

H Bronnley & Company Limited

Report and Financial Statements

Year Ended

31 December 2009

Company number 00046883

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H Bronnley & Company Limited

**Annual report and financial statements
for the year ended 31 December 2009**

Contents

Page

1	Report of the directors
4	Independent auditor's report
6	Profit and loss account
7	Statement of total recognised gains and losses
8	Balance sheet
9	Notes forming part of the financial statements

Directors

C M C Young
D J Salter
I P Williams
C E Partridge

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 2009

The directors hereby submit their report and the accounts for the year ended 31st December 2009

Results and dividends

The loss of for the year after taxation amounted to £1,499,580 (2008 - £1,655,114)

The directors recommend that no dividend be declared on the Ordinary Shares (2008 - 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 6 and shows a turnover for the year of £7,053,554 (2008 - £6,399,149) and a loss for the year of £1,499,580 (2008 - £1,655,114). Although the company has been successful in increasing sales through the recession the result was poor reflecting non-recurring difficulties within the business including the completion of the implementation of a new computer system, the write off of costs relating to recent projects and inventory write offs.

During 2009 and 2010 the company has focussed on restructuring and strengthening its management team and the new team has set to improving operational performance through a drive to raise customer service levels, improving efficiency and removing unnecessary costs.

The company is wholly owned by Pitco Limited which in turn is an 82% subsidiary of Kaye Enterprises Limited. Kaye Enterprises, which in 2009 provided £2.4m of new funding to Pitco, together with HSBC Bank plc, the group's bankers, have supported the company through a difficult period in 2008 and 2009 and the directors are confident that this support will continue to be forthcoming.

On 23 December 2009, £600,000 of loans due by the company to Pitco were converted into permanent equity in the form of ordinary shares of £1 each.

Future developments

Significant improvement in all key aspects of performance have been achieved to date in 2010, with customer order fulfilment in particular now being maintained at prompt and reliable levels. The company will continue to improve its efficiency and will look to further expand its business in the UK and worldwide by building on the strength of its core brand and competencies.

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 2009 (*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 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 group and company and of the profit or loss of the group 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 group'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 group 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)
D S Dougan (resigned 23 November 2009)
C M C Young (appointed 8 April 2009)
C E Fuller (appointed 1 October 2009, resigned 24 December 2009)
D J Salter (appointed 1 October 2009)
I P Williams (appointed 22 December 2009)
C E Partridge (appointed 9 June 2010)

H Bronnley & Company Limited

Directors' report for the year ended 31 December 2009 (*continued*)

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

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 2009 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


C M C Young
Director

Date 27th July 2010

H Bronnley & Company Limited

Independent auditors' report for the year ended 31 December 2009

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 2009 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 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

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 the directors, and the overall presentation of the financial statements.

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 December 2009 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.

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 continuation of funding facilities provided by 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. The bank loan which is held in Pitco is repayable on demand. Although the directors expect the bank to continue to support the company for the foreseeable future, they have no binding agreement from the bank.

Should the bank call in the loan or if the company requires additional funding and is unable to secure this from Pitco, or ultimately Kaye then the company would need to secure alternative financing to remain a going concern. These conditions, disclosed in note 1 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.

H Bronnley & Company Limited

Independent auditors' report for the year ended 31 December 2009 (*continued*)

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

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

BDO LLP

Mr Stuart Bosley (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Epsom
United Kingdom

Date 29 July 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 2009

	Note	2009 £	2008 £
Turnover	2	7,053,554	6,399,149
Cost of sales		(4,465,511)	(4,121,787)
Gross Profit		<u>2,588,043</u>	<u>2,277,362</u>
Selling and distribution costs		(1,922,376)	(2,155,613)
Administrative expenses		(2,160,252)	(1,878,892)
Other operating income	5	<u>56,219</u>	<u>111,378</u>
Operating loss	4	(1,438,366)	(1,645,765)
Interest payable	6	(64,994)	(30,024)
Interest receivable		<u>3,780</u>	<u>66,447</u>
Loss on ordinary activities before taxation		(1,499,580)	(1,609,342)
Tax charge on loss on ordinary activities	7	<u>-</u>	<u>(45,772)</u>
Loss on ordinary activities after taxation		<u>(1,499,580)</u>	<u>(1,655,114)</u>

All amounts relate to continuing activities

The notes on pages 9 to 21 form part of these financial statements

H Bronnley & Company Limited

Statement of total recognised gains and losses for the year ended 31 December 2009

Statement of total recognised gains and losses	Note	2009 £	2008 £
Loss for the year		(1,499,580)	(1,655,114)
Release of revaluation reserve		(1,304,289)	(18,442)
Actuarial gains and losses on defined benefit pension scheme	20	(1,346,000)	(474,077)
Total recognised gains and losses for the financial year		(4,149,869)	(2,147,633)

The notes on pages 9 to 21 form part of these financial statements

H Bronnley & Company Limited

Balance sheet for the year ended 31 December 2009

Company number: 00046883	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Tangible assets	8		2,971,526		4,370,352
Investments	9		101		101
			<hr/>		<hr/>
			2,971,627		4,370,453
Current assets					
Stocks	10	1,171,608		1,394,470	
Debtors	11	2,175,828		2,293,798	
Cash at bank and in hand		365,268		277,559	
		<hr/>		<hr/>	
		3,712,704		3,965,827	
Creditors - amounts falling due within one year	12	(4,655,582)		(3,778,662)	
		<hr/>		<hr/>	
Net current assets			(942,878)		187,165
			<hr/>		<hr/>
Total assets less current liabilities			2,028,749		4,557,618
Creditors - amounts falling due after one year	13		(33,859)		(33,859)
			<hr/>		<hr/>
Total net assets excluding pension liability			1,994,890		4,523,759
Pension liability			(1,478,000)		(457,000)
			<hr/>		<hr/>
Net assets including pension liability			516,890		4,066,759
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15		1,017,132		417,132
Other distributable reserves	17		1,905,000		1,905,000
Revaluation reserve	17		1,955,789		3,260,078
Profit and loss account	17		(4,361,031)		(1,515,451)
			<hr/>		<hr/>
Shareholders' funds	16		516,890		4,066,759
			<hr/>		<hr/>

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

I P Williams

I P Williams

Director

C M C Young

C M C Young

Director

The notes on pages 9 to 21 form part of these financial statements

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2009

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")

The banking facility provided by HSBC to Pitco Limited is repayable on demand This, together with the other matters explained above indicate the existence of a material uncertainty which may cast 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 and the longer term prospects for the business, the company will continue as a going concern for the foreseeable future

Kaye has provided Pitco with substantial funds over the past twelve months and on 23 December 2009 £600,000 of these funds were used by Pitco to purchase 600,000 ordinary shares of £1 each in the company 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 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

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

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

1 Accounting policies (Continued)

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 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

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

1 Accounting policies (Continued)

Pension costs (continued)

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

	2009 £	2008 £
Turnover by geographical area		
United Kingdom	4,470,156	3,865,070
Rest of Europe	2,037,442	1,960,065
North and South America	121,783	188,895
Rest of the World	424,173	385,119
	<u>7,053,554</u>	<u>6,399,149</u>

3 Employees and directors

	2009 £	2008 £
Staff costs comprise		
Wages and salaries	2,311,274	2,376,312
Social Security costs	339,270	302,979
Other pension costs	73,798	115,706
	<u>2,724,342</u>	<u>2,794,997</u>
Average number of persons employed by the company		
	2009 Number	2008 Number
Production	41	42
Selling and Distribution	26	26
Administration	23	20
	<u>90</u>	<u>88</u>

H Bronnley & Company Limited

Notes to the financial statements
for the year ended 31 December 2009 (continued)

3 Employees and directors (Continued)

	2009 £	2008 £
Directors' remuneration		
Directors' emoluments	383,177	297,201
Number of directors	3	2

One director has benefits accruing under a defined benefit pension scheme (2008 one director)

The remuneration of the highest paid director was as follows	2009 £	2008 £
Emoluments	176,616	168,861
Pension Contributions	15,000	17,500
	191,616	186,361

At the balance sheet date, the highest paid director had accrued pension rights amounting to £nil per annum (2008 - £Nil)

4 Operating loss

	2009 £	2008 £
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of fixed assets	143,990	108,421
Auditors' remuneration Audit fee	67,742	24,500
Non-audit services	(1,000)	3,000
Hire of equipment – operating leases	107,747	44,905
Research and development	45,222	487,467
Profit on disposal of fixed assets	-	(38,960)

5 Other operating income

	2009 £	2008 £
Commission receivable	61,202	85,358
(Loss)/Profit on exchange	(4,983)	26,020
	56,219	111,378

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2009 (*continued*)

6 Interest payable

	2009 £	2008 £
Bank interest payable	7,390	24
Other interest payable	4,717	-
Invoice financing	52,887	30,000
	<u>64,994</u>	<u>30,024</u>

7 Taxation

	2009 £	2008 £
<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	(1,373,616)	(1,609,342)
	<u>(1,373,616)</u>	<u>(1,609,342)</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 – 20%)	(384,612)	(321,868)
Effect of:		
Expenses not deductible for tax purposes	50,319	38,366
Tax relief on pension contributions	(89,877)	(84,115)
Capital allowances in excess of depreciation	11,306	(6,684)
Unutilised tax losses	412,864	374,012
Short term timing differences	-	289
	<u>50,319</u>	<u>38,366</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 2009 (continued)

8 Tangible fixed assets

	Freehold Land And buildings £	Plant and Machinery £	Total £
<i>Cost</i>			
At 1 January 2009	4,380,241	1,025,775	5,406,016
Additions	-	50,453	50,453
Disposals	-	(10,995)	(10,995)
Revaluation	(1,476,903)	-	(1,476,903)
	<hr/>	<hr/>	<hr/>
At 31 December 2009	2,903,338	1,065,233	3,968,571
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2009	155,408	880,256	1,035,664
Charge for year	77,705	66,285	143,990
Disposals	-	(9,995)	(9,995)
Revaluation	(172,614)	-	(172,614)
	<hr/>	<hr/>	<hr/>
At 31 December 2009	60,499	936,546	997,045
	<hr/>	<hr/>	<hr/>
<i>Net Book Value</i>			
At 31 December 2009	2,842,839	128,687	2,971,526
	<hr/>	<hr/>	<hr/>
At 31 December 2008	4,224,833	145,519	4,370,352
	<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

	2009 £	2008 £
Cost	2,024,022	2,024,022
Accumulated depreciation based on historical cost	(1,054,843)	(1,005,393)
	<hr/>	<hr/>
	969,179	1,018,629
	<hr/>	<hr/>

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

9 Fixed asset investments

	Subsidiary Undertakings £
<i>Cost</i>	
At 1 January 2009 and 31 December 2009	1,548
<i>Provisions</i>	
At 1 January 2009 and 31 December 2009	1,447
<i>Net Book Value</i>	
At 31 December 2009 and 31 December 2008	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

10 Stocks

	2009 £	2008 £
Raw Materials	605,927	651,265
Work in Progress	70,731	95,316
Finished Goods	494,950	647,889
	<u>1,171,608</u>	<u>1,394,470</u>

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

11 Debtors

	2009 £	2008 £
Trade debtors	1,447,928	1,205,030
Other debtors	670,713	1,005,114
Prepayments and accrued income	57,187	83,654
	<u>2,175,828</u>	<u>2,293,798</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 2009 (continued)

12 Creditors: amounts falling due within one year

	2009 £	2008 £
Bank overdraft	-	540,709
Invoice financing	734,888	677,304
Trade creditors	749,661	1,316,330
Amounts due to subsidiary undertakings	12,366	11,955
Other taxation and social security	122,130	121,842
Accruals and deferred income	425,263	283,085
Other creditors	219,458	39,756
Amount due to parent undertaking	2,391,816	787,681
	<u>4,655,582</u>	<u>3,778,662</u>

The company invoice discounts its trade 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.

13 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Preference share capital	<u>33,859</u>	<u>33,859</u>

14 Deferred taxation

	2009 £	2008 £
Balance at 1 January	-	45,772
Transfer to profit and loss account	-	(45,772)
	<u>-</u>	<u>-</u>
Balance at 31 December	-	-
	<u>-</u>	<u>-</u>
The deferred taxation debtor comprises		
Accelerated capital allowances	-	-
Other short term timing differences	-	-
Losses and other deductions	-	-
	<u>-</u>	<u>-</u>
	-	-
	<u>-</u>	<u>-</u>

The total unrecognised deferred tax is £1,618,577 (2008 - £552,478)

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

15 Share capital

	2009 £	2008 £
<i>Issued allotted, called up and fully paid</i>		
<i>Equity</i>		
634,761 ordinary shares of £1 each	634,761	34,761
382,371 ordinary non-voting shares of £1 each	382,371	382,371
	<hr/>	<hr/>
	1,017,132	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.

16 Reconciliation of movement in shareholders' funds

	2009 £	2008 £
Loss for the year	(1,499,580)	(1,655,114)
Actuarial gains and losses on defined benefit pension scheme	(1,346,000)	(474,077)
Release of revaluation reserve	(1,304,289)	(18,442)
Capital investment	600,000	-
	<hr/>	<hr/>
Net addition to shareholders' funds	(3,549,869)	(2,147,633)
	<hr/>	<hr/>
Opening shareholders' funds	4,066,759	6,214,392
	<hr/>	<hr/>
Closing shareholders' funds	516,890	4,066,759
	<hr/>	<hr/>

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

17 Reserves

	Revaluation reserve £	Other reserve £	Profit and loss account £
At 1 January 2009	3,260,078	1,905,000	(1,515,451)
Loss for the year	-	-	(1,499,580)
Actuarial loss for the year net of related taxation	-	-	(1,346,000)
Release of revaluation reserve	(1,304,289)	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2009	1,955,789	1,905,000	(4,361,031)
	<hr/>	<hr/>	<hr/>

18 Operating lease commitments

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

	2009 £	2008 £
Expiring within		
1 year	7,943	18,245
2 to 5 years	71,428	68,112
	<hr/>	<hr/>
	79,371	86,357
	<hr/>	<hr/>

19 Contractual commitments

The company had contractual commitments to purchase stock in the ordinary course of its business of £306,016 (2008 £440,961) at the year end. In addition the company had marketing commitments of

	2009 £	2008 £
Annual amounts not provided		
Due within		
1 year	132,000	228,153
2 to 5 years	262,000	1,675,000
	<hr/>	<hr/>
	394,000	1,903,153
	<hr/>	<hr/>

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2009 (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 2008 and 2009 by a qualified independent actuary on a FRS 17 basis. The major assumptions used by the actuary were:

	2009	2008	2007
Rate of increase in salaries	4.5%	3.9%	4.2%
Rate of increase in pensions in payment	3.7%	3.0%	3.2%
Discount rate	5.7%	6.4%	5.9%
Inflation assumption	3.5%	2.9%	3.2%

The fair value of the assets in the scheme and the expected rate of return at 31 December 2009 were:

	Value at 2009 £'000	Long-term rate of return expected at 2008	Value at 2008 £'000	Long-term rate of return expected at 2007	Value at 2007 £'000
Equities	3,513	8.5%	3,704	7.4%	5,108
Bonds	1,757	6.7%	2,407	5.9%	1,895
Gilts	1,757	4.5%	-	n/a	-
Cash	74	2.0%	651	4.3%	574
	<hr/>		<hr/>		<hr/>
Total market value of assets	7,101		6,762		7,577
Present value of Scheme liabilities	(8,579)		(7,219)		(7,986)
	<hr/>		<hr/>		<hr/>
Deficit in scheme	(1,478)		(457)		(409)
	<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 2009 (continued)

20 Pensions – defined benefit scheme (Continued)

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

	2009 £'000	2008 £'000
Change in benefit obligation		
Benefit obligation at beginning of year	7,364	7,986
Current service cost	-	145
Interest cost	448	452
Plan participants' contributions	-	-
Past service costs	-	-
Actuarial gain/(loss)	1,371	(479)
Benefits paid	(459)	(740)
Benefits obligation at end of year	8,724	7,364
Change in plans assets		
Fair value of plan assets at beginning of year	6,907	7,577
Expected return on plan assets	473	506
Actuarial gain/(loss)	25	(953)
		517
Employer contribution	300	-
Member contributions	-	-
Benefits paid	(459)	(740)
Fair value of plan assets at end of year	7,246	6,907

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

	2009 £'000	2008 £'000
Current service cost	-	145
Past service cost	-	-
Total operating charge	-	145
Interest payable on pension scheme liabilities	448	452
Expected return on pension scheme assets	(473)	(506)
Net charge to financing costs	(25)	(54)

Total charge that would have been included in profit on ordinary activities before taxation	(25)	91
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	2009 £'000	2008 £'000
<i>Analysis of amount recognised in statement of total recognised gains and losses</i>		
Actual return less expected return on pension scheme assets	25	(953)
Experience gains and losses arising on the scheme liabilities	(486)	(249)
Changes in assumptions underlying the present value of the scheme liabilities	(885)	728
Total charge that would have been included in profit on ordinary activities before taxation	(1,346)	(474)

H Bronnley & Company Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

20 Pensions – defined benefit scheme (Continued)

	2009	2008	2007	2006	2005
<i>History of experience</i>					
<i>Gains and losses</i>					
Difference between the expected and actual return on scheme assets					
Amount £'000	25	(953)	183	363	535
Percentage of scheme Assets	0.40%	14.09%	2.42%	5.37%	8.75%
 Experience gains and losses on scheme liabilities					
Amount £'000	(486)	(249)	382	(2)	(88)
Percentage of the present value of the scheme liabilities	5.66%	3.45%	4.78%	0.02%	1.04%
 Total amount recognised in statement of total recognised gains and losses					
Amount £'000	(1,346)	(474)	1,579	(75)	(76)
Percentage of the present Value of the scheme Liabilities	16.00%	6.57%	19.77%	0.82%	0.90%

The best estimate of the contributions to be paid by the Company to the scheme for the period beginning after 31 December 2009 is £300,000

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

During the year sales to Makebelieve Limited totalled £124,978 (2008 - £157,628) net of VAT. At the year end, the outstanding debtor balance was £187,231 (2008 - £10,580) and outstanding creditor balance was £78,206 (2008 - £nil). There is a provision of £48,189 (2008 - £nil) relating to the year end debtor

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