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COMPANIES HOUSE

SMITH BRADBEER & COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2012

Company Registration Number 00036724

SMITH BRADBEER & COMPANY LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 4
Independent auditor's report to the members	5 to 6
Profit and loss account	7
Statement of total recognised gains and losses	8
Note of historical cost profits and losses	8
Balance sheet	9
Cash flow statement	10
Notes to the financial statements	11 to 24

SMITH BRADBEER & COMPANY LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 JANUARY 2012

The board of directors	A E Davies P L Davies G J Davies Mrs S M Robinson R G Davies J A Davies
Company secretary	G J Davies
Business address	14-20 Bell Street Romsey Hampshire SO51 8ZE
Registered office	14-20 Bell Street Romsey Hampshire SO51 8ZE
Auditor	RSM Tenon Audit Limited Highfield Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3TY
Accountants	RSM Tenon Limited Accountants & Business Advisers Highfield Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3TY
Bankers	Lloyds TSB Bank Plc 6 Market Place Romsey Hampshire SO51 8YS
Solicitors	Marriott Harrison Staple Court 11 Staple Inn Buildings London WC1V 7QH

SMITH BRADBEER & COMPANY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 JANUARY 2012

The directors present their report and the financial statements of the company for the year ended 31 January 2012

Principal activities and business review

The principal activity of the company continued to be that of the operation of retail department stores, removals and furniture rentals

The company has performed well during the year. Turnover has increased by almost a third and gross profit is just over £6m for first time. The operating profit was also a third higher than the previous year at £1.25m, which has resulted in a profit after tax of £717k, a 68% increase on the year before. The company has reduced its debt and increased its stock during the year to allow for increased sales.

It should be noted that following the investment in the new furniture store at Hedge End in the previous year, we anticipate this branch will contribute significant profit to the company this coming year. This is as a result of initial set up costs having now been digested, an even more stable platform for future revenues from this store.

The directors are very pleased with the results for year.

The business is long established in three towns and so we see our risk as limited but we are not complacent. We believe the quality of our products combined with high levels of customer service will attract and retain new customers that will minimise this risk.

Results and dividends

The profit for the year, after taxation, amounted to £716,770. Particulars of dividends paid are detailed in note 9 to the financial statements.

Financial risk management objectives and policies

The company finances its operations through a mixture of retained profits and where necessary to fund expansion or capital expenditure programmes through bank borrowings. The management's objectives are to

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds, and
- minimise the company's exposure to fluctuating interest rates when seeking new borrowings, and
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the company's trading activities.

Hedge accounting is not used by the company.

As all the company's surplus funds are invested in sterling bank deposit accounts and its borrowings are all obtained from standard bank loan accounts there is no interest risk exposure.

The company's surplus funds are held primarily in short term variable rate deposit accounts with reputable UK banks. The directors believe that this gives them the flexibility to release cash resources at short notice.

The company has entered into a number of interest swap agreements in order to fix the interest on a section of its debt, as per note 22 to the financial statements. This eliminates any cash flow risk associated with changing interest payments. The directors believe the loss of ability to take advantage of falls in interest rates is more than offset by the certainty of knowing their financial commitments when managing the company's trading activities.

SMITH BRADBEER & COMPANY LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 JANUARY 2012

Market value of land and buildings

In the opinion of the directors the land and buildings, including the investment property, are included in the accounts at existing use value or open market value as appropriate. The land and buildings were professionally valued in June 2011 by CB Richard Ellis and August 2011 by Jones Lang LaSalle.

Directors

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

A E Davies
P L Davies
G J Davies
Mrs S M Robinson
R G Davies
J A Davies

Under the company's articles of association the directors are not required to retire by rotation.

Directors' responsibilities

The directors are responsible for preparing the Directors' Report 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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are, individually, aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

SMITH BRADBEER & COMPANY LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 JANUARY 2012

Donations

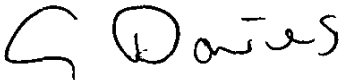
During the year the company made the following contributions

	2012	2011
	£	£
Charitable	<u>60,000</u>	<u>60,000</u>

Auditor

RSM Tenon Audit Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006

Signed on behalf of the directors



G J Davies

Director

Approved by the directors on 3-7-12

SMITH BRADBEER & COMPANY LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMITH
BRADBEER & COMPANY LIMITED
YEAR ENDED 31 JANUARY 2012

We have audited the financial statements of Smith Bradbeer & Company Limited for the year ended 31 January 2012 on pages 7 to 24. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 January 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

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

SMITH BRADBEER & COMPANY LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMITH
BRADBEER & COMPANY LIMITED *(continued)*

YEAR ENDED 31 JANUARY 2012

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



Joanne King, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited
Statutory Auditor
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

Date - 10/7/12.

SMITH BRADBEER & COMPANY LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 JANUARY 2012**

	Note	2012 £	2011 £
Turnover	2	14,475,894	10,952,259
Cost of sales		(8,469,777)	(6,167,051)
Gross profit		<u>6,006,117</u>	<u>4,785,208</u>
Administrative expenses		(5,480,158)	(4,558,663)
Other operating income	3	725,817	694,842
Operating profit	4	<u>1,251,776</u>	<u>921,387</u>
Interest receivable and similar income		693	706
Interest payable and similar charges	7	(306,588)	(340,319)
Profit on ordinary activities before taxation		<u>945,881</u>	<u>581,774</u>
Tax on profit on ordinary activities	8	(229,111)	(154,725)
Profit for the financial year		<u><u>716,770</u></u>	<u><u>427,049</u></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 11 to 24 form part of these financial statements

SMITH BRADBEER & COMPANY LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 JANUARY 2012

	2012 £	2011 £
Profit for the financial year		
Attributable to the shareholders	719,953	427,049
Unrealised loss on revaluation of certain fixed assets	—	(881,109)
Total gains and losses recognised since the last annual report	<u>719,953</u>	<u>(454,060)</u>

Note of historical cost profits and losses

	2012 £	2011 £
Reported profit on ordinary activities before taxation	945,881	581,774
Difference between a historical cost		
Depreciation charge and the actual		
Charge calculated on the revalued amount	28,739	12,049
Historical cost profit on ordinary activities before taxation	<u>974,620</u>	<u>593,823</u>
Historical cost profit for the year		
After taxation	<u>748,692</u>	<u>439,098</u>

The notes on pages 11 to 24 form part of these financial statements

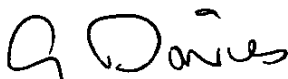
SMITH BRADBEER & COMPANY LIMITED

Registered Number 00036724

BALANCE SHEET**31 JANUARY 2012**

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	10	16,248,000	16,270,062
Investments	11	13,860	13,860
		<u>16,261,860</u>	<u>16,283,922</u>
Current assets			
Stocks	12	2,544,729	1,767,557
Debtors due within one year	13	778,217	501,959
Debtors due after one year	13	2,019,943	2,646,580
Cash at bank and in hand		22,815	22,346
		<u>5,365,704</u>	<u>4,938,442</u>
Creditors: Amounts falling due within one year	14	<u>(4,621,808)</u>	<u>(4,175,692)</u>
Net current assets		743,896	762,750
Total assets less current liabilities		<u>17,005,756</u>	<u>17,046,672</u>
Creditors: Amounts falling due after more than one year	15	(7,055,095)	(7,470,255)
Provisions for liabilities			
Deferred taxation	18	(166,507)	(212,296)
		<u>9,784,154</u>	<u>9,364,121</u>
Capital and reserves			
Called-up share capital	23	66,667	66,667
Revaluation reserve	24	3,731,203	3,759,942
Other reserves	24	40,877	40,877
Profit and loss account	24	5,945,407	5,496,635
Shareholders' funds	25	<u>9,784,154</u>	<u>9,364,121</u>

These financial statements were approved by the directors and authorised for issue on 31/12, and are signed on their behalf by



G Davies
Director

The notes on pages 11 to 24 form part of these financial statements

SMITH BRADBEER & COMPANY LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 JANUARY 2012

	Note	2012 £	£	2011 £	£
Net cash inflow/(outflow) from operating activities	26		1,116,042		(82,152)
Returns on investments and Servicing of finance					
Interest received		693		706	
Interest paid		(305,072)		(322,719)	
Interest element of hire purchase		(921)		—	
Net cash outflow from returns on investments and servicing of finance			(305,300)		(322,013)
Taxation			(207,099)		(184,448)
Capital expenditure					
Payments to acquire tangible fixed assets		(204,443)		(1,240,539)	
Receipts from sale of fixed assets		32,888		200	
Net cash outflow from capital expenditure			(171,555)		(1,240,339)
Equity dividends paid			(296,737)		(222,551)
Cash inflow/(outflow) before financing			135,351		(2,051,503)
Financing					
Issue of shares classed as financial liabilities		—		1,100,000	
(Repayment of)/increase in bank loans		(423,831)		1,649,132	
Director's current account - A E Davies		(19,462)		(574,217)	
Director's current account - P L Davies		(15,943)		(875,320)	
Director's current account - G J Davies		(40,000)		—	
Capital element of hire purchase		(18,152)		—	
Net cash (outflow)/inflow from financing			(520,983)		1,299,595
Decrease in cash	26		(385,632)		(751,908)

The notes on pages 11 to 24 form part of these financial statements

SMITH BRADBEER & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2012

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards

Turnover

Turnover represents amounts receivable from sales in the two department stores, two furniture stores and services rendered for furniture removals, exclusive of VAT and trade discounts

Income from furniture sales is recognised at the point of delivery, exclusive of VAT and trade discounts

Rental income is received and recognised in the quarter to which it relates. Any rental income received in advance is deferred to the period to which it related

Storage rental income is received and recognised in the quarter to which it relates

Tangible fixed assets and depreciation

Depreciation is calculated so as to write off the cost or revaluation of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows

Freehold property	- 2% straight line
Leasehold property	- 2% straight line or over lease term if shorter
Plant, machinery & motor vehicles	- 15%-25% reducing balance/straight line
Fixtures & fittings	- 12.5% - 25% straight line/reducing balance

Tangible fixed assets are stated at cost, being purchase price or valuation, less accumulated depreciation

Freehold property had been included in the accounts at valuation. Freehold land is not depreciated

Investment properties are included in the balance sheet at their open market value and are not depreciated

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for Investment Properties, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

Investments

Investments held as fixed assets are stated at cost, being purchase price, less provision for any impairment in value

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

1. Accounting policies *(continued)*

Stock

Stock is valued at the lower of cost, being purchase price, and net realisable value. Provisions have been raised against stock lines where necessary. Stock included in the accounts consists of the goods sold by the department stores and the goods that are rented in the furniture rental division.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

Deferred taxation

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

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

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 of its liabilities.

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2012	2011
	£	£
Retail stores	13,951,162	10,440,918
Removals, furniture rentals and storage income	524,732	511,341
	<u>14,475,894</u>	<u>10,952,259</u>

3. Other operating income

	2012	2011
	£	£
Rent receivable	<u>725,817</u>	<u>694,842</u>

4 Operating profit

Operating profit is stated after charging

	2012	2011
	£	£
Depreciation of owned fixed assets	249,762	337,479
Depreciation of assets held under hire purchase agreements	13,131	—
Loss on disposal of fixed assets	174	786
Auditor's remuneration		
- as auditor	8,900	8,900
- for other services	13,350	13,350
Operating lease costs		
-Other	<u>466,348</u>	<u>107,219</u>

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

5 Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2012	2011
	No	No
Directors	6	6
Office and management	12	12
Sales assistants/removals	189	159
	<u>207</u>	<u>177</u>

The aggregate payroll costs of the above were

	2012	2011
	£	£
Wages and salaries	2,657,734	2,099,776
Social security costs	195,626	154,232
Other pension costs	4,206	4,727
	<u>2,857,566</u>	<u>2,258,735</u>

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2012	2011
	£	£
Aggregate remuneration	<u>111,510</u>	<u>146,377</u>

7. Interest payable and similar charges

	2012	2011
	£	£
Interest payable on bank borrowing	305,072	251,208
Finance charges	921	—
Other similar charges payable	595	89,111
	<u>306,588</u>	<u>340,319</u>

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

8 Taxation on ordinary activities

(a) Analysis of charge in the year

	2012 £	2011 £
In respect of the year		
UK Corporation tax	261,073	193,272
Over/(under) provision in prior year	13,827	(1,488)
	<u>274,900</u>	<u>191,784</u>
Deferred tax		
Origination and reversal of timing differences	(45,789)	(37,059)
Tax on profit on ordinary activities	<u>229,111</u>	<u>154,725</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 26% (2011 - 28%)

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>945,881</u>	<u>581,774</u>
Profit on ordinary activities by rate of tax	245,929	162,897
Effects of		
Expenses not deductible for tax purposes	512	14,533
Capital allowances for period in excess of depreciation	12,325	35,526
Tax chargeable at lower rates	-	(9,748)
Adjustments to tax charge in respect of previous periods	13,827	(1,488)
Sundry tax adjusting items	2,307	(9,936)
Total current tax (note 8(a))	<u>274,900</u>	<u>191,784</u>

9 Dividends

Equity dividends

	2012 £	2011 £
Paid during the year		
Equity dividends on ordinary shares	<u>296,737</u>	<u>222,551</u>

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

10. Tangible fixed assets

	Freehold Property £	Long Leasehold Property £	Investment properties £	Plant, machinery & motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation						
At 1 Feb 2011	4,895,947	400,332	10,620,000	533,427	1,620,321	18,070,027
Additions	206,289	—	—	7,950	59,654	273,893
Disposals	—	—	(32,888)	(2,640)	—	(35,528)
At 31 Jan 2012	<u>5,102,236</u>	<u>400,332</u>	<u>10,587,112</u>	<u>538,737</u>	<u>1,679,975</u>	<u>18,308,392</u>
Depreciation						
At 1 Feb 2011	5,758	31,526	—	401,430	1,361,251	1,799,965
Charge for the year	96,465	20,667	—	27,271	118,490	262,893
On disposals	—	—	—	(2,466)	—	(2,466)
At 31 Jan 2012	<u>102,223</u>	<u>52,193</u>	<u>—</u>	<u>426,235</u>	<u>1,479,741</u>	<u>2,060,392</u>
Net book value						
At 31 Jan 2012	<u>5,000,013</u>	<u>348,139</u>	<u>10,587,112</u>	<u>112,502</u>	<u>200,234</u>	<u>16,248,000</u>
At 31 Jan 2011	<u>4,890,189</u>	<u>368,806</u>	<u>10,620,000</u>	<u>131,997</u>	<u>259,070</u>	<u>16,270,062</u>

Included in freehold land and buildings are assets valued at £4,750,000. The properties were revalued in August 2011 by Jones Lang LaSalle. In the opinion of Jones Lang LaSalle, the existing use value of the property at Romsey is £2,950,000 and the open market value is £2,100,000.

Included in investment properties are assets valued at £9,850,000 based on open market value. One of the properties was revalued in June 2011 by CB Richard Ellis, the other by Jones Lang LaSalle in August 2011. In the opinion of the directors, the valuation of these properties fairly reflects the open market value.

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

10. Tangible fixed assets (continued)

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows

	2012 £	2011 £
Historical cost:		
At 1 Feb 2011	5,882,358	5,756,351
Cost of additions to revalued assets brought forward	151,068	126,007
At 31 Jan 2012	<u>6,033,426</u>	<u>5,882,358</u>
Depreciation:		
At 1 Feb 2011	474,777	358,178
Charge for year	119,620	116,599
At 31 Jan 2012	<u>594,397</u>	<u>474,777</u>
Net historical cost value:		
At 31 Jan 2012	<u>5,439,029</u>	<u>5,407,581</u>
At 1 Feb 2011	<u>5,407,581</u>	<u>5,398,173</u>

Hire purchase agreements

Included within the net book value of £16,248,000 is £56,321 (2011 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £13,131 (2011 - £Nil).

11. Investments

	Unlisted investments £
Cost	
At 1 February 2011 and 31 January 2012	<u>13,860</u>
Net book value	
At 31 January 2012 and 31 January 2011	<u>13,860</u>

The current market value of the AIS Ltd debenture stock is £32,820 (2010 - £32,820). The stock was last valued in June 2009.

12. Stocks

	2012 £	2011 £
Finished goods	<u>2,544,729</u>	<u>1,767,557</u>

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

13. Debtors

	2012 £	2011 £
Trade debtors	7,931	8,645
Other debtors	2,564,974	3,046,967
Prepayments and accrued income	225,255	92,927
	<u>2,798,160</u>	<u>3,148,539</u>

The debtors above include the following amounts falling due after more than one year

	2012 £	2011 £
Other debtors	<u>2,019,943</u>	<u>2,646,580</u>

14. Creditors: Amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts	1,056,103	670,002
Payments received on account	262,723	328,031
Trade creditors	1,024,885	1,069,734
Corporation tax	261,073	193,272
PAYE and social security	51,179	45,401
VAT	347,334	152,459
Preference shares	1,100,000	1,100,000
Hire purchase agreements	20,835	—
Other creditors	160,898	—
Accruals and deferred income	336,778	616,793
	<u>4,621,808</u>	<u>4,175,692</u>

The bank loan is secured by way of a fixed and floating charge over the freehold and investment properties of the company

Preference shares are redeemable at the option of either the company or the holder of the shares after 31 January 2011. Preference shares have no voting rights attached to them.

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

15. Creditors: Amounts falling due after more than one year

	2012	2011
	£	£
Bank loans	5,949,330	6,373,161
Hire purchase agreements	30,463	—
Other creditors	1,075,302	1,097,094
	<u>7,055,095</u>	<u>7,470,255</u>

Analysis of loans

	2012	2011
	£	£
Within one year	494,667	494,667
Between one and two years	494,667	494,667
Between two and five years	1,484,000	1,484,000
Greater than five years	3,970,664	4,394,494
	<u>6,443,998</u>	<u>6,867,828</u>

The bank loan is secured by way of a fixed and floating charge over the freehold and investment properties of the company

One bank loan is repayable over fifteen years. Interest is payable at 2% above base rate for the first seven years of the loan and then is payable at 2.25% above base rate for the remainder of the term.

The second bank loan is repayable over 15 years. Interest is payable at 2.25% above base rate for the first year of the loan and then is payable at 2.5% above base rate for the remainder of the term.

16. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows

	2012	2011
	£	£
Amounts payable within 1 year	20,835	—
Amounts payable between 1 and 2 years	20,835	—
Amounts payable between 3 and 5 years	9,628	—
	<u>51,298</u>	<u>—</u>

17. Pensions

The company operates a defined contribution pension scheme. The pension cost charge represents the amounts payable by the company to the fund. Contributions payable by the company for the year are £4,206 (2011 - £4,727). There are no outstanding contributions at the year end (2011 - £nil).

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

18. Deferred taxation

The movement in the deferred taxation provision during the year was

	2012 £	2011 £
At 1 February 2011	212,296	249,355
Profit and loss account movement arising during the year	(45,789)	(37,059)
At 31 January 2012	<u>166,507</u>	<u>212,296</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2012 £	2011 £
Excess of taxation allowances over depreciation on fixed assets	166,507	212,296
	<u>166,507</u>	<u>212,296</u>

19. Commitments under operating leases

At 31 January 2012 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2012 £	Land and buildings 2011 £
Operating leases which expire		
Within 1 year	11,300	-
Within 2 to 5 years	50,000	11,300
After more than 5 years	466,000	466,000
	<u>527,300</u>	<u>477,300</u>

20. Transactions with directors

At the year end P L Davies and A E Davies had directors current accounts with the company. The balance due to the directors included within other creditors at 31 January 2012 was £226,663 (2011 - £207,336) and £184,868 (2011 - £190,187) respectively. During the year interest accrued on their current accounts amounting to £nil (2011 - £66,261). This was calculated at a rate of 6.0% per annum.

At the year end G J Davies was owed £663,771 (2011 - £699,571) by the company. This amount is included within other creditors. During the year, interest accrued on his current account amounting to £nil (2011 - £5,250). This was calculated at a rate of 4.5% per annum.

During the year dividends totalling £296,737 (2011 - £222,251) were paid to the directors of the company.

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

21. Related party transactions

In the year, the company paid rent amounting to £68,000 (2011 - £72,000) to the Davies Millennium Trust, of which G J Davies is a beneficiary. There was no balance due at the year end.

Rent amounting to £19,500 (2011 - £19,000) was also paid to G J Davies, B M L Davies and S A L Davies for the use of 19 Bell Street, Romsey.

All of the above transactions were carried out at arm's length and in the normal course of business.

Included within other debtors due in more than one year is £26,000 (2011 - £26,000) loaned to The Berkeley Foundation Limited, a not for profit company, in which G J Davies is one of the four trustees.

During the year Smith Bradbeer and Company incurred costs of £nil (2011 - £2,995,580) on behalf of RAM Capital Limited, a company under common control. Included within other debtors is a balance of £2,493,943 (2011 - £2,995,580) of which £1,993,943 (2011 - £2,620,580) is due after more than one year.

In October 2010, Smith Bradbeer & Company Limited became a tenant of RAM Capital Limited. The lease agreement included a 6 month rent free period, and expires after 15 years. During the year rent of £362,500 (2010 - £6,000) was paid to RAM Capital Limited. A balance of £175,000 (2011 - £nil) is included within accruals in respect of the rent free period and a balance of £116,949 (2011 - £nil) is included within trade creditors in respect of the rent payable.

22. Financial Instruments

Three interest rate swap agreements were entered into during 2010, in order to fix the interest on a section of the loan, for a portion of the life of the loan. The agreements are on £1 million and fix the interest at 3.05% for five years, 3.48% for seven years, 3.76% for ten years and 2.8% for ten years. These agreements do not have a material impact on these financial statements.

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

23. Share capital

Allotted, called up and fully paid.

	2012		2011	
	No	£	No	£
66,667 'A' Ordinary shares of £0 10 each	66,667	6,667	66,667	6,667
66,667 'B' Ordinary shares of £0 10 each	66,667	6,667	66,667	6,667
533,336 'C,G,H,J,L,M,R,S' Ordinary non-voting shares of £0 10 each	533,336	53,334	533,336	53,334
1,100,000 Redeemable preference shares of £1 each	1,100,000	1,100,000	1,100,000	1,100,000
	<u>1,766,670</u>	<u>1,166,667</u>	<u>1,766,670</u>	<u>1,166,667</u>

	2012	2011
	£	£
Amounts presented in equity:		
66,667 'A' Ordinary shares of £0 10 each	6,667	6,667
66,667 'B' Ordinary shares of £0 10 each	6,667	6,667
533,336 'C,G,H,J,L,M,R,S' Ordinary non-voting shares of £0 10 each	53,334	53,334
	<u>66,667</u>	<u>66,667</u>

Amounts presented in liabilities:		
1,100,000 Redeemable preference shares of £1 each	<u>1,100,000</u>	<u>1,100,000</u>

Shares rank pari-passu in all respects except for the provisions relating to voting rights as set out below

The 'C,G,H,J,L,M,R,S' ordinary shares are non-voting shares

24. Reserves

	Revaluation reserve	Capital redemption reserve	Profit and loss account
	£	£	£
Balance brought forward	3,759,942	40,877	5,496,635
Profit for the year	—	—	716,770
Equity dividends	—	—	(296,737)
Other movements			
- transfer to/from revaluation reserve	(28,739)	—	28,739
Balance carried forward	<u>3,731,203</u>	<u>40,877</u>	<u>5,945,407</u>

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

25. Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
Profit for the financial year	716,770	427,049
Other net recognised gains and losses	—	(881,109)
Equity dividends	(296,737)	(222,551)
Transfer from revaluation reserve	28,739	12,409
Transfer to profit and loss account	(28,739)	(12,409)
Net addition/(reduction) to shareholders' funds	420,033	(676,611)
Opening shareholders' funds	9,364,121	10,040,732
Closing shareholders' funds	<u>9,784,154</u>	<u>9,364,121</u>

26. Notes to the cash flow statement

**Reconciliation of operating profit to net cash inflow/(outflow)
from operating activities**

	2012	2011
	£	£
Operating profit	1,251,776	921,387
Depreciation	262,893	337,479
Loss on disposal of fixed assets	174	786
Increase in stocks	(777,172)	(368,512)
Decrease/(increase) in debtors	350,379	(2,972,937)
Increase in creditors	27,992	1,999,645
Net cash inflow/(outflow) from operating activities	<u>1,116,042</u>	<u>(82,152)</u>

SMITH BRADBEER & COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2012

26. Notes to the cash flow statement (continued)

Reconciliation of net cash flow to movement in net debt

	2012		2011	
	£	£	£	£
Decrease in cash in the period	(385,632)		(751,908)	
Net cash outflow from/(inflow) from bank loans	423,831		(1,649,132)	
Net cash (inflow) from shares classed as financial liabilities	—		(1,100,000)	
Director's current account - A E Davies	—		574,217	
Director's current account - P L Davies	—		875,320	
Cash outflow in respect of hire purchase	18,152		—	
Cash outflow from directors' long-term loans	79,000		—	
Change in net debt resulting from cash flows		135,351		(2,051,503)
New finance leases		(69,450)		—
Movement in net debt in the period		65,901		(2,051,503)
Net debt at 1 February 2011		(8,120,817)		(6,069,314)
Net debt at 31 January 2012		(8,054,916)		(8,120,817)

Analysis of changes in net debt

	At 1 February 2011 £	Cash flows £	Other changes £	At 31 January 2012 £
Net cash				
Cash in hand and at bank	22,346	469	—	22,815
Overdrafts	(175,335)	(386,101)	—	(561,436)
	(152,989)	(385,632)	—	(538,621)
Debt				
Debt due within 1 year	(1,594,667)	—	—	(1,594,667)
Debt due after 1 year	(6,373,161)	502,831	—	(5,870,330)
Hire purchase agreements	—	18,152	(69,450)	(51,298)
	(7,967,828)	520,983	(69,450)	(7,516,295)
Net debt	(8,120,817)	135,351	(69,450)	(8,054,916)

27. Ultimate control

The company is under the joint control of the Davies family by virtue of their shareholdings