

**REGISTERED NUMBER: SC311560**

**BREWDOG PLC**  
**REPORT OF THE DIRECTORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

Johnston Carmichael LLP  
Chartered Accountants and Registered Auditors  
16 Carden Place  
Aberdeen  
AB10 1FX

WEDNESDAY



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**BREWDOG PLC**

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FOR THE YEAR ENDED 31 DECEMBER 2012**

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**BREWDOG PLC**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

**SECRETARY:** A M Dickie

**REGISTERED OFFICE:** BrewDog  
Balmacassie Commercial Park  
Ellon  
Aberdeenshire  
AB41 8BX

**REGISTERED NUMBER:** SC311560

**AUDITORS:** Johnston Carmichael LLP  
Chartered Accountants and Registered Auditors  
16 Carden Place  
Aberdeen  
AB10 1FX

## **BREWDOG PLC**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2012**

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We present our report on the financial statements of the company and the group for the year ended 31 December 2012.

#### **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 £485,936 (2011 - £424,101) for the year and turnover of £10,654,514 (2011 - £5,918,508).

2012 was a hell of a year for us at BrewDog. What started off as a dream 5 years ago became a reality as we moved from a brewery we cobbled together on a shoestring budget, to our new world class craft brewery in Ellon. We also opened 6 new craft beer bars in the UK (Nottingham, Newcastle, Manchester, Birmingham, Bristol and Shoreditch) giving people more places to enjoy great craft beer. All of this was made possible through Equity for Punks, our innovative public online share offering with over 6,000 people investing in BrewDog.

Underlying financial performance and revenue growth were extremely strong in 2012 and we were named the fastest growing food and drinks company in the UK by The Sunday Times Fast Track 100 List. The strength of the global demand for our beers is great and despite some constant capacity challenges it is a great tribute to our team that we managed to brew as much great beer at the old brewery as we did! We added great new people to our team in 2012 as we continue to build a platform to support our future growth. We are in this for the long term.

We still cannot even get close to supplying the current global demand from our customers. We have the space needed to be able to really scale up our brewery's production and are planning significant investments over the course of 2013 to further and drastically increase capacity, which means we are planning for another year of very strong growth.

We are insanely optimistic about 2013 and are looking forward to brewing loads of amazing beers in our new home and continuing on our mission to make other people as passionate about great craft beer as we are. We believe in putting the flavour and craftsmanship back into people's beer glasses. It is great to see so many people starting to share in this vision.

We consider the key risk and uncertainties affecting the group are the availability and cost of ingredients for our beers. In order to mitigate these things, we 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, we 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 2012 (2011: £nil).

#### **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 (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012**

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#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report.

A M Dickie  
J Watt  
C K Greggor  
A P Foglio

Other changes in directors holding office are as follows:

N A Simpson - appointed 6 August 2012  
M Dempster - appointed 28 December 2012

#### **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 2012 the group had an average of 51 days (2011 - 50 days) purchases outstanding in trade creditors.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

##### **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. The amounts presented in the balance sheet 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 the cash flows.

The group's market is such that 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 counterparties are banks with credit-ratings assigned by international credit-rating agencies.

##### **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-term and short-term debt finance.

Forecasts are produced to assist management in identifying liquidity requirements and maintaining adequate reserves.

## **BREWDOG PLC**

### **REPORT OF THE DIRECTORS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012**

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#### **CHARITABLE CONTRIBUTIONS**

During the year the group made charitable donations of £11,750 (2011: £nil), principally to a local charity.

#### **GOING CONCERN**

We have a reasonable expectation that the 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 the financial statements.

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

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

Company law requires us to prepare financial statements for each financial year. Under that law we 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 we must not approve the financial statements unless we 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, we are required to:

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

We 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 us to ensure that the financial statements comply with the Companies Act 2006. We 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 we 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**

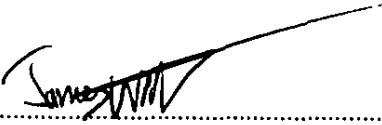
**REPORT OF THE DIRECTORS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**AUDITORS**

The auditors, Johnston Carmichael LLP, 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: 26 April 2013

## **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 2012 on pages eight to forty. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 2012 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 (CONTINUED)**

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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 Johnston Carmichael LLP  
Chartered Accountants and Registered Auditors  
16 Carden Place  
Aberdeen  
AB10 1FX

Date: 26 April 2013

**BREWDOG PLC****CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 £	2011 £
<b>TURNOVER</b>	2	10,654,514	5,918,508
Continuing operations		10,654,514	5,145,618
Acquisitions		<u>-</u>	<u>772,890</u>
		<u>10,654,514</u>	<u>5,918,508</u>
Cost of sales	3	<u>7,653,103</u>	<u>4,263,639</u>
<b>GROSS PROFIT</b>	3	3,001,411	1,654,869
Net operating expenses	3	<u>2,485,656</u>	<u>1,188,066</u>
<b>OPERATING PROFIT</b>	5	515,755	466,803
Continuing operations		515,755	495,355
Acquisitions		<u>-</u>	<u>(28,552)</u>
		<u>515,755</u>	<u>466,803</u>
Income from interest in associated undertakings		24,421	7,509
Interest receivable and similar income		<u>3</u>	<u>9,111</u>
		<u>24,424</u>	<u>16,620</u>
		540,179	483,423
Interest payable and similar charges	6	<u>54,243</u>	<u>59,322</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		485,936	424,101
Tax on profit on ordinary activities	7	<u>48,823</u>	<u>69,630</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		437,113	354,471
Minority interest - equity		<u>-</u>	<u>(657)</u>
<b>RETAINED PROFIT FOR THE GROUP CARRIED FORWARD</b>		<u>437,113</u>	<u>355,128</u>

**TOTAL RECOGNISED GAINS AND LOSSES**

The group has no recognised gains or losses other than the profits for the current and previous year.

The notes form part of these financial statements

**BREWDOG PLC**

**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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	2012 £	2011 £
<b>REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	485,936	424,101
Realisation of investment revaluation gains of previous years	<u>113,020</u>	<u>1,018,151</u>
<b>HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>598,956</u>	<u>1,442,252</u>
 <b>HISTORICAL COST PROFIT FOR THE YEAR RETAINED AFTER TAXATION AND MINORITY INTERESTS</b>	 <u>550,133</u>	 <u>1,373,279</u>

The notes form part of these financial statements

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**BREWDOG PLC (REGISTERED NUMBER: SC311560)****CONSOLIDATED BALANCE SHEET  
31 DECEMBER 2012**

		2012		2011	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	9		4,902		-
Tangible assets	10		9,245,884		2,110,283
Investments	11				
Interest in associate			81,930		75,009
Other investments			<u>573,862</u>		<u>678,605</u>
			9,906,578		2,863,897
<b>CURRENT ASSETS</b>					
Stocks	12	1,068,902		865,390	
Debtors	13	1,489,305		1,524,124	
Cash at bank and in hand		<u>1,048,179</u>		<u>2,056,876</u>	
		3,606,386		4,446,390	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>2,960,597</u>		<u>1,571,584</u>	
<b>NET CURRENT ASSETS</b>			<u>645,789</u>		<u>2,874,806</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			10,552,367		5,738,703
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		4,107,583		117,679
<b>PROVISIONS FOR LIABILITIES</b>	19		80,744		31,921
<b>MINORITY INTERESTS</b>	20		-		(657)
<b>NET ASSETS</b>			<u>6,364,040</u>		<u>5,589,760</u>

The notes form part of these financial statements


**BREWDOG PLC (REGISTERED NUMBER: SC311560)**

**CONSOLIDATED BALANCE SHEET - continued**  
**31 DECEMBER 2012**

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	Notes	2012	2011
		£	£
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	56,720	55,566
Share premium	22	3,248,114	2,902,101
Revaluation reserve	22	824,679	937,699
Profit and loss account	22	<u>2,234,527</u>	<u>1,694,394</u>
<b>SHAREHOLDERS' FUNDS</b>	25	<u>6,364,040</u>	<u>5,589,760</u>

The financial statements were approved by the Board of Directors on 26 April 2013 and were signed on its behalf by:

  
.....  
J Watt - Director

  
.....  
N A Simpson - Director

The notes form part of these financial statements

**BREWDOG PLC (REGISTERED NUMBER: SC311560)****COMPANY BALANCE SHEET  
31 DECEMBER 2012**

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	Notes	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible assets	10	7,842,965	1,807,789
Investments	11	<u>676,363</u>	<u>766,106</u>
		8,519,328	2,573,895
<b>CURRENT ASSETS</b>			
Stocks	12	916,572	697,421
Debtors	13	2,607,962	1,844,406
Cash at bank and in hand		<u>811,084</u>	<u>2,003,912</u>
		4,335,618	4,545,739
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>2,208,715</u>	<u>1,347,429</u>
<b>NET CURRENT ASSETS</b>		<u>2,126,903</u>	<u>3,198,310</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		10,646,231	5,772,205
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	3,912,583	117,679
<b>PROVISIONS FOR LIABILITIES</b>	19	<u>80,744</u>	<u>28,848</u>
<b>NET ASSETS</b>		<u>6,652,904</u>	<u>5,625,678</u>

The notes form part of these financial statements

**BREWDOG PLC (REGISTERED NUMBER: SC311560)**

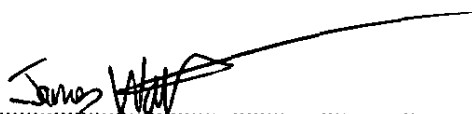
**COMPANY BALANCE SHEET - continued**  
**31 DECEMBER 2012**

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	Notes	2012	2011
		£	£
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	56,720	55,566
Share premium	22	3,248,114	2,902,101
Revaluation reserve	22	824,679	937,699
Profit and loss account	22	<u>2,523,391</u>	<u>1,730,312</u>
<b>SHAREHOLDERS' FUNDS</b>	25	<u>6,652,904</u>	<u>5,625,678</u>

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The financial statements were approved by the Board of Directors on 26 April 2013 and were signed on its behalf by:

  
.....  
J Watt - Director

  
.....  
N A Simpson - Director

The notes form part of these financial statements

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**BREWDOG PLC**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 £	2011 £
<b>Net cash inflow from operating activities</b>	1	1,647,789	171,413
<b>Returns on investments and servicing of finance</b>	2	(54,240)	3,180
<b>Taxation</b>		4,034	(5,879)
<b>Capital expenditure and financial investment</b>	2	<u>(7,320,862)</u>	<u>(361,254)</u>
		(5,723,279)	(192,540)
<b>Financing</b>	2	<u>4,714,567</u>	<u>1,671,076</u>
<b>(Decrease)/increase in cash in the year</b>		<u>(1,008,712)</u>	<u>1,478,536</u>
<b>Reconciliation of net cash flow to movement in net funds</b>	3		
(Decrease)/increase in cash in the year		(1,008,712)	1,478,536
Cash outflow from decrease in debt and lease financing		<u>1,105,427</u>	<u>145,861</u>
Change in net funds resulting from cash flows		96,715	1,624,397
New finance leases and bank loans		<u>(5,466,301)</u>	<u>(42,693)</u>
<b>Movement in net funds in the year</b>		(5,369,586)	1,581,704
<b>Net funds at 1 January</b>		<u>1,839,372</u>	<u>257,668</u>
<b>Net (debt)/funds at 31 December</b>		<u>(3,530,214)</u>	<u>1,839,372</u>

The notes form part of these financial statements



**BREWDOG PLC****NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2012****1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM  
OPERATING ACTIVITIES**

	2012	2011
	£	£
Operating profit	515,755	466,803
Depreciation charges	243,337	101,888
Loss on disposal of fixed assets	46,667	3,238
Increase in stocks	(203,512)	(560,642)
Decrease/(increase) in debtors	72,206	(451,233)
Increase in creditors	<u>973,336</u>	<u>611,359</u>
<b>Net cash inflow from operating activities</b>	<b><u>1,647,789</u></b>	<b><u>171,413</u></b>

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

	2012	2011
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	3	29,936
Interest paid	(17,229)	(5,784)
Interest element of hire purchase payments	<u>(37,014)</u>	<u>(20,972)</u>
<b>Net cash (outflow)/inflow for returns on investments and servicing of finance</b>	<b><u>(54,240)</u></b>	<b><u>3,180</u></b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(7,430,965)	(1,216,565)
Purchase of fixed asset investments	(8,277)	-
Sale of tangible fixed assets	5,360	-
Sale of fixed asset investments	<u>113,020</u>	<u>855,311</u>
<b>Net cash outflow for capital expenditure and financial investment</b>	<b><u>(7,320,862)</u></b>	<b><u>(361,254)</u></b>

The notes form part of these financial statements

**BREWDOG PLC****NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2012****2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT - continued**

	2012 £	2011 £
<b>Financing</b>		
Net loans advanced/(repaid) during the year	1,978,234	(24,018)
Net hire purchase advanced/(repaid) during the year	2,382,640	(121,843)
Amount withdrawn by directors	(4,131)	-
Share issue	347,167	1,859,089
Share issue costs	-	(42,152)
Other movements	10,657	-
<b>Net cash inflow from financing</b>	<b>4,714,567</b>	<b>1,671,076</b>

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1/1/12 £	Cash flow £	Other non-cash changes £	At 31/12/12 £
<b>Net cash:</b>				
Cash at bank and in hand	2,056,876	(1,008,697)	-	1,048,179
Bank overdraft	-	(15)	-	(15)
	<u>2,056,876</u>	<u>(1,008,712)</u>	<u>-</u>	<u>1,048,164</u>
<b>Debt:</b>				
Hire purchase	(199,771)	1,078,715	(3,461,355)	(2,582,411)
Debts falling due within one year	(14,089)	10,445	(125,234)	(128,878)
Debts falling due after one year	<u>(3,644)</u>	<u>16,267</u>	<u>(1,879,712)</u>	<u>(1,867,089)</u>
	<u>(217,504)</u>	<u>1,105,427</u>	<u>(5,466,301)</u>	<u>(4,578,378)</u>
<b>Total</b>	<b>1,839,372</b>	<b>96,715</b>	<b>(5,466,301)</b>	<b>(3,530,214)</b>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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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 fixed assets and are in accordance with applicable United Kingdom accounting standards

**Going concern**

The group's business activities together with the factors likely to affect its future development are set out in the Report of the Directors. The group is financed through a mixture of debt and equity and meets its day to day working capital requirements through its cash reserves. After due consideration of the group's financial position and continuing prospects, the directors have concluded that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis continues to be adopted in the preparation of the financial statements.

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax and is recognised in the financial statements for beer sales, when the goods have been delivered and for bar sales, when cash is receivable.

**Goodwill**

On consolidation the excess of the parent's investment in its subsidiary over the subsidiary's equity is treated as goodwill.

**Tangible fixed assets**

Tangible fixed assets are recognised at depreciated historic cost with the exception of land, which is recognised at current market value.

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
Buildings	- 2% on cost
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

Certain 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.

## **BREWDOG PLC**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2012**

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#### **1. ACCOUNTING POLICIES - continued**

##### **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.

##### **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.

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

##### **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.

## BREWDOG PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2012

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#### 1. ACCOUNTING POLICIES - continued

##### Investments

Except as stated below, fixed asset investments are shown at cost less any provision for impairment.

Unlisted investments are held at valuation as derived by the directors.

In the group financial statements, investments in associates are accounted for using the equity method. The consolidated profit and loss account includes the group's share of associates' profits less losses while the group's share of the net assets of the associates is shown in the consolidated balance sheet.

#### 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:

	2012	2011
	£	£
UK	6,546,071	3,513,300
Europe	3,237,054	1,403,462
USA	303,607	295,679
Rest of the world	<u>567,782</u>	<u>706,067</u>
	<u>10,654,514</u>	<u>5,918,508</u>

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.

**BREWDOG PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012****3. ANALYSIS OF OPERATIONS**

	Continuing £	2012 Acquisitions £	Total £
Cost of sales	<u>7,653,103</u>	<u>-</u>	<u>7,653,103</u>
Gross profit	<u>3,001,411</u>	<u>-</u>	<u>3,001,411</u>
Net operating expenses:			
Administrative expenses	2,603,852	-	2,603,852
Other operating income	<u>(118,196)</u>	<u>-</u>	<u>(118,196)</u>
	<u>2,485,656</u>	<u>-</u>	<u>2,485,656</u>

	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	<u>(41,740)</u>	<u>-</u>	<u>(41,740)</u>
	<u>991,998</u>	<u>196,068</u>	<u>1,188,066</u>

**4. STAFF COSTS**

	2012 £	2011 £
Wages and salaries	1,767,935	871,574
Social security costs	<u>275,942</u>	<u>75,701</u>
	<u>2,043,877</u>	<u>947,275</u>

**BREWDOG PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**4. STAFF COSTS - continued**

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

	2012	2011
Directors	3	2
Administration	9	5
Production	45	36
Bar staff	<u>69</u>	<u>18</u>
	<u>126</u>	<u>61</u>

**5. OPERATING PROFIT**

The operating profit is stated after charging:

	2012	2011
	£	£
Other operating leases	277,301	160,843
Depreciation - owned assets	187,223	49,037
Depreciation - assets on hire purchase contracts	56,114	52,850
Loss on disposal of fixed assets	46,667	3,238
Auditors' remuneration	32,000	23,980
Foreign exchange differences	23,261	3,235
Auditors' remuneration for non audit work	39,619	46,593
Research and development expenditure	<u>320,000</u>	<u>200,000</u>
Directors' remuneration	<u>141,667</u>	<u>58,907</u>

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

	2012	2011
	£	£
Accountancy services	<u>39,619</u>	<u>46,593</u>

Included within auditors' remuneration is £3,500 (2011: £2,500) in relation to tax compliance.

**BREWDOG PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012****6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2012	2011
	£	£
Bank interest	16,229	2,529
Other interest payable	1,000	35,821
Hire purchase	<u>37,014</u>	<u>20,972</u>
	<u>54,243</u>	<u>59,322</u>

**7. TAXATION****Analysis of the tax charge**

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

	2012	2011
	£	£
Current tax:		
UK corporation tax	-	1,845
Deferred tax	<u>48,823</u>	<u>67,785</u>
Tax on profit on ordinary activities	<u>48,823</u>	<u>69,630</u>

**Factors affecting the tax charge**

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2012	2011
	£	£
Profit on ordinary activities before tax	<u>485,936</u>	<u>424,101</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.000% (2011 - 20.250%)	97,187	85,880
Effects of:		
Expenses not deductible for tax purposes	40,418	10,424
Capital allowances in excess of depreciation	(85,362)	(27,988)
Utilisation of tax losses	(11,176)	(40,264)
Deduction for R&D expenditure	(76,000)	(37,968)
Unrelieved tax losses arising in the year	39,817	13,282
Share of tax of associate	<u>(4,884)</u>	<u>(1,521)</u>
Current tax charge	<u>-</u>	<u>1,845</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 £155,905 (2011 - £156,405).



**BREWDOG PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012****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 £680,059 (2011 - £401,046).

**9. INTANGIBLE FIXED ASSETS****Group**

	Goodwill £
<b>COST</b>	
Additions	<u>4,902</u>
At 31 December 2012	<u>4,902</u>
<b>NET BOOK VALUE</b>	
At 31 December 2012	<u>4,902</u>

**10. TANGIBLE FIXED ASSETS****Group**

	Assets under construction £	Land and buildings £	Long leasehold £	Plant and machinery £
<b>COST OR VALUATION</b>				
At 1 January 2012	84,805	1,051,507	239,526	835,037
Additions	57,406	2,019,562	837,368	4,058,483
Reclassification	(67,060)	67,060	-	-
Disposals	<u>-</u>	<u>-</u>	<u>(1,260)</u>	<u>(48,242)</u>
At 31 December 2012	<u>75,151</u>	<u>3,138,129</u>	<u>1,075,634</u>	<u>4,845,278</u>
<b>DEPRECIATION</b>				
At 1 January 2012	-	-	9,333	227,195
Charge for year	-	6,944	60,793	93,204
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(126)</u>	<u>(25,046)</u>
At 31 December 2012	<u>-</u>	<u>6,944</u>	<u>70,000</u>	<u>295,353</u>
<b>NET BOOK VALUE</b>				
At 31 December 2012	<u>75,151</u>	<u>3,131,185</u>	<u>1,005,634</u>	<u>4,549,925</u>
At 31 December 2011	<u>84,805</u>	<u>1,051,507</u>	<u>230,193</u>	<u>607,842</u>

**BREWDOG PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**10. TANGIBLE FIXED ASSETS - continued  
Group**

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>				
At 1 January 2012	87,769	68,677	29,959	2,397,280
Additions	439,723	1,150	17,273	7,430,965
Reclassification	-	-	-	-
Disposals	<u>(29,682)</u>	<u>(13,612)</u>	<u>-</u>	<u>(92,796)</u>
At 31 December 2012	<u>497,810</u>	<u>56,215</u>	<u>47,232</u>	<u>9,735,449</u>
<b>DEPRECIATION</b>				
At 1 January 2012	11,607	24,219	14,643	286,997
Charge for year	60,987	11,131	10,278	243,337
Eliminated on disposal	<u>(5,318)</u>	<u>(10,279)</u>	<u>-</u>	<u>(40,769)</u>
At 31 December 2012	<u>67,276</u>	<u>25,071</u>	<u>24,921</u>	<u>489,565</u>
<b>NET BOOK VALUE</b>				
At 31 December 2012	<u>430,534</u>	<u>31,144</u>	<u>22,311</u>	<u>9,245,884</u>
At 31 December 2011	<u>76,162</u>	<u>44,458</u>	<u>15,316</u>	<u>2,110,283</u>

Cost or valuation at 31 December 2012 is represented by:

	Assets under construction £	Land and buildings £	Long leasehold £	Plant and machinery £
Valuation in 2010	-	259,144	-	-
Cost	<u>75,151</u>	<u>2,878,985</u>	<u>1,075,634</u>	<u>4,845,278</u>
	<u>75,151</u>	<u>3,138,129</u>	<u>1,075,634</u>	<u>4,845,278</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2010	-	-	-	259,144
Cost	<u>497,810</u>	<u>56,215</u>	<u>47,232</u>	<u>9,476,305</u>
	<u>497,810</u>	<u>56,215</u>	<u>47,232</u>	<u>9,735,449</u>

**BREWDOG PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012****10. TANGIBLE FIXED ASSETS - continued****Group**

Land was valued on an open market basis on 30 March 2011 by Ryden LLP, chartered surveyors. At the balance sheet date the directors believe this valuation still reflects the current market value of the land.

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

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST OR VALUATION</b>				
At 1 January 2012	495,651	-	48,065	543,716
Additions	2,862,270	39,495	-	2,901,765
Transfer to ownership	(187,120)	-	-	(187,120)
At 31 December 2012	<u>3,170,801</u>	<u>39,495</u>	<u>48,065</u>	<u>3,258,361</u>
<b>DEPRECIATION</b>				
At 1 January 2012	100,736	-	10,660	111,396
Charge for year	40,839	5,924	9,351	56,114
Transfer to ownership	(80,123)	-	-	(80,123)
At 31 December 2012	<u>61,452</u>	<u>5,924</u>	<u>20,011</u>	<u>87,387</u>
<b>NET BOOK VALUE</b>				
At 31 December 2012	<u>3,109,349</u>	<u>33,571</u>	<u>28,054</u>	<u>3,170,974</u>
At 31 December 2011	<u>394,915</u>	<u>-</u>	<u>37,405</u>	<u>432,320</u>

**BREWDOG PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012****10. TANGIBLE FIXED ASSETS - continued****Company**

	Assets under construction £	Land and buildings £	Plant and machinery £
<b>COST OR VALUATION</b>			
At 1 January 2012	84,805	1,051,507	835,037
Additions	57,406	2,019,562	4,058,483
Reclassification	(67,060)	67,060	-
Disposals	-	-	(48,242)
At 31 December 2012	<u>75,151</u>	<u>3,138,129</u>	<u>4,845,278</u>
<b>DEPRECIATION</b>			
At 1 January 2012	-	-	227,195
Charge for year	-	6,944	93,204
Eliminated on disposal	-	-	(25,046)
At 31 December 2012	<u>-</u>	<u>6,944</u>	<u>295,353</u>
<b>NET BOOK VALUE</b>			
At 31 December 2012	<u>75,151</u>	<u>3,131,185</u>	<u>4,549,925</u>
At 31 December 2011	<u>84,805</u>	<u>1,051,507</u>	<u>607,842</u>

**BREWDOG PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**10. TANGIBLE FIXED ASSETS - continued**

**Company**

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>				
At 1 January 2012	10,778	68,677	27,303	2,078,107
Additions	40,117	-	15,172	6,190,740
Reclassification	-	-	-	-
Disposals	(2,187)	(13,612)	-	(64,041)
At 31 December 2012	48,708	55,065	42,475	8,204,806
<b>DEPRECIATION</b>				
At 1 January 2012	4,648	24,219	14,256	270,318
Charge for year	7,364	10,939	9,187	127,638
Eliminated on disposal	(790)	(10,279)	-	(36,115)
At 31 December 2012	11,222	24,879	23,443	361,841
<b>NET BOOK VALUE</b>				
At 31 December 2012	37,486	30,186	19,032	7,842,965
At 31 December 2011	6,130	44,458	13,047	1,807,789

Cost or valuation at 31 December 2012 is represented by:

	Assets under construction £	Land and buildings £	Plant and machinery £
Valuation in 2010	-	259,144	-
Cost	75,151	2,878,985	4,845,278
	75,151	3,138,129	4,845,278

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2010	-	-	-	259,144
Cost	48,708	55,065	42,475	7,945,662
	48,708	55,065	42,475	8,204,806

**BREWDOG PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012****10. TANGIBLE FIXED ASSETS - continued****Company**

Land was valued on an open market basis on 30 March 2011 by Ryden LLP, chartered surveyors. At the balance sheet date the directors believe this valuation still reflects the current market value of the land.

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

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST OR VALUATION</b>				
At 1 January 2012	495,651	-	48,065	543,716
Additions	2,862,270	39,495	-	2,901,765
Transfer to ownership	(187,120)	-	-	(187,120)
At 31 December 2012	<u>3,170,801</u>	<u>39,495</u>	<u>48,065</u>	<u>3,258,361</u>
<b>DEPRECIATION</b>				
At 1 January 2012	100,736	-	10,660	111,396
Charge for year	40,839	5,924	9,351	56,114
Transfer to ownership	(80,123)	-	-	(80,123)
At 31 December 2012	<u>61,452</u>	<u>5,924</u>	<u>20,011</u>	<u>87,387</u>
<b>NET BOOK VALUE</b>				
At 31 December 2012	<u>3,109,349</u>	<u>33,571</u>	<u>28,054</u>	<u>3,170,974</u>
At 31 December 2011	<u>394,915</u>	<u>-</u>	<u>37,405</u>	<u>432,320</u>

**BREWDOG PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012****11. FIXED ASSET INVESTMENTS****Group**

	Interest in associate £	Unlisted investments £	Totals £
<b>COST OR VALUATION</b>			
At 1 January 2012	75,009	678,605	753,614
Additions	6,921	8,277	15,198
Disposals	-	(113,020)	(113,020)
At 31 December 2012	<u>81,930</u>	<u>573,862</u>	<u>655,792</u>
<b>NET BOOK VALUE</b>			
At 31 December 2012	<u>81,930</u>	<u>573,862</u>	<u>655,792</u>
At 31 December 2011	<u>75,009</u>	<u>678,605</u>	<u>753,614</u>

Cost or valuation at 31 December 2012 is represented by:

	Interest in associate £	Unlisted investments £	Totals £
Valuation in 2010	-	573,862	573,862
Cost	<u>81,930</u>	-	<u>81,930</u>
	<u>81,930</u>	<u>573,862</u>	<u>655,792</u>

Unlisted investments are valued on an open market basis by the directors.

**BREWDOG PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012****11. FIXED ASSET INVESTMENTS - continued****Group**

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

	2012 £
Goodwill	78,819
Other	8,681
Share of profits since acquisition	31,930
Dividends received	<u>(37,500)</u>
	<u>81,930</u>

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

	2012 £
Turnover	146,278
Fixed assets	90,649
Current assets	17,400
Liabilities due within one year	16,271

**Company**

	Shares in group undertakings £	Interest in associate £	Unlisted investments £	Totals £
<b>COST OR VALUATION</b>				
At 1 January 2012	1	87,500	678,605	766,106
Additions	15,000	-	8,277	23,277
Disposals	-	-	<u>(113,020)</u>	<u>(113,020)</u>
At 31 December 2012	<u>15,001</u>	<u>87,500</u>	<u>573,862</u>	<u>676,363</u>
<b>NET BOOK VALUE</b>				
At 31 December 2012	<u>15,001</u>	<u>87,500</u>	<u>573,862</u>	<u>676,363</u>
At 31 December 2011	<u>1</u>	<u>87,500</u>	<u>678,605</u>	<u>766,106</u>



**BREWDOG PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012****11. FIXED ASSET INVESTMENTS - continued****Company**

Cost or valuation at 31 December 2012 is represented by:

	Shares in group undertakings £	Interest in associate £	Unlisted investments £	Totals £
Valuation in 2010	-	-	565,585	565,585
Cost	<u>15,001</u>	<u>87,500</u>	<u>8,277</u>	<u>110,778</u>
	<u>15,001</u>	<u>87,500</u>	<u>573,862</u>	<u>676,363</u>

Unlisted investments were valued on an open market basis 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**

Country of incorporation: Scotland

Nature of business: Bar operator

	% holding	2012 £	2011 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		(265,114)	(22,160)
Loss for the year		<u>(242,954)</u>	<u>(32,161)</u>

**Associated company****BrewDog Aberdeen Limited**

Country of incorporation: Scotland

Nature of business: Bar Operator

	% holding	2012 £	2011 £
Class of shares:			
Ordinary	25.00		
Aggregate capital and reserves		362,095	334,410
Profit for the year		<u>97,686</u>	<u>38,894</u>

**BREWDOG PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012****12. STOCKS**

	<b>Group</b>		<b>Company</b>	
	2012	2011	2012	2011
	£	£	£	£
Raw materials	430,744	328,070	430,744	328,070
Work-in-progress	283,102	189,335	283,102	189,335
Finished goods	<u>355,056</u>	<u>347,985</u>	<u>202,726</u>	<u>180,016</u>
	<u>1,068,902</u>	<u>865,390</u>	<u>916,572</u>	<u>697,421</u>

**13. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	2012	2011	2012	2011
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	830,677	703,473	830,027	703,473
Amounts owed by group undertakings	-	-	1,492,082	453,900
Other debtors	88,301	489,076	51,158	424,145
Owed to participating interest	21,835	23,713	21,835	23,713
Tax	4,165	4,034	4,165	4,034
VAT	59,019	149,029	62,139	154,041
Called up share capital not paid	35,177	29,952	35,177	29,952
Prepayments and accrued income	<u>180,696</u>	<u>73,180</u>	<u>111,379</u>	<u>51,148</u>
	<u>1,219,870</u>	<u>1,472,457</u>	<u>2,607,962</u>	<u>1,844,406</u>
Amounts falling due after more than one year:				
Other debtors	<u>269,435</u>	<u>51,667</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>1,489,305</u>	<u>1,524,124</u>	<u>2,607,962</u>	<u>1,844,406</u>

**BREWDOG PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012****14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts (see note 16)	125,249	4,854	100,249	4,854
Other loans (see note 16)	3,644	9,235	3,644	9,235
Hire purchase contracts (see note 17)	564,393	100,088	564,393	100,088
Trade creditors	1,643,080	718,244	1,174,445	610,995
Social security and other taxes	66,738	65,006	30,218	39,953
Other creditors	30,282	408,497	19,703	392,124
Directors' current accounts	-	4,131	-	4,131
Accrued expenses	510,273	261,529	299,125	186,049
Deferred government grants	16,938	-	16,938	-
	<u>2,960,597</u>	<u>1,571,584</u>	<u>2,208,715</u>	<u>1,347,429</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2012	2011	2012	2011
	£	£	£	£
Bank loans (see note 16)	1,867,089	-	1,672,089	-
Other loans (see note 16)	-	3,644	-	3,644
Hire purchase contracts (see note 17)	2,018,018	99,683	2,018,018	99,683
Deferred government grants	222,476	14,352	222,476	14,352
	<u>4,107,583</u>	<u>117,679</u>	<u>3,912,583</u>	<u>117,679</u>

**BREWDOG PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012****16. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	2012	2011	2012	2011
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	15	-	15	-
Bank loans	125,234	4,854	100,234	4,854
Other loans	<u>3,644</u>	<u>9,235</u>	<u>3,644</u>	<u>9,235</u>
	<u>128,893</u>	<u>14,089</u>	<u>103,893</u>	<u>14,089</u>
Amounts falling due between one and two years:				
Bank loans	386,310	-	236,310	-
Other loans	<u>-</u>	<u>3,644</u>	<u>-</u>	<u>3,644</u>
	<u>386,310</u>	<u>3,644</u>	<u>236,310</u>	<u>3,644</u>
Amounts falling due between two and five years:				
Bank loans	<u>399,465</u>	<u>-</u>	<u>354,465</u>	<u>-</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans	<u>1,081,314</u>	<u>-</u>	<u>1,081,314</u>	<u>-</u>

The bank loan relates to two separate loans. The first in the name of the parent company originally for a maximum of £1,820,000 repayable by monthly instalments until October 2027. The second in the name of the subsidiary originally for a maximum of £250,000 repayable in four tranches during the period to June 2015. Both loans are subject to interest charged at 2.31% 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 £15,000 which is payable by monthly instalments until September 2013. This loan has been granted interest free.

**BREWDOG PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012****17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES****Group**

	Hire purchase contracts	
	2012	2011
	£	£
Net obligations repayable:		
Within one year	564,393	100,088
Between one and five years	<u>2,018,018</u>	<u>99,683</u>
	<u>2,582,411</u>	<u>199,771</u>

**Company**

	Hire purchase contracts	
	2012	2011
	£	£
Net obligations repayable:		
Within one year	564,393	100,088
Between one and five years	<u>2,018,018</u>	<u>99,683</u>
	<u>2,582,411</u>	<u>199,771</u>

The hire purchase contracts and finance leases are secured by a floating charge over the assets of BrewDog plc.

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

**Group**

	Land and buildings		Other operating leases	
	2012	2011	2012	2011
	£	£	£	£
Expiring:				
Within one year	30,118	10,713	7,046	843
Between one and five years	-	-	33,584	39,096
In more than five years	<u>334,000</u>	<u>135,500</u>	-	-
	<u>364,118</u>	<u>146,213</u>	<u>40,630</u>	<u>39,939</u>

**BREWDOG PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012****17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued****Company**

	Land and buildings		Other operating leases	
	2012 £	2011 £	2012 £	2011 £
Expiring:				
Within one year	30,118	10,713	7,046	843
Between one and five years	-	-	33,584	39,096
	<u>30,118</u>	<u>10,713</u>	<u>40,630</u>	<u>39,939</u>

**18. SECURED DEBTS**

The following secured debts are included within creditors:

	Company	
	2012 £	2011 £
Bank overdraft	15	-
Bank loans	<u>1,772,323</u>	<u>4,854</u>
	<u>1,772,338</u>	<u>4,854</u>

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

**19. PROVISIONS FOR LIABILITIES**

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Deferred tax	<u>80,744</u>	<u>31,921</u>	<u>80,744</u>	<u>28,848</u>

**BREWDOG PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012****19. PROVISIONS FOR LIABILITIES - continued****Group**

	Deferred tax £
Balance at 1 January 2012	31,921
Charge to profit and loss account during year	<u>48,823</u>
Balance at 31 December 2012	<u>80,744</u>

**Company**

	Deferred tax £
Balance at 1 January 2012	28,848
Charge to profit and loss account during the year	<u>51,896</u>
Balance at 31 December 2012	<u>80,744</u>

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

**Group**

	2012 £	2011 £
Excess of taxation allowances over depreciation	158,412	99,150
Losses	<u>(77,668)</u>	<u>(67,229)</u>
	<u>80,744</u>	<u>31,921</u>

**Company**

	2012 £	2011 £
Excess of taxation allowances over depreciation	158,412	79,679
Losses	<u>(77,668)</u>	<u>(50,831)</u>
	<u>80,744</u>	<u>28,848</u>

**20. MINORITY INTERESTS**

There was previously a minority interest in the company's subsidiary, BrewDog Bars Limited, which was wholly acquired by the company during the year.

**BREWDOG PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**21. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2012 £	2011 £
Number:	Class:			
1,014,960 (2011: 1,002,980 shares)	A Ordinary	5p	<u>50,748</u>	<u>50,149</u>
Allotted and issued:		Nominal value:	2012 £	2011 £
Number:	Class:			
119,440 (2011: 108,340 shares)	B Ordinary	5p	<u>5,972</u>	<u>5,417</u>

At the year end £35,177 of share capital and share premium remains unpaid.

**22. RESERVES**

**Group**

	Profit and loss account £	Share premium £	Revaluation reserve £	Totals £
At 1 January 2012	1,694,394	2,902,101	937,699	5,534,194
Profit for the year	437,113			437,113
Cash share issue	-	346,013	-	346,013
Release of fixed asset investment revaluation	113,020	-	(113,020)	-
Other adjustments	(10,000)	-	-	(10,000)
At 31 December 2012	<u>2,234,527</u>	<u>3,248,114</u>	<u>824,679</u>	<u>6,307,320</u>

**Company**

	Profit and loss account £	Share premium £	Revaluation reserve £	Totals £
At 1 January 2012	1,730,312	2,902,101	937,699	5,570,112
Profit for the year	680,059			680,059
Cash share issue	-	346,013	-	346,013
Release of fixed asset investment revaluation	113,020	-	(113,020)	-
At 31 December 2012	<u>2,523,391</u>	<u>3,248,114</u>	<u>824,679</u>	<u>6,596,184</u>



## BREWDOG PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2012

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#### 23. RELATED PARTY DISCLOSURES

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

During the year the group paid rent of £46,000 (2011 - £20,150) and interest of £nil (2011 - £32,566) 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 £23,300 (2011 - £116,921).

During the year the group made sales of £3,290 (2011 - £17,302) and purchases of £nil (2011 - £14,762) from Musa 77 Limited, a company owned by J Watt, a director. The balance due from Musa 77 Limited at the year end was £443 (2011 - £2,416).

J Watt and A M Dickie have provided personal guarantees to the bank limited to £nil (2011 - £55,000).

BrewDog plc has provided guarantees in respect of a number of property leases for BrewDog Bars Limited.

#### 24. ULTIMATE CONTROLLING PARTY

The controlling party of the group is Mr J Watt and Mr M Dickie by virtue of their controlling interests in the company.

#### 25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

##### Group

	2012	2011
	£	£
Profit for the financial year	437,113	355,128
Share premium	346,013	1,819,200
Share issue	1,154	3,926
Other adjustments	<u>(10,000)</u>	<u>10,000</u>
<b>Net addition to shareholders' funds</b>	<b>774,280</b>	<b>2,188,254</b>
Opening shareholders' funds	<u>5,589,760</u>	<u>3,401,506</u>
<b>Closing shareholders' funds</b>	<b><u>6,364,040</u></b>	<b><u>5,589,760</u></b>

**BREWDOG PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued**

**Company**

	2012	2011
	£	£
Profit for the financial year	680,059	401,046
New share capital subscribed	1,154	3,926
Share premium	<u>346,013</u>	<u>1,819,200</u>
<b>Net addition to shareholders' funds</b>	<b>1,027,226</b>	<b>2,224,172</b>
Opening shareholders' funds	<u>5,625,678</u>	<u>3,401,506</u>
<b>Closing shareholders' funds</b>	<b><u>6,652,904</u></b>	<b><u>5,625,678</u></b>

**BREWDOG PLC****CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012		2011	
	£	£	£	£
<b>Sales</b>		10,654,514		5,918,508
<b>Cost of sales</b>				
Opening stock	867,311		304,747	
Purchases	3,023,084		2,254,737	
Bottles and packaging	940,984		838,115	
Third party brewing	255,637		218,190	
Wages	1,505,851		705,317	
Social security	245,690		58,591	
Other direct costs	145,383		75,375	
Sub contractors	731,963		196,192	
Freight charges	712,702		415,776	
Repairs and renewals	73,918		17,209	
Cleaning	94,224		16,280	
Security	125,258		28,497	
	8,722,005		5,129,026	
Closing stock	(1,068,902)		(865,387)	
		7,653,103		4,263,639
<b>GROSS PROFIT</b>		3,001,411		1,654,869
<b>Other income</b>				
Sundry receipts	12,868		1,544	
Grants received	105,328		40,196	
Interest in associate undertakings	24,421		7,509	
Deposit account interest	3		9,111	
		142,620		58,360
		3,144,031		1,713,229
<b>Expenditure</b>				
Donations	11,750		-	
Rent	325,827		100,284	
Rates and water	114,115		28,125	
Light and heat	70,191		4,463	
Directors' salaries	141,667		11,424	
Directors' bonuses	-		47,483	
Directors' social security	22,836		6,918	
Wages	120,417		107,350	
Social security	7,416		10,192	
Carried forward	814,219	3,144,031	316,239	1,713,229

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**BREWDOG PLC**

**CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012		2011	
	£	£	£	£
Brought forward	814,219	3,144,031	316,239	1,713,229
Equipment hire	90,768		31,078	
Telephone	21,159		11,465	
Post and stationery	25,299		9,820	
Advertising	228,707		232,666	
Travelling	223,640		108,808	
Motor expenses	56,408		51,842	
Insurance	44,002		13,211	
Repairs and renewals	71,503		59,477	
Font installation	33,413		17,533	
Sundry expenses	164,397		42,863	
Bank and credit card charges	73,192		32,580	
Accountancy	39,619		46,593	
Legal fees	301,589		97,673	
Auditors' remuneration	32,000		23,980	
Foreign exchange losses	23,261		3,235	
Depreciation of tangible fixed assets	243,337		101,888	
Loss on disposal of tangible fixed assets	46,667		3,238	
Entertainment	68,646		18,562	
Bad debts	2,026		7,055	
		<u>2,603,852</u>		<u>1,229,806</u>
		540,179		483,423
<b>Finance costs</b>				
Bank interest	16,229		2,529	
Other interest payable	1,000		35,821	
Hire purchase	37,014		20,972	
		<u>54,243</u>		<u>59,322</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>485,936</u>		<u>424,101</u>

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