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Company Registration No. 05480765 (England and Wales)

THE BROTHERTON GROUP LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

TUESDAY



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22/05/2012
COMPANIES HOUSE

THE BROTHERTON GROUP LIMITED

DIRECTOR AND ADVISERS

Director	A Brotherton-Ratcliffe
Secretary	J Dartnell
Company number	05480765
Registered office	Paxton House Home Farm Road Brighton East Sussex BN1 9HU
Registered auditors	Humphrey & Co 7 - 9 The Avenue Eastbourne East Sussex BN21 3YA
Business address	Paxton House Home Farm Road Brighton East Sussex BN1 9HU
Bankers	HSBC Bank plc 153 North Street Brighton East Sussex BN1 1SW

THE BROTHERTON GROUP LIMITED

CONTENTS

	Page
Director's report	1 - 3
Independent auditors' report	4 - 5
Consolidated profit and loss account	6
Balance sheets	7
Consolidated cash flow statement	8
Notes to the consolidated cash flow statement	9
Notes to the financial statements	10 - 21

THE BROTHERTON GROUP LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The director presents his report and financial statements for the year ended 31 December 2011

Principal activities

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

Business review

2011 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 by 11.1% and gross profit by 9.7% over 2010 levels. At the same time administrative expenses were increased by 9.3%, so that net profit for the year before tax ended up at £135,501. The group's net worth at the end of 2011 was £4,374,651.

The group operates in a highly competitive market. In order to maintain and improve its position in this market, substantial investment has continued to be made by the group in Research and Development.

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 the business, and therefore no such details are disclosed here.

(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 Directors 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 Directors 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 competitors' products.

(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. In order to mitigate this risk the company has heavily invested in its IT infrastructure during 2011.

(iv) 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. There is continued focus on strong credit management to ensure timely payment from customers and a healthy corporate liquidity position.

Results and dividends

The profit for the year, after taxation amounted to £135,501. Particulars of dividends paid and proposed are detailed in the notes to the financial statements. The director does not recommend the payment of a final dividend.

THE BROTHERTON GROUP LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

Director

The following director has held office since 1 January 2011

A Brotherton-Ratcliffe

Charitable donations	2011 £	2010 £
During the year the group made the following payments		
Charitable donations	6,585	600

Financial instruments

Treasury operations and financial instruments

The group operates a centralised treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the group's activities

The group's principal instruments are cash balances. In addition the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations

Liquidity risk

The group manages its cash and borrowing requirements centrally in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business

Interest rate risk

The group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The group uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates

Foreign currency risk

The group's principal foreign currency exposures arise from trading with overseas companies. Dollar and euro bank accounts are maintained in order to try and mitigate foreign currency risk

Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the Board

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary

Auditors

Maxwell-Gumberton & Co resigned as auditors during the year and Humphrey & Co were appointed auditors to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting

THE BROTHERTON GROUP LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

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 company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the director is aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the group's auditors are aware of that information.

By order of the board



J Dartnell
Secretary

- 2 MAY 2012

THE BROTHERTON GROUP LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE BROTHERTON GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") of The Brotherton Group Limited for the year ended 31 December 2011 set out on pages 6 to 21. 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 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 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 director and auditors

As explained more fully in the Director's Responsibilities Statement set out on pages 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 and express an opinion on 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 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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2011 and of the group's 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.

THE BROTHERTON GROUP LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF THE BROTHERTON GROUP LIMITED

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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Mr Michael Macefield (Senior Statutory Auditor)
for and on behalf of Humphrey & Co

21/5/12

Chartered Accountants
Statutory Auditor

7 - 9 The Avenue
Eastbourne
East Sussex
BN21 3YA

THE BROTHERTON GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	17,332,888	15,601,352
Cost of sales		(6,494,857)	(5,723,154)
Gross profit		10,838,031	9,878,198
Administrative expenses		(10,615,055)	(9,714,972)
Operating profit	3	222,976	163,226
Other interest receivable and similar income		-	12
Interest payable and similar charges	4	(87,475)	(82,262)
Profit on ordinary activities before taxation	3	135,501	80,976
Tax on profit on ordinary activities	5	-	(11,546)
Profit on ordinary activities after taxation		135,501	69,430

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

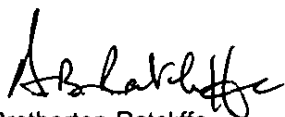
THE BROTHERTON GROUP LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2011

	Notes	Group 2011 £	2010 £	Company 2011 £	2010 £
Fixed assets					
Tangible assets	7	5,486,539	5,435,171	-	-
Investments	8	-	-	201,001	201,001
		<u>5,486,539</u>	<u>5,435,171</u>	<u>201,001</u>	<u>201,001</u>
Current assets					
Stocks	9	1,577,407	1,694,471	-	-
Debtors	10	3,052,461	3,931,493	-	-
Cash at bank and in hand		2,397,507	172,532	373	368
		<u>7,027,375</u>	<u>5,798,496</u>	<u>373</u>	<u>368</u>
Creditors' amounts falling due within one year	11	(3,853,637)	(2,712,656)	(6,000)	(3,460)
Net current assets		<u>3,173,738</u>	<u>3,085,840</u>	<u>(5,627)</u>	<u>(3,092)</u>
Total assets less current liabilities		<u>8,660,277</u>	<u>8,521,011</u>	<u>195,374</u>	<u>197,909</u>
Creditors' amounts falling due after more than one year	12	(4,285,626)	(4,281,861)	-	-
		<u>4,374,651</u>	<u>4,239,150</u>	<u>195,374</u>	<u>197,909</u>
Capital and reserves					
Called up share capital	14	201,002	201,002	201,002	201,002
Profit and loss account	15	4,173,649	4,038,148	(5,628)	(3,093)
Shareholders' funds	16	<u>4,374,651</u>	<u>4,239,150</u>	<u>195,374</u>	<u>197,909</u>

Approved by the Board and authorised for issue on - 2 MAY 2012



A Brotherton-Ratcliffe
Director

Company Registration No. 05480765

THE BROTHERTON GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	2011	2010
£	£	£
Net cash inflow from operating activities	3,049,751	206,768
Returns on investments and servicing of finance		
Interest received	-	12
Interest paid	(87,475)	(82,262)
Net cash outflow for returns on investments and servicing of finance	(87,475)	(82,250)
Taxation	-	2,425
Capital expenditure		
Payments to acquire tangible assets	(448,927)	(286,492)
Receipts from sales of tangible assets	54,248	66,480
Net cash outflow for capital expenditure	(394,679)	(220,012)
Net cash inflow/(outflow) before management of liquid resources and financing	2,567,597	(93,069)
Financing		
New long term bank loan	-	2,386,000
Other new long term loans	202,600	201,124
Repayment of long term bank loan	(208,889)	(2,736,551)
Capital element of finance lease contracts	(35,405)	-
Net cash inflow/(outflow) from financing	(41,694)	(149,427)
Increase/(decrease) in cash in the year	2,525,903	(242,496)

THE BROTHERTON GROUP LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

1	Reconciliation of operating profit to net cash inflow from operating activities	2011		2010	
		£		£	
	Operating profit	222,976		163,226	
	Depreciation of tangible assets	399,773		387,021	
	Loss on disposal of tangible assets	6,307		10,797	
	Decrease/(increase) in stocks	117,064		(76,159)	
	Decrease/(increase) in debtors	879,032		(647,329)	
	Increase in creditors within one year	1,424,599		369,212	
	Net cash inflow from operating activities	3,049,751		206,768	
2	Analysis of net debt	1 January 2011	Cash flow	Other non-cash changes	31 December 2011
		£	£	£	£
	Net cash				
	Cash at bank and in hand	172,532	2,224,975	-	2,397,507
	Bank overdrafts	(349,804)	300,928	-	(48,876)
		<u>(177,272)</u>	<u>2,525,903</u>	<u>-</u>	<u>2,348,631</u>
	Finance leases	(19,932)	98,176	(62,771)	(47,298)
	Debts falling due within one year	(212,187)	(5,856)	-	(218,043)
	Debts falling due after one year	(4,281,861)	12,147	-	(4,269,714)
		<u>(4,513,980)</u>	<u>104,467</u>	<u>(62,771)</u>	<u>(4,535,055)</u>
	Net debt	(4,691,252)	2,630,370	(62,771)	(2,186,424)
3	Reconciliation of net cash flow to movement in net debt	2011		2010	
		£		£	
	Increase/(decrease) in cash in the year	2,525,903		(221,644)	
	Cash outflow from decrease in debt	104,467		129,494	
	Change in net debt resulting from cash flows	2,630,370		(92,150)	
	New finance lease	(62,771)		-	
	Movement in net debt in the year	2,504,828		(92,150)	
	Opening net debt	(4,691,252)		(4,599,102)	
	Closing net debt	(2,186,424)		(4,691,252)	

THE BROTHERTON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2011. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.5 Research and development

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

1.6 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold properties	1% straight line
Leasehold properties	Straight line over the life of the lease
Plant and machinery	20% reducing balance
Fixtures, fittings & equipment	20% reducing balance and 20%/40% straight line
Motor vehicles	25% reducing balance
Improvements to premises	20% reducing balance

1.7 Leasing

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

1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.9 Stock

Stock is valued at the lower of cost and net realisable value on a FIFO basis. Cost comprises the purchase cost of the 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.

1.10 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

THE BROTHERTON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies (continued)

1.11 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2011 £	2010 £
Geographical segment		
UK	13,181,200	12,036,796
Europe	3,042,311	2,101,794
Rest of World	1,109,377	1,462,662
	<u>17,332,888</u>	<u>15,601,252</u>

3 Operating profit	2011 £	2010 £
Operating profit is stated after charging		
Depreciation of tangible assets	399,773	387,021
Loss on disposal of tangible assets	6,307	18,532
Loss on foreign exchange transactions	50,701	83,915
Research and development	1,024,051	1,121,839
Operating lease rentals		
- Plant and machinery	157,139	107,122
Fees payable to the group's auditor for the audit of the group's annual accounts (company £2,500, 2010 £1,912)	12,800	11,112
and after crediting		
Profit on disposal of tangible assets	-	(7,735)
	<u>-</u>	<u>(7,735)</u>

THE BROTHERTON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

4	Interest payable	2011	2010
		£	£
	On bank loans and overdrafts	80,989	3,533
	On other loans wholly repayable within five years	6,486	6,558
	On loans repayable after five years	-	72,171
		<u>87,475</u>	<u>82,262</u>
5	Taxation	2011	2010
		£	£
	Domestic current year tax		
	Adjustment for prior years	-	11,546
	Total current tax	<u>-</u>	<u>11,546</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>135,501</u>	<u>80,976</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.25% (2010 - 28.00%)	<u>35,569</u>	<u>22,673</u>
	Effects of		
	Non deductible expenses	10,282	11,521
	Depreciation add back	104,940	113,555
	Capital allowances	(77,539)	(106,333)
	Research and development tax credit	(196,875)	(285,594)
	Adjustments to previous periods	-	11,546
	Unrelieved tax losses	116,998	244,178
	Other tax adjustments	6,625	-
		<u>(35,569)</u>	<u>(11,127)</u>
	Current tax charge for the year	<u>-</u>	<u>11,546</u>

The company has estimated losses of £ 2,110,000 (2010 - £ 1,671,000) available for carry forward against future trading profits

No deferred tax asset has been provided in respect of the group's tax losses as the directors do not consider it prudent to do so. A deferred tax asset will only be provided when the directors can foresee the utilisation of the company's tax losses with reasonable certainty.

THE BROTHERTON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

6 Loss for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial year is made up as follows

	2011	2010
	£	£
Holding company's loss for the financial year	(2,535)	(1,950)

THE BROTHERTON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

7 Tangible fixed assets

Group

	Freehold properties	Leasehold properties	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2011	1,999,301	3,169,546	1,352,665	421,450	229,051	7,172,013
Additions	-	-	285,015	216,176	10,506	511,697
Disposals	-	(7,583)	(3,586)	(39,805)	(120,995)	(171,969)
At 31 December 2011	1,999,301	3,161,963	1,634,094	597,821	118,562	7,511,741
Depreciation						
At 1 January 2011	55,663	509,212	746,684	281,840	143,443	1,736,842
On disposals	-	(245)	(1,389)	(22,786)	(86,994)	(111,414)
Charge for the year	18,588	106,308	161,488	97,862	15,528	399,774
At 31 December 2011	74,251	615,275	906,783	356,916	71,977	2,025,202
Net book value						
At 31 December 2011	1,925,050	2,546,688	727,311	240,905	46,585	5,486,539
At 31 December 2010	1,943,638	2,660,334	605,981	139,611	85,607	5,435,171

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Net book values				
At 31 December 2011	-	56,493	-	56,493
At 31 December 2010	-	25,230	-	25,230
Depreciation charge for the year				
31 December 2011	-	6,278	-	6,278
31 December 2010	-	14,635	-	14,635

THE BROTHERTON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

8 Fixed asset investments

Company	Shares in group undertakings £
Cost	
At 1 January 2011 & at 31 December 2011	201,001
Net book value	
At 31 December 2011	201,001
At 31 December 2010	201,001

In the opinion of the director, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Paxton Access Limited	United Kingdom	Ordinary	100
General Distribution Limited	United Kingdom	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows

	Principal activity
Paxton Access Limited	Manufacture and distribution of electronic goods
General Distribution Limited	Manufacture and distribution of electronic goods

THE BROTHERTON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

9 Stocks

	Group 2011 £	2010 £	Company 2011 £	2010 £
Components and goods for resale	1,556,399	1,679,835	-	-
Stock of brochures and leaflets	21,008	14,636		
	<u>1,577,407</u>	<u>1,694,471</u>	<u>-</u>	<u>-</u>

10 Debtors

	Group 2011 £	2010 £	Company 2011 £	2010 £
Trade debtors	2,716,952	3,758,607	-	-
Other debtors	15,577	11	-	-
Prepayments and accrued income	319,932	172,875	-	-
	<u>3,052,461</u>	<u>3,931,493</u>	<u>-</u>	<u>-</u>

11 Creditors : amounts falling due within one year

	Group 2011 £	2010 £	Company 2011 £	2010 £
Bank loans and overdrafts	266,919	561,991	-	-
Net obligations under finance lease and hire purchase contracts	31,386	19,932	-	-
Trade creditors	1,948,566	1,625,008	-	-
Taxes and social security costs	665,677	392,273	-	-
Directors current accounts	475,552	2,500	3,500	2,500
Other creditors	31,632	30,485	-	-
Accruals and deferred income	433,905	80,467	2,500	960
	<u>3,853,637</u>	<u>2,712,656</u>	<u>6,000</u>	<u>3,460</u>

THE BROTHERTON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

12 Creditors : amounts falling due after more than one year

	Group 2011 £	2010 £	Company 2011 £	2010 £
Bank loans	1,889,686	2,104,431	-	-
Other loans	2,380,028	2,177,430	-	-
Net obligations under finance leases and hire purchase agreements	15,912	-	-	-
	<u>4,285,626</u>	<u>4,281,861</u>	<u>-</u>	<u>-</u>

Analysis of loans

Not wholly repayable within five years by instalments

Repayable in one year or less	218,043	212,187	-	-
Repayable between one and two years	224,116	218,096	-	-
Repayable between two and five years	2,090,524	2,831,717	-	-
Repayable in five years or more	1,955,074	1,232,048	-	-
	<u>4,487,757</u>	<u>4,494,048</u>	<u>-</u>	<u>-</u>
Included in current liabilities	(218,043)	(212,187)	-	-
	<u>4,269,714</u>	<u>4,281,861</u>	<u>-</u>	<u>-</u>

There is a first legal mortgage held by HSBC, over both the 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 of Paxton Access Limited.

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.

Net obligations under finance leases and hire purchase contracts

Repayable within one year	31,897	19,932	-	-
Repayable between one and five years	15,949	-	-	-
	<u>47,846</u>	<u>19,932</u>	<u>-</u>	<u>-</u>
Finance charges and interest allocated to future accounting periods	(548)	-	-	-
	<u>47,298</u>	<u>19,932</u>	<u>-</u>	<u>-</u>
Included in liabilities falling due within one year	(31,386)	(19,932)	-	-
	<u>15,912</u>	<u>-</u>	<u>-</u>	<u>-</u>

THE BROTHERTON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

13 Pension and other post-retirement benefit commitments

Defined contribution

The group operates a defined contribution pension scheme. 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 to the fund.

	2011 £	2010 £
Contributions payable by the group for the year	304,833	88,104
Contributions payable to the fund at the year end and included in creditors	(19,656)	(11,037)

14 Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
201,002 Ordinary of £1 each	201,002	201,002

15 Statement of movements on profit and loss account Group

	Profit and loss account £
Balance at 1 January 2011	4,038,148
Profit for the year	135,501
Balance at 31 December 2011	4,173,649

Company

	Profit and loss account £
Balance at 1 January 2011	(3,093)
Loss for the year	(2,535)
Balance at 31 December 2011	(5,628)

THE BROTHERTON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

16 Reconciliation of movements in shareholders' funds	2011	2010
Group	£	£
Profit for the financial year	135,501	69,430
Opening shareholders' funds	4,239,150	4,169,720
	<u> </u>	<u> </u>
Closing shareholders' funds	4,374,651	4,239,150
	<u> </u>	<u> </u>

Company	2011	2010
	£	£
Loss for the financial year	(2,535)	(1,950)
Opening shareholders' funds	197,909	199,859
	<u> </u>	<u> </u>
Closing shareholders' funds	195,374	197,909
	<u> </u>	<u> </u>

17 Financial commitments

At 31 December 2011 the group had annual commitments under non-cancellable operating leases as follows

	Other	2010
	2011	£
	£	
Expiry date		
Within one year	18,582	24,241
Between two and five years	145,684	98,639
	<u> </u>	<u> </u>
	164,266	122,880
	<u> </u>	<u> </u>

18 Director's remuneration	2011	2010
	£	£
Remuneration for qualifying services	51,469	50,400
	<u> </u>	<u> </u>

THE BROTHERTON GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2011 Number	2010 Number
Administration	109	91
Production	37	34
Cleaning	11	1
	<u>157</u>	<u>126</u>

Employment costs

	2011 £	2010 £
Wages and salaries	5,643,390	4,045,138
Social security costs	511,532	444,878
Other pension costs	304,833	88,104
	<u>6,459,755</u>	<u>4,578,120</u>

20 Control

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 (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

21 Related party relationships and transactions

Loans from director

The group has three loans from the director, A Brotherton-Ratcliffe. The amounts outstanding at the year end are £2,225,552 (2010 £1,703,607) and £475,552 (2010 £2,500) is included under creditors amounts falling due within one year and £1,750,000 (2010 £1,701,107) is included under creditors amounts falling due after more than one year. Interest was charged on one loan at a rate equal to the Bank of England's base rate and amounted to £3,183 (2010 £4,367) during the year.

Group

During the year the group was invoiced by Paxton Access Inc, a US company owned by the director, A Brotherton-Ratcliffe, £1,232,601 (2010 £1,447,600) in respect of administration charges and marketing and sales services. Included in creditors is an amount due to Paxton Access Inc of £252,333 (2010 £230,663).

The group was also invoiced during the year by EcoMicro Ltd, a company owned by the director, D Hoggatt, £203,727 (2010 £179,018) in respect of research and development and consultancy work.

The group has received loans 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 any of these loans. The amount owing on these loans at the year end amounted to £630,028 (2010 £476,322) and are included under creditors amounts falling due after more than one year.