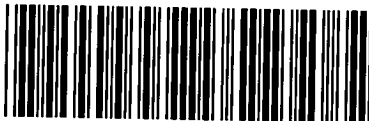


BREWDOG

ANNUAL REPORT & ACCOUNTS
FOR THE YEAR ENDING 2015

THURSDAY



S5A7O0C3

SCT

30/06/2016

#127

COMPANIES HOUSE

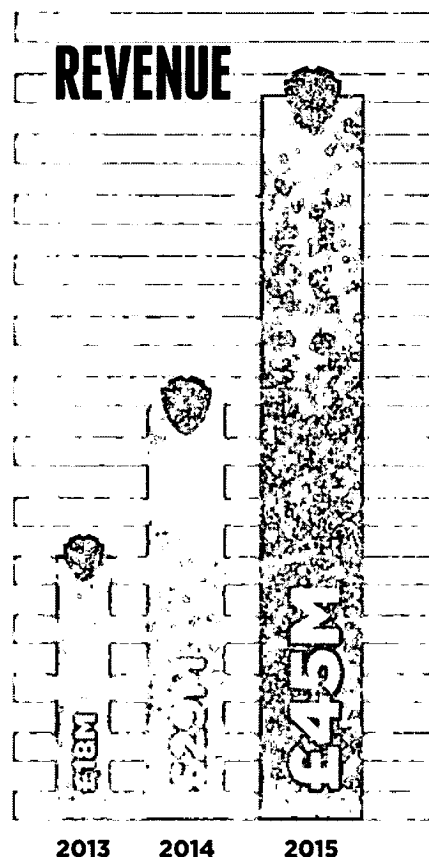


CONTENTS

Contents	03
Highlights	03
2015 In Numbers	04
Captain's Update	06
2015 Highlights	08
Our Key Strengths	10
Strength & Growth Opportunities	12
Our Breweries	13
Financial Review	14
BrewDog Management Team	16
Our Bars	17
Financial Statements	18
Independent Auditors Report	38
Directors' Report	40
Statement of Directors' Responsibilities	42
Company Details	43

HIGHLIGHTS

NO.1 CRAFT BREWERY IN THE UK	03
SALES GROWTH OF 131% IN THE UK	12
SHIPPED 41M BOTTLES	38



2015 IN NUMBERS

IN 2015 WE
GREW OUR UK
SALES BY
131%

WE SHIPPED
THE EQUIVALENT OF
41M BOTTLES
OF HOPPY CRAFT BEERS

IN 2015
WE OPENED
16 BARS

WE NOW EMPLOY
580
PEOPLE

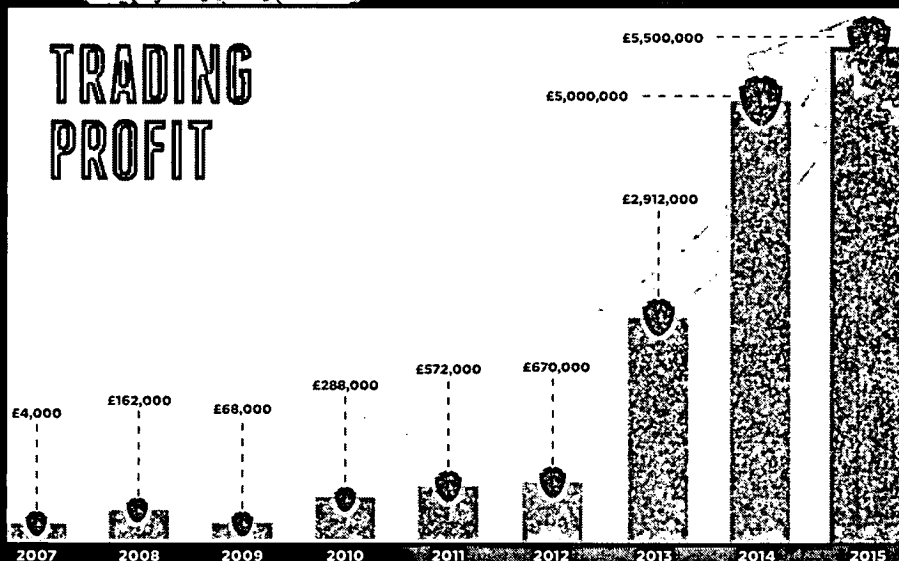
NO.1
CRAFT BREWERY
IN THE UK



OVER THE LAST 5 YEARS OUR AVERAGE ANNUAL OPERATING PROFIT GROWTH HAS BEEN 112%

WE STILL ONLY
ACCOUNT FOR 0.1%
OF THE UK BEER
MARKET

TRADING PROFIT



£9.1m



BREWDOG
PUNK IPA

£2.7m



INNIS &
GUNN
ORIGINAL

£2.3m



BROOKLYN
LAGER

£2.2m



SAM ADAMS
BOSTON
LAGER

£2.0m



SIERRA
NEVADA

£1.9m



GEM

£1.8m



BLUE
MOON

£1.6m



DEAD PONY
CLUB

£1.1m

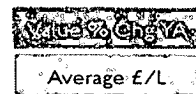


GOOSE
ISLAND

£0.9m



INNIS &
GUNN
RUM CASK



Average £/L

+137.9%

£4.60

+4.5%

£4.22

+51.8%

£4.56

+4.8%

£4.05

+46.0%

£4.89

+23.4%

£3.26

+3.5%

£4.29

+151.7%

£5.44

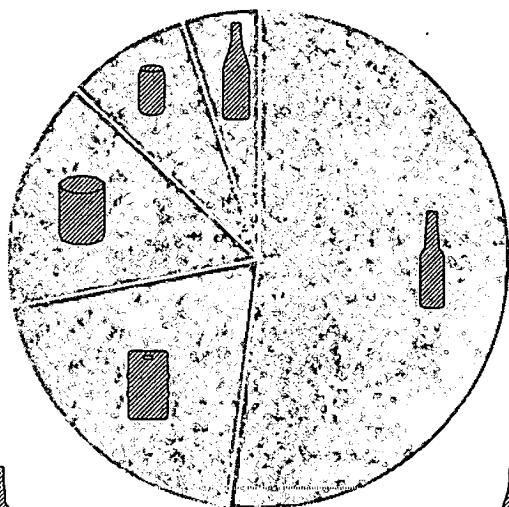
+22.9%

£4.87

0.1%

£4.66

2015 SALES SPLIT



330ML
Bottles
52%

Keg
20%

Key
Keg
20%

Can
8%

660ML
Bottles
5%

BEST SELLING BEERS

PUNK IPA	56%
DEAD PONY CLUB	10%
THIS IS LAGER	7%
SAM SAINT	6%
NANNY STATE	3%
JACK HAMMER	3%
HARDCORE	3%
VAGABOND	2%

2015 UK
ON-TRADE:

+127.4%

Source: Nielsen ScanTrack data to WE 02.01.16

65 DIFFERENT
BEERS
BREWED

31 UK
BREWDOG
BARS

133,921 HL
TOTAL BEER SHIPPED

45
BREWDOG BARS
GLOBALLY

CAPTAIN'S UPDATE

2015 was another fantastic year for BrewDog as we continued on our mission to make other people as passionate about great craft beer as we are.

As well as being a great year in its own right with very solid growth and profitability, 2015 was also all about laying the foundations for our next five years of future growth. Over the last 12 months we have invested heavily in the brewing capacity, the infrastructure and the personnel to enable us to really put a dent in the world of beer.

We have invested over £20m in our Elton brewery as we have increased our brewing capacity from 200,000 HL per year to one million HL per year, giving us the beer making capacity to meet our projected growth. In addition we are investing over \$25m in Columbus Ohio building a state of the art brewery there which will be ready in September 2016 to enable us to meet the demand for our beers in what is the world's largest and fastest growing craft beer market.

We also opened 16 new bars in 2015 including amazing sites in London, Barcelona, Hong Kong, Rome and our hometown of Aberdeen. 2015 also saw us really build out our senior team as we added

David McDowall as Retail Director, Allison Green as People Director and Luis Garrido as our COO. In addition, we built on our operating capabilities by installing SAP to help enable future growth.

We now employ over 580 people, ship our beers to over 60 countries around the world, operate 31 BrewDog bars in the UK and 45 globally and we have been the fastest growing food and drinks company in the UK for the last four years.

At BrewDog we believe in investing in the two things we care most about: our beer and our people. And these two things will continue to be our biggest priorities in 2016 and beyond.



HIGHLIGHTS OF 2015 INCLUDE

1 WE GREW OUR UK SALES BY 131%

Our flagship beer Punk IPA led the way here and this beer is now the biggest selling craft beer in the UK on-trade. Our UK sales team absolutely burned it up in 2015 and the 131% growth figure would have been even higher had we not been constrained by capacity.

2 WE BROKE THE WORLD RECORD FOR ONLINE EQUITY CROWD FUNDING

With Equity for Punks IV we have now raised over £14m, making it the most successful ever equity crowd funds raised in the world. We now have a community of almost 40,000 Equity Punk investors and we already have over 6,000 Equity Punks signed up to attend our AGM in April.

3 WE BREWED BORN TO DIE AND BLACK EYED KING IMP

We made some pretty special beers in 2015. Black Eyed King Imp is the highest ever rated UK beer on Untappd and Born to Die was a double IPA which caused a huge buzz in the beer world due to its intense hoppy flavour and 30 day shelf life. It was designed to encourage people to drink fresh beer! We also brewed 65 different beers in 2015.

4 WE THREW TAXIDERMIC CATS OUT OF A HELICOPTER

We flew a helicopter over central London and threw taxidermy cats out of it. The cats had parachutes. This helped us launch Equity Punks IV and received global media coverage.

5 WE OPENED AMAZING NEW BARS

We opened killer new BrewDog bars in London, Aberdeen, Glasgow, Barcelona, Stockholm, Brighton, Brussels and Rome giving beer drinkers more places to drink amazing beer.

6 WE KIDNAPPED THE PRESIDENT OF AB-INBEV AND FORCED HIM TO DRINK GOOD BEER

This did not actually happen. Although it is quite a good idea.

Craft Beer for the People!

Let's go 2016!



James

2015 HIGHLIGHTS

THE BREWDOG
WE ARE ON A MISSION TO
PASSIONATE ABOUT GRE
WE BLEED CRAFT BEER
THIS IS OUR TRUE NORTH
WE ARE UNCOMPROMISING
IF WE DON'T LOVE IT, WE
WE BLOW SHIT UP
WE ARE AMBITIOUS. WE ARE
WE ARE GEEKS
LEARN OBSESSIVELY. S
WITHOUT US WE ARE NOTHING
WE ARE BREWDOG. BRE

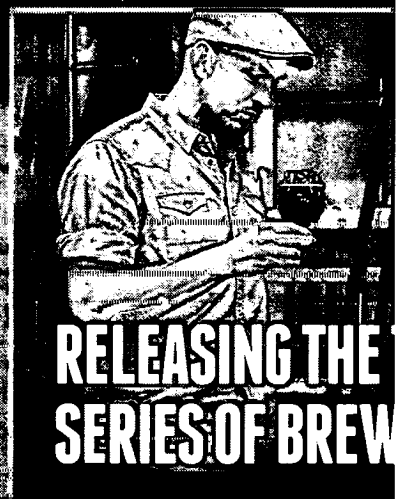
SMASHING GLOBAL
CROWDFUNDING RECORDS WITH
EQUITY FOR PUNKS IV

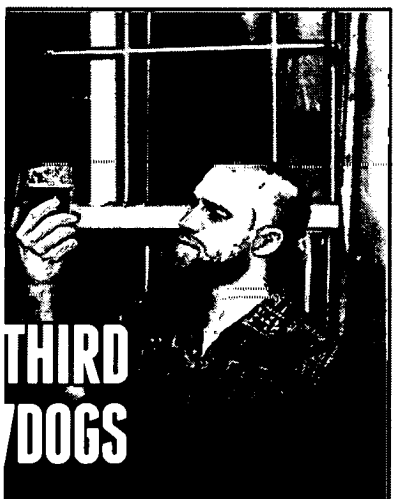
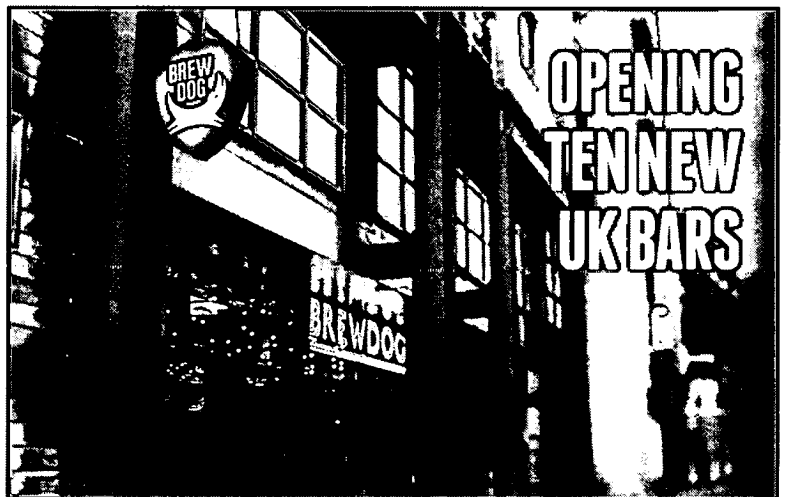
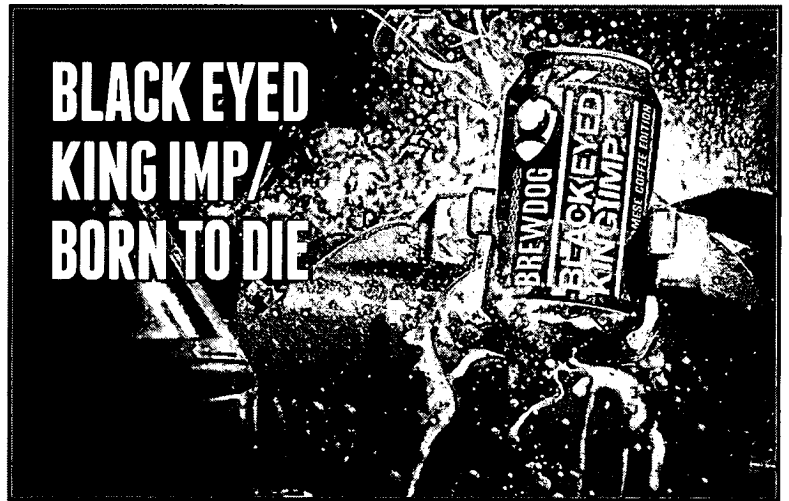
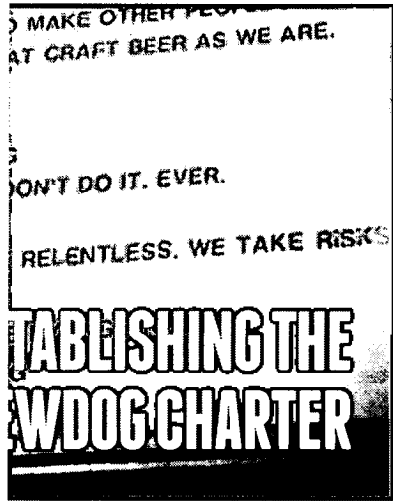


OPENING SIX
INTERNATIONAL
BARS



RELEASING THE
SERIES OF BREW





OUR KEY STRENGTHS

OUR STRONG AND DISTINCTIVE BRAND

The BrewDog brand is synonymous with the craft beer revolution in Europe, the UK and beyond. We are now well established as the leading craft brewer in Europe and through edgy PR and social media focused marketing BrewDog's bark lives up to its bite.

OUR FLAGSHIP BEER, PUNK IPA

Punk IPA is the leading craft beer in the UK on-trade and the best selling craft beer in Europe. Punk IPA accounts for around 55% of our production and is growing at almost 140% per annum in the UK off-trade alone.

OUR NEWLY BUILT CAPACITY

We have invested huge amounts in building the capacity to service the projected demand for our beers. Our beers are the things we care most about in the world, so we are not going to let anyone else brew them for us! With our 2015 investments, our brewhouse capacity is now over 10 times our current sales, giving us a great platform for growth.

OUR GROWTH RATES & GROWTH POTENTIAL

We have been the fastest growing food and drinks company in the UK for the last four years and in 2015 we grew our UK sales by over 131%. In addition the craft beer category overall is growing at over 30% in a declining beer market. The beer industry is changing quickly, and we are determined to be the catalyst for further change.

OUR EXPERIENCED FOUNDER LED TEAM

We have a brilliant executive team, led by the founders which includes some outstanding seasoned industry professionals.

OUR EQUITY PUNK COMMUNITY

We have a community of just over 40,000 Equity Punk Investors. They are advocates, ambassadors, our best customers and the heart and soul of our business.

STRONG AND DIVERSE CUSTOMER BASE

We have long established relationships with a fantastic network of importers and distributors internationally as well as on-trade and off-trade customers in the UK. Our customer base is also very diverse with no customer accounting for more than 10% of our production volume.

OUR SOLID PROFITABILITY

Our rapid growth has been underpinned by a solid profitability that has seen us generate strong profits which we have continued to reinvest into the two things we care most about: our beer and our people. Thus fuelling further growth.

OUR BREWD OG BARS

We now have 45 BrewDog bars all over the planet. As well as accounting for 9% of the beer we brew they also provide a beacon for craft beer and really help us grow our brand and connect with our customers.

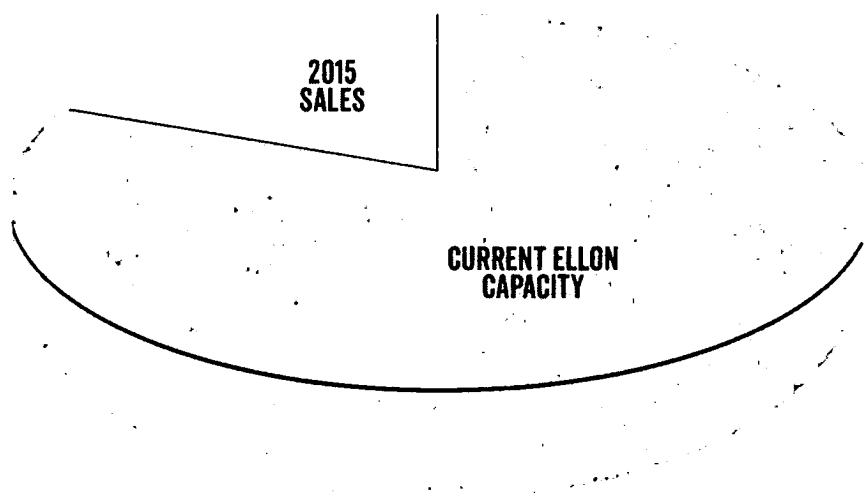




STRENGTH AND GROWTH OPPORTUNITIES

The craft beer category is growing rapidly both in the UK and overseas. The US leads the way here with craft beer on track to be 20% of total beer volume in the US by 2020 and the craft beer boom from the US has now spread to Europe and parts of Asia and South America.

The main challenge for BrewDog in terms of growth has been keeping up with the ever increasing demand for our beers. We grew our UK sales by 131% in 2015 but this number would have been higher had we been able to meet the demand. However we have made significant investments in the last 12 months, both in the UK and overseas, to give us massive increases in capacity which should stand us in great stead for years of sustained growth.



In addition to the capacity shown in this chart, we also have a brewhouse with an annual capacity of 400,000 HL coming online in Columbus Ohio in August 2016.

At our Ellon brewery we have installed a high speed state of the art canning line to work alongside our high speed bottling line. In addition we are in the process of commissioning a new 300 HL brewhouse which will be online in April 2016 which will increase our Ellon brewing capacity fivefold.

We are also building a new brewery in the US which will be located just outside Columbus, Ohio. The US is the world's biggest and fastest growing craft beer market. We have a huge reputation there

and the new brewery will enable us to meet the US demand. We already have contracts in place with distributors in 15 states who are ready and waiting for our first beers to roll off the bottling line in Columbus.

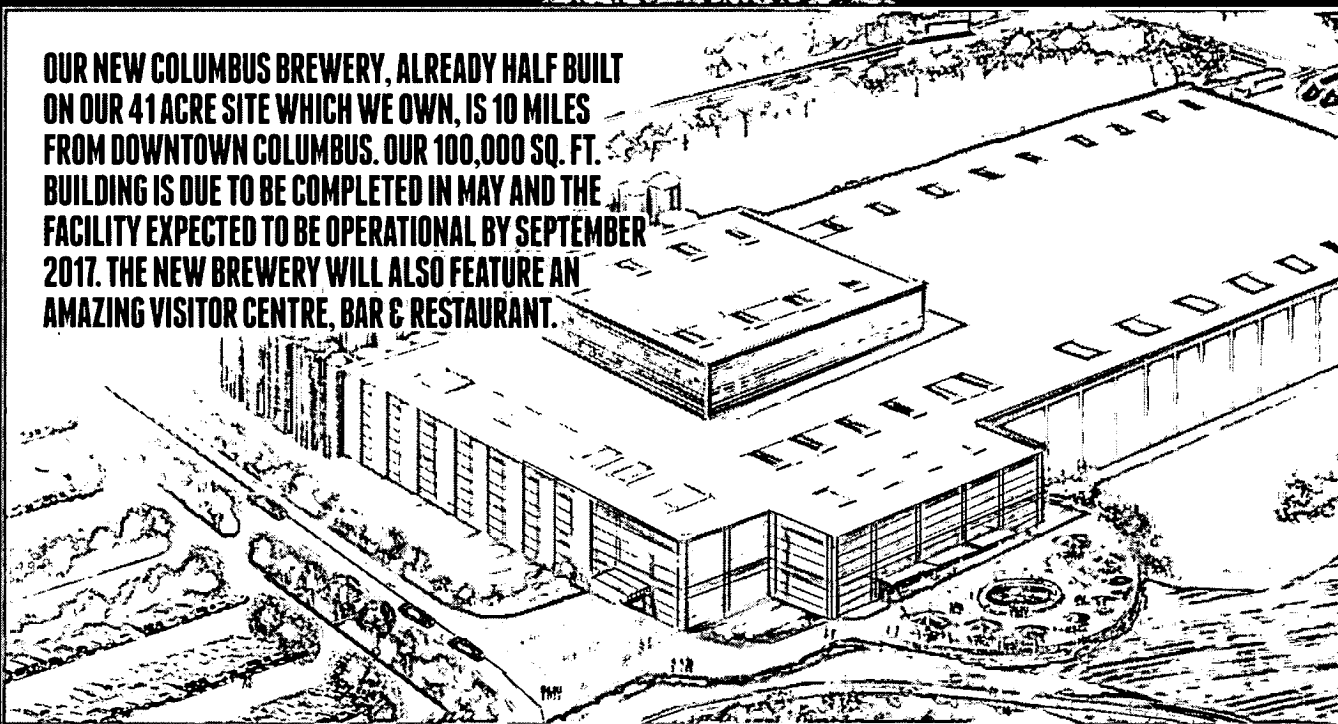
As well as expanding our brewing capabilities we are also adding to our bar network. We have already opened in Hong Kong and Clerkenwell (London) in the last couple of months and we have new locations secured in Berlin, Warsaw, Amsterdam, Southampton, Himmerton (London), York and Malmo.

OUR BREWERIES



LOCATED IN RUGGED NORTH EAST SCOTLAND OUR ELLON HQ BREWERY IS ONE OF THE MOST TECHNOLOGICALLY ADVANCED AND ENVIRONMENTALLY FRIENDLY BREWERIES IN THE WORLD. COMPLETED IN 2013 WE HAVE BEEN CONSTANTLY EXTENDING THE SITE AND ADDING CAPACITY EVER SINCE.

OUR NEW COLUMBUS BREWERY, ALREADY HALF BUILT ON OUR 41 ACRE SITE WHICH WE OWN, IS 10 MILES FROM DOWNTOWN COLUMBUS. OUR 100,000 SQ. FT. BUILDING IS DUE TO BE COMPLETED IN MAY AND THE FACILITY EXPECTED TO BE OPERATIONAL BY SEPTEMBER 2017. THE NEW BREWERY WILL ALSO FEATURE AN AMAZING VISITOR CENTRE, BAR & RESTAURANT.



FINANCIAL REVIEW

FOR THE YEAR ENDED 31 DECEMBER 2015

	YEAR ENDED 31 DECEMBER 2015 £000	YEAR ENDED 31 DECEMBER 2014 £000
Revenue	44,730	29,615
Cost of sales	(27,776)	(18,158)
Gross Profit	16,954	11,457
Overheads	(14,113)	(7,778)
Other operating income	329	174
EBITDA	4,892	4,908

REVENUE

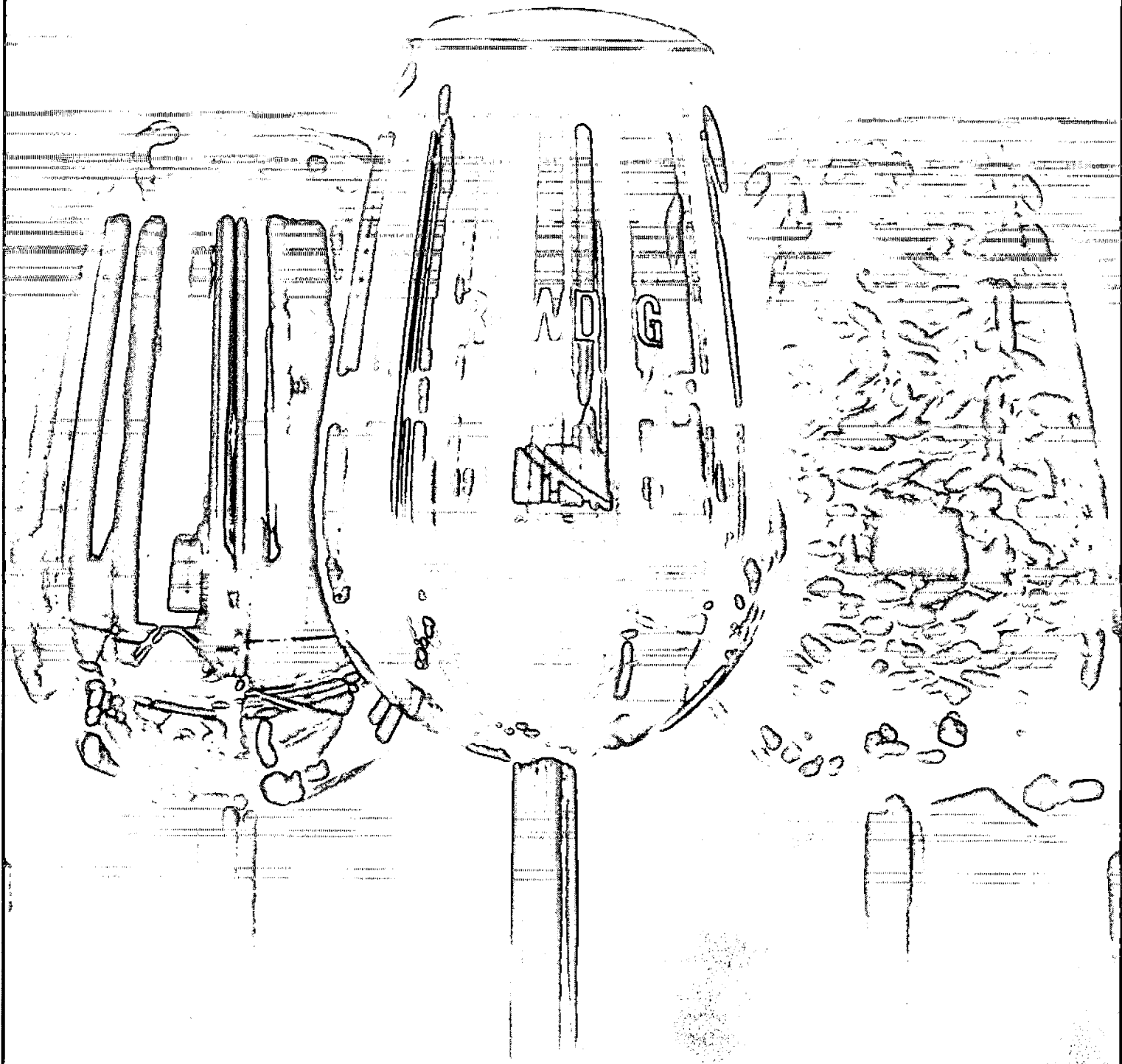
In 2015 we grew strongly with our overall revenue up 51% on 2014. However, if we had the capacity to meet the demand for our beers the growth % would have been much higher. As well as growing at 51% 2015 was all about putting the capacity, people and infrastructure in place for our next five years of sustained fast growth and we are now in a position where we have 1.5 million HL of brewhouse capacity. To put this in perspective our 2015 output was 134,000 HL so we now have capacity to burn! In addition, brewing on our bigger system in Ellon in 2016 should have a significant and positive impact on our 2016 gross margin as we are able to brew our beers more efficiently.

OVERHEADS

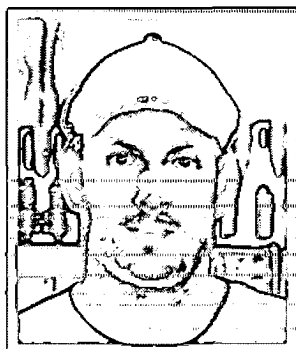
Our overheads grew slightly faster than our overall revenue as we focussed on building a team and putting an infrastructure in place to match our ambitions as we continue to grow. We added three experienced new directors to our executive team, installed SAP, built a new 4000m² warehouse and opened 16 new bars taking our total number of bars to 45 globally. We also expanded our offices and opened new offices in Glasgow and London as well as starting to build our state of the art new brewery in Columbus Ohio.

EBITDA

We are very pleased that despite our strong growth and massive investment in future growth in 2015 we still generated a very healthy trading profit which was comparable to our 2014 trading profit number. The plan is to continue to invest all profit into fuelling further growth as we continue to invest in our beer and our people. We have been a high growth company since we started, but that high growth has always been underpinned and driven by solid profitability.



BREWDOG MANAGEMENT TEAM



JAMES WATT
Captain & Co-founder

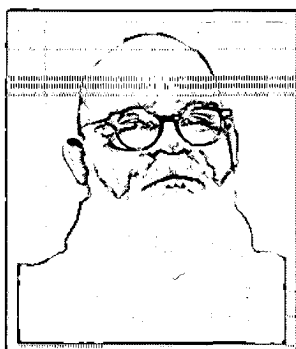
James was a fully qualified deep sea Captain, having earlier completed an honours degree in Law & Economics. He traded in being a salty sea dog to become a BrewDog in 2007, pursuing his passion for great craft beer by setting up the company with Martin Dickie. James was awarded Great British Entrepreneur of the Year in 2014, and was Europe's first Master Cicerone.



MARTIN DICKIE
Beer Pirate & Co-founder

Martin Dickie has a first class honours degree in Brewing & Distilling from Heriot Watt University. He is a renegade artist on a mission to change people's perceptions about beer and challenge their taste buds.

Along with James, Martin hosts the hit international TV show BrewDogs.



DAVID MCDOWALL
Retail Director

David joined BrewDog from G1 Group PLC, where he held the position of Group Operations Director for six years. He has experience managing over 60 sites in Scotland and heading up a team of over 2000 employees, and is now responsible for overseeing the strategic growth and management of the BrewDog bar division.



NEIL SIMPSON
Finance Director

Neil Simpson joined BrewDog in August 2012 bringing with him over 20 years of experience, 10 of which were at partner level, advising and acting for a wide variety of businesses through the Ritson Smith accountancy practice. Neil is a qualified chartered accountant with the Institute of Chartered Accountants in Scotland.



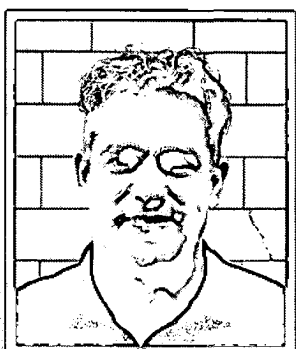
ALLISON GREEN
People Director

Alli joined BrewDog from B&M Retail (a FTSE 250 listed company) at the beginning of 2016 with the brief to make BrewDog the best employer ever. She is on a one-woman mission to convert rural Aberdeenshire pubs to stock Jack Hammer at all times.



GARETH BATH
Director of Sales

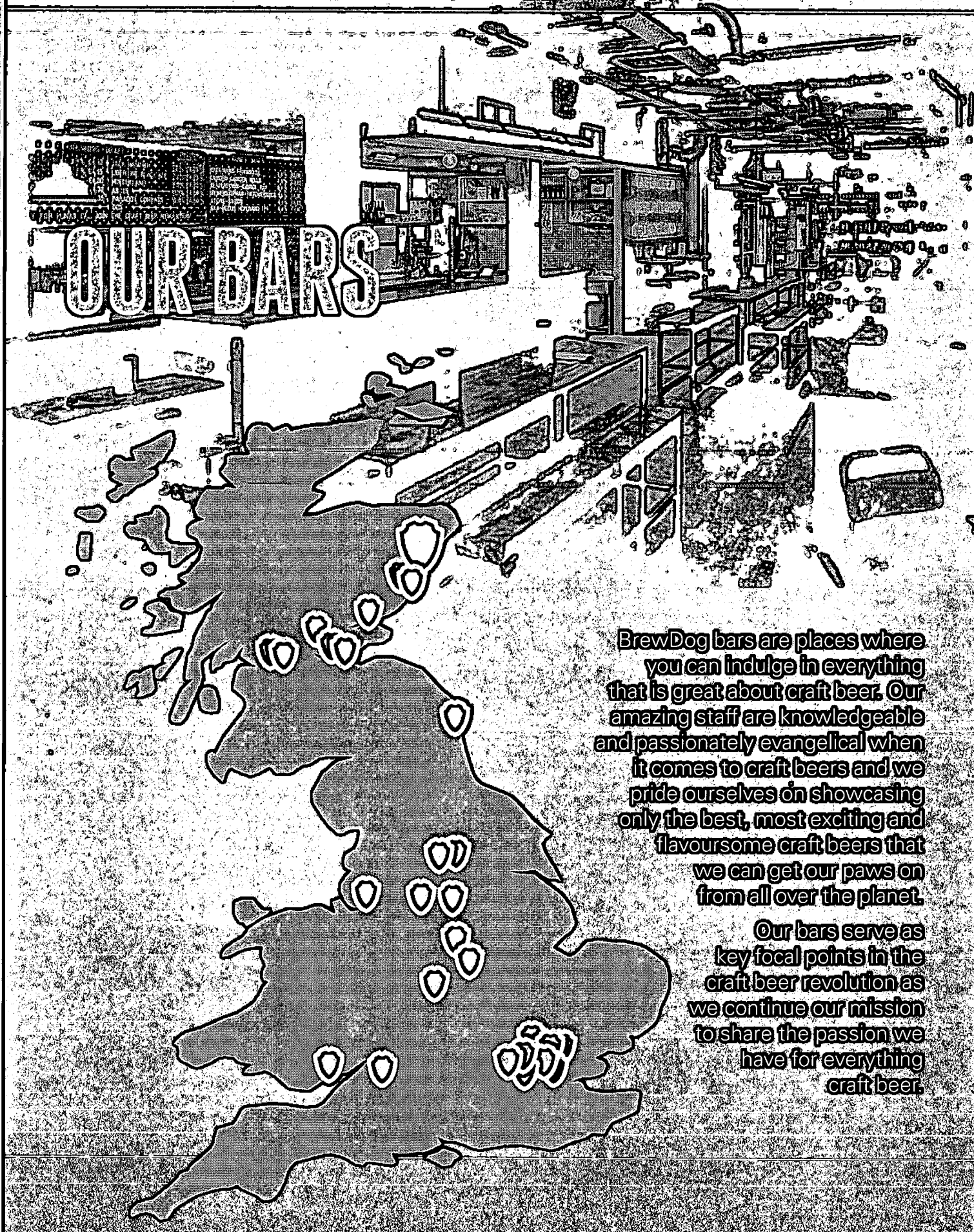
Gareth Bath has a great track record of delivering success to innovative and entrepreneurial brands in market leading global businesses. Before joining BrewDog Gareth was State Sales Manager for Red Bull in Australia. Gareth has been heading up BrewDog sales since 2014 and with the help of his team has delivered phenomenal growth as our sales have skyrocketed.



LUIS GARRIDO
Chief Operations Officer

Luis has over 20 years' operational experience in the drinks, FMCG and energy industries. An operations veteran, BrewDog's aim to be the best employer ever is his perfect job description.

OUR BARS



BrewDog bars are places where you can indulge in everything that is great about craft beer. Our amazing staff are knowledgeable and passionately evangelical when it comes to craft beers and we pride ourselves on showcasing only the best, most exciting and flavoursome craft beers that we can get our paws on from all over the planet.

Our bars serve as key focal points in the craft beer revolution as we continue our mission to share the passion we have for everything craft beer.

GROUP STATEMENT OF COMPREHENSIVE INCOME

As at 31 December 2015	NOTE	2015 £000	2014 £000
Revenue	4	44,730	29,615
Cost of sales		(27,776)	(18,158)
Gross Profit		16,954	11,457
Administrative expenses		(14,113)	(7,778)
Other operating income		329	174
Operating Profit	5	3,170	3,853
Finance income		5	4
Finance costs	8	(326)	(209)
(Loss) / gain on disposal of property, plant and equipment		(14)	1
Gain on disposal of investments		642	-
Share of profit of an associate		-	3
Profit before taxation		3,477	3,652
Income tax expense	9	(749)	(1,001)
Profit for the year		2,728	2,651
Other comprehensive income			
Reclassification adjustments for disposal of available-for-sale financial assets		(566)	-
Exchange differences on translation of foreign operations		14	-
Income tax effect		-	-
Other comprehensive income for the year, net of tax		(552)	-
Total comprehensive income for the year, net of tax		2,176	2,651

Total comprehensive income for the period is attributable to the owners of the company, as there is no non-controlling interest.

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2015	NOTE	2015 £000	2014 £000	As at 1 January 2014 £000
Non-current assets				
Property, plant and equipment	10	38,866	20,101	12,991
Intangible assets	11	646	-	-
Other non-current financial assets	12	52	618	568
Investments in associates	13	100	50	81
		39,664	20,769	13,640
Current assets				
Trade and other receivables	14	8,971	5,083	2,711
Inventory	15	3,612	2,565	1,599
Corporation tax receivable		243	-	-
Cash and cash equivalents	16	3,715	2,233	3,242
		16,541	9,881	7,552
Total assets		56,205	30,650	21,192
Current liabilities				
Trade and other payables	17	10,899	5,369	3,159
Current tax payable		-	448	8
Financial liabilities	18	7,555	2,044	971
		18,454	7,861	4,138
Non-current liabilities				
Deferred tax liabilities	9	1,389	702	208
Financial liabilities	18	8,126	5,976	3,775
Government grants	22	1,430	1,084	937
		10,945	7,762	4,920
Total liabilities		29,399	15,623	9,058
Net Assets		26,806	15,027	12,134
Equity				
Called up share capital	21	61	59	59
Share premium account	21	16,902	7,301	7,059
Foreign currency translation reserve		14	-	-
Revaluation reserve		-	566	566
Retained earnings		9,829	7,101	4,450
Total Shareholders' funds		26,806	15,027	12,134

Signed on behalf of the Board of Directors on 25 March 2016

J.B. Watt
Director

N.A. Simpson
Director

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	NOTE	2015 £000	2014 £000	As at 1 January 2014 £000
Non-current assets				
Property, plant and equipment	10	29,864	16,907	11,244
Intangible assets	11	646	-	-
Other non-current financial assets	12	7,763	2,154	2,083
Investments in associates	13	100	50	80
		38,373	19,111	13,407
Current assets				
Trade and other receivables	14	7,615	5,841	2,526
Inventory	15	3,283	2,333	1,409
Corporation tax receivable		243	-	-
Cash and cash equivalents	16	2,860	1,631	2,991
		14,001	9,805	6,926
Total assets		52,374	28,916	20,333
Current liabilities				
Trade and other payables	17	6,041	3,963	2,267
Current tax payable		-	448	9
Financial liabilities	18	6,779	1,394	821
		12,820	5,805	3,096
Non-current liabilities				
Deferred tax liabilities	9	1,250	658	208
Financial liabilities	18	8,126	5,976	3,700
Government grants	22	1,430	1,084	937
		10,806	7,718	4,845
Total liabilities		23,626	13,523	7,941
Net assets		28,748	15,393	12,392
Equity				
Called up share capital	21	61	59	59
Share premium account	21	16,902	7,301	7,059
Revaluation reserve		-	566	566
Retained earnings		11,785	7,467	4,708
Total Shareholders' funds		28,748	15,393	12,392

Signed on behalf of the Board of Directors on 25 March 2016

J.B. Watt
Director

N.A. Simpson
Director

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital £000	Share premium £000	Revaluation reserve £000	Retained earnings £000	Foreign currency translation reserve £000	Total £000
At 1 January 2014	59	7,059	566	4,450	-	12,134
Total comprehensive profit for the year	-	-	-	2,651	-	2,651
Premium on shares issued during the year	-	242	-	-	-	242
At 31 December 2014	59	7,301	566	7,101	-	15,027
Profit for the year	-	-	-	2,728	-	2,728
Issue of share capital	2	10,271	-	-	-	10,273
Other comprehensive income	-	-	(566)	-	14	(552)
Transaction costs	-	(670)	-	-	-	(670)
At 31 December 2015	61	16,902	-	9,829	14	26,806

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital £000	Share premium £000	Revaluation reserve £000	Retained earnings £000	Total £000
At 1 January 2014	59	7,059	566	4,708	12,392
Total comprehensive profit for the year	-	-	-	2,759	2,759
Premium on shares issued during the year	-	242	-	-	242
At 31 December 2014	59	7,301	566	7,467	15,393
Profit for the year	-	-	-	4,318	4,318
Issue of share capital	2	10,271	-	-	10,273
Other comprehensive income	-	-	(566)	-	(566)
Transaction costs	-	(670)	-	-	(670)
At 31 December 2015	61	16,902	-	11,785	28,748

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	NOTE	2015 £000	2014 £000
Operating activities			
Profit before tax		3,477	3,651
Adjustments to reconcile profit before tax to net cash flows:			
Loss/(gain) on disposal of property, plant and equipment		14	(8)
Depreciation		1,722	1,055
Grant amortisation		(104)	(84)
(Gain)/ loss on disposal of investments		(642)	16
Working capital adjustments:			
Increase in inventory		(1,046)	(967)
Increase in trade and other receivables		(3,888)	(2,372)
Increase in trade and other payables		4,243	1,237
Taxation paid		(756)	(66)
Net cash flow from operating activities		3,020	2,462
Investing activities			
Purchase of property, plant and equipment		(17,617)	(5,358)
Purchase of investments		-	(100)
Acquisition of subsidiary undertakings, net of cash acquired		-	(21)
Purchase of intangible assets		(646)	-
Proceeds from disposal of other fixed asset investments		642	-
Proceeds from disposal of associate		50	67
Purchase of associate		(100)	-
Proceeds from disposal of property, plant and equipment		20	67
Net cash flow used in investing activities		(17,651)	(5,345)
Financing activities			
Issue of ordinary share capital		10,273	242
Transaction costs of issue of shares		(670)	-
Proceeds from new borrowings		5,201	2,575
Proceeds from government grant		450	230
Proceeds from bond issue		2,312	-
Repayment of borrowings		(239)	(316)
Repayment of finance leases and hire purchase contracts		(1,214)	(857)
Net cash flow used in financing activities		16,113	1,874
Net increase /(decrease) in cash and cash equivalents		1,482	(1,009)
Cash and cash equivalents at beginning of year		2,233	3,242
Cash and cash equivalents at end of year		3,715	2,233

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	NOTE	2015 £000	2014 £000
Operating activities			
Profit before tax		4,972	2,759
Adjustments to reconcile loss before tax to net cash flows:			
Loss/(gain) on disposal of property, plant and equipment		8	(9)
Depreciation		1,011	637
Grant amortisation		(104)	(84)
(Gain)/loss on disposal of investments		(642)	12
Working capital adjustments:			
Increase in inventory		(950)	(924)
Increase in trade and other receivables		(7,949)	(3,314)
Increase in trade and other payables		2,031	2,561
Taxation paid		(756)	(66)
Net cash flows (used in)/from operating activities		(2,379)	1,572
Investing activities			
Proceeds from disposal of associate		50	67
Purchase of investments		-	(100)
Acquisition of subsidiary undertakings, net of cash acquired		-	(21)
Purchase of associate		(100)	-
Purchase of intangible asset		(646)	-
Proceeds from disposal of property, plant and equipment		20	67
Proceeds from disposal of other fixed asset investments		642	-
Purchase of property, plant and equipment		(12,345)	(4,394)
Net cash flows used in investing activities		(12,379)	(4,381)
Financing activities			
Issue of ordinary share capital		10,273	242
Transaction costs of issue of shares		(670)	-
Proceeds from new borrowings		5,000	2,000
Proceeds from government grant		450	230
Proceeds from bond issue		2,312	-
Repayment of borrowings		(164)	(166)
Repayment of finance leases and hire purchase contracts		(1,214)	(857)
Net cash flows used in financing activities		15,987	1,449
Net decrease in cash and cash equivalents		1,229	(1,360)
Cash and cash equivalents at beginning of year		1,631	2,991
Cash and cash equivalents at end of year		2,860	1,631

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2015

1. GENERAL INFORMATION

The consolidated financial statements of BrewDog PLC and its subsidiaries (collectively, the group) for the year ended 31 December 2015 were authorised for issue by the Board of Directors on 25 March 2016. The company is incorporated in the United Kingdom under the Companies Act 2006.

2. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applied in accordance with the provisions of the Companies Act 2006.

For all periods up to and including the year ended 31 December 2014, the group prepared its financial statements in accordance with United Kingdom generally accepted accounting principles (UK GAAP). These financial statements for the year ended 31 December 2015 are the first the group has prepared in accordance with IFRS. Refer to Note 24 for information on how the group adopted IFRS.

The consolidated financial statements have been prepared on a historical cost basis, except for other non-current financial assets that have been measured at fair value. The consolidated financial statements are presented in sterling and all values are rounded to the nearest thousand (£000), except otherwise indicated.

The group has elected to take the exemption under section 408 of the Companies Act 2006 not to present the company income statement. The profit recorded by the company for the year was £4,318,000 (2014: £2,759,000).

Basis of consolidation

The group financial statements incorporate the financial statements of the company and entities controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the company, using consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cashflows relating to transactions between members of the group are eliminated in full on consolidation.

3. ACCOUNTING POLICIES

New standards and interpretations

The following standards and amendments and interpretations to existing standards have been published and are mandatory for the group's accounting period beginning on or after 1 January 2015 or later periods, but the group has not early adopted them:

- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

It is not anticipated that the application of these standards and amendments will have any material impact on the group's financial statements, however the group is still looking at the impact of IFRS 15 and IFRS 16 given they are new standards still subject to interpretation. The group plans to adopt the amendments to these standards when they become effective.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise

cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents are as defined above and net of outstanding bank overdrafts.

Property, plant and equipment

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

Land not provided

Buildings 2% on cost

Long-term leasehold property over lease term

Plant and machinery 10 - 25% on reducing balance and
33 - 50% on cost

Computer equipment 33% on cost

Fixtures and fittings 25% on cost

Motor vehicles 25% on reducing balance

Assets under construction not provided

Certain brewing equipment, included within plant and machinery, is depreciated at 10% on reducing balance method and has been allocated a residual value of between 10% and 55% of cost, dependant on the tank's use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the statement of profit or loss when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed

NOTES TO THE FINANCIAL STATEMENTS CONT...

annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is de-recognised.

Non-current financial assets

Fixed asset investments are shown at cost less any provision for impairment.

Investments in associates

Investments in associates are accounted for using the equity method. The consolidated statement of comprehensive income includes the group's share of associate's profit less losses while the group's share of the net assets of the associate is shown in the consolidated statement of financial position.

Revenue recognition

Revenue comprises revenue recognised by the group in respect of goods and services supplied during the year, exclusive of value added tax and trade discounts but inclusive of excise duty. Revenue is recognised in the financial statements when the risks and rewards of owning the goods have passed to the customer and when cash has been received or is receivable.

Cost of sales

Cost of sales comprises brewery and warehouse maintenance costs.

Taxation

Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the statement of comprehensive income.

Deferred income tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- Deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the statement of comprehensive income. The principal foreign currencies used by the group are US dollars (\$) and Euro (€).

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Leases and hire purchase

Assets obtained under hire purchase contracts or finance leases are capitalised in the statement of financial position. 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 the statement of comprehensive income over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Financial assets

Financial assets are recognised when the company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss or loans and receivables, as appropriate. The company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial asset not at fair value through profit or loss, directly attributable transaction costs.

De-recognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- the company has neither transferred nor retained substantially all the risks and rewards of the asset, but had transferred control of

the asset, or

- the company has transferred substantially all the risks and rewards of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as irrecoverable.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

Raw materials:

- Purchase cost on a first-in, first-out basis.

Finished goods and work in progress:

- Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Initial cost of raw materials includes the transfer of gains and losses on qualifying cash flow hedges, recognised in other comprehensive income.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost.

Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Loans

Loans are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Loans are subsequently measured at their amortised cost applying the effective interest rate method.

Finance charges on the loans are recognised as finance costs in the income statement.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing

financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Pension

The pension plan in place is a defined contribution plan. Pension contributions are charged to the income statement as an expense in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

4. REVENUE

Revenue represents the invoiced amount of goods and services supplied, inclusive of excise duty, during the year. Revenue is recognised when the risks and rewards of owning the goods has passed to the customers. All items are stated net of value added tax and trade discounts.

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

	2015	2014
Geographical segment	£000	£000
UK	33,416	19,891
Europe	8,605	7,468
USA and Canada	765	645
Rest of the world	1,944	1,611
	44,730	29,615

5. OPERATING PROFIT

This is stated after charging/(crediting)

	2015	2014
	£000	£000
Depreciation of tangible assets	1,722	1,055
Loss on disposal of associate investment	-	17
Loss of disposal of tangible assets	14	-
Operating lease rentals	1,318	779
Fees payable to the group's auditor for the audit of the group's annual financial statements	40	27
Remuneration for non-audit fees	-	99
Research and development	400	200
and after crediting:		
Government grants	245	169
Profit on disposal of tangible assets	-	8
Profit on disposal of unlisted investment	642	-
Profit on foreign exchange transactions	91	59

NOTES TO THE FINANCIAL STATEMENTS CONT...

6. AUDITORS' REMUNERATION

The group paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the group.

	2015	2014
	£000	£000
Audit of the financial statements	40	27
Audit related assurance services	10	-
Non audit fees	-	99
	50	126

7. STAFF COSTS AND DIRECTOR'S EMOLUMENTS

Staff Costs	2015	2014
	£000	£000
Wages and salaries	9,104	5,716
Pension costs	67	-
Social security costs	858	680
	10,029	6,396

The above excludes directors' remuneration. The company makes contributions to a defined contribution scheme for all eligible employees up to a maximum of 1% of salary. Contributions are charged to the income statement as incurred.

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

	2015	2014
	No.	No.
Directors	5	6
Administration	67	32
Production	79	60
Bar staff	252	179
	403	277

Director's remuneration	2015	2014
	£000	£000
Director's remuneration	649	451
Pension contributions	5	-
	654	451

8. FINANCE COSTS

	2015	2014
	£000	£000
Bank loans and overdrafts	169	87
Hire purchase interest	144	122
Bond interest	13	-
Total finance costs	326	209

9. INCOME TAX

a) Income tax on profit on ordinary activities	2015	2014
	£000	£000
UK corporation tax on the profit for the year	134	456
Total current income tax	134	456
Amounts (over)/under provided in previous years	(71)	50
Total current income tax	63	506
Deferred income tax:		
Origination and reversal of temporary differences	652	481
Deferred tax adjustments in previous periods	34	14
Total deferred income tax charge	686	495
Income tax charge in the group statement of comprehensive income	749	1,001

b) Reconciliation of the total income tax charge	2015	2014
	£000	£000
Profit from continuing operations	3,477	3,651
Tax calculated at UK standard rate of corporation tax of 20.25% (2014 – 20%)	704	730
Expenses not deductible for tax purposes	81	38
Other fixed asset related movements	238	243
Other timing differences	(5)	7
Tax (over)/under provided in previous years	(71)	50
Change in tax laws and rate	(129)	-
Reduction for R&D expenditure	(104)	(53)
Non-taxable income	(151)	(17)
Unrecognised tax losses in other jurisdictions	56	-
Chargeable gains	130	3
Income tax charge in the group statement of comprehensive income	749	1,001

The income tax expense above is computed at profit before taxation multiplied by the effective rate of corporation tax in the UK of 20.25% (2014: 20%)

c) Deferred income tax

The deferred income tax included in the statement of financial position is as follows:

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Deferred tax liability				
Temporary differences relating to property, plant and equipment	1,331	638	1,250	658
Deferred tax asset				
Tax losses carried forward	58	64	-	-
Net deferred tax liability	1,389	702	1,250	658
Deferred tax in the income statement				
Temporary differences relating to property, plant and equipment	686	494	592	450
	686	494	592	450

10. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings £000	Long term leasehold property £000	Fixtures and fittings £000	Motor vehicle £000
Cost:				
At 1 January 2014	3,540	1,376	780	70
Additions	1,269	1,059	930	99
Transfer	1,648	-	2	-
At 31 December 2014	6,457	2,435	1,712	169
Additions	1,116	2,068	2,195	22
Disposals	-	(12)	(29)	-
At 31 December 2015	7,573	4,491	3,878	191
Depreciation:				
At 1 January 2014	49	161	221	35
On disposals	-	-	-	-
Charge for the year	87	139	311	18
At 31 December 2014	136	300	532	53
Charge for the year	107	218	559	31
On disposals	-	(2)	(22)	-
At 31 December 2015	243	516	1,069	84
Net book value:				
At 31 December 2015	7,330	3,975	2,809	107
At 31 December 2014	6,321	2,135	1,180	116
At 1 January 2014	3,491	1,215	559	35

NOTES TO THE FINANCIAL STATEMENTS CONT...

Group cont.	Plant and machinery £000	Computer equipment £000	Assets under construction £000	Total £000
Cost:				
At 1 January 2014	6,623	57	1,670	14,116
Additions	4,710	59	97	8,223
Transfers	-	-	(1,650)	-
Disposals	(102)	-	-	(102)
At 31 December 2014	11,231	116	117	22,237
Additions	8,197	93	6,841	20,532
Disposals	(36)	-	-	(77)
At 31 December 2015	19,392	209	6,958	42,692
Depreciation:				
At 1 January 2014	621	37	-	1,124
On disposals	(43)	-	-	(43)
Charge for the year	480	20	-	1,055
At 31 December 2014	1,058	57	-	2,136
On disposals	(8)	-	-	(32)
Charge for the year	767	40	-	1,722
At 31 December 2015	1,817	97	-	3,826
Net book value:				
At 31 December 2015	17,575	112	6,958	38,866
At 31 December 2014	10,173	59	117	20,101
At 1 January 2014	6,001	20	1,670	12,991

Included below are assets held under finance leases or hire purchase contacts as follows:

	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Net book value:				
At 31 December 2015	6,910	-	17	6,927
At 31 December 2014	5,050	146	22	5,218
At 1 January 2014	3,777	69	31	3,877
Depreciation charge for the year:				
31 December 2015	1,077	-	15	1,092
31 December 2014	256	33	11	300
Company	Long term leasehold property £000	Land and buildings £000	Fixtures and fittings £000	Motor vehicle £000
Cost:				
At 1 January 2014	-	3,540	58	70
Additions	14	1,269	112	99
Transfer	-	1,648	2	-
At 31 December 2014	14	6,457	172	169
Additions	-	358	66	22
Disposals	-	-	(18)	-
At 31 December 2015	14	6,815	220	191
Depreciation:				
At 1 January 2014	-	49	29	35
Charge for the year	1	87	34	18
At 31 December 2014	1	136	63	53
On disposals	-	-	(18)	-
Charge for the year	1	107	66	31
At 31 December 2015	2	243	111	84
Net book value:				
At 31 December 2015	12	6,572	109	107
At 31 December 2014	13	6,321	109	116
At 1 January 2014	-	3,491	29	35

Company	Plant and machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000
Cost:				
At 1 January 2014	6,623	53	1,670	12,014
Additions	4,710	59	97	6,360
Transfers	-	-	(1,650)	-
Disposals	(102)	-	-	(102)
At 31 December 2014	11,231	112	117	18,272
Additions	8,197	91	5,262	13,996
Disposals	(36)	-	-	(54)
At 31 December 2015	19,392	203	5,379	32,214
Depreciation:				
At 1 January 2014	621	35	-	769
On disposals	(43)	-	-	(43)
Charge for the year	480	19	-	639
At 31 December 2014	1,058	54	-	1,365
On disposals	(8)	-	-	(26)
Charge for the year	767	39	-	1,011
At 31 December 2015	1,817	93	-	2,350
Net book value:				
At 31 December 2015	17,575	110	5,379	29,864
At 31 December 2014	10,173	58	117	16,907
At 1 January 2014	6,001	18	1,670	11,244

Included below are assets held under finance leases or hire purchase contacts as follows:

Company	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£000	£000	£000	£000
Net book value:				
At 31 December 2015	6,910	-	17	6,927
At 31 December 2014	5,050	146	22	5,218
At 1 January 2014	3,777	69	31	3,877
Depreciation charge for the year:				
31 December 2015	1,077	-	15	1,092
31 December 2014	256	33	11	300

11. INTANGIBLE FIXED ASSETS

Group and company	Distribution rights
Cost	£000
At 1 January 2014 and 31 December 2014	-
Additions	646
At 31 December 2015	646

12. OTHER NON-CURRENT FINANCIAL ASSETS

Group	Unlisted investments
Cost	£000
At 1 January 2014	568
Additions	50
At 31 December 2014	618
Disposals	(566)
At 31 December 2015	52
Net book value	
At 31 December 2015	52
At 31 December 2014	618
At 1 January 2014	568

NOTES TO THE FINANCIAL STATEMENTS CONT...

Company	Unlisted investments	Shares in group undertakings	Total
Cost	£000	£000	£000
At 1 January 2014	568	1,515	2,083
Additions	50	21	71
At 31 December 2014	618	1,536	2,154
Additions	-	6,175	6,175
Disposals	(566)	-	(566)
At 31 December 2015	52	7,711	7,763
Net book value:			
At 31 December 2015	52	7,711	7,763
At 31 December 2014	618	1,536	2,154
At 1 January 2014	568	1,515	2,083

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holdings	Country of registration or incorporation	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings:				
BrewDog Retail Limited	Ordinary	Scotland	100%	Bar operator
BrewDog USA Inc *	Ordinary	USA	100%	Holding company
BrewDog GmbH	Ordinary	Germany	100%	Bar operator
* Acquired on 22 April 2015				
Indirectly held				
BrewDog Columbus LLC	Ordinary	USA		
BrewDog Brewing Company LLC	Ordinary	USA		

13. INVESTMENTS IN ASSOCIATES

Group	Total
Cost	£000
At 1 January 2014	81
Additions	53
Disposals	(84)
At 31 December 2014	50
Additions	100
Disposals	(50)
At 31 December 2015	100
At 31 December 2014	50
At 1 January 2014	81
Company	Total
Cost	£000
At 1 January 2014	80
Additions	50
Disposals	(80)
At 31 December 2014	50
Additions	100
Disposals	(50)
At 31 December 2015	100
At 31 December 2014	50
At 1 January 2014	80

During the year, BrewDog PLC disposed of an associate interest, Brew by Numbers Limited for no gain or loss. The directors consider the group share of the financial results for Brew by Numbers Limited for the period to disposal are trivial and as such have not accounted for these within the group financial statements.

During the year, BrewDog PLC acquired a 33% interest in Third Wave Coffee Limited, which is a coffee shop operator. Third Wave Coffee Limited is an incorporated entity and is not listed on any public exchange. The directors consider the group share of the financial results for Third Wave Coffee Limited for the period from acquisition are trivial and as such have not accounted for these within the group financial statements.

Third Wave Coffee Limited had no contingent liabilities or capital commitments as at 31 December 2015. The parent has no contingent liabilities relating to its interests in the associate.

14. TRADE AND OTHER RECEIVABLES

Group	2015	2014	At 1 January 2014
	£000	£000	£000
Trade receivables	6,358	3,809	1,577
Prepayments and other receivables	2,613	1,262	1,076
Receivables from participating interests	-	12	58
	8,971	5,083	2,711

Trade and other receivables due after one year amounted to £1,218,000 (2014 - £216,000, 1 January 2014 - £nil)

Company	2015	2014	At 1 January 2014
	£000	£000	£000
Trade receivables	6,358	3,846	1,562
Prepayments and other receivables	968	516	588
Receivable from group undertakings	289	1,467	318
Receivables from participating interests	-	12	58
	7,615	5,841	2,526

Trade and other receivables due after one year amounted to £1,019,000 (2014 - £nil, 1 January 2014 - £nil)

Group		Neither past due not impaired	Past due but not impaired		
	Total	< 30 days	30-60 days	60-90 day	Over 90 days
	£000	£000	£000	£000	£000
2015	6,358	3,316	1,898	545	599
2014	3,809	1,826	1,246	523	214
At 1 January 2014	1,577	790	631	77	79

Company		Neither past due not impaired	Past due but not impaired		
	Total	< 30 days	30-60 days	60-90 day	Over 90 days
	£000	£000	£000	£000	£000
2015	6,358	3,316	1,898	545	599
2014	3,846	1,863	1,246	523	214
At 1 January 2014	1,562	775	631	77	79

15. INVENTORIES

Group	2015	2014	At 1 January 2014
	£000	£000	£000
Raw materials	813	696	407
Work in progress	494	577	378
Finished goods and goods for resale	2,305	1,292	814
	3,612	2,565	1,599

Company	2015	2014	At 1 January 2014
	£000	£000	£000
Raw materials	813	696	407
Work in progress	494	577	378
Finished goods and goods for resale	1,976	1,060	624
	3,283	2,333	1,409

16. CASH AND SHORT-TERM DEPOSITS

Group	2015	2014	At 1 January 2014
	£000	£000	£000
Cash at bank and in hand	3,715	2,233	3,242

Company	2015	2014	At 1 January 2014
	£000	£000	£000
Cash at bank and in hand	2,860	1,631	2,991

Cash on deposit earns interest at a rate of 0.3% on a monthly basis.

NOTES TO THE FINANCIAL STATEMENTS CONT...

17. TRADE AND OTHER PAYABLES

Group	2015	2014	At 1 January 2014
	£000	£000	£000
Trade and other payables	6,388	3,123	1,936
Taxes and social security	418	752	259
Other payables	4,093	1,494	964
	10,899	5,369	3,159

Company	2015	2014	At 1 January 2014
	£000	£000	£000
Trade and other payables	3,764	2,484	1,450
Taxes and social security	412	409	94
Other payables	1,865	1,070	723
	6,041	3,963	2,267

18. FINANCIAL LIABILITIES

Group	2015	2014	At 1 January 2014
	£000	£000	£000
Current:			
Bank overdrafts	776	650	150
£1,820,000 bank loan	109	106	103
£2,000,000 bank loan	114	111	-
£5,000,000 bank loan	5,000	-	-
Obligations under hire purchase contracts	1,556	1,177	718
	7,555	2,044	971
Non-current:			
£1,820,000 bank loan	1,354	1,463	1,569
£2,000,000 bank loan	1,713	1,826	-
£250,000 bank loan	-	-	75
Obligations under hire purchase contracts	2,747	2,687	2,131
6.5% non-convertible bonds	2,312	-	-
Total non-current borrowings	8,126	5,976	3,775

Company	2015	2014	At 1 January 2014
	£000	£000	£000
Current:			
£1,820,000 bank loan	109	106	103
£2,000,000 bank loan	114	111	-
£5,000,000 bank loan	5,000	-	-
Obligations under hire purchase contracts	1,556	1,177	718
	6,779	1,394	821
Non-current:			
£1,820,000 bank loan	1,354	1,463	1,569
£2,000,000 bank loan	1,713	1,826	-
Obligations under hire purchase contracts	2,747	2,687	2,131
6.5% non-convertible bonds	2,312	-	-
Total non-current borrowings	8,126	5,976	3,700

Bank loans

£1,820,000 bank loan

This fixed rate loan is in the name of the parent company, originally for a maximum of £1,820,000 and is repayable by monthly instalments until October 2027.

£2,000,000 fixed rate loan

This fixed rate loan is in the name of the parent company, originally for a maximum of £2,000,000 and is repayable by monthly instalments May 2029. This loan is secured by a mortgage over the land and buildings.

£800,000 bank overdraft

This fixed rate loan is in the name of the subsidiary. It is a facility up to £800,000 and is available for the company to draw down as required. The facility will be reviewed at 30 June 2016 and is currently disclosed as repayable on demand until such time as it reverts to a time loan.

£5,000,000 bank loan

During the year the parent company drew down the loan, originally for a maximum of £5,000,000. The loan is repayable on demand. The facility will be reviewed at 30 June 2016 and is currently disclosed as current.

6.5% non-convertible bonds

In November 2015, the group issued £2,312,000 non-convertible bonds with a maturity in November 2019. The purpose of the bond was to finance expansion. The bonds were issued with an interest rate of 6.5%. Interest is paid bi-annually with subsequent repayment of £2,312,000 in November 2019.

The bank loans are secured by standing and floating charges over the assets of the group. In addition, there is an unlimited cross guarantee between BrewDog PLC and BrewDog Retail Limited.

19. CAPITAL COMMITMENT

Group	2015	2014	At 1 January 2014
	£000	£000	£000
Contracted for but not provided in the financial statements	12,156	2,570	1,325

Company	2015	2014	At 1 January 2014
	£000	£000	£000
Contracted for but not provided in the financial statements	2,115	2,570	1,325

20. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

Obligations under finance leases and hire purchase contracts

The group uses finance leases and hire purchase contracts to acquire plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the lessee. Future minimum lease payments under finance leases and hire purchase contracts are as follows:

Group and company	2015	2014	At 1 January 2014
	£000	£000	£000
Not later than one year	5	2	22
In one to five years	1,358	1,128	705
	1,363	1,130	727

Operating lease agreements where the group is lessee

The group has entered into commercial leases on certain land and buildings. These leases have an average duration of between 3 and 25 years. Only the property lease agreements contain an option for renewal, with such options being exercisable three months before the expiry of the lease term at rentals based on market prices at the time of exercise. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

Group	2015	2014	At 1 January 2014
	£000	£000	£000
Not later than one year	60	17	7
In one to five years	48	70	49
In over five years	1,143	682	450
	1,251	769	506

Company	2015	2014	At 1 January 2014
	£000	£000	£000
Not later than one year	9	17	6
In one to five years	30	24	33
In over five years	185	73	-
	224	114	39

21. SHARE CAPITAL

Group and company	2015	2015	2014	2014
	No. 000	£000	No. 000	£000

Authorised

Ordinary A shares of 1p each (2014 – 5p each)	5,075	51	1,015	51
Ordinary B shares of 1p each (2014 – 5p each)	1,348	13	164	8

Group and company	2015	2015	2014	2014
	No. 000	£000	No. 000	£000

Allotted called up and fully paid Ordinary A shares

At 1 January	1,015	51	1,015	51
Issue following resolution (see below)	4,060	-	-	-
	5,075	51	1,015	51

Group and company	2015	2015	2014	2014
	No. 000	£000	No. 000	£000

Allotted called up and fully paid Ordinary B shares

At 1 January	164	8	161	8
Issue following resolution (see below)	658	-	-	-
Issued Equity for Punks	217	2	3	-
At 31 December	1,039	10	164	8

NOTES TO THE FINANCIAL STATEMENTS CONT...

During the year a resolution to reduce the share capital nominal value from 5p each to 1p each was passed.

During the year the company issued a further 216,822 Ordinary B shares to the public under its Equity for Punks IV crowdfunding initiative, of these 215,826 were issued with an issue price of £47.50 per share, the remaining 996 were issued with an issue price of £23.75. This created additional share premium of £10,271,417 in the year.

Both A and B Ordinary shares rank equally in terms of rights to receive dividends, rights to participate in a distribution of the assets of the company and voting at general meetings.

Equity for Punks members are entitled to certain additional rights in relation to product purchases and other membership benefits.

At the year-end £50,113 (2014 - £46,634) of share capital and share premium remains unpaid.

Group and company	2015	2014
	Share premium account £000	Share premium account £000
At 1 January	7,301	7,059
Issued Equity for Punks	10,271	242
Transaction costs	(670)	-
At 31 December	16,902	7,301

22. GOVERNMENT GRANTS

Group and company	2015 £000	2014 £000
At 1 January	1,084	937
Received during the year	450	231
Released to the statement of financial position	(104)	(84)
At 31 December	1,430	1,084

	2015 £000	2014 £000
Current	145	104
Non-current	1,285	980
	1,430	1,084

Government grants have been received for the purchase of certain items of land, property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

23. RELATED PARTY TRANSACTIONS

Group

The financial statements include the financial statements of the group and the subsidiaries listed following:

Name	Country of Incorporation	% Interest
BrewDog Retail Limited	Scotland	100
BrewDog USA Inc	USA	100
BrewDog GMBH	Germany	100
BrewDog Columbus LLC	USA	100
BrewDog Brewing Company LLC	USA	100

Sales and purchases between related parties are made at normal market prices. Outstanding balances are unsecured, interest free and cash settlement terms vary between 30 and 90 days. The company has not provided or benefited from any guarantees for any related party receivables or payables. The company has not made any provision for doubtful debts relating to amounts owed by related parties.

Company

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year:

	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	£000	£000	£000	£000
<i>Wholly owned subsidiaries:</i>				
BrewDog Retail Ltd				
2015	4,858	-	194	-
2014	3,484	-	1,467	-
At 1 January 2014	-	-	318	-
BrewDog USA Inc				
2015	-	-	16	-
2014	-	-	-	-
At 1 January 2014	-	-	-	-
BrewDog GMBH				
2015	-	-	79	-
2014	-	-	12	-
At 1 January 2014	-	-	-	-
<i>Associate</i>				
Brew by Numbers Ltd				
2015	21	38	-	-
2014	51	19	12	-
At 1 January 2014	-	-	-	-
Key management personnel of the group:				
Other directors' interests				
2015	97	115	8	28
2014	233	75	107	53
At 1 January 2014	-	-	142	31

Key management personnel of the group:	Interest received £000	Amounts owed to related parties £000
Director's loan		
2015	-	85
2014	-	-
At 1 January 2014	-	-

Transactions with key management personnel:

Director's loan

Amounts due to directors are non-interest bearing and are repayable on demand.

Other directors' interests

During both 2015 and 2014, sales and purchases at normal market prices were made by group companies from JBW (77) Limited, a company controlled by one of the directors.

During both 2015 and 2014, purchases at normal market prices were made by group companies from JBW (Aberdeen) Limited, a company controlled by one of the directors.

During both 2015 and 2014, sales and purchases at normal market prices were made by group companies from Musa 77 Limited, a company controlled by one of the directors.

One director has a equity interest in Anchor Brewing Company. During 2015 and 2014, the group made sales at normal market prices.

24. TRANSITION TO IFRS

These financial statements, for the year ended 31 December 2015, are the first the group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2014, the group prepared its financial statements in accordance with United Kingdom generally accepted accounting principle (UK GAAP).

Accordingly, the group has prepared financial statements that comply with IFRS applicable as at 31 December 2015, together with the comparative period data for the year ended 31 December 2014, as described in the summary of significant accounting policies. In preparing the financial statements, the group's opening statement of financial position was prepared as at 1 January 2014, the group's date of transition to IFRS. This note explains the principal adjustments made by the group in restating its UK GAAP financial statements, including the statement of financial position as at 1 January 2014 and the financial statements for the year ended 31 December 2014.

In the statement of financial position prepared in accordance with UK GAAP land was carried at market value. Under IFRS, the group has adopted a policy of measuring land at cost and not revaluation. The effect of this change was reduction of land at 1 January 2014 of £259,144.

INDEPENDENT AUDITORS REPORT

to the members of BrewDog PLC

We have audited the financial statements of BrewDog plc for the year ended 31 December 2015 which comprise group and parent company statements of financial position, the group statement of comprehensive income, the group and parent company statements of cash flows, the group and parent company statements of changes in equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, the directors are 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON THE FINANCIAL STATEMENTS IN OUR OPINION:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the UK Companies Act 2006.



OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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.

Ernst & Young LLP

Jamie Dixon (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

Aberdeen

25 March 2016

Notes:

1. The maintenance and integrity of the BrewDog PLC web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' REPORT

Registered No. SC311560

The Directors present their report and financial statements for the year ended 31 December 2015. These financial statements have been prepared under International Financial Reporting Standards as adopted by the European Union.

RESULTS AND DIVIDENDS

The profit after taxation for the year amounted to £2,728,000 (2014 - £2,651,000). No dividend has been paid or proposed (2014 - £nil).

REVIEW OF THE BUSINESS

The principle activity of the group continues to be that of brewing beer and operating bars. The results of the group show a pre-tax profit of £3,477,000 (2014 - £3,652,000) for the year and turnover of £44,730,000 (2014 - £29,615,000).

During the year the company transitioned from previously extant UK GAAP to IFRS (International Financial Reporting Standards), as issued by the IASB. Details of the recognition or measurement differences arising on the adoption of IFRS are included in note 24 to these financial statements.

FUTURE DEVELOPMENTS

See Captains report for strategy and growth opportunities.

DIRECTORS

The directors who served the company during the year were as follows:

C K Gregor

N A Simpson

M Dempster (resigned 30 October 2015)

A M Dickie

J B Watt

D McDowell (appointed 21 September 2015)

A D Green (appointed 4 January 2016)

G Bath (appointed 1 February 2016)

L G Garrido (appointed 15 February 2016)

GOING CONCERN

We have a reasonable expectation that the parent company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus we continue to adopt the going concern basis in preparing these financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

We consider the key risks and uncertainties affecting the group to be the availability and cost of ingredients for our beers and the growing prominence of the craft beer market bringing with it more competition. In order to mitigate these risks and uncertainties, we continue to source quality hops and malt to brew our innovative beers and continue to look for opportunities to bring our beers to the wider public.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose it to a number of financial risks including liquidity and credit risk.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long, medium and short term debt finance. Forecasts are produced to assist management in identifying liquidity requirements and maintaining adequate reserves.

Credit risk

The group's financial assets are bank balances, and cash, trade and other receivables.

The group's credit risk is primarily attributable to its trade receivables for beer sales. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An

allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The group's market is such that beer sales are concentrated towards a number of key customers. Credit risk is managed through maintaining good customer relationships and the monitoring of credit levels and settlement periods.

The credit risk on liquid funds is limited because the counter party is a bank with a credit rating assignment by international credit rating agencies.

DISABLED PERSONS

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

EMPLOYEE INVOLVEMENT

The group's policy is to consult and discuss with employees at meetings any matters likely to affect their interests. Information on matters of concern to employees is given through information bulletins and communications which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

RESEARCH AND DEVELOPMENT

During the year the group continued to undertake research and development on new brewing methods and techniques.

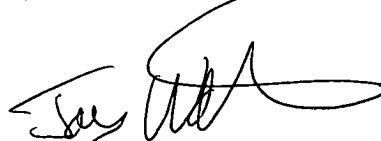
DIRECTORS LIABILITY

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

DISCLOSURE OF INFORMATION TO THE AUDITORS

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

By order of the Board of Directors



J B Watt

Director

25 March 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom company law and those International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under UK Company Law the directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the group and company for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and the company's financial position and financial performance;
- state that the company and group has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the UK Companies Act 2006 and Article 4 of the IAS Regulations. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS

C K Gregor
N A Simpson
A M Dickie
J B Watt
D McDowall
A D Green
G Bath
L G Garrido

SECRETARY

A M Dickie

AUDITORS

Ernst & Young LLP
Blenheim House
Fountainhall Road
Aberdeen AB15 4DT

BANKERS

HSBC
95-99 Union Street
Aberdeen AB11 6BD

Bank of Scotland
5 The Square
Ellon AB41 9JB

REGISTERED OFFICE

Balmacassie Commercial Park
Ellon AB41 8BX

**DRAFT BEER
FOR THE
PEOPLE**