

COMPANY REGISTRATION NUMBER 1699439

Aston Manor Brewery Company Limited
Consolidated Financial Statements
For the Year Ended
31 December 2003



HAINES WATTS
Chartered Accountants & Registered Auditors
Sterling House
71 Francis Road
Edgbaston
Birmingham
B16 8SP

Aston Manor Brewery Company Limited

Consolidated Financial Statements

Year Ended 31 December 2003

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Aston Manor Brewery Company Limited

Officers and Professional Advisers

The Board of Directors

H Ellis
P Ellis
P Collings
M J Ansell

Company Secretary

P D Ellis

Registered Office

173 Thimblemill Lane
Aston
Birmingham
B7 5HS

Auditors

Haines Watts
Chartered Accountants
& Registered Auditors
Sterling House
71 Francis Road
Edgbaston
Birmingham
B16 8SP

Bankers

Lloyds Bank Plc
Birmingham City Centre
PO Box 908
1 Cornwall Street
Birmingham
B3 2DS

Aston Manor Brewery Company Limited

The Directors' Report

Year Ended 31 December 2003

The directors have pleasure in presenting their report and the consolidated financial statements of the group for the year ended 31 December 2003.

Principal Activities and Review of the Business

The company and group are principally engaged in the production of beers, ciders and alcoholic beverages.

There was a loss for the year after taxation amounting to £291,178. The directors do not recommend payment of a dividend and the loss has therefore been transferred to reserves.

Results and Dividends

The trading results for the year and the group's financial position at the end of the year are shown in the attached consolidated financial statements.

The directors have not recommended a dividend.

The Directors and their Interests

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 December 2003	At 1 January 2003
H Ellis	105,469	105,469
M Hancocks	38,359	38,359
P Ellis	9,176	9,176
P Collings	—	—
M J Ansell	—	—

M Hancocks was removed from the Board of Directors at an extraordinary general meeting on 4 June 2003.

Fixed Assets

Details of movements in fixed assets are set out in the notes to the accounts.

Directors' Responsibilities

Company law requires the directors to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group at the end of the year and of the group's profit or loss for the year then ended.

In preparing those consolidated financial statements, the directors are required to select suitable accounting policies, as described on pages 11 to 12, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the consolidated financial statements comply with the Companies Act 1985. The directors 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.

Aston Manor Brewery Company Limited

The Directors' Report *(continued)*

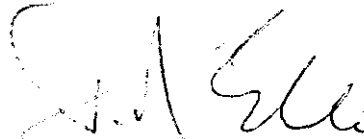
Year Ended 31 December 2003

Auditors

A resolution to re-appoint Haines Watts as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
173 Thimblemill Lane
Aston
Birmingham
B7 5HS

Signed by order of the directors



P D Ellis
Company Secretary

Approved by the directors on 24.12.04

Aston Manor Brewery Company Limited

Independent Auditors' Report to the Shareholders of Aston Manor Brewery Company Limited

Year Ended 31 December 2003

We have audited the consolidated financial statements on pages 6 to 25 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 11 to 12.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the consolidated financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the consolidated financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the consolidated financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the consolidated financial statements, if 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 transactions with the company 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.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the group'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 consolidated 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 consolidated financial statements.

Aston Manor Brewery Company Limited

Independent Auditors' Report to the Shareholders of Aston Manor Brewery Company Limited *(continued)*

Year Ended 31 December 2003

Opinion

In our opinion the consolidated financial statements give a true and fair view of the state of the company's affairs and of the group as at 31 December 2003 and of the loss of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Haines Watts

HAINES WATTS
Chartered Accountants
& Registered Auditors
Sterling House
71 Francis Road
Edgbaston
Birmingham
B16 8SP

28th October 2004

Aston Manor Brewery Company Limited

Profit and Loss Account

Year Ended 31 December 2003

	Note	2003 £	2002 £
Group Turnover	2	22,711,921	22,419,837
Cost of sales		19,014,518	19,377,895
Gross Profit		3,697,403	3,041,942
Distribution costs		1,820,513	1,906,717
Administrative expenses		2,139,617	2,165,927
Other operating income		(130,254)	(125,565)
Operating Loss	3	(132,473)	(905,137)
Interest receivable		154	1,435
Interest payable	6	(66,233)	(39,952)
Loss on Ordinary Activities Before Taxation		(198,552)	(943,654)
Tax on loss on ordinary activities	7	97,568	(161,192)
Loss on Ordinary Activities after Taxation		(296,120)	(782,462)
Minority interests		(4,942)	(1,912)
Loss Attributable to Members of the Parent Company	8	(291,178)	(780,550)
Loss for the Financial Year		(291,178)	(780,550)

All of the activities of the group are classed as continuing.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

The notes on pages 11 to 26 form part of these consolidated financial statements.

Aston Manor Brewery Company Limited

Group Statement of Total Recognised Gains and Losses

Year Ended 31 December 2003

	2003	2002
	£	£
Loss for the financial year attributable to the shareholders of the parent company	(291,178)	(780,550)
Unrealised profit on revaluation of certain fixed assets	99,458	—
Unrealised profit on revaluation of tangible fixed assets:		
Plant & Machinery	717,406	—
Fixtures & Fittings	(55,731)	—
Motor Vehicles	(734)	—
Total gains and losses recognised since the last annual report	<u>469,221</u>	<u>(780,550)</u>

The notes on pages 11 to 26 form part of these consolidated financial statements.

Aston Manor Brewery Company Limited

Group Balance Sheet

31 December 2003

	Note	2003 £	2002 £
Fixed Assets			
Intangible assets	9	(42,088)	(42,126)
Tangible assets	10	5,887,981	5,082,793
Investments	11	20,961	20,961
		<u>5,866,854</u>	<u>5,061,628</u>
Current Assets			
Stocks	12	1,009,958	1,235,771
Debtors	13	4,543,513	4,607,824
Cash in hand		963	2,065
		<u>5,554,434</u>	<u>5,845,660</u>
Creditors: Amounts Falling due Within One Year	14	<u>5,348,004</u>	<u>5,288,135</u>
Net Current Assets		<u>206,430</u>	<u>557,525</u>
Total Assets Less Current Liabilities		<u>6,073,284</u>	<u>5,619,153</u>
Creditors: Amounts Falling due after More than One Year	15	<u>403,228</u>	<u>505,668</u>
		<u>5,670,056</u>	<u>5,113,485</u>
Provisions for Liabilities and Charges			
Deferred taxation	17	115,500	17,932
Government grants	18	147,700	152,975
		<u>5,406,856</u>	<u>4,942,578</u>
Minority Interests		<u>8,574</u>	<u>13,516</u>
		<u>5,398,282</u>	<u>4,929,062</u>
Capital and Reserves			
Called-up equity share capital	20	322,081	322,081
Share premium account	21	20,000	20,000
Revaluation reserve	21	760,398	—
Other reserves	21	181,395	181,395
Profit and loss account	21	4,114,408	4,405,586
Shareholders' Funds	22	<u>5,398,282</u>	<u>4,929,062</u>

These consolidated financial statements were approved by the directors on the 28.12.04 and are signed on their behalf by:

P Ellis

The notes on pages 11 to 26 form part of these consolidated financial statements.

Aston Manor Brewery Company Limited

Balance Sheet

31 December 2003

	Note	2003 £	2002 £
Fixed Assets			
Tangible assets	10	4,462,743	3,326,620
Investments	11	57,196	244,768
		<u>4,519,939</u>	<u>3,571,388</u>
Current Assets			
Stocks	12	930,542	1,053,718
Debtors	13	4,489,687	3,972,221
Cash at bank and in hand		24,087	55,640
		<u>5,444,316</u>	<u>5,081,579</u>
Creditors: Amounts Falling due Within One Year	14	<u>4,213,175</u>	<u>3,491,758</u>
Net Current Assets		<u>1,231,141</u>	<u>1,589,821</u>
Total Assets Less Current Liabilities		<u>5,751,080</u>	<u>5,161,209</u>
Provisions for Liabilities and Charges			
Deferred taxation	17	124,223	6,745
Government grants	18	147,700	152,975
		<u>5,479,157</u>	<u>5,001,489</u>
Capital and Reserves			
Called-up equity share capital	20	322,081	322,081
Share premium account	21	20,000	20,000
Revaluation reserve	21	784,842	—
Other reserves	21	181,395	181,395
Profit and loss account	21	4,170,839	4,478,013
Shareholders' Funds		<u>5,479,157</u>	<u>5,001,489</u>

These consolidated financial statements were approved by the directors on the 28.10.04 and are signed on their behalf by:


P Ellis

The notes on pages 11 to 26 form part of these consolidated financial statements.

Aston Manor Brewery Company Limited

Group Cash Flow Statement

Year Ended 31 December 2003

	Note	2003 £	£	2002 £	£
Net Cash (Outflow)/Inflow From Operating Activities	23		43,126		1,563,781
Returns on Investments and Servicing of Finance					
Interest received		154		1,435	
Interest paid		(65,417)		(39,136)	
Interest element of hire purchase and finance lease		(816)		(816)	
Net Cash Outflow From Returns on Investments and Servicing of Finance			(66,079)		(38,517)
Taxation			186,228		(164,415)
Capital Expenditure					
Payments to acquire intangible fixed assets		—		(12,500)	
Payments to acquire tangible fixed assets		(754,519)		(1,809,193)	
Receipts from sale of fixed assets		63,255		128,100	
Net Cash Outflow From Capital Expenditure			(691,264)		(1,693,593)
Cash Outflow Before Financing			(527,989)		(332,744)
Financing					
(Repayment) of bank loans		(35,480)		307,675	
Capital element of hire purchase and finance lease		(3,234)		(3,233)	
Net inflow from other long-term creditors		57,500		—	
Net outflow from long-term accruals		(124,500)		(89,169)	
Net Cash (Outflow)/Inflow From Financing			(105,714)		215,273
Decrease in Cash	24		(633,703)		(117,471)

The notes on pages 11 to 26 form part of these consolidated financial statements.

Aston Manor Brewery Company Limited

Notes to the Consolidated Financial Statements

Year Ended 31 December 2003

1. Accounting Policies

Basis of Accounting

The consolidated financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Basis of Consolidation

The consolidated financial statements incorporate the consolidated financial statements of the company and all group undertakings, together with the group's share of the net assets and results of associated undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated Profit and Loss Account is published, a separate profit and loss account for the parent company is omitted from the group consolidated financial statements by virtue of section 230 of the Companies Act 1985.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Subsidiary acquisitions - 15 years; Public House acquisitions - 3 years

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold buildings	-	2.5% straight line
Plant and machinery	-	15% straight line/25% reducing balance
Fixtures and fittings	-	15% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in Progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Aston Manor Brewery Company Limited

Notes to the Consolidated Financial Statements

Year Ended 31 December 2003

1. Accounting Policies *(continued)*

Operating Lease Agreements

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

Pension Costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred Taxation

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

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Deferred Government Grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

Aston Manor Brewery Company Limited

Notes to the Consolidated Financial Statements

Year Ended 31 December 2003

2. Turnover

The turnover and loss before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2003 £	2002 £
United Kingdom	21,943,222	21,687,940
Europe	768,699	730,245
Other	-	1,652
	<u>22,711,921</u>	<u>22,419,837</u>

3. Operating Loss

Operating loss is stated after charging/(crediting):

	2003 £	2002 £
Amortisation of government grants	(5,275)	(5,275)
Amortisation	4,166	4,167
Depreciation of owned fixed assets	486,888	1,272,929
Loss on disposal of fixed assets	10,777	12,497
Auditors' remuneration		
- as auditors	15,363	15,263
Operating lease costs:		
Land and buildings	<u>233,878</u>	<u>214,035</u>

4. Particulars of Employees

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

	2003 No	2002 No
Number of production staff	81	87
Number of distribution staff	51	75
Number of administrative staff	25	21
	<u>157</u>	<u>183</u>

The aggregate payroll costs of the above were:

	2003 £	2002 £
Wages and salaries	2,554,871	2,584,635
Social security costs	233,625	210,680
Other pension costs	14,540	19,536
	<u>2,803,036</u>	<u>2,814,851</u>

Aston Manor Brewery Company Limited

Notes to the Consolidated Financial Statements

Year Ended 31 December 2003

5. Directors' Emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2003 £	2002 £
Emoluments receivable	282,074	279,176
Value of company pension contributions to money purchase schemes	10,040	15,036
	<u>292,114</u>	<u>294,212</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2003 No	2002 No
Money purchase schemes	<u>2</u>	<u>3</u>

6. Interest Payable and Similar Charges

	2003 £	2002 £
Finance charges	816	816
Other similar charges payable	65,417	39,136
	<u>66,233</u>	<u>39,952</u>

7. Taxation on Ordinary Activities

	2003 £	2002 £
Current tax:		
UK Corporation tax based on the results for the year at --% (2002 - --%)	—	(107,298)
(Over)/under provision in prior year	—	(29,783)
Total current tax	—	(137,081)
Deferred tax:		
Origination and reversal of timing differences (note 17)		
Capital allowances	97,568	(24,111)
Tax on loss on ordinary activities	<u>97,568</u>	<u>(161,192)</u>

8. Loss Attributable to Members of the Parent Company

The parent company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group loss for the year includes a loss of £307,174 which is dealt with in the financial statements of the company.

Aston Manor Brewery Company Limited

Notes to the Consolidated Financial Statements

Year Ended 31 December 2003

9. Intangible Fixed Assets

Group	Goodwill £
Cost	
At 1 January 2003 and 31 December 2003	<u>(50,574)</u>
Amortisation	
At 1 January 2003	(8,448)
Charge for the year	(38)
At 31 December 2003	<u>(8,486)</u>
Net Book Value	
At 31 December 2003	<u>(42,088)</u>
At 31 December 2002	<u>(42,126)</u>

10. Tangible Fixed Assets

Group	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Pub House refurbishm ents £	Total £
Cost or Valuation						
At 1 Jan 2003	3,007,267	7,561,214	311,426	72,277	1,055,048	12,007,232
Additions	347,024	343,066	39,390	6,000	19,039	754,519
Disposals	—	(17,148)	—	(9,170)	(301,546)	(327,864)
Revaluation	(327,200)	(5,158,783)	(175,278)	(29,307)	—	(5,690,568)
Impairment	—	(157,453)	—	—	—	(157,453)
At 31 Dec 2003	<u>3,027,091</u>	<u>2,570,896</u>	<u>175,538</u>	<u>39,800</u>	<u>772,541</u>	<u>6,585,866</u>
Depreciation						
At 1 Jan 2003	432,903	5,885,201	143,325	33,998	420,369	6,915,796
Charge for the year	70,293	306,905	19,235	8,825	81,630	486,888
On disposals	—	(7,911)	—	(5,426)	(240,495)	(253,832)
Revaluation adjustment	(426,658)	(5,876,189)	(119,547)	(28,573)	—	(6,450,967)
At 31 Dec 2003	<u>76,538</u>	<u>308,006</u>	<u>43,013</u>	<u>8,824</u>	<u>261,504</u>	<u>697,885</u>
Net Book Value						
At 31 Dec 2003	<u>2,950,553</u>	<u>2,262,890</u>	<u>132,525</u>	<u>30,976</u>	<u>511,037</u>	<u>5,887,981</u>
At 31 Dec 2002	<u>2,565,721</u>	<u>1,676,013</u>	<u>168,101</u>	<u>38,279</u>	<u>634,679</u>	<u>5,082,793</u>

Aston Manor Brewery Company Limited

Notes to the Consolidated Financial Statements

Year Ended 31 December 2003

On 22 October 2003 the company's fixed assets were valued by external surveyors. Colliers CRE valued the company's Freehold Property and Charterfields International Consultants undertook a valuation of the company's Plant and Machinery.

The basis on which the valuations took place was an opinion of the price at which an interest in the fixed assets utilised in the business would have been transferred at the date of valuation.

Hire purchase and finance lease agreements

Included within the net book value of £5,887,981 is £Nil (2002 - £Nil) relating to assets held under hire purchase and finance lease agreements. The depreciation charged to the consolidated financial statements in the year in respect of such assets amounted to £Nil (2002 - £Nil).

Company	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Total £
Cost or Valuation				
At 1 January 2003	2,615,523	6,563,410	150,254	9,329,187
Additions	347,024	327,092	12,257	686,373
Disposals	-	(17,148)	-	(17,148)
Revaluation	(327,200)	(4,750,549)	(132,063)	(5,209,812)
At 31 December 2003	2,635,347	2,122,805	30,448	4,788,600
Depreciation				
At 1 January 2003	426,658	5,483,743	92,166	6,002,567
Charge for the year	60,501	262,335	3,020	325,856
On disposals	-	(7,911)	-	(7,911)
Revaluation adjustment	(426,658)	(5,475,832)	(92,165)	(5,994,655)
At 31 December 2003	60,501	262,335	3,021	325,857
Net Book Value				
At 31 December 2003	2,574,846	1,860,470	27,427	4,462,743
At 31 December 2002	2,188,865	1,079,667	58,088	3,326,620

On 22 October 2003 the company's fixed assets were valued by external surveyors. Colliers CRE valued the company's Freehold Property and Charterfields International Consultants undertook a valuation of the company's plant and machinery.

The basis on which the valuations took place was an opinion of the price at which an interest in the fixed assets utilised in the business would have been transferred at the date of valuation.

Aston Manor Brewery Company Limited

Notes to the Consolidated Financial Statements

Year Ended 31 December 2003

11. Investments

Group	Other investments
	£
Cost	
At 1 January 2003 and 31 December 2003	<u>20,961</u>
Net Book Value	
At 31 December 2003	<u>20,961</u>
At 31 December 2002	<u>20,961</u>

Aston Manor Brewery Company Limited

Notes to the Consolidated Financial Statements

Year Ended 31 December 2003

11. Investments (continued)

At 31 December 2002 the undertakings in which the company held more than 20% of a class of the allotted equity share capital, excluding subsidiary and associated undertakings, were as follows:

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
<i>All held by the company:</i>				
The Hereford Orchard Cider Company	England	Ordinary shares	100%	Brewery Company
Roman Springs Water Company Limited	England	Ordinary shares	100%	Dormant
Highgate Brewery Limited	England	Ordinary shares	97%	Brewery Company

The capital and reserves and profit and loss for the subsidiaries as at their financial years ending with the financial year of the holding company were as follows:

	2003 £	2002 £
Aggregate capital and reserves		
The Hereford Orchards Cider Company Limited	(370,739)	(204,807)
Roman Springs Pure Water Company Limited	—	—
Highgate Brewery Limited	<u>36,235</u>	<u>223,807</u>
Profit and (loss) for the year		
The Hereford Orchards Cider Company Limited	(165,932)	(156,969)
Roman Springs Pure Water Company Limited	—	—
Highgate Brewery Limited	<u>(163,128)</u>	<u>(82,465)</u>

The market value of listed investments included within Other Investments above was £10,020 as at 31 December 2003 (2002 - £7,200).

Aston Manor Brewery Company Limited

Notes to the Consolidated Financial Statements

Year Ended 31 December 2003

11. Investments *(continued)*

Company	Group companies	Associated undertakings	Total
	£	£	£
Cost			
At 1 January 2003	223,807	20,961	244,768
Disposals	(187,572)	—	(187,572)
At 31 December 2003	<u>36,235</u>	<u>20,961</u>	<u>57,196</u>
Net Book Value			
At 31 December 2003	<u>36,235</u>	<u>20,961</u>	<u>57,196</u>
At 31 December 2002	<u>223,807</u>	<u>20,961</u>	<u>244,768</u>

12. Stocks

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Raw materials	525,998	544,488	494,723	511,191
Work in progress	137,258	147,723	130,522	134,562
Finished goods	346,702	543,560	305,297	407,965
	<u>1,009,958</u>	<u>1,235,771</u>	<u>930,542</u>	<u>1,053,718</u>

13. Debtors

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	4,163,180	4,077,378	3,804,263	3,161,266
Corporation tax repayable	—	110,932	—	110,932
Other debtors	152,884	124,834	545,343	472,344
Prepayments and accrued income	227,449	294,680	140,081	227,679
	<u>4,543,513</u>	<u>4,607,824</u>	<u>4,489,687</u>	<u>3,972,221</u>

Aston Manor Brewery Company Limited

Notes to the Consolidated Financial Statements

Year Ended 31 December 2003

14. Creditors: Amounts Falling due Within One Year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	1,684,422	1,051,862	1,512,231	936,377
Trade creditors	2,155,650	2,750,354	1,427,598	1,402,695
Amounts owed to undertakings in which the company has a participating interest	—	—	171,679	171,679
Hire purchase and finance lease agreements	1,163	4,397	—	—
Other creditors	826,333	713,894	536,047	327,839
Accruals and deferred income	680,436	767,628	565,620	653,168
	<u>5,348,004</u>	<u>5,288,135</u>	<u>4,213,175</u>	<u>3,491,758</u>

The bank overdrafts are secured by a floating charge over all of the company's assets.

15. Creditors: Amounts Falling due after More than One Year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	345,728	381,168	—	—
Other creditors	57,500	—	—	—
Accruals and deferred income	—	124,500	—	—
	<u>403,228</u>	<u>505,668</u>	<u>—</u>	<u>—</u>

The bank overdrafts are secured by a floating charge over all of the company's assets.

16. Commitments under Hire Purchase and Finance Lease Agreements

There are no future commitments under hire purchase and finance lease agreements.

17. Deferred Taxation

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Provision brought forward	17,932	42,043	6,745	42,043
Increase/(Decrease) in provision	97,568	(24,111)	117,478	(35,298)
Provision carried forward	<u>115,500</u>	<u>17,932</u>	<u>124,223</u>	<u>6,745</u>

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>115,500</u>	<u>17,932</u>	<u>124,223</u>	<u>6,745</u>

Aston Manor Brewery Company Limited

Notes to the Consolidated Financial Statements

Year Ended 31 December 2003

18. Government Grants

	<i>Group</i>		<i>Company</i>	
	2003	2002	2003	2002
	£	£	£	£
Received and receivable:				
At 1 January 2003	(163,525)	(168,800)	(163,525)	(168,800)
At 31 December 2003	<u>(163,525)</u>	<u>(168,800)</u>	<u>(163,525)</u>	<u>(168,800)</u>
Amortisation:				
At 1 January 2003	15,825	10,550	15,825	10,550
Credit to profit and loss account	—	5,275	—	5,275
At 31 December 2003	<u>15,825</u>	<u>15,825</u>	<u>15,825</u>	<u>15,825</u>
Net balance at 31 December 2003	<u>147,700</u>	<u>152,975</u>	<u>147,700</u>	<u>152,975</u>

19. Related Party Transactions

During the year the following transactions took place in which the directors had a material interest.

Lease rental charges in the sum of £8,859 (2002 - £21,527) were paid to Sandon Distribution in the year. M T Hancocks is a partner in this business. At 31st December 2003 an amount of £nil (2002 - £nil) was due from Sandon Distribution.

H D Ellis part owns premises which are occupied by the company. The rent charged in these accounts was £20,000 (2002 - £20,000). There is a formal lease in respect of the property. At 31st December 2003 an amount of £20,000 was due in respect of this rent (2002 - £ Nil).

The company sold goods in the normal course of business to Highgate Brewery Limited for £142,649 (2002 - £220,118) and made purchases of £338,261 (2002 - £339,138). Highgate Brewery Limited is a subsidiary of the company. The price charged was the normal market price in the case of each individual sale and purchase. At the balance sheet date the amount due to Highgate Brewery Limited was £ 221,721 (2002 - £208,502). During the year the company made a loan to Highgate Brewery Limited of £130,000.

As at 31st December 2003 The Hereford Orchards Cider Company owed Aston Manor Brewery Company Limited £385,853 (2002 - £355,906). The Hereford Orchards Cider Company Limited is a subsidiary of the company.

Aston Manor Brewery Company Limited

Notes to the Consolidated Financial Statements

Year Ended 31 December 2003

20. Share Capital

Authorised share capital:

	2003	2002
	£	£
545,000 Ordinary shares of £1 each	545,000	545,000
100,000 Preference shares of £1 each	100,000	100,000
	<u>645,000</u>	<u>645,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>322,081</u>	<u>322,081</u>	<u>322,081</u>	<u>322,081</u>

21. Reserves

Group	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	20,000	—	181,395	4,405,586
Loss for the year	—	—	—	(291,178)
Other gains and losses	—	—	—	—
Revaluation of fixed assets	—	760,398	—	—
Balance carried forward	<u>20,000</u>	<u>760,398</u>	<u>181,395</u>	<u>4,114,408</u>

Aston Manor Brewery Company Limited

Notes to the Consolidated Financial Statements

Year Ended 31 December 2003

21. Reserves (continued)

Company	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	20,000	—	181,395	4,478,013
Loss for the year	—	—	—	(307,174)
Other gains and losses	—	—	—	—
Revaluation of fixed assets	—	784,842	—	—
Balance carried forward	<u>20,000</u>	<u>784,842</u>	<u>181,395</u>	<u>4,170,839</u>

22. Reconciliation of Movements in Shareholders' Funds

	2003 £	2002 £
Loss for the financial year	(291,178)	(780,550)
Other net recognised gains and losses	760,398	—
Net addition/(reduction) to funds	469,220	(780,550)
Opening shareholders' equity funds	4,929,062	5,709,612
Closing shareholders' equity funds	<u>5,398,282</u>	<u>4,929,062</u>

Aston Manor Brewery Company Limited

Notes to the Consolidated Financial Statements

Year Ended 31 December 2003

23. Reconciliation of Operating Loss to Net Cash (Outflow)/Inflow From Operating Activities

	2003 £	2002 £
Operating loss	(132,473)	(905,137)
Amortisation	(38)	(38)
Depreciation	486,888	1,272,929
Loss on disposal of fixed assets	10,777	12,497
Amortisation of government grants	(5,275)	(5,275)
Decrease/(increase) in stocks	225,813	(88,884)
(Increase)/decrease in debtors	(46,621)	467,599
(Decrease)/increase in creditors	(653,488)	653,435
Impairment of fixed assets	(157,543)	156,655
Net cash (outflow)/inflow from operating activities	<u>43,126</u>	<u>1,563,781</u>

24. Reconciliation of Net Cash Flow to Movement in Net Debt

	2003 £	2002 £
Decrease in cash in the period	(633,703)	(117,471)
Net cash outflow from/(inflow) from bank loans	35,480	(307,675)
Cash outflow in respect of hire purchase and finance lease	3,234	3,233
Net cash (inflow) from other long-term creditors	(57,500)	—
Net cash outflow from long-term accruals	124,500	89,169
Cash used to decrease liquid resources	—	(20,707)
	<u>(527,989)</u>	<u>(353,451)</u>
Change in net debt	(527,989)	(513,917)
Net debt at 1 January 2003	(1,559,862)	(1,206,411)
Net debt at 31 December 2003	<u>(2,087,851)</u>	<u>(1,559,862)</u>

Aston Manor Brewery Company Limited

Notes to the Consolidated Financial Statements

Year Ended 31 December 2003

25. Analysis of Changes in Net Debt

	At 1 Jan 2003 £	Cash flows £	At 31 Dec 2003 £
Net cash:			
Cash in hand and at bank	2,065	(1,103)	962
Overdrafts	(1,007,322)	(632,600)	(1,639,922)
	<u>(1,005,257)</u>	<u>(633,703)</u>	<u>(1,638,960)</u>
Debt:			
Debt due within 1 year	(44,540)	40	(44,500)
Debt due after 1 year	(505,668)	102,440	(403,228)
Hire purchase and finance lease agreements	(4,397)	3,234	(1,163)
	<u>(554,605)</u>	<u>105,714</u>	<u>(448,891)</u>
Net debt	<u>(1,559,862)</u>	<u>(527,989)</u>	<u>(2,087,851)</u>

26. Pension Commitments

The company operates a defined contribution pension scheme for the benefit of the directors and senior employees. The assets of the scheme are administered by trustees in a fund independent from those of the group.

The pension cost charge for the year was £10,040 (2002 - £15,036).

27. Contingencies

On 21st June 2004 a writ was issued against the company and its subsidiary, The Hereford Orchards Cider Company Limited, by M T Hancocks and R J Hancocks in the sum of £949,000 with regard to abiding by a formal agreement between The Hereford Orchards Cider Company Limited and M T & R J Hancocks, for the supply of apples until 2015.

On 17th August 2004 M T Hancocks & Others issued a S459 petition in the High Court against H D Ellis, P D Ellis, Ashfold Limited and Aston Manor Brewery Company Limited seeking an order that H D Ellis, P D Ellis and Ashfold purchase all the shares held by M T Hancocks & Others in the company.