)	(1,951)
<b>At 31 December 2010</b>	(3,093)	(3,093)

# The Brotherton Group Limited

## Notes to the consolidated financial statements for the year ended 31 December 2010

continued

### 18. Reconciliation of movements in shareholders' funds

Group	2010 £	2009 £
Profit for the year	69,430	549,660
Opening shareholders' funds	4,169,720	3,620,060
Closing shareholders' funds	<u>4,239,150</u>	<u>4,169,720</u>
Company	2010 £	2009 £
Loss for the year	(1,951)	(535)
Opening shareholders' funds	199,860	200,395
Closing shareholders' funds	<u>197,909</u>	<u>199,860</u>

### 19. Financial commitments

At 31 December 2010 the group had annual commitments under non-cancellable operating leases as follows

	2010 £	Other 2009 £
<b>Expiry date:</b>		
Within one year	24,241	10,560
Between one and five years	98,639	58,702
	<u>122,880</u>	<u>69,262</u>

### 20. Transactions with director

The group has a loan from the director, A Brotherton-Ratcliffe. The amount outstanding at the end of the year is £1,701,107 (31 December 2009 £1,721,640) and is included under creditors amounts falling due after more than one year (note 15). Gross interest of £5,803 has been paid on this loan during the year.

**The Brotherton Group Limited**  
**Notes to the consolidated financial statements**  
**for the year ended 31 December 2010**

continued

**21. Related party transactions**

The following transactions took place during the year

During the year the group was invoiced by Paxton Access Inc , a US company owned by the director, A Brotherton-Ratcliffe, £1,447,600 (2009 £787,338) in respect of administration charges and marketing services Included in creditors is an amount due to Paxton Access Inc of £230,663

The group has been loaned money from S Brotherton-Ratcliffe, H Brotherton-Ratcliffe and T Brotherton-Ratcliffe, close family members of the director, A Brotherton-Ratcliffe, at a rate equal to the Bank of England's base rate There are no formal terms for the repayment of these loans The amount owing on these loans at the year end amounted to £476,323 (2009 £275,199 ) and are included under creditors amounts falling due after more than one year

**22. Controlling interest**

The group is ultimately controlled by the director, A Brotherton-Ratcliffe, by virtue of his 100% interest in the shares of The Brotherton Group Limited.



**The Brotherton Group Limited**  
**Notes to the consolidated financial statements**  
**for the year ended 31 December 2010**

continued

**23. Gross cash flows**

<b>Group</b>	<b>2010 £</b>	<b>2009 £</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	12	920
Interest paid	(82,262)	(75,757)
	<u>(82,250)</u>	<u>(74,837)</u>
<b>Taxation</b>		
Corporation tax repaid	2,425	113,169
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(286,492)	(561,021)
Receipts from sales of tangible assets	66,480	8,328
	<u>(220,012)</u>	<u>(552,693)</u>
<b>Financing</b>		
New long term bank loan	2,386,000	-
Other new long term loans	201,124	96,948
Repayment of long term bank loan	(2,736,551)	(454,951)
Repayment of other long term loans	-	(88,454)
	<u>(149,427)</u>	<u>(446,457)</u>

**The Brotherton Group Limited**

**Notes to the consolidated financial statements  
for the year ended 31 December 2010**

continued

**24. Analysis of changes in net funds**

<b>Group</b>	<b>Opening balance</b>	<b>Cash flows</b>	<b>Other changes</b>	<b>Closing balance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	483,976	(311,444)		172,532
Overdrafts	(398,219)	48,415		(349,804)
	<u>85,757</u>	<u>(263,029)</u>		<u>(177,272)</u>
Debt due within one year	(409,025)	2,736,551	(2,539,713)	(212,187)
Debt due after one year	(4,254,984)	(2,587,124)	2,560,247	(4,281,861)
Finance leases and hire purchase contracts	-	-	(19,932)	(19,932)
	<u>(4,664,009)</u>	<u>149,427</u>	<u>602</u>	<u>(4,513,980)</u>
<b>Net funds</b>	<u><u>(4,578,252)</u></u>	<u><u>(113,602)</u></u>	<u><u>602</u></u>	<u><u>(4,691,252)</u></u>