

H Bronnley & Company Limited

Report and Financial Statements

Year Ended

31 December 2008

Company number: 00046883

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H Bronnley & Company Limited

**Annual report and financial statements
for the year ended 31 December 2008**

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Directors

L C Barber
C M C Young
D J Salter
I P Williams

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 2008

The directors hereby submit their report and the accounts for the year ended 31st December 2008.

Results and dividends

The loss of for the year after taxation amounted to £1,655,114 (2007 - £159,380).

The directors recommend that no dividend be declared on the Ordinary Shares (2007-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

During 2008 the company commenced a major programme of market development, outsourcing some manufacturing and a complete renewal of the company's IT system. All of these have had significant non-recurring costs and there were some unexpected additional costs or delays in the completion of certain projects. These costs have been fully written off or provided for in the 2008 accounts.

The profit and loss account is set out on page 6 and shows turnover for the year at £6,399,149 (2007 - £5,742,742) and a loss for the year of £1,655,114 (2007 - £159,380).

The operating loss is significantly higher than prior years entirely due to the costs referred to above, however turnover increased 11.4% over the prior year, a good improvement in difficult trading and operational circumstances.

On 23 December 2009, £600,000 of the inter-company creditor due from the company to its immediate parent, Pitco Limited, was converted into 600,000 Ordinary shares of £1 each. This was following, the ultimate parent company, Kaye Enterprises Limited, providing substantial additional financial support of £1.8m to Pitco Limited.

Future developments

The company will look to expand its core business both domestically and internationally whilst further enhancing the strength of the business base through the launch of its newly acquired licences.

Risks and uncertainties

The Board recognise the fact that the current market is sensitive to consumer confidence. The board has sought to reinforce the company's core markets and will continue to expand in export markets where either representation is currently low or the market is new to the company.

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.

H Bronnley & Company Limited

Directors' report for the year ended 31 December 2008 *(continued)*

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.

Directors' responsibilities

The directors are responsible for preparing the report and financial statements in accordance with applicable law and 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 period. In preparing those 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 maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors during the year were:

D S Dougan (Resigned 23 November 2009)
L C Barber

On 8 April 2009 C M C Young was appointed as a director to the company, on 1 October 2009 C E Fuller and D J Salter were appointed as directors to the company and on 22 December 2009 I P Williams was appointed as a director to the company. C E Fuller subsequently resigned on 24 December 2009.

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 2008 (*continued*)

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 2008 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.

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



Director

Date 27 January 2010

H Bronnley & Company Limited

Independent auditors' report for the year ended 31 December 2008

To the shareholders of H Bronnley & Company Limited

We have audited the financial statements of H Bronnley & Company Limited for the year ended 31 December 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

H Bronnley & Company Limited

Independent auditors' report for the year ended 31 December 2008 (*continued*)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company is reliant upon the continued support of its immediate parent company, Pitco Limited ("Pitco") who in turn is dependent upon the support of its immediate parent company, Kaye Enterprises Limited ("Kaye"). The directors are confident that the shareholders will continue to support Pitco, but we note that there is no binding agreement in this regard. Pitco is currently in breach of certain banking covenants, which are currently being renegotiated. Although the directors expect the bank to continue to support the company despite this breach, they have no binding agreement from the bank.

Should satisfactory agreement not be achieved in relation to the banking covenants or if the company requires additional funding and is unable to secure this from Pitco, or ultimately Kaye then the company's ability to remain a going concern would be adversely affected. These conditions, disclosed in note to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



BDO LLP
*Chartered Accountants
and Registered Auditors*
Epsom
United Kingdom

Date 29 January 2010

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 2008

	Note	2008 £	2007 £
Turnover	3	6,399,149	5,742,742
Cost of sales		(4,121,787)	(3,410,357)
Gross Profit		2,277,362	2,332,385
Selling and distribution costs		(2,155,613)	(1,176,614)
Administrative expenses		(1,878,892)	(1,465,850)
Other operating income	6	111,378	140,192
Operating loss	5	(1,645,765)	(169,887)
Interest payable	7	(30,024)	(16)
Interest receivable		66,447	10,523
Loss on ordinary activities before taxation		(1,609,342)	(159,380)
Tax charge on loss on ordinary activities	8	(45,772)	-
Loss on ordinary activities after taxation		(1,655,114)	(159,380)

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 2008

	Note	2008 £	2007 £
Loss for the year		(1,655,114)	(159,380)
Release of revaluation reserve		(18,442)	-
Actuarial gains and losses on defined benefit pension scheme	24	(474,077)	1,579,000
		<hr/>	<hr/>
Total recognised gains and losses for the financial year		(2,147,633)	1,419,620
		<hr/>	<hr/>
Prior year adjustment - Pension scheme		-	(2,399,000)
- Reversal of SSAP24 provision		-	487,105
		<hr/>	<hr/>
Total recognised gains and losses since last financial statements		(2,147,633)	(492,275)
		<hr/>	<hr/>

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 2008

Company number: 00046883	Note	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Tangible assets	9		4,370,352		4,458,001
Investments	10		101		101
			<hr/>		<hr/>
			4,370,453		4,458,102
Current assets					
Stocks	11	1,394,470		1,348,501	
Debtors	12	2,293,698		2,576,989	
Cash at bank and in hand		277,559		109,866	
		<hr/>		<hr/>	
		3,965,727		4,035,356	
Creditors - amounts falling due within one year	13	(3,778,562)		(1,836,207)	
		<hr/>		<hr/>	
Net current assets			187,165		2,199,149
			<hr/>		<hr/>
Total assets less current liabilities			4,557,618		6,657,251
			<hr/>		<hr/>
Creditors - amounts falling due after one year	14		(33,859)		(33,859)
			<hr/>		<hr/>
Total net assets excluding pension liability			4,523,759		6,623,392
			<hr/>		<hr/>
Pension liability			(457,000)		(409,000)
			<hr/>		<hr/>
Net assets including pension liability			4,066,759		6,214,392
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	16		417,132		417,132
Other distributable reserves	18		1,905,000		1,905,000
Revaluation reserve	18		3,260,078		3,278,520
Profit and loss account	18		(1,515,451)		613,740
			<hr/>		<hr/>
Shareholders' funds	17		4,066,759		6,214,392
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 27 January 2010

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Director

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

H Bronnley & Company Limited

Cash flow statement for the year ended 31 December 2008

	Note	2008 £	2007 £
Net cash (outflow) from operating activities	19	(409,185)	(778,748)
Servicing of finance	20	36,423	11,563
Capital expenditure and financial investments	20	(254)	(21,541)
		<hr/>	<hr/>
Net cash (outflow) before financing		(373,016)	(788,726)
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds			
Change in net funds resulting from cash flows		(373,016)	(788,726)
		<hr/>	<hr/>
Movement in net funds in the year		(373,016)	(788,726)
Net funds as at 1st January	21	109,866	898,592
		<hr/>	<hr/>
Net funds as at 31 December	21	(263,150)	109,866
		<hr/>	<hr/>

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 2008

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.

The company's ability to continue as a going concern is reliant upon the continued support of its immediate parent undertaking, Pitco Limited ("Pitco"). The ability of Pitco to give such support is dependent upon the continued support of its bankers and its controlling shareholder, Kaye Enterprises Limited ("Kaye").

Pitco is currently in breach of certain banking covenants, which are currently being renegotiated with its bankers, HSBC. This condition, together with the other matters explained above indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The directors are confident given the support provided by Kaye which is explained below that the discussions with the bank will be resolved satisfactorily.

On 23 December 2009 £600,000 of a loan due to Pitco was converted into 600,000 Ordinary shares. Having regard to the prospects for the business in 2010 and Kaye's demonstrable support to date, the directors believe that the shareholders will continue to support the company over the next twelve months as and when necessary.

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985 as the group it heads qualifies as a medium sized group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Turnover

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

Intangible assets – research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual products. In such cases the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. That period is three years due to the specific nature of the products being developed and the time it is expected to take for the corresponding income to be achieved. Provision is made for any impairment.

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:

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

1 Accounting policies (Continued)

Depreciation of tangible fixed assets (continued)

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.

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

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

1 Accounting policies (Continued)

Pension costs (continued)

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 Prior year adjustment

The company adopted FRS17 'Retirement benefits' in place of SSAP 24 'Accounting for pensions' for the first time in 2007. Contributions to the company's defined benefit pension scheme were charged to the profit and loss account so as to spread the cost of pensions over employees expected working lives with the company. FRS 17 required that the pension scheme surplus or deficit is recognised in full.

3 Turnover

	2008 £	2007 £
Turnover by geographical area		
United Kingdom	3,865,070	3,400,825
Rest of Europe	1,960,065	1,718,903
North and South America	188,895	221,414
Rest of the World	385,119	401,600
	<hr/>	<hr/>
	6,399,149	5,742,742
	<hr/>	<hr/>

4 Employees and directors

	2008 £	2007 £
Staff costs comprise:		
Wages and salaries	2,376,312	2,247,499
Social Security costs	302,979	209,304
Other pension costs	115,706	236,923
	<hr/>	<hr/>
	2,794,997	2,693,726
	<hr/>	<hr/>

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

4 Employees and directors (Continued)

Average number of persons employed by the company:	2008 Number	2007 Number
Production	42	62
Selling and Distribution	26	26
Administration	20	25
	<hr/>	<hr/>
	88	113
	<hr/>	<hr/>
	2008 £	2007 £
Directors' remuneration:		
Directors' emoluments	297,201	451,552
	<hr/>	<hr/>
Number of directors	2	6
	<hr/>	<hr/>

One director has benefits accruing under a defined benefit pension scheme (2007: one director).

The remuneration of the highest paid director was as follows:	2008 £	2007 £
Emoluments	168,861	203,819
Pension Contributions	17,500	58,921
	<hr/>	<hr/>
	186,361	262,740
	<hr/>	<hr/>

At the balance sheet date, the highest paid director had accrued pension rights amounting to £nil per annum (2007 - £Nil).

5 Operating loss

	2008 £	2007 £
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of fixed assets	108,421	136,387
Auditors' remuneration: Audit fee	24,500	19,000
Non-audit services	3,000	2,500
Hire of equipment – operating leases	44,905	48,456
Research and development	487,467	-
Profit on disposal of fixed assets	(38,960)	(2,502)
	<hr/>	<hr/>

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2008 (*continued*)

6 Other operating income

	2008 £	2007 £
Commission receivable	85,358	112,876
Profit on exchange	26,020	27,316
	<hr/>	<hr/>
	111,378	140,192
	<hr/>	<hr/>

7 Interest payable

	2008 £	2007 £
Bank interest payable	24	16
Invoice financing	30,000	-
	<hr/>	<hr/>
	30,024	16
	<hr/>	<hr/>

8 Taxation

	2008 £	2007 £
<i>UK corporation tax:</i>		
Current tax for the year	-	-
Adjustment in respect of previous periods	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<i>Deferred Tax:</i>		
Origination and reversal of timing differences	-	-
	<hr/>	<hr/>
Movement in deferred tax provision	-	-
	<hr/>	<hr/>
Tax credit on loss on ordinary activities	-	-
	<hr/>	<hr/>

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

8 Taxation (Continued)

Tax reconciliation:

Loss on ordinary activities before tax	(1,609,342)	(159,380)
	<u> </u>	<u> </u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 20% (2007 – 20%)	(321,868)	(31,876)
Effect of:		
Expenses not deductible for tax purposes	38,366	20,121
Tax relief on pension contributions	(84,115)	(4,718)
Capital allowances in excess of depreciation	(6,684)	(4,967)
Unutilised tax losses	374,012	3,706
Short term timing differences	289	17,734
	<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 2008 *(continued)*

9 Tangible fixed assets

	Freehold Land And buildings £	Plant and Machinery £	Total £
<i>Cost</i>			
At 1st January 2008	4,400,000	1,237,630	5,637,630
Additions	-	53,876	53,876
Disposals	(19,759)	(265,731)	(285,490)
	<hr/>	<hr/>	<hr/>
At 31st December 2008	4,380,241	1,025,775	5,406,016
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1st January 2008	78,691	1,100,938	1,179,629
Charge for year	78,034	30,387	108,421
Disposals	(1,317)	(251,069)	(252,386)
	<hr/>	<hr/>	<hr/>
At 31st December 2008	155,408	880,256	1,035,664
	<hr/>	<hr/>	<hr/>
<i>Net Book Value</i>			
At 31 December 2008	4,224,833	145,519	4,370,352
	<hr/>	<hr/>	<hr/>
At 31 December 2007	4,321,309	136,692	4,458,001
	<hr/>	<hr/>	<hr/>

The freehold land and buildings were revalued by VSL and Partners on the basis of existing use value as at 31st December 2006.

The historical cost of freehold land and buildings is:

	2008 £	2007 £
Cost	2,024,022	2,043,781
Accumulated depreciation based on historical cost	(1,005,393)	(973,067)
	<hr/>	<hr/>
	1,018,629	1,070,714
	<hr/>	<hr/>

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

10 Fixed asset investments

	Subsidiary Undertakings £
<i>Cost:</i>	
At 1 January 2008 and 31 December 2008	1,548
<i>Provisions:</i>	
At 1 January 2008 and 31 December 2008	1,447
<i>Net Book Value:</i>	
At 31 December 2008 and 31 December 2007	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	Non-trading	Great Britain
Bronnley of London Limited	Dormant	Great Britain

11 Stocks

	2008 £	2007 £
Raw Materials	651,265	435,285
Work in Progress	95,316	342,667
Finished Goods	647,889	570,549
	<u>1,394,470</u>	<u>1,348,501</u>

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

12 Debtors

	2008 £	2007 £
Trade debtors	1,205,030	883,651
Amounts due from subsidiary undertakings	-	72,961
Other debtors	1,005,014	1,478,107
Deferred taxation (note 15)	-	45,772
Prepayments and accrued income	83,654	96,498
	<u>2,293,698</u>	<u>2,576,989</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 2008 (continued)

13 Creditors: amounts falling due within one year

	2008 £	2007 £
Bank overdraft	540,709	-
Invoice financing	677,304	13,309
Trade creditors	1,316,330	349,604
Amounts due to subsidiary undertakings	11,855	11,855
Other taxation and social security	121,842	226,420
Accruals and deferred income	283,085	216,946
Other creditors	39,756	6,506
Amount due to parent undertaking	787,681	1,011,567
	<u>3,778,562</u>	<u>1,836,207</u>

This year the company has factored all of its debts. Under the terms of this agreement interest is paid at 2% over the Bank of England base rate on all monies outstanding. This facility is secured with a charge over the company's trade debtors.

14 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Preference share capital	<u>33,859</u>	<u>33,859</u>

15 Deferred taxation

	2008 £	2007 £
Balance at 1st January	45,772	45,772
Transfer to profit and loss account	(45,772)	-
	<u>-</u>	<u>45,772</u>
Balance at 31 December	-	45,772

The deferred taxation debtor comprises:

Accelerated capital allowances	-	(133,239)
Other short term timing differences	-	94,183
Losses and other deductions	-	84,828
	<u>-</u>	<u>45,772</u>

The total unrecognised deferred tax is £552,478 (2007 - £224,077).

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

16 Share capital

	2008 £	2007 £
<i>Authorised:</i>		
47,000 ordinary shares of £1 each	47,000	47,000
400,000 ordinary non-voting shares of £1 each	400,000	400,000
5,000 5% preference shares of £1 each	5,000	5,000
68,000 6% "B" preference shares of £1 each	68,000	68,000
	<hr/>	<hr/>
	520,000	520,000
	<hr/>	<hr/>
<i>Issued allotted, called up and fully paid:</i>		
<i>Equity</i>		
34,761 ordinary shares of £1 each	34,761	34,761
382,371 ordinary non-voting shares of £1 each	382,371	382,371
	<hr/>	<hr/>
	417,132	417,132
	<hr/>	<hr/>
<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
	<hr/>	<hr/>
	33,859	33,859
	<hr/>	<hr/>

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.

17 Reconciliation of movement in shareholders' funds

	2008 £	2007 £
Loss for the year	(1,655,114)	(159,380)
Actuarial gains and losses on defined benefit pension scheme	(474,077)	1,579,000
Release of revaluation reserve	(18,442)	-
	<hr/>	<hr/>
Net addition to shareholders' funds	(2,147,633)	1,419,620
	<hr/>	<hr/>
Opening shareholders' funds as previously stated	6,214,392	6,706,667
Prior year adjustment - Pension scheme	-	(2,399,000)
- Reversal of SSAP 24 provision	-	487,105
	<hr/>	<hr/>
Opening shareholders' funds	6,214,392	4,794,772
	<hr/>	<hr/>
Closing shareholders' funds	4,066,759	6,214,392
	<hr/>	<hr/>

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

18 Reserves

	Revaluation reserve £	Other reserve £	Profit and loss account £
At 1 January 2008	3,278,520	1,905,000	613,740
Loss for the year	-	-	(1,655,114)
Actuarial loss for the year net of related taxation	-	-	(474,077)
Release of revaluation reserve	(18,442)	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2008	3,260,078	1,905,000	(1,515,451)
	<hr/>	<hr/>	<hr/>

19 Reconciliation of operating loss to net flows from operating activities

	2008 £	2007 £
Operating loss	(1,645,765)	(169,887)
Depreciation of fixed assets	108,421	136,387
(Increase)/Decrease in stocks	(45,969)	79,229
Decrease/(Increase) in debtors	237,519	(1,555,702)
Increase in creditors	1,401,646	1,144,727
Profit on disposal	(38,960)	(2,502)
Decrease in pension liability	(426,077)	(411,000)
	<hr/>	<hr/>
Net cash inflow / (outflow) inflow from operating activities	(409,185)	(778,748)
	<hr/>	<hr/>

20 Analysis of cash flow during the year

	2008 £	2007 £
Servicing of finance		
Interest received	66,447	11,579
Interest payable	(30,024)	(16)
	<hr/>	<hr/>
Net cash inflow for returns on financing	36,423	11,563
	<hr/>	<hr/>
Capital expenditure and financial investments		
Purchase of tangible fixed assets	(53,876)	(31,759)
Sale of tangible fixed assets	53,622	10,218
	<hr/>	<hr/>
Net cash outflow from investing activities	(254)	(21,541)
	<hr/>	<hr/>

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

21 Analysis of net debt

	January 1 2008 £	Net Cashflow £	December 31 2008 £
Cash at bank	109,866	167,693	277,559
Bank overdraft	-	(540,709)	(540,709)
	<u>109,866</u>	<u>(373,016)</u>	<u>(263,150)</u>

22 Operating lease commitments

The company had annual commitments under non-cancellable operating leases relating to motor vehicles as set out below:

	2008 £	2007 £
Expiring within:		
1 year	18,245	10,097
2 to 5 years	17,608	31,530
	<u>35,853</u>	<u>41,627</u>

23 Contractual commitments

The company had contractual commitments to purchase stock of £440,961 (2007: £Nil) at the year end. In addition the company had marketing commitments of:

	2008 £	2007 £
Annual amounts not provided:		
Due within:		
1 year	228,153	-
2 to 5 years	1,675,000	-
	<u>1,903,153</u>	<u>-</u>

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

24 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 2007 and 2008 by a qualified independent actuary on a FRS 17 basis. The major assumptions used by the actuary were:

	2008	2007	2006
Rate of increase in salaries	3.9%	4.2%	4.1%
Rate of increase in pensions in payment	3.0%	3.2%	3.1%
Discount rate	6.4%	5.9%	5.1%
Inflation assumption	2.9%	3.2%	3.1%

The fair value of the assets in the scheme and the expect rate of return at 31 December 2008 were:

	Value at 2008 £'000	Long-term rate of return expected at 2007	Value at 2007 £'000	Long-term rate of return expected at 2006	Value at 2006 £'000
Equities	3,704	7.4%	5,108	7.0%	4,663
Bonds	2,407	5.9%	1,895	5.2%	1,710
Cash	651	4.3%	574	4.3%	381
	<hr/>		<hr/>		<hr/>
Total market value of assets	6,762		7,577		6,754
Present value of Scheme liabilities	(7,219)		(7,986)		(9,153)
	<hr/>		<hr/>		<hr/>
Deficit in scheme	(457)		(409)		(2,399)
	<hr/>		<hr/>		<hr/>

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 2008 (continued)

24 Pensions – defined benefit scheme (Continued)

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

	2008 £'000	2007 £'000
Change in benefit obligation		
Benefit obligation at beginning of year	7,986	9,153
Current service cost	145	173
Interest cost	452	461
Plan participants' contributions	-	40
Past service costs	-	45
Actuarial gain/(loss)	(479)	(1,396)
Benefits paid	(740)	(490)
Benefits obligation at end of year	7,364	7,986
Change in plans assets		
Fair value of plan assets at beginning of year	7,577	6,754
Expected return on plan assets	506	438
Actuarial gain/(loss)	(953)	183
Employer contribution	517	652
Member contributions	-	40
Benefits paid	(740)	(490)
Fair value of plan assets at end of year	6,907	7,577

The pension cost that would have been charged to the profit and loss account is:

	2008 £'000	2007 £'000
Current service cost	145	173
Past service cost	-	45
Total operating charge	145	218
Interest payable on pension scheme liabilities	452	461
Expected return on pension scheme assets	(506)	(438)
Net charge to financing costs	(54)	23
Total charge that would have been included in profit on ordinary activities before taxation	91	241

	2008 £'000	2007 £'000
<i>Analysis of amount recognised in statement of total recognised gains and losses</i>		
Actual return less expected return on pension scheme assets	(953)	183
Experience gains and losses arising on the scheme liabilities	(249)	382
Changes in assumptions underlying the present value of the scheme liabilities	728	1,014
Total charge that would have been included in profit on ordinary activities before taxation	(474)	1,579

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2008 (continued)

24 Pensions – defined benefit scheme (Continued)

	2008	2007	2006	2005	2004
<i>History of experience</i>					
<i>Gains and losses</i>					
Difference between the expected and actual return on scheme assets					
Amount £'000	(953)	183	363	535	128
Percentage of scheme Assets	14.09%	2.42%	5.37%	8.75%	2.56%
 Experience gains and losses on scheme liabilities					
Amount £'000	(249)	382	(2)	(88)	-
Percentage of the present value of the scheme liabilities	3.45%	4.78%	0.02%	1.04%	0%
 Total amount recognised in statement of total recognised gains and losses					
Amount £'000	(474)	1,579	(75)	(76)	(374)
Percentage of the present Value of the scheme Liabilities	6.57%	19.77%	0.82%	0.90%	5.09%

The best estimate of the contributions to be paid by the Company to the scheme for the period beginning after 31 December 2008 is £300,000.

25 Related party transactions

During the year sales to Makebelieve Limited totalled £157,628 (2007 - £Nil) net of VAT. At the year end, the outstanding debtor balance was £10,580 (2007 - £Nil).

During the year the company was charged £72,333 (2007 - £Nil) in management fees by Pitco Limited net of VAT. At the year end the company owed £787,681 (2007 - £1,011,567) to Pitco Limited.

26 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.

At 31 December 2008 the company's ultimate parent company was Pitco Limited which is the parent of both the smallest and largest groups of which the company is a member.

On 8 April 2009, Kaye Enterprises Limited increased their share in Pitco Limited to 69%, becoming the immediate parent. As a result of this, from 8 April 2009, Kaye Enterprises Limited are deemed to be the ultimate parent company of H Bronnley & Company Limited.

Copies of the consolidated financial statements of Kaye Enterprises Ltd are available from Companies House.