

# **H Bronnley & Company Limited**

Report and Financial Statements

Year Ended

31 December 2010

Company Number 00046883

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# **H Bronnley & Company Limited**

**Annual report and financial statements  
for the year ended 31 December 2010**

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## **Directors**

D J Salter  
C E Partridge  
D M Anderson

## **Secretary and registered office**

Jane Smith, Oakleigh House, High Street, Hartley Wintney, Hampshire, RG27 8PE

## **Company number**

00046883

## **Auditors**

BDO LLP, Emerald House, East Street, Epsom, Surrey, KT17 1HS

# **H Bronnley & Company Limited**

## **Directors' report for the year ended 31 December 2010**

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The directors hereby submit their report and the accounts for the year ended 31st December 2010

### **Results and dividends**

The loss of for the year after taxation amounted to £533,112 (2009 - £1,499,580)

The directors recommend that no dividend be declared on the Ordinary Shares (2009 - nil)

### **Principal activities**

The company is engaged in the UK manufacture and distribution of high quality soaps and toiletries which are sold in the UK, Europe and the major countries of the world. It sells its products through a diverse selection of outlets depending on the retail opportunities available in each country.

### **Review of the business and subsequent events**

The profit and loss account is set out on page 7 and shows a turnover for the year of £7,469,219 (2009 - £7,053,554) and a loss for the year of £533,112 (2009 - £1,499,580). In 2009 the company embarked on a programme to restructure the business in order to improve its operational performance. This has involved the strengthening of its management team and the review and improvement of operating practices and processes. The higher turnover and reduced losses during 2010 reflect the progress that has now been made with higher customer service levels, improved efficiency and reduced operating costs. Had it not been for certain non-recurring costs in the year the company would have made an operating profit in 2010.

However, the first 6 months of 2011 have proved challenging particularly within the UK retail environment and sales have deteriorated over this period. The company has been able to make certain cost savings, including personnel reductions but this has still resulted in weaker than expected cash flows. At the same time the company has been in discussion with the trustees of its historic Defined Benefit pension scheme ("the scheme") to try to agree an updated schedule of contributions following the latest tri-annual actuarial valuation of the scheme. This valuation has resulted in an increase in the level of funding required by the scheme.

Kaye Enterprises Limited ("Kaye"), the company's ultimate holding company, has invested a further £100,000 in the company in the early part of 2011 but in light of the increased size of the scheme deficit and the weaker trading of the business have now reviewed their position. While remaining supportive of the company with their current level of investment, Kaye have made the decision to withhold further funding until the scheme deficit can be resolved.

Following this decision by Kaye, the company has appointed professional advisors and discussions have taken place with the company's investors to agree a renegotiation of their existing liabilities which have included the Pensions Protection Fund ("PPF") in relation to the liabilities to the scheme. These discussions are ongoing and the directors are also exploring other options to obtain new investment in the business.

The company's bank has increased the facilities available by £250,000 to fund the business while these discussions take place and have also indicated their willingness to suspend capital repayments on their loans to the business over this period.

The directors remain confident that with the continued support of Kaye and its bankers that an acceptable solution can be found and believe that it is still appropriate to prepare the accounts on a Going Concern basis.

# **H Bronnley & Company Limited**

## **Directors' report for the year ended 31 December 2010 (*continued*)**

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### **Future developments**

The company is continuing its programme of new product development and is working to secure further improvement in all key aspects of its operational performance in order to be in a strong position to react when consumer confidence begins to improve in its core markets

### **Risks and uncertainties**

The prevailing economic conditions at home and overseas have meant that the market for the company's products is being affected by a lack of consumer confidence. To address this the company is focussed on providing the highest levels of service and product quality to its existing customers and the users of its products and is actively seeking to expand in export markets where it currently does not trade or where representation is low

### **Employment policy**

The company has extensive employment policies that promote safety and fairness in the workplace without reference to or discrimination of race, ethnicity, sex, marital status, age, disability or political belief

### **Policy on payment of suppliers**

It is the company's policy to agree payment and service terms as part of any contract with a supplier and to endeavour to abide by the agreed terms insofar as the supplier has supplied the goods and services in accordance with the agreed terms

### **Key performance indicators**

The Management drives performance of the company through well defined and easily measured KPI's ensuring that results of such KPI's are communicated throughout the business. Areas of management focus are

- 1 Turnover by product group
- 2 Profitability by product group
- 3 Delivery to customers on time and in full
- 4 Levels of stock holding
- 5 Efficiency of cost base
- 6 Debtor and creditor days outstanding

### **Financial instruments**

The main financial risks arising from the company's activities are credit risk. This is managed by the application of appropriate credit checks before sales are made to potential customers

Any surplus funds are held on deposit which earn interest at a floating rate

# **H Bronnley & Company Limited**

## **Directors' report for the year ended 31 December 2010 (*continued*)**

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### **Directors' responsibilities**

The directors are responsible for preparing the annual report and financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The directors are also responsible for preparing the financing statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts, and
- prepare the accounts 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 show and explain the company's transactions, 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.

### **Directors**

The directors during the year were

L C Barber	(resigned 18 May 2010)
C M C Young	(resigned 16 August 2011)
D J Salter	
I P Williams	(resigned 16 August 2011)
C E Partridge	(appointed 9 June 2010)
D M Anderson	(appointed 1 October 2010)

### **Directors' Insurance**

An insurance policy is maintained for the directors of the company to be indemnified in respect of liabilities incurred in the execution of their duties.

# H Bronnley & Company Limited

## Directors' report for the year ended 31 December 2010 (*continued*)

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### Environmental report

The Company continues to monitor the environmental impact of its factory and we are pleased to report that there were no incidents in 2010 that could have impacted on the environment. All staff will maintain this level of vigilance to ensure that this excellent record remains unblemished.

There have been further improvements in the reporting and collection systems used to generate the data required to calculate the Companies obligation under the Producer Responsibility Obligations (Packaging Waste) Regulations 1997, such that in excess of 90% of data supplied is now specific without the need to make assumptions. We discharge our obligations under the above regulations through our continuing membership of Valpak, reporting our data in a timely and accurate manner.

We continue to develop products and the associated packaging in accordance with the Packaging (Essential Requirements) Regulations 2003, ensuring product packaging is as minimal as possible within the constraints imposed by the customer for a premium quality product. We additionally explore the avenues available to us in respect of using materials that are reusable/recoverable.

We continue as a part of the process of refurbishment/acquisition of machinery to improve on the Companies energy efficiency by retro-fitting or specifying more efficient electric motors as and when necessary.

### Web-site development costs

The Company maintains its own web-site with the address [www.bronnley.co.uk](http://www.bronnley.co.uk)

### Auditors

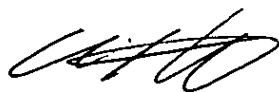
All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant information of which the auditors are unaware.

A resolution to reappoint BDO LLP as auditors will be proposed at the next Annual General Meeting.

### Staff

The Directors thank the staff for their loyalty and co-operation during the year.

### On behalf of the Board



C E Partridge  
Director

Date 11 / 10 / 2011

# **H Bronnley & Company Limited**

## **Independent auditors' report for the year ended 31 December 2010**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF H BRONNLEY & CO LIMITED**

We have audited the financial statements of H Bronnley & Co Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, and the related notes. 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 auditors**

As explained more fully in the statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

#### **Basis for qualified opinion on financial statements arising from limitation in audit scope**

The audit evidence available to us in respect of our assessment of the appropriateness of the going concern basis of preparation of the financial statements was limited because the directors of the company are currently in negotiations with their ultimate parent company, Kaye Enterprises Limited ("Kaye") and their bankers, as well as exploring options to obtain new investment in the business.

As explained in Note 1, despite an initial additional investment from Kaye and increased bank facilities during the year, weak trading at the start of the year and the increased size of the Defined Benefit pension scheme ("the scheme") deficit, along with the tri-annual actuarial valuation to update the schedule of contributions into the scheme has resulted in Kaye taking the decision to withhold further funding.

The directors have appointed professional advisers and are currently exploring options to obtain new investment. The form of the investment is yet to be determined.

Based on the ongoing negotiations between Kaye, the bankers, and the directors professional advisers, the outcome of which is unknown, we consider that there is insufficient information needed for the assessment of the appropriateness of the going concern basis of preparation of the financial statements.

# H Bronnley & Company Limited

## Independent auditors' report for the year ended 31 December 2010 (*continued*)

### Qualified opinion on financial statements

In our opinion, except for the possible effects of the matter described in the Basis of qualified opinion paragraph, the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss 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

### Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to the assessment of the appropriateness of the going concern basis of preparation of the financial statements, described above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit

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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime

*BDO LLP*

Anna Draper (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Epsom  
United Kingdom

Date *20/10/11*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)



# H Bronnley & Company Limited

## Profit and loss account for the year ended 31 December 2010

	Note	2010 £	2009 £
<b>Turnover</b>	2	<b>7,469,219</b>	7,053,554
Cost of sales		<b>(4,090,911)</b>	(4,465,511)
<b>Gross profit</b>		<b>3,378,308</b>	2,588,043
Selling and distribution costs		<b>(1,682,849)</b>	(1,922,376)
Administrative expenses		<b>(2,263,337)</b>	(2,160,252)
Other operating income	5	<b>84,431</b>	56,219
<b>Operating loss</b>	4	<b>(483,447)</b>	(1,438,366)
Interest payable	6	<b>(50,570)</b>	(64,994)
Interest receivable		<b>905</b>	3,780
<b>Loss on ordinary activities before taxation</b>		<b>(533,112)</b>	(1,499,580)
Tax charge on loss on ordinary activities	7	<b>—</b>	—
<b>Loss on ordinary activities after taxation</b>		<b>(533,112)</b>	(1,499,580)

All amounts relate to continuing activities

The notes on pages 10 to 24 form part of these financial statements

## H Bronnley & Company Limited

### Statement of total recognised gains and losses for the year ended 31 December 2010

	Note	2010 £	2009 £
Loss for the year		(533,112)	(1,499,580)
Release of revaluation reserve		-	(1,304,289)
Actuarial gains and losses on defined benefit pension scheme	20	912,000	(1,346,000)
<b>Total recognised gains and losses for the financial year</b>		<b>378,888</b>	<b>(4,149,869)</b>

The notes on pages 10 to 24 form part of these financial statements

# H Bronnley & Company Limited

## Balance sheet for the year ended 31 December 2010

<i>Company number 00046883</i>	<b>Note</b>	<b>2010 £</b>	<b>2010 £</b>	<b>2009 £</b>	<b>2009 £</b>
<b>Fixed assets</b>					
Tangible assets	8		2,891,672		2,971,526
Investments	9		101		101
			<hr/>		<hr/>
			2,891,773		2,971,627
<b>Current assets</b>					
Stocks	10	1,247,197		1,171,608	
Debtors	11	1,289,719		2,175,828	
Cash at bank and in hand		559,570		365,268	
		<hr/>		<hr/>	
		3,096,486		3,712,704	
<b>Creditors - amounts falling due within one year</b>	12	(5,115,622)		(4,655,582)	
		<hr/>		<hr/>	
<b>Net current assets</b>			(2,019,136)		(942,878)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			872,637		2,028,749
<b>Creditors - amounts falling due after one year</b>	13		(33,859)		(33,859)
			<hr/>		<hr/>
<b>Total net assets excluding pension liability</b>			838,778		1,994,890
<b>Pension Asset/(liability)</b>			57,000		(1,478,000)
			<hr/>		<hr/>
<b>Net assets including pension liability</b>			895,778		516,890
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	14		1,017,132		1,017,132
Other distributable reserves	16		1,905,000		1,905,000
Revaluation reserve	16		1,955,789		1,955,789
Profit and loss account	16		(3,982,143)		(4,361,031)
			<hr/>		<hr/>
<b>Shareholders' funds</b>	15		895,778		516,890
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 11/10/2011



C E Partridge  
Director

The notes on pages 10 to 24 form part of these financial statements

# H Bronnley & Company Limited

## Notes to the financial statements for the year ended 31 December 2010

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### 1 Accounting policies

#### *Accounting convention*

The accounts have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and are in accordance with applicable accounting standards

#### *Going concern*

The financial statements have been prepared on a going concern basis

During the first 6 months of 2011 the company has experienced a period of unexpectedly weak trading and although the company has been able to make certain cost savings, including personnel reductions, this has still resulted in weaker than expected trading cash flows

At the same time the company has been in discussion with the trustees of its historic Defined Benefit pension scheme ("the scheme") to try to agree an updated schedule of contributions following the latest tri-annual actuarial valuation of the scheme. This valuation has resulted in an increase in the level of funding required by the scheme

Kaye Enterprises Limited ("Kaye"), the company's ultimate holding company, has invested a further £100,000 in the company in the early part of 2011 but in light of the increased size of the scheme deficit and the weaker trading of the business have now reviewed their position. While remaining supportive of the company with their current level of investment, Kaye have made the decision to withhold further funding until the scheme deficit can be resolved

Following this decision by Kaye, the company has appointed professional advisors and discussions have taken place with the company's investors to agree a renegotiation of their existing liabilities which have included the Pensions Protection Fund ("PPF") in relation to the liabilities to the scheme. These discussions are ongoing and the directors are also exploring other options to obtain new investment in the business

The company's bank has increased the facilities available by £250,000 to fund the business while these discussions take place and have also indicated their willingness to suspend capital repayments on their loans to the business over this period. The company's latest forecasts excluding capital repayments or contributions to the scheme show that the existing facilities would be breached in August 2012 at which point the facilities fall due for renewal

There is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business

#### *Consolidated financial statements*

The financial statements contain information about H Bronnley Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in group accounts of a larger group

#### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that 100% of the voting rights in the company are controlled within the group headed by Pitco Limited and the company is included in consolidated financial statements

# H Bronnley & Company Limited

## Notes to the financial statements for the year ended 31 December 2010

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### 1 Accounting policies (continued)

#### *Turnover*

Company turnover comprises amounts invoiced, excluding value-added tax, in respect of goods supplied by the company

#### *Depreciation of tangible fixed assets*

Freehold land and buildings are shown at their current value at the balance sheet date. They are subject to a full valuation every five years with an interim valuation carried out in the third year of this cycle.

Depreciation is provided on tangible fixed assets, other than freehold land, to write them off over their anticipated useful lives at the following annual rates and methods:

Freehold buildings	- over 50 years	
Plant and machinery	- plant and fixtures	10% - 20% straight line
	- computers and vehicles	20% - 33% straight line

#### *Valuation of investments*

Investments held as fixed assets are stated at cost less any provision for impairment in their value.

#### *Stocks*

Stocks are valued at the lower of cost, including appropriate overheads, and estimated net realisable value.

#### *Operating lease contracts*

Rentals under operating leases are charged to the profit and loss account as incurred.

#### *Foreign currencies*

In the accounts of the individual companies, assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction and ensuing differences are taken to the profit and loss account.

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the group has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

#### *Factored debts*

When the seller has retained significant benefits and risks relating to the debts and conditions for a limited presentation are not met, a separate presentation is adopted.

# H Bronnley & Company Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 1 Accounting policies (continued)

#### *Pension costs*

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable

The difference between the fair value of the assets held in the company's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the company balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the company is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance with the recognition of any deferred tax asset following the principles described in the deferred tax accounting policy above to the extent that any deferred tax asset is recognised

Changes in the defined benefit pension scheme assets or liability arising from factors other than cash contribution by the company are charged to the profit and loss account or the statement of total recognised gains and losses in accordance with FRS 17 'Retirement benefits'

#### *FRS 25 'Financial Instruments: Disclosure and Presentation'*

In accordance with FRS 25, cumulative preference shares are classified as a liability. Dividends on these shares are recognised as expenses and classified as interest

#### *Web-site development*

The costs of developing and maintaining the site are being met from within our own resources and are charged to the profit and loss account as and when they arise

### 2 Turnover

	2010 £	2009 £
Turnover by geographical area		
United Kingdom	4,852,543	4,470,156
Rest of Europe	1,972,003	2,037,442
North and South America	282,284	121,783
Rest of the World	362,389	424,173
	<hr/>	<hr/>
	7,469,219	7,053,554
	<hr/>	<hr/>

# H Bronnley & Company Limited

## Notes to the financial statements for the year ended 31 December 20010 (continued)

### 3 Employees and directors

	2010 £	2009 £
Staff costs comprise		
- Wages and salaries	2,242,523	2,311,274
- Social Security costs	216,353	339,270
- Other pension costs	81,125	73,798
	<u>2,540,001</u>	<u>2,724,342</u>

Average number of persons employed by the company

	2010 Number	2009 Number
Production	39	41
Selling and Distribution	25	26
Administration	22	23
	<u>86</u>	<u>90</u>

	2010 £	2009 £
Directors' remuneration		
- Compensation for loss of office	184,207	-
- Directors' emoluments	195,134	383,177
- Amounts paid to third parties in respect of directors services	96,403	-
	<u>475,744</u>	<u>383,177</u>

Number of directors	<u>4</u>	<u>3</u>
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One director has benefits accruing under a defined benefit pension scheme (2009 - one director)

The remuneration of the highest paid director was as follows	2010 £	2009 £
Emoluments	56,377	176,616
Pension Contributions	5,000	15,000
Compensation for loss of office	184,207	-
	<u>245,584</u>	<u>191,616</u>

At the balance sheet date, the highest paid director had accrued pension rights amounting to £Nil per annum (2009 - £Nil)

# H Bronnley & Company Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 4 Operating loss

	2010 £	2009 £
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of fixed assets	110,353	143,990
Auditors' remuneration		
- Audit fee	23,946	67,742
- Non-audit services	8,325	(1,000)
Hire of equipment – operating leases	122,540	107,747
Research and development	28,556	45,222
Profit on disposal of fixed assets	(4,195)	-

### 5 Other operating income

	2010 £	2009 £
Commission receivable	100,000	61,202
(Loss) on exchange	(15,569)	(4,983)
	84,431	56,219

### 6 Interest payable

	2010 £	2009 £
Bank interest payable	10,082	7,390
Other interest payable	-	4,717
Invoice financing	40,488	52,887
	50,570	64,994



# H Bronnley & Company Limited

**Notes to the financial statements  
for the year ended 31 December 2010 (continued)**

## 7 Taxation

	2010 £	2009 £
<i>UK corporation tax</i>		
Current tax for the year	-	-
Adjustment in respect of previous periods	-	-
	<u>-</u>	<u>-</u>
<i>Deferred Tax</i>		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Movement in deferred tax provision	-	-
	<u>-</u>	<u>-</u>
Tax credit on loss on ordinary activities	-	-
	<u>-</u>	<u>-</u>
<i>Tax reconciliation</i>		
Loss on ordinary activities before tax	(533,112)	(1,499,580)
	<u>-</u>	<u>-</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009 - 28%)	(149,271)	(419,882)
Effect of		
- Expenses not deductible for tax purposes	15,705	50,319
- Tax relief on pension contributions	(212,825)	(89,877)
- Capital allowances in excess of depreciation	6,567	11,306
- Unutilised tax losses	339,824	448,134
- Short term timing differences	-	-
	<u>-</u>	<u>-</u>
Current tax for the year	-	-
	<u>-</u>	<u>-</u>

# H Bronnley & Company Limited

## Notes to the financial statements for the year ended 31 December 2010 (*continued*)

### 8 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Total £
<i>Cost</i>			
At 1 January 2010	2,903,338	1,065,233	3,968,571
Additions	-	31,104	31,104
Disposals	-	(17,620)	(17,620)
	<hr/>	<hr/>	<hr/>
At 31 December 2010	<b>2,903,338</b>	<b>1,078,717</b>	<b>3,982,055</b>
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2010	60,499	936,546	997,045
Charge for year	55,867	54,486	110,353
Disposals	-	(17,015)	(17,015)
	<hr/>	<hr/>	<hr/>
At 31 December 2010	<b>116,366</b>	<b>974,017</b>	<b>1,090,383</b>
	<hr/>	<hr/>	<hr/>
<i>Net Book Value</i>			
At 31 December 2010	<b>2,786,972</b>	<b>104,700</b>	<b>2,891,672</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2009	<b>2,842,839</b>	<b>128,687</b>	<b>2,971,526</b>
	<hr/>	<hr/>	<hr/>

The freehold land and buildings were revalued by VSL and Partners on the basis of existing use value as at 31 December 2009

The historical cost of freehold land and buildings is

	2010 £	2009 £
Cost	<b>2,024,022</b>	2,024,022
Accumulated depreciation based on historical cost	<b>(1,084,457)</b>	(1,054,843)
	<hr/>	<hr/>
	<b>939,565</b>	969,179
	<hr/>	<hr/>

# H Bronnley & Company Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 9 Fixed asset investments

	Subsidiary Undertakings £
<i>Cost</i>	
At 1 January 2010 and 31 December 2010	1,548
<i>Provisions</i>	
At 1 January 2010 and 31 December 2010	1,447
<i>Net Book Value</i>	
At 31 December 2010 and 31 December 2009	101

The company has the following wholly owned subsidiary undertakings at the year end

	Nature of Business	Country of Incorporation
Bronnley of London Inc - USA	Sale of toiletries	USA
Bronnley of London Inc	Dormant	USA
Lakeland Garden Toiletries Limited	Dormant	Great Britain
Bronnley of London Limited	Dormant	Great Britain

### 10 Stocks

	2010 £	2009 £
Raw Materials	535,972	605,927
Work in Progress	127,972	70,731
Finished Goods	583,253	494,950
	<u>1,247,197</u>	<u>1,171,608</u>

There is no material difference between the replacement cost of stocks and the amounts stated above

### 11 Debtors

	2010 £	2009 £
Trade debtors	1,199,804	1,447,928
Other debtors	2,786	670,713
Prepayments and accrued income	87,129	57,187
	<u>1,289,719</u>	<u>2,175,828</u>

All amounts shown under debtors fall due for payment within one year

# H Bronnley & Company Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 12 Creditors amounts falling due within one year

	2010 £	2009 £
Invoice financing	703,127	734,888
Trade creditors	512,515	749,661
Amounts due to subsidiary undertakings	12,267	12,366
Other taxation and social security	186,145	122,130
Accruals and deferred income	287,459	425,263
Other creditors	420,668	219,458
Amount due to parent undertaking	2,993,441	2,391,816
	<u>5,115,622</u>	<u>4,655,582</u>

The company invoice discounts its trade debts. Under the terms of this agreement interest is paid at 3% over the Bank of England base rate on all monies outstanding. This facility is secured with a charge over the company's trade debtors.

### 13 Creditors amounts falling due after more than one year

	2010 £	2009 £
Preference share capital	<u>33,859</u>	<u>33,859</u>

### 14 Share capital

	2010 £	2009 £
<i>Issued allotted, called up and fully paid</i>		
<i>Equity</i>		
634,761 ordinary shares of £1 each	634,761	634,761
382,371 ordinary non-voting shares of £1 each	382,371	382,371
	<u>1,017,132</u>	<u>1,017,132</u>
<i>Non-Equity</i>		
5,000 5% preference shares of £1 each	5,000	5,000
28,859 6% "B" preference shares of £1 each	28,859	28,859
	<u>33,859</u>	<u>33,859</u>

All the shares have voting rights except the non-voting shares. The 5% Preference Shares confer a right to priority in the return of capital and dividends over all other shares. The 6% "B" Preference Shares confer a right to priority in the return of capital and dividends over Ordinary Voting and Ordinary Non-Voting Shares. The non-equity shares are disclosed in creditors amounts falling due after more than one year.

# H Bronnley & Company Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 15 Reconciliation of movement in shareholders' funds

	2010 £	2009 £
Loss for the year	(533,112)	(1,499,580)
Actuarial gains and losses on defined benefit pension scheme	912,000	(1,346,000)
Release of revaluation reserve	-	(1,304,289)
Capital investment	-	600,000
	<hr/>	<hr/>
Net addition to shareholders' funds	378,888	(3,549,869)
	<hr/>	<hr/>
Opening shareholders' funds	516,890	4,066,759
	<hr/>	<hr/>
Closing shareholders' funds	895,778	516,890
	<hr/>	<hr/>

### 16 Reserves

	Revaluation reserve £	Other Reserve £	Profit and loss account £
At 1 January 2010	1,955,789	1,905,000	(4,361,031)
Profit for the year	-	-	(533,112)
Actuarial loss for the year net of related taxation	-	-	912,000
Release of revaluation reserve	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2010	1,955,789	1,905,000	(3,982,143)
	<hr/>	<hr/>	<hr/>

### 17 Operating lease commitments

The company had annual commitments under non-cancellable operating leases as set out below

	2010 £	2009 £
Expiring within		
1 year	34,013	7,943
2 to 5 years	52,307	71,428
	<hr/>	<hr/>
	86,320	79,371
	<hr/>	<hr/>

# H Bronnley & Company Limited

## Notes to the financial statements for the year ended 31 December 2010 (*continued*)

### 18 Contractual commitments

The company had contractual commitments to purchase stock in the ordinary course of its business of £430,673 (2009 - £306,016) at the year end. In addition the company had marketing commitments of

	2010 £	2009 £
Annual amounts not provided		
Due within		
1 year	60,000	132,000
2 to 5 years	-	262,000
	<hr/>	<hr/>
	60,000	394,000
	<hr/>	<hr/>

### 19 Capital commitments

The company had capital commitments of £30,571 (2009 - £nil) which have been contracted but not provided for

# H Bronnley & Company Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 20 Pensions – defined benefit scheme

The company sponsors the H Bronnley & Company Limited 1976 Retirement Fund which is a funded defined benefit arrangement. The scheme is managed by a trustee accountable to the pension scheme members.

A full actuarial valuation of the defined benefit scheme was carried out at 31 December 2006 and updated to 31 December 2009 and 2010 by a qualified independent actuary on a FRS 17 basis. The major assumptions used by the actuary were:

	2010	2009	2008
Rate of increase in salaries	4.2%	4.5%	3.9%
Rate of increase in pensions in payment	3.2%	3.7%	3.0%
Discount rate	5.4%	5.7%	6.4%
Inflation assumption	2.7%	3.5%	2.9%

The fair value of the assets in the scheme and the expected rate of return at 31 December 2010 were:

	Value at 2010 £'000	Long-term rate of return expected at 2009	Value at 2009 £'000	Long-term rate of return expected at 2008	Value at 2008 £'000
Equities	3,740	8.0%	3,513	8.5%	3,704
Bonds	1,870	5.4%	1,757	6.7%	2,407
Gilts	1,870	4.2%	1,757	4.5%	-
Cash	664	0.5%	74	2.0%	651
Total market value of assets	8,144		7,101		6,762
Present value of Scheme liabilities	(8,087)		(8,579)		(7,219)
Surplus/(deficit) in scheme	57		(1,478)		(457)

The company has not recognised a deferred tax asset in relation to the pension scheme due to uncertainty over the utilisations of any losses.

# H Bronnley & Company Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 20 Pensions – defined benefit scheme (continued)

Reconciliation of the opening and closing positions for the assets and liabilities

	2010 £'000	2009 £'000
<b>Change in benefit obligation</b>		
Benefit obligation at beginning of year	8,579	7,219
Current service cost	-	-
Interest cost	473	448
Plan participants' contributions	-	-
Past service costs	-	-
Actuarial (gain)/loss	(521)	1,371
Benefits paid	(444)	(459)

Benefits obligation at end of year	8,087	8,579
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#### Change in plans assets

Fair value of plan assets at beginning of year	7,101	6,762
Expected return on plan assets	443	473
Actuarial gain	391	25
Employer contribution	795	300
Benefits paid	(444)	(459)
Charges paid	(108)	-
Other movements in net current assets	(34)	-

Fair value of plan assets at end of year	8,144	7,101
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The pension cost that would have been charged to the profit and loss account is

	2010 £'000	2009 £'000
Current service cost	-	-
Past service cost	-	-
Total operating charge	-	-
Interest payable on pension scheme liabilities	473	448
Expected return on pension scheme assets	(443)	(473)
Net charge/(credit) to financing costs	30	(25)
Total charge/(credit) that would have been included in profit on ordinary activities before taxation	30	(25)



# H Bronnley & Company Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 20 Pensions – defined benefit scheme (continued)

	2010 £'000	2009 £'000
<i>Analysis of amount recognised in statement of total recognised gains and losses</i>		
Actual return less expected return on pension scheme assets	391	25
Experience gains and losses arising on the scheme liabilities	431	(486)
Changes in assumptions underlying the present value of the scheme liabilities	90	(885)
Total credit/(charge) that would have been included in profit on ordinary activities before taxation	912	(1,346)

	2010	2009	2008	2007	2006
<i>History of experience</i>					
<i>Gains and losses</i>					
Difference between the expected and actual return on scheme assets					
Amount £'000	391	25	(953)	183	363
Percentage of scheme Assets	4 80%	0 40%	14 09%	2 42%	5 37%
Experience gains and losses on scheme liabilities					
Amount £'000	431	(486)	(249)	382	(2)
Percentage of the present value of the scheme liabilities	5 33%	5 66%	3 45%	4 78%	0 02%
Total amount recognised in statement of total recognised gains and losses					
Amount £'000	912	(1,346)	(474)	1,579	(75)
Percentage of the present Value of the scheme Liabilities	11 28%	16 00%	6 57%	19 77%	0 82%

At the year end the Company was in the process of having the triennial review. As such, the level of contributions to be paid into the scheme for the period beginning after 31 December 2010 are unknown.

### 21 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, 'Related party disclosures', not to disclose transactions with members or investees of the group headed by Pitco Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

# **H Bronnley & Company Limited**

## **Notes to the financial statements for the year ended 31 December 2010 (*continued*)**

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### **22 Ultimate controlling parties**

In the opinion of the directors the immediate parent company is Pitco Limited, Oakleigh House, High Street, Hartley Wintney, Hampshire, RG27 8PE, incorporated in Great Britain

The company's ultimate parent company is Kaye Enterprises Limited

The largest and smallest group in which the results of the company are consolidated is that headed by Kaye Enterprises Limited, incorporated in England and Wales. The consolidated accounts are available to the public and may be obtained from Companies House