

**BREWDOG PLC**  
**REPORT OF THE DIRECTORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

Ritson Smith  
Chartered Accountants and Registered Auditors  
16 Carden Place  
Aberdeen  
AB10 1FX

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**BREWDOG PLC**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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**DIRECTORS:** A M Dickie  
J Watt  
C K Greggor  
A P Foglio

**SECRETARY:** A M Dickie

**REGISTERED OFFICE:** Unit 1  
Kessock Workshops  
FRASERBURGH  
AB43 8UE

**REGISTERED NUMBER:** SC311560

**AUDITORS:** Ritson Smith  
Chartered Accountants and Registered Auditors  
16 Carden Place  
Aberdeen  
AB10 1FX

## **BREWDOG PLC**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2011**

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The directors present their report with the financial statements of the company and the group for the year ended 31 December 2011.

#### **PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of brewing beer and operating bars.

#### **REVIEW OF BUSINESS**

The results of the group show a pre-tax profit of £424,101 (2010 - £221,571) for the year and turnover of £5,918,508 (2010 - £3,331,717).

2011 was a great year for our young business. We opened 3 new craft beer bars, almost doubled our turnover, opened up new export markets, added great new people to the team and remained solidly profitable.

In addition our Equity for Punks II fundraising was a huge success as we welcomed over 5,000 new shareholders and raised over £2m to help us further grow our business.

In 2011 we also purchased the land and started the planning process for our new brewery which should be operational by late 2012 giving us much needed additional production capacity to help us keep up with the global demand for our craft beers. We also added some great new people to our team and have started holding team yoga sessions in the car park before each working day commences.

We have experienced phenomenal growth since we started our business (with 2 humans, a big idea and a dog). Our beers are now available in:

- 27 different countries worldwide;
- in Tesco, Sainsburys, Morrisons and ASDA;
- in Supermarkets in 7 different countries;
- the Tate Modern in London;
- in many of the best beer bars and beer shops around the world.

However this is just the beginning for BrewDog. We are determined to completely redefine the beer drinking culture in the UK showing beer drinkers there is an alternative to the tasteless and mass produced fizzy yellow beers which dominate the UK market.

The key risk and uncertainties affecting the company are the availability and cost of ingredients for our beers. The directors continue to source quality hops and malt to brew our innovative beers and will continue to do so in this competitive market.

Given the straightforward nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2011.

#### **RESEARCH AND DEVELOPMENT**

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

## **BREWDOG PLC**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2011**

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#### **EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2011 to the date of this report.

A M Dickie  
J Watt  
C K Greggor  
A P Foglio

#### **GROUP'S POLICY ON PAYMENT OF CREDITORS**

The group does not follow any code or standard on payment practice. It is the group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 2011 the group had an average of 50 days (2010 - 35 days) purchases outstanding in trade creditors.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 company will continue in business.

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

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

**BREWDOG PLC**

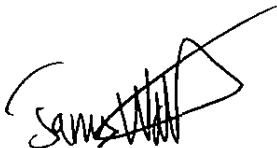
**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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**AUDITORS**

The auditors, Ritson Smith, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'J Watt', is written over a horizontal dotted line.

J Watt - Director

Date: 24 April 2012

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BREWDOG PLC**

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We have audited the financial statements of Brewdog PLC for the year ended 31 December 2011 on pages seven to thirty nine. 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 Report of the Directors 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 of the 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
BREWD OG PLC**

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**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.



Niall Farquharson CA (Senior Statutory Auditor)  
for and on behalf of Ritson Smith  
Chartered Accountants and Registered Auditors  
16 Carden Place  
Aberdeen  
AB10 1FX

Date: 24 April 2012

**BREWDOG PLC**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

		2011	2010
	Notes	£	£
<b>TURNOVER</b>	2	5,918,508	3,331,717
Continuing operations		5,145,618	3,331,717
Acquisitions		772,890	-
		<u>5,918,508</u>	<u>3,331,717</u>
Cost of sales	3	4,263,639	2,437,178
<b>GROSS PROFIT</b>	3	1,654,869	894,539
Net operating expenses	3	1,188,066	673,338
<b>OPERATING PROFIT</b>	5	466,803	221,201
Continuing operations		495,355	221,201
Acquisitions		(28,552)	-
		<u>466,803</u>	<u>221,201</u>
Income from interest in associated undertakings		7,509	-
Interest receivable and similar income		9,111	20,983
		<u>16,620</u>	<u>20,983</u>
		483,423	242,184
Interest payable and similar charges	6	59,322	20,613
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		424,101	221,571
Tax on profit on ordinary activities	7	69,630	(46,436)
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		354,471	268,007
Minority interest - equity		(657)	-
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP</b>		<u>355,128</u>	<u>268,007</u>

The notes form part of these financial statements



**BREWDOG PLC****CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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	2011 £	2010 £
<b>PROFIT FOR THE FINANCIAL YEAR</b>	355,128	268,007
Revaluation of tangible fixed assets	-	259,144
Revaluation of fixed asset investments	-	1,696,706
	<hr/>	<hr/>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>355,128</u>	<u>2,223,857</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 £	2010 £
<b>REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	424,101	221,571
Realisation of investment revaluation gains of previous years	1,018,151	-
	<hr/>	<hr/>
<b>HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>1,442,252</u>	<u>221,571</u>
 <b>HISTORICAL COST PROFIT FOR THE YEAR RETAINED AFTER TAXATION AND MINORITY INTERESTS</b>	 <u>1,373,279</u>	 <u>268,007</u>

The notes form part of these financial statements

**BREWDOG PLC****CONSOLIDATED BALANCE SHEET  
31 DECEMBER 2011**

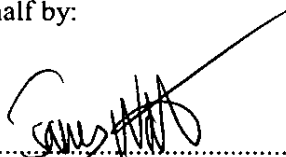
		2011	2010
	Notes	£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	2,110,283	955,064
Investments	10	753,614	1,696,756
		<u>2,863,897</u>	<u>2,651,820</u>
<b>CURRENT ASSETS</b>			
Stocks	11	865,390	304,748
Debtors	12	1,524,124	746,736
Cash at bank and in hand		2,056,876	651,976
		<u>4,446,390</u>	<u>1,703,460</u>
<b>CREDITORS</b>			
Amounts falling due within one year	13	1,585,936	769,667
<b>NET CURRENT ASSETS</b>		<u>2,860,454</u>	<u>933,793</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,724,351	3,585,613
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(103,327)	(184,107)
<b>PROVISIONS FOR LIABILITIES</b>	18	(31,921)	-
<b>MINORITY INTERESTS</b>	19	657	-
<b>NET ASSETS</b>		<u>5,589,760</u>	<u>3,401,506</u>

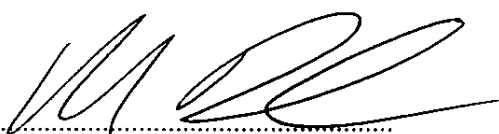
The notes form part of these financial statements

**BREWDOG PLC****CONSOLIDATED BALANCE SHEET - continued**  
**31 DECEMBER 2011**

		2011	2010
	Notes	£	£
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	55,566	51,640
Share premium	21	2,902,101	1,082,901
Revaluation reserve	21	937,699	1,955,850
Profit and loss account	21	1,694,394	311,115
<b>SHAREHOLDERS' FUNDS</b>	24	<u>5,589,760</u>	<u>3,401,506</u>

The financial statements were approved by the Board of Directors on 24 April 2012 and were signed on its behalf by:

  
.....  
J Watt - Director

  
.....  
A M Dickie - Director

The notes form part of these financial statements

**BREWDOG PLC****COMPANY BALANCE SHEET  
31 DECEMBER 2011**

		2011	2010
	Notes	£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	1,807,789	955,064
Investments	10	766,106	1,696,757
		<u>2,573,895</u>	<u>2,651,821</u>
<b>CURRENT ASSETS</b>			
Stocks	11	697,421	304,748
Debtors	12	1,844,406	746,736
Cash at bank and in hand		2,003,912	651,976
		<u>4,545,739</u>	<u>1,703,460</u>
<b>CREDITORS</b>			
Amounts falling due within one year	13	<u>1,361,781</u>	<u>769,668</u>
<b>NET CURRENT ASSETS</b>		<u>3,183,958</u>	<u>933,792</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,757,853</u>	<u>3,585,613</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(103,327)	(184,107)
<b>PROVISIONS FOR LIABILITIES</b>	18	(28,848)	-
<b>NET ASSETS</b>		<u><u>5,625,678</u></u>	<u><u>3,401,506</u></u>

The notes form part of these financial statements

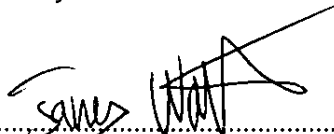
**BREWDOG PLC**

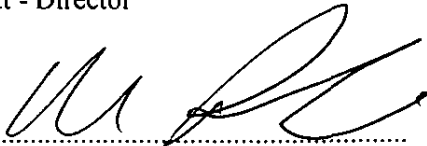
**COMPANY BALANCE SHEET - continued**  
**31 DECEMBER 2011**

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		2011	2010
	Notes	£	£
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	55,566	51,640
Share premium	21	2,902,101	1,082,901
Revaluation reserve	21	937,699	1,955,850
Profit and loss account	21	1,730,312	311,115
<b>SHAREHOLDERS' FUNDS</b>	24	<u>5,625,678</u>	<u>3,401,506</u>

The financial statements were approved by the Board of Directors on 24 April 2012 and were signed on its behalf by:

  
.....  
J Watt - Director

  
.....  
A M Dickie - Director

The notes form part of these financial statements

**BREWDOG PLC**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

		2011	2010
	Notes	£	£
<b>Net cash inflow from operating activities</b>	1	171,413	56,395
<b>Returns on investments and servicing of finance</b>	2	3,180	(20,455)
<b>Taxation</b>		(5,879)	-
<b>Capital expenditure and financial investment</b>	2	(361,254)	(150,570)
		(192,540)	(114,630)
<b>Financing</b>	2	1,671,076	417,936
<b>Increase in cash in the period</b>		1,478,536	303,306
<b>Reconciliation of net cash flow to movement in net funds</b>	3		
Increase in cash in the period		1,478,536	303,306
Cash outflow from decrease in debt and lease financing		145,861	116,077
Change in net funds resulting from cash flows		1,624,397	419,383
New finance leases		(42,693)	(134,262)
<b>Movement in net funds in the period</b>		1,581,704	285,121
<b>Net funds/(debt) at 1 January</b>		257,668	(27,453)
<b>Net funds at 31 December</b>		1,839,372	257,668

The notes form part of these financial statements

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	466,803	221,201
Depreciation charges	101,888	62,047
Loss on disposal of fixed assets	3,238	4,774
Increase in stocks	(560,642)	(85,336)
Increase in debtors	(451,233)	(217,933)
Increase in creditors	611,359	71,642
<b>Net cash inflow from operating activities</b>	<b>171,413</b>	<b>56,395</b>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2011 £	2010 £
<b>Returns on investments and servicing of finance</b>		
Interest received	29,936	158
Interest paid	(5,784)	(3,242)
Interest element of hire purchase payments	(20,972)	(17,371)
<b>Net cash inflow/(outflow) for returns on investments and servicing of finance</b>	<b>3,180</b>	<b>(20,455)</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(1,216,565)	(150,520)
Purchase of fixed asset investments	-	(50)
Sale of fixed asset investments	855,311	-
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(361,254)</b>	<b>(150,570)</b>
<b>Financing</b>		
Loan repayments in year	(24,018)	(23,795)
Capital repayments in year	(121,843)	(92,282)
Share issue	1,859,089	653,202
Share issue costs	(42,152)	(119,189)
<b>Net cash inflow from financing</b>	<b>1,671,076</b>	<b>417,936</b>

The notes form part of these financial statements

**BREWDOG PLC****NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2011****3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1/1/11 £	Cash flow £	Other non-cash changes £	At 31/12/11 £
Net cash:				
Cash at bank and in hand	651,976	1,404,900		2,056,876
Bank overdrafts	(73,636)	73,636		-
	<u>578,340</u>	<u>1,478,536</u>		<u>2,056,876</u>
Debt:				
Hire purchase	(278,921)	121,843	(42,693)	(199,771)
Debts falling due within one year	(23,793)	9,704	-	(14,089)
Debts falling due after one year	(17,958)	14,314	-	(3,644)
	<u>(320,672)</u>	<u>145,861</u>	<u>(42,693)</u>	<u>(217,504)</u>
Total	<u>257,668</u>	<u>1,624,397</u>	<u>(42,693)</u>	<u>1,839,372</u>

The notes form part of these financial statements



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

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1. ACCOUNTING POLICIES

**Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards.

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax and is recognised in the financial statements when cash has been received or is receivable.

**Tangible fixed assets**

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

Assets under construction	- not provided
Land	- not provided
Long leasehold	- over lease term
Plant and machinery	- 10 - 25% on reducing balance and 33% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost

Brewing equipment, included within plant and machinery and depreciated at 10% on reducing balance, has been allocated a residual value of 55% of cost.

**Stocks and work in progress**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress is valued using cost of materials, labour and a proportion of overheads to reflect the cost of beer being brewed.

**Deferred tax**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date, to pay more tax, or a right to pay less tax, at a future date, at the rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Research and development**

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

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**1. ACCOUNTING POLICIES - continued**

**Hire purchase and leasing commitments**

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

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

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all liabilities.

**Government grants**

Government grants received for revenue expenditure are recognised in the profit in loss account in the same period as the relevant expenditure. Government grants received for capital expenditure are deferred and released to the profit and loss account over the useful life of the associated asset.

**2. TURNOVER**

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

An analysis of turnover by geographical market is given below:

	2011	2010
	£	£
UK	3,513,300	1,820,931
Europe	1,403,462	744,077
USA	295,679	360,667
Rest of the world	706,067	406,042
	<u>5,918,508</u>	<u>3,331,717</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011

2. **TURNOVER - continued**

Turnover disclosed above is on a destination basis. All sales originated in the United Kingdom.

An analysis of profit before taxation by geographical market has not been included in the financial statements. The directors do not consider it appropriate to prepare this analysis as the margins achieved in all territories are similar.

An analysis of net assets by geographical market is given below:

	2011 £	2010 £
UK	5,024,175	1,704,750
USA	565,585	1,696,756
	<u>5,589,760</u>	<u>3,401,506</u>

3. **ANALYSIS OF OPERATIONS**

	Continuing £	2011 Acquisitions £	Total £
Cost of sales	<u>3,658,265</u>	<u>605,374</u>	<u>4,263,639</u>
Gross profit	<u>1,487,353</u>	<u>167,516</u>	<u>1,654,869</u>
Net operating expenses:			
Administrative expenses	1,033,738	196,068	1,229,806
Other operating income	(41,740)	-	(41,740)
	<u>991,998</u>	<u>196,068</u>	<u>1,188,066</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011

3. ANALYSIS OF OPERATIONS - continued

	Continuing £	2010 Acquisitions £	Total £
Cost of sales	<u>2,437,178</u>	<u>-</u>	<u>2,437,178</u>
Gross profit	<u>894,539</u>	<u>-</u>	<u>894,539</u>
Net operating expenses:			
Administrative expenses	729,796	-	729,796
Other operating income	<u>(56,458)</u>	<u>-</u>	<u>(56,458)</u>
	<u>673,338</u>	<u>-</u>	<u>673,338</u>

4. STAFF COSTS

	2011 £	2010 £
Wages and salaries	871,574	523,409
Social security costs	<u>75,701</u>	<u>44,337</u>
	<u>947,275</u>	<u>567,746</u>

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

	2011	2010
Directors	2	2
Administration	5	5
Production	36	30
Bar staff	<u>18</u>	<u>-</u>
	<u>61</u>	<u>37</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011

5. OPERATING PROFIT

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

	2011 £	2010 £
Depreciation - owned assets	49,037	33,573
Depreciation - assets on hire purchase contracts	52,850	28,475
Loss on disposal of fixed assets	3,238	4,774
Auditors' remuneration	23,980	8,000
Foreign exchange differences	3,235	(296)
Auditors remuneration for non audit work	46,593	24,770
Operating leases - other	112,859	33,603
Research and development expenditure	200,000	211,943
	<u>58,907</u>	<u>31,750</u>

Auditors' remuneration for non audit work is made up as follows:

	2011 £	2010 £
Accountancy services	46,593	24,770

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Bank interest	2,529	2,114
Other interest payable	35,821	1,128
Hire purchase	20,972	17,371
	<u>59,322</u>	<u>20,613</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**7. TAXATION**

**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit on ordinary activities for the year was as follows:

	2011 £	2010 £
Current tax:		
UK corporation tax	1,845	-
Deferred tax	67,785	(46,436)
Tax on profit on ordinary activities	<u>69,630</u>	<u>(46,436)</u>

**Factors affecting the tax charge/(credit)**

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

	2011 £	2010 £
Profit on ordinary activities before tax	<u>424,101</u>	<u>221,571</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.250% (2010 - 28%)	85,880	62,040
Effects of:		
Expenses not deductible for tax purposes	10,424	1,544
Capital allowances in excess of depreciation	(27,988)	(21,252)
Utilisation of tax losses	(40,264)	-
Deduction for R&D expenditure	(37,968)	(57,749)
Unrelieved tax losses arising in the year	13,282	15,417
Share of tax of associate	(1,521)	-
Current tax charge/(credit)	<u>1,845</u>	<u>-</u>

**Factors that may affect future tax charges**

The estimated tax payable if the group's revalued assets are sold at the values shown is £73,939 (2010 - £410,548).

**8. PROFIT OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £401,046 (2010 - £268,007).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011

9. TANGIBLE FIXED ASSETS

Group

	Assets under construction £	Land £	Long leasehold £	Plant and machinery £
<b>COST OR VALUATION</b>				
At 1 January 2011	13,479	300,000	-	746,979
Additions	71,326	751,507	239,526	94,482
Disposals	-	-	-	(6,424)
At 31 December 2011	84,805	1,051,507	239,526	835,037
<b>DEPRECIATION</b>				
At 1 January 2011	-	-	-	168,316
Charge for year	-	-	9,333	63,151
Eliminated on disposal	-	-	-	(4,272)
At 31 December 2011	-	-	9,333	227,195
<b>NET BOOK VALUE</b>				
At 31 December 2011	84,805	1,051,507	230,193	607,842
At 31 December 2010	13,479	300,000	-	578,663

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011

9. TANGIBLE FIXED ASSETS - continued

Group

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>				
At 1 January 2011	6,743	55,312	22,745	1,145,258
Additions	81,026	13,365	8,026	1,259,258
Disposals	-	-	(812)	(7,236)
At 31 December 2011	87,769	68,677	29,959	2,397,280
<b>DEPRECIATION</b>				
At 1 January 2011	2,671	12,741	6,466	190,194
Charge for year	8,936	11,478	8,989	101,887
Eliminated on disposal	-	-	(812)	(5,084)
At 31 December 2011	11,607	24,219	14,643	286,997
<b>NET BOOK VALUE</b>				
At 31 December 2011	76,162	44,458	15,316	2,110,283
At 31 December 2010	4,072	42,571	16,279	955,064

Cost or valuation at 31 December 2011 is represented by:

	Assets under construction £	Land £	Long leasehold £	Plant and machinery £
Valuation in 2010	-	259,144	-	-
Cost	84,805	792,363	239,526	835,037
	84,805	1,051,507	239,526	835,037

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2010	-	-	-	259,144
Cost	87,769	68,677	29,959	2,138,136
	87,769	68,677	29,959	2,397,280



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011

9. TANGIBLE FIXED ASSETS - continued

Group

Land was valued on an open market basis on 30 March 2011 by Ryden LLP, chartered surveyors.

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

	Plant and machinery £	Motor vehicles £	Totals £
<b>COST OR VALUATION</b>			
At 1 January 2011	498,259	46,774	545,033
Additions	34,014	13,365	47,379
Transfer to ownership	(36,622)	(12,074)	(48,696)
At 31 December 2011	495,651	48,065	543,716
<b>DEPRECIATION</b>			
At 1 January 2011	60,824	12,715	73,539
Charge for year	45,935	6,915	52,850
Transfer to ownership	(6,023)	(8,970)	(14,993)
At 31 December 2011	100,736	10,660	111,396
<b>NET BOOK VALUE</b>			
At 31 December 2011	394,915	37,405	432,320
At 31 December 2010	437,435	34,059	471,494

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011

9. TANGIBLE FIXED ASSETS - continued

Company

	Assets under construction £	Land £	Plant and machinery £
<b>COST OR VALUATION</b>			
At 1 January 2011	13,479	300,000	746,979
Additions	71,326	751,507	94,482
Disposals	-	-	(6,424)
At 31 December 2011	84,805	1,051,507	835,037
<b>DEPRECIATION</b>			
At 1 January 2011	-	-	168,316
Charge for year	-	-	63,151
Eliminated on disposal	-	-	(4,272)
At 31 December 2011	-	-	227,195
<b>NET BOOK VALUE</b>			
At 31 December 2011	84,805	1,051,507	607,842
At 31 December 2010	13,479	300,000	578,663

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011

9. TANGIBLE FIXED ASSETS - continued

Company

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>				
At 1 January 2011	6,743	55,312	22,745	1,145,258
Additions	4,035	13,365	5,370	940,085
Disposals	-	-	(812)	(7,236)
At 31 December 2011	10,778	68,677	27,303	2,078,107
<b>DEPRECIATION</b>				
At 1 January 2011	2,671	12,741	6,466	190,194
Charge for year	1,977	11,478	8,602	85,208
Eliminated on disposal	-	-	(812)	(5,084)
At 31 December 2011	4,648	24,219	14,256	270,318
<b>NET BOOK VALUE</b>				
At 31 December 2011	6,130	44,458	13,047	1,807,789
At 31 December 2010	4,072	42,571	16,279	955,064

Cost or valuation at 31 December 2011 is represented by:

	Assets under construction £	Land £	Plant and machinery £
Valuation in 2010	-	259,144	-
Cost	84,805	792,363	835,037
	84,805	1,051,507	835,037

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2010	-	-	-	259,144
Cost	10,778	68,677	27,303	1,818,963
	10,778	68,677	27,303	2,078,107

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011

9. TANGIBLE FIXED ASSETS - continued

Company

Land was valued on an open market basis on 30 March 2011 by Ryden LLP, chartered surveyors.

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

	Plant and machinery £	Motor vehicles £	Totals £
<b>COST OR VALUATION</b>			
At 1 January 2011	498,259	46,774	545,033
Additions	34,014	13,365	47,379
Transfer to ownership	(36,622)	(12,074)	(48,696)
At 31 December 2011	495,651	48,065	543,716
<b>DEPRECIATION</b>			
At 1 January 2011	60,824	12,715	73,539
Charge for year	45,935	6,915	52,850
Transfer to ownership	(6,023)	(8,970)	(14,993)
At 31 December 2011	100,736	10,660	111,396
<b>NET BOOK VALUE</b>			
At 31 December 2011	394,915	37,405	432,320
At 31 December 2010	437,435	34,059	471,494

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011

10. FIXED ASSET INVESTMENTS

Group

	Interest in associate undertakings £	Unlisted investments £	Totals £
<b>COST OR VALUATION</b>			
At 1 January 2011	-	1,696,756	1,696,756
Additions	75,009	-	75,009
Disposals	-	(1,018,151)	(1,018,151)
At 31 December 2011	75,009	678,605	753,614
<b>NET BOOK VALUE</b>			
At 31 December 2011	75,009	678,605	753,614
At 31 December 2010	-	1,696,756	1,696,756

Cost or valuation at 31 December 2011 is represented by:

	Interest in associate undertakings £	Unlisted investments £	Totals £
Valuation in 2010	-	678,555	678,555
Cost	75,009	50	75,059
	75,009	678,605	753,614

Unlisted investments were valued on an open market basis on 31 December 2010 by the directors.

**BREWDOG PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**10. FIXED ASSET INVESTMENTS - continued**

**Group**

The cost and net book value of the interest in associate undertakings is represented by:

	2011 £
Goodwill	78,819
Other	8,681
Share of profit since acquisition	7,509
Dividends received	(20,000)
	<u>75,009</u>

The aggregate of the group's share in its associates at the year end was as follows:

	2011 £
Turnover	106,336
Fixed assets	88,226
Current assets	20,690
Liabilities due within one year	24,059

**Company**

	Shares in group undertakings £	Interest in associate undertakings £	Unlisted investments £	Totals £
<b>COST OR VALUATION</b>				
At 1 January 2011	1	-	1,696,756	1,696,757
Additions	-	87,500	-	87,500
Disposals	-	-	(1,018,151)	(1,018,151)
	<u>1</u>	<u>87,500</u>	<u>678,605</u>	<u>766,106</u>
At 31 December 2011	1	87,500	678,605	766,106
<b>NET BOOK VALUE</b>				
At 31 December 2011	<u>1</u>	<u>87,500</u>	<u>678,605</u>	<u>766,106</u>
At 31 December 2010	<u>1</u>	<u>-</u>	<u>1,696,756</u>	<u>1,696,757</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011

10. FIXED ASSET INVESTMENTS - continued

**Company**

Cost or valuation at 31 December 2011 is represented by:

	Shares in group undertakings £	Interest in associate undertakings £	Unlisted investments £	Totals £
Valuation in 2010	-	-	678,555	678,555
Cost	1	87,500	50	87,551
	<u>1</u>	<u>87,500</u>	<u>678,605</u>	<u>766,106</u>

Unlisted investments were valued on an open market basis on 31 December 2010 by the directors.

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

**Subsidiary**

**Brewdog Bars Limited**

Nature of business: Bar operator

	% holding	2011 £
Class of shares:	99.00	
Ordinary		
Aggregate capital and reserves		(22,160)
Loss for the year		<u>(32,161)</u>

**Associated Company**

**Brewdog Aberdeen Limited**

Country of incorporation: Scotland

Nature of business: Bar Operator

	% holding	2011 £
Class of shares:	25.00	
Ordinary		
Aggregate capital and reserves		334,410
Profit for the year		<u>38,894</u>

**BREWDOG PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**11. STOCKS**

	<b>Group</b>		<b>Company</b>	
	2011	2010	2011	2010
	£	£	£	£
Raw materials	328,070	163,570	328,070	163,570
Work-in-progress	189,335	59,876	189,335	59,876
Finished goods	347,985	81,302	180,016	81,302
	<u>865,390</u>	<u>304,748</u>	<u>697,421</u>	<u>304,748</u>

**12. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	2011	2010	2011	2010
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	703,473	650,618	703,473	650,618
Amounts owed by group undertakings	-	-	453,900	-
Other debtors	489,076	5,917	424,145	5,917
Owed to participating interest	23,713	-	23,713	-
Tax	4,034	-	4,034	-
VAT	149,029	-	154,041	-
Deferred tax asset	-	35,864	-	35,864
Called up share capital not paid	29,952	8,482	29,952	8,482
Prepayments and accrued income	73,180	45,855	51,148	45,855
	<u>1,472,457</u>	<u>746,736</u>	<u>1,844,406</u>	<u>746,736</u>

Amounts falling due after more than one year:

Other debtors	<u>51,667</u>	<u>-</u>	<u>-</u>	<u>-</u>
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Aggregate amounts	<u>1,524,124</u>	<u>746,736</u>	<u>1,844,406</u>	<u>746,736</u>
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Deferred tax asset

	<b>Group</b>		<b>Company</b>	
	2011	2010	2011	2010
	£	£	£	£
Deferred tax	<u>-</u>	<u>35,864</u>	<u>-</u>	<u>35,864</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts (see note 15)	4,854	83,795	4,854	83,795
Other loans (see note 15)	9,235	13,634	9,235	13,634
Hire purchase contracts (see note 16)	100,088	112,772	100,088	112,772
Trade creditors	718,244	301,069	610,995	301,069
Social security and other taxes	65,006	15,456	39,953	15,456
VAT	-	20,136	-	20,136
Other creditors	408,497	98,003	392,124	98,004
Directors' current accounts	4,131	8,257	4,131	8,257
Accrued expenses	275,881	116,545	200,401	116,545
	<u>1,585,936</u>	<u>769,667</u>	<u>1,361,781</u>	<u>769,668</u>

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

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans (see note 15)	-	5,385	-	5,385
Other loans (see note 15)	3,644	12,573	3,644	12,573
Hire purchase contracts (see note 16)	99,683	166,149	99,683	166,149
	<u>103,327</u>	<u>184,107</u>	<u>103,327</u>	<u>184,107</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011

15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	-	73,636	-	73,636
Bank loans	4,854	10,159	4,854	10,159
Other loans	9,235	13,634	9,235	13,634
	<u>14,089</u>	<u>97,429</u>	<u>14,089</u>	<u>97,429</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	-	5,385	-	5,385
Other loans	3,644	8,929	3,644	8,929
	<u>3,644</u>	<u>14,314</u>	<u>3,644</u>	<u>14,314</u>
Amounts falling due between two and five years:				
Other loans - 2-5 years	-	3,644	-	3,644
	<u>-</u>	<u>3,644</u>	<u>-</u>	<u>3,644</u>

The bank loan relates to a loan which was originally for £30,000 which is payable by monthly instalments until June 2012. Interest is charged at a 4% over the Bank's Sterling Base Rate.

Included within other loans are the following:

A loan which was originally for £25,000 which is payable by monthly instalments until March 2013. Interest has been fixed at £5,000 for the term of the loan.

A loan which was originally for £7,000 which is payable by monthly instalments until March 2012. Interest is charged at 2.725% per annum.

A loan which was originally for £15,000 which is payable by monthly instalments until January 2012. This loan has been granted interest free.

A loan which was originally for £15,000 which is payable by monthly instalments until September 2013. This loan has been granted interest free.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	2011	2010
	£	£
Net obligations repayable:		
Within one year	100,088	112,772
Between one and five years	99,683	166,149
	<u>199,771</u>	<u>278,921</u>

Company

	Hire purchase contracts	
	2011	2010
	£	£
Net obligations repayable:		
Within one year	100,088	112,772
Between one and five years	99,683	166,149
	<u>199,771</u>	<u>278,921</u>

The following operating lease payments are committed to be paid within one year:

Group

	Land and buildings		Other operating leases	
	2011	2010	2011	2010
	£	£	£	£
Expiring:				
Within one year	10,713	-	843	-
Between one and five years	-	23,680	39,096	16,032
In more than five years	135,500	-	-	-
	<u>146,213</u>	<u>23,680</u>	<u>39,939</u>	<u>16,032</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

Company

	Land and buildings		Other operating leases	
	2011 £	2010 £	2011 £	2010 £
Expiring:				
Within one year	10,713	-	843	-
Between one and five years	-	23,680	39,096	16,032
	<u>10,713</u>	<u>23,680</u>	<u>39,939</u>	<u>16,032</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	Company	
	2011 £	2010 £
Bank overdrafts	-	73,636
Bank loans	4,854	15,544
	<u>4,854</u>	<u>89,180</u>

The bank loan is secured by a floating charge over the assets of Brewdog Plc.

18. PROVISIONS FOR LIABILITIES

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Deferred tax	<u>31,921</u>	<u>-</u>	<u>28,848</u>	<u>-</u>
<b>Group</b>				
				Deferred tax £
Balance at 1 January 2011				(35,864)
Credit to profit and loss account during year				<u>67,785</u>
Balance at 31 December 2011				<u>31,921</u>

**BREWDOG PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011****18. PROVISIONS FOR LIABILITIES - continued****Company**

	Deferred tax £
Balance at 1 January 2011	(35,864)
Transfer from profit and loss account	64,712
Balance at 31 December 2011	<u>28,848</u>

The provision for deferred tax consists of timing differences in respect of:

**Group**

	2011 £	2010 £
Excess of taxation allowances over depreciation	99,150	69,195
Losses	(67,229)	(105,059)
	<u>31,921</u>	<u>(35,864)</u>

**Company**

	2011 £	2010 £
Excess of taxation allowances over depreciation	79,679	69,195
Losses	(50,831)	(105,059)
	<u>28,848</u>	<u>(35,864)</u>

**19. MINORITY INTERESTS**

The equity minority interests represent a holding of 1% of the ordinary shares in Brewdog Bars Limited.

# BREWDOG PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2011

### 20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2011 £	2010 £
1,002,980 (2010 - 100,403)	A Ordinary	5p	50,149	50,202

Allotted and issued:

Number:	Class:	Nominal value:	2011 £	2010 £
108,348 (2010 - 2,876)	B Ordinary	5p	5,417	1,438

78,538 B Ordinary shares of 5p each were allotted at a premium of £23.70 per share during the year.

On 23 July 2011 105 A ordinary shares of 50p each were reclassified as B ordinary shares of 50p each. On the same date all issued shares were subdivided from 50p to 5p shares.

At the year end £29,952 of share capital and share premium remain unpaid.

### 21. RESERVES

#### Group

	Profit and loss account £	Share premium £	Revaluation reserve £	Totals £
At 1 January 2011	311,115	1,082,901	1,955,850	3,349,866
Profit for the year	355,128			355,128
Cash share issue	-	1,819,200	-	1,819,200
Release of fixed asset investment revaluation	1,018,151	-	(1,018,151)	-
Other adjustments	10,000	-	-	10,000
At 31 December 2011	1,694,394	2,902,101	937,699	5,534,194

**BREWDOG PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011****21. RESERVES - continued****Company**

	Profit and loss account £	Share premium £	Revaluation reserve £	Totals £
At 1 January 2011	311,115	1,082,901	1,955,850	3,349,866
Profit for the year	401,046			401,046
Cash share issue	-	1,819,200	-	1,819,200
Release of fixed asset investment revaluation	1,018,151	-	(1,018,151)	-
At 31 December 2011	<u>1,730,312</u>	<u>2,902,101</u>	<u>937,699</u>	<u>5,570,112</u>

**22. RELATED PARTY DISCLOSURES**

The company was under the control of J Watt and A M Dickie throughout the current and previous year.

During the year the group paid interest of £32,566 (2010 - £nil) to JBW (77) Limited, a company in which J Watt, a director, has an interest. The balance due to JBW (77) Limited at the year end was £116,921 (2010 - £84,355).

During the year the group made sales of £17,302 (2010 - £10,388) and purchases of £14,762 (2010 - £nil) from Musa 77 Limited, a company owned by J Watt, a director. The balance due from Musa 77 Limited at the year end was £2,416 (2010 - £1,481).

J Watt and A M Dickie have provided personal guarantees to the bank limited to £55,000.

Brewdog Plc have provided a guarantee for a Brewdog Bars Limited lease in Leeds.

**23. POST BALANCE SHEET EVENTS**

On 9 January 2012 the company issued 11,462 B ordinary shares of 5p each for £272,223.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2011

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

**Group**

	2011 £	2010 £
Profit for the financial year	355,128	268,007
Other recognised gains and losses relating to the year (net)	-	1,955,850
Share premium	1,819,200	540,855
Share issue	3,926	1,640
Other adjustments	10,000	-
<b>Net addition to shareholders' funds</b>	<b>2,188,254</b>	<b>2,766,352</b>
Opening shareholders' funds	3,401,506	635,154
<b>Closing shareholders' funds</b>	<b>5,589,760</b>	<b>3,401,506</b>

**Company**

	2011 £	2010 £
Profit for the financial year	401,046	268,007
Other recognised gains and losses relating to the year (net)	-	1,955,850
New share capital subscribed	3,926	1,640
Share premium	1,819,200	540,855
<b>Net addition to shareholders' funds</b>	<b>2,224,172</b>	<b>2,766,352</b>
Opening shareholders' funds	3,401,506	635,154
<b>Closing shareholders' funds</b>	<b>5,625,678</b>	<b>3,401,506</b>