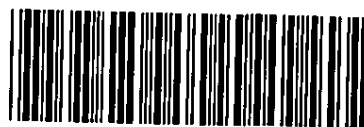


COMPANY REGISTRATION NUMBER 3965055

**REFRESH UK PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MAY 2007**

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REFRESH UK PLC

FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2007

CONTENTS	PAGE
Officers and professional advisers	1
Chief Executive's statement	2
The directors' report	3
Independent auditors' report to the shareholders	5
Profit and loss account	6
Reconciliation of movements in shareholders' funds	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10

REFRESH UK PLC

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

R G R Thompson
J A Coyle
D T Ash
A Rae

Company secretary

A West

Registered office

Wychwood Brewery
Eagle Maltings
The Crofts
Witney
Oxfordshire
OX28 4DP

Auditors

Moore Stephens
Chartered Accountants
& Registered Auditors
30 Gay Street
Bath
BA1 2PA

Bankers

HSBC Bank plc
45 Milsom Street
Bath
BA1 1DU

Solicitors

Bond Pearce
Oceana House
39-40 Commercial Road
Southampton
S015 1GA

REFRESH UK PLC

CHIEF EXECUTIVE'S STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

I am pleased to report another successful year with a further improvement in the profitability of the business, the balance sheet and in the strength of our brands

The market context continues to be challenging with overall beer sales continuing to decline and margins under significant pressure in both the On and Off Trade. However, there are some encouraging trends for us. For the first time for many years the cask ale market showed some signs of slowing its rate of decline. At the same time, premium bottled ales in the Off Trade continues to grow in value. The speciality beer sector (including premium imported lagers) is still not showing the steady growth we think will come but some brands are doing well and therein lies an opportunity. We have also generally held margins despite the pressures to reduce them and in some pack formats we have improved profitability by more effective sourcing and logistics arrangements.

EBITDA before exceptional items has again grown, from £1,002 in 2005/6 to £1,251 in 2006/7, an increase of almost 25%. Like for like turnover grew by a modest 1.3% (excluding the Bangla and Lal Toofan brands which we sold in April 2006) but underlying these figures is a significant improvement in the sales mix of those brands in our portfolio which we regard as having long term growth potential. They now represent over 70% of our total volume. Our channel sales mix is still led by the Off Trade which now represents 58% of our business and this is a good position to be in given the long term growth trends in that channel and the effectiveness of our team in developing our business there. However, we do believe there are still good opportunities in the On Trade and we are strengthening our sales team further and have been encouraged by recent results there. Export offers substantial volume potential and acceptable to good levels of profit and we continue to invest in growth, with creditable results.

Firm cost control was the key driver of profit before tax which grew to £890k. The business was strongly cash generative in the year and the balance sheet also strengthened with shareholders funds increasing by £556k.

Hobgoblin leads our brand range and has made good progress, with volume up 17% in the year. We have also enjoyed strong performance from the rest of the Wychwood stable, up 30% as a result of new pack formats and the continued growth of Wychcraft and recent successful launch of our Fair Trade beer, BeeWyched. The Brakspear range is progressing well with Triple and Organic both showing strong growth. We have also seen encouraging growth across our Agency range with Duchy and Innis and Gunn doing particularly well.

The business continues to attract positive press comment and has won a number of new awards which reinforce our confidence in the quality of our beers. We remain very committed to supporting the beer industry in efforts to improve the perception of beer among opinion formers and the general public and specifically we support initiatives to improve beer quality through Cask Marque and also wider understanding of the rich varieties of beer available through the work of the Beer Academy.

The first five months of the new fiscal year have progressed well and give us confidence that an out turn in line with budget expectations is achievable for the current fiscal year to May 2008.

Finally, I would like to pay a particular tribute to the staff of Refresh who have worked hard and with great commitment to achieve the results we have enjoyed this year.

Rupert Thompson
Chief Executive

28th November 2007

REFRESH UK PLC

THE DIRECTORS' REPORT

YEAR ENDED 31 MAY 2007

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 May 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of selling and marketing specialist and niche brands of beer. A business review of the year has been given in the Chief Executive's Statement

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements

The directors have recommended the payment of a dividend of £410,000

THE DIRECTORS

The following persons served as directors during the whole of the financial year

R G R Thompson

J A Coyle

D T Ash

A Rae

FIXED ASSETS

Movements in Fixed Assets are shown in notes 11 and 12 of the notes to the financial statements

POLICY ON THE PAYMENT OF CREDITORS

Payments to suppliers are made in accordance with terms and practices agreed with individual suppliers provided suppliers carry out their agreed obligations. The average number of days credit taken for trade purchases of the company at 31 May 2007 was 53 days (2006 52 days)

DIRECTORS' RESPONSIBILITIES

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to

select suitable accounting policies, as described on pages 10 to 11, and then apply them consistently,

make judgements and estimates that are reasonable and prudent, and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

REFRESH UK PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MAY 2007

AUDITORS

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

In so far as the directors are aware

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

Registered office
Wychwood Brewery
Eagle Maltings
The Crofts
Witney
Oxfordshire
OX28 4DP

Signed by order of the directors



A WEST
COMPANY SECRETARY

Approved by the directors on 28th November 2007

REFRESH UK PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF REFRESH UK PLC

YEAR ENDED 31 MAY 2007

We have audited the financial statements of Refresh UK PLC for the year ended 31 May 2007 on pages 6 to 20 which have been prepared on the basis of the accounting policies set out on pages 10 to 11

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 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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

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 are properly prepared in accordance with the Companies Act 1985 applicable to small companies. We also report to you if, in our opinion, the Directors' Report is consistent with the 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 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.

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 judgements 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.

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 May 2007 and of the profit 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 for the year ended 31 May 2007.

MOORE STEPHENS
Chartered Accountants
& Registered Auditors
30 Gay Street
Bath
BA1 2PA



Date 30th November 2007

REFRESH UK PLC**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MAY 2007**

	Note	2007 £	2006 £
TURNOVER	2	24,860,593	24,550,014
Cost of sales		19,949,105	19,736,834
GROSS PROFIT		4,911,488	4,813,180
Distribution costs		1,095,275	1,121,683
Administrative expenses		2,738,943	2,923,423
OPERATING PROFIT	3	1,077,270	768,074
Exceptional costs	6	-	103,716
		1,077,270	664,358
Interest receivable	7	1,207	437
Interest payable	8	(188,386)	(247,712)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		890,091	417,083
Tax on profit on ordinary activities	9	302,007	90,450
PROFIT FOR THE FINANCIAL YEAR		588,084	326,633

All of the activities of the company are classed as continuing

There were no recognised gains or losses in the year other than those disclosed in the profit and loss account

REFRESH UK PLC**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS****YEAR ENDED 31 MAY 2007**

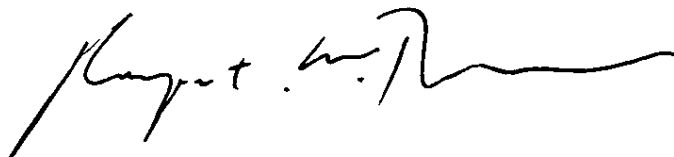
	2007	2006
	£	£
Profit for the financial year	588,084	326,633
Dividend paid	(31,824)	
	<hr/>	<hr/>
Movement in shareholders funds	556,260	326,633
	<hr/>	<hr/>
Opening shareholders' equity funds	1,275,788	949,155
	<hr/>	<hr/>
Closing shareholders' equity funds	1,832,048	1,275,788
	<hr/>	<hr/>

REFRESH UK PLC**BALANCE SHEET****AS AT 31 MAY 2007**

		2007	2006
		£	£
FIXED ASSETS			
Intangible assets	11	112,952	112,952
Tangible assets	12	1,661,832	1,611,651
		<hr/>	<hr/>
		1,774,784	1,724,603
CURRENT ASSETS			
Stocks	13	1,375,951	940,778
Debtors	14	7,014,331	6,641,048
Cash at bank and in hand		293,771	13,455
		<hr/>	<hr/>
		8,684,053	7,595,281
CREDITORS: Amounts falling due within one year	15	7,482,904	6,716,946
		<hr/>	<hr/>
NET CURRENT ASSETS		1,201,149	878,335
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,975,933	2,602,938
		<hr/>	<hr/>
CREDITORS: Amounts falling due after more than one year	16	896,751	1,151,769
		<hr/>	<hr/>
		2,079,182	1,451,169
		<hr/>	<hr/>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	18	247,134	175,381
		<hr/>	<hr/>
		1,832,048	1,275,788
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called-up equity share capital	21	50,002	50,002
Profit and loss account		1,782,046	1,225,786
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS		1,832,048	1,275,788
		<hr/>	<hr/>

These financial statements were approved by the directors on the 28th November 2007 and are signed on their behalf by

R G R THOMPSON



REFRESH UK PLC**CASH FLOW STATEMENT****AS AT 31 MAY 2007**

	Note	2007 £	2006 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	22	1,114,387	1,474,690
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	22	(187,179)	(247,275)
TAXATION AND DIVIDENDS	22	(104,440)	(59,351)
CAPITAL EXPENDITURE	22	(221,425)	(47,455)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<hr/> 601,343	<hr/> 1,120,609
FINANCING	22	(257,938)	449,228
INCREASE IN CASH	22	<hr/> <hr/> 343,405	<hr/> <hr/> 1,569,837

REFRESH UK PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

Turnover

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

Goodwill

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separate net assets

Amortisation

Goodwill and Intangible assets are not being amortised and, in accordance with FRS10 the directors will revisit this area each year performing a review to ensure that no impairment has taken place

These intangible assets were previously being written off over 5 years on a straight line basis

Fixed assets

All fixed assets are initially recorded at cost

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

Leasehold Property	-	over the term of the lease
Plant & Machinery	-	10 -33% straight line
Fixtures & Fittings	-	33% straight line
Computer equipment	-	20% straight line
Yeasts	-	20% straight line

Joint venture

Refresh UK Plc has a joint venture in The Beer Club of Great Britain, the results of which have been excluded from these consolidated financial statements on the grounds of immateriality

REFRESH UK PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2007

1 ACCOUNTING POLICIES (continued)

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.

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 money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

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 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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

REFRESH UK PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MAY 2007****2. TURNOVER**

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

An analysis of turnover is given below

	2007	2006
	£	£
United Kingdom	23,498,757	23,487,231
Europe	451,572	470,672
Rest of the world	910,264	592,111
	<hr/>	<hr/>
	24,860,593	24,550,014

Profit before taxation and net assets attributable to each geographical segment have not been disclosed as, in the opinion of the directors, such disclosures would prejudice the company's interests

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2007	2006
	£	£
Depreciation of owned fixed assets	174,044	170,562
Loss on disposal of fixed assets	1,800	-
Auditors' remuneration		
- as auditors	20,000	20,000
- for other services	8,242	4,449
Operating lease costs		
Land and buildings	71,717	78,754
Vehicles	44,954	49,016
	<hr/>	<hr/>

4. PARTICULARS OF EMPLOYEES

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

	2007	2006
	No.	No.
Production	11	11
Sales	15	19
Administration	17	22
	<hr/>	<hr/>
	43	52

The aggregate payroll costs of the above were

	2007	2006
	£	£
Wages and salaries	1,526,594	1,622,751
Social security costs	147,691	173,101
Other pension costs	70,924	80,500
	<hr/>	<hr/>
	1,745,209	1,876,352

REFRESH UK PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MAY 2007****5. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were

	2007	2006
	£	£
Emoluments receivable	245,312	256,251
Value of company pension contributions to money purchase schemes	24,268	26,073
	<u>269,580</u>	<u>282,324</u>

Emoluments of highest paid director:

	2007	2006
	£	£
Total emoluments (excluding pension contributions)	120,290	113,157
Value of company pension contributions to money purchase schemes	14,282	13,683
	<u>134,572</u>	<u>126,840</u>

The number of directors who are accruing benefits under company pension schemes was as follows

	2007	2006
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

6. EXCEPTIONAL COSTS

	2007	2006
	£	£
Restructuring costs and management re-organisation	-	321,163
Less Profit on sale of brands	-	217,447
Net Exceptional Cost	<u>-</u>	<u>103,716</u>

The comparative restructuring costs include £157,826 paid to directors for loss of office. For Corporation Tax purposes, the Profit on sale gave rise to a chargeable gain of £168,349 and the restructuring costs were all allowable expenses.

7. INTEREST RECEIVABLE

	2007	2006
	£	£
Bank interest receivable	<u>1,207</u>	<u>437</u>

REFRESH UK PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MAY 2007****8. INTEREST PAYABLE**

	2007	2006
	£	£
Interest payable on bank borrowing	96,310	88,210
Other similar charges payable	92,076	159,502
	<u>188,386</u>	<u>247,712</u>

9. TAX ON PROFIT ON ORDINARY ACTIVITIES**(a) Analysis of charge in the year**

	2007	2006
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year	230,254	79,741
(Over) provision in prior year	-	-
	<u>230,254</u>	<u>79,741</u>
Total current tax	230,254	79,741
Deferred tax		
Increase in deferred tax provision	71,753	10,709
	<u>302,007</u>	<u>90,450</u>
Tax on profit on ordinary activities		

(b) Factors affecting current tax charge

	2007	2006
	£	
Profit/(loss) on ordinary activities before taxation	<u>890,091</u>	<u>417,083</u>
Profit/(loss) on ordinary activities at standard CT rate of 30% (30% in 2006)	267,027	125,125
Expenses not taxable for tax purposes - fixed assets	-	(54,000)
Chargeable gains	-	50,505
Expenses not deductible for tax purposes - tax adjustments	3,752	6,110
Capital allowances in excess of depreciation	(22,330)	(16,909)
Marginal relief	(18,195)	(31,090)
	<u>230,254</u>	<u>79,741</u>
Total current tax (note 9(a))		

10. DIVIDENDS

A dividend of £31,824 has been paid in the year (2006 NIL), and a dividend of £410,000 is proposed for payment in the current year

REFRESH UK PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MAY 2007****11. INTANGIBLE FIXED ASSETS**

	Goodwill £	Manufacturing Know How and Trade Marks £	Total £
COST			
At 1 June 2006	12,579	260,098	272,677
Additions	-	-	-
At 31 May 2007	12,579	260,098	272,677
AMORTISATION			
At 1 June 2006	7,649	152,076	159,725
Charge for the year	-	-	-
At 31 May 2006	7,649	152,076	159,725
NET BOOK VALUE			
At 31 May 2007	4,930	108,022	112,952
At 31 May 2006	4,930	108,022	112,952

12. TANGIBLE FIXED ASSETS

	Short Leasehold Property £	Plant & Machinery £	Fixtures & fittings £	Computer Equipment £	Yeast £	Total £
COST						
At 1 Jun 2006	273,830	1,724,529	66,552	260,555	39,600	2,365,066
Additions	30,562	63,667	-	132,796	-	227,025
Disposals	-	(256,981)	-	-	-	(256,981)
At 31 May 2007	304,392	1,531,215	66,552	393,351	39,600	2,335,110
DEPRECIATION						
At 1 Jun 2006	39,219	439,479	62,297	185,819	26,601	753,415
Charge for the year	23,476	99,313	2,792	35,464	12,999	174,044
Disposals	-	(254,181)	-	-	-	(254,181)
At 31 May 2007	62,695	284,611	65,089	221,283	39,600	673,278
NET BOOK VALUE						
At 31 May 2006	241,697	1,246,604	1,463	172,068	-	1,661,832
At 31 May 2005	234,611	1,285,050	4,255	74,736	12,999	1,611,651

REFRESH UK PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MAY 2007****13. STOCKS**

	2007	2006
	£	£
Work in progress	68,622	34,273
Finished goods	1,307,329	906,505
	<hr/> 1,375,951	<hr/> 940,778

There is no material difference between the replacement cost of stocks and their balance sheet amounts

14. DEBTORS

	2007	2006
	£	£
Trade debtors	3,789,597	3,273,820
Amounts owed by group undertakings	3,041,406	3,041,406
Other debtors	120,458	244,551
Prepayments and accrued income	62,870	81,271
	<hr/> 7,014,331	<hr/> 6,641,048

15. CREDITORS: Amounts falling due within one year

	2007	2006
	£	£
Bank loans and overdrafts	260,000	326,008
Trade creditors	3,826,574	3,454,153
Amounts owed to group undertakings	1,103,348	1,096,224
Other creditors including taxation and social security		
Corporation tax	228,086	79,741
Other taxation and social security	695,107	693,941
Other creditors	539,893	524,644
	<hr/> 6,653,008	<hr/> 6,174,711
Accruals and deferred income	829,896	542,235
	<hr/> 7,482,904	<hr/> 6,716,946

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2007	2006
	£	£
Bank loans and overdrafts	<hr/> 260,000	<hr/> 326,008

16. CREDITORS Amounts falling due after more than one year

	2007	2006
	£	£
Bank loans and overdrafts	<hr/> 896,751	<hr/> 1,151,769

Both bank loans and overdrafts falling due within one year and after more than one year are secured by a fixed and floating charge, held by HSBC Bank Plc, over the assets of the group
Interest is charged at 2.5% over bank base rate and monthly repayments are £29,712

REFRESH UK PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MAY 2007****17. PENSIONS**

The company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £70,924 (2006 £80,500). There are no outstanding or prepaid contributions at the year end.

18. DEFERRED TAXATION

	2007 £	2006 £
The movement in the deferred taxation provision during the year was		
Provision brought forward	175,381	164,672
Profit and loss movement in year (see note 9)	71,753	10,709
Provision carried forward	<u>247,134</u>	<u>175,381</u>

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

	2007 £	2006 £
Excess of taxation allowances over depreciation on fixed assets	247,134	175,381
Other timing differences	-	-
	<u>247,134</u>	<u>175,381</u>

19. COMMITMENTS UNDER OPERATING LEASES

At 31 May 2007 the company had annual commitments under non-cancellable operating leases as set out below

	2007		2006	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire				
Within 1 year	-	-	-	-
Within 2 to 5 years	-	25,366	-	17,242
After more than 5 years	71,480	-	66,543	
	<u>71,480</u>	<u>25,366</u>	<u>66,543</u>	<u>17,242</u>

REFRESH UK PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MAY 2007****20. CONTINGENCIES**

The Company is party to a cross-guarantee with HSBC Bank Plc in respect of the borrowings of other undertakings in the Refresh Group including Refresh Group Limited, The Far East Beer Company Limited and The Wychwood Brewery Company Limited

21. SHARE CAPITAL**Authorised share capital:**

	2007 £	2006 £
1,765,000 Ordinary shares of £0.10 each	176,500	176,500

Allotted, called up and fully paid

	2007 No	£	2006 No	£
Ordinary shares of £0.10 each	500,020	50,002	500,020	50,002

22. NOTES TO THE STATEMENT OF CASH FLOWS**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2007 £	2006 £
Operating profit	1,077,270	768,074
Depreciation	174,044	170,562
Decrease/(Increase) in stocks	(435,172)	179,798
Decrease/(Increase) in debtors	(373,283)	21,062
Increase in creditors	671,528	328,910
Restructuring costs and management reorganisation	-	(321,163)
Proceeds from sale of brands	-	327,447
Net cash inflow from operating activities	1,114,387	1,474,690

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2007 £	2006 £
Interest received	1,207	437
Interest paid	(188,386)	(247,712)
Net cash outflow from returns on investments and servicing of finance	(187,179)	(247,275)

REFRESH UK PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MAY 2007****22. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)****TAXATION AND DIVIDENDS**

	2007	2006
	£	£
Taxation paid in year	(79,740)	(59,351)
Dividends paid in year	(24,700)	-
	<u>(104,440)</u>	<u>(59,351)</u>

CAPITAL EXPENDITURE

	2007	2006
	£	£
Payments to acquire tangible fixed assets	(227,025)	(49,785)
Receipts from sale of fixed assets	5,600	2,330
Net cash (outflow)/inflow from capital expenditure	<u>(221,425)</u>	<u>(47,455)</u>

FINANCING

	2007	2006
	£	£
Receipt of bank loans	-	1,500,000
Capital Element of loan repayments	(257,938)	(1,050,772)
Net cash (outflow)/inflow from financing	<u>(257,938)</u>	<u>449,228</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2007	2006
	£	£
Increase in cash in the period	343,405	1,569,837
Cash outflow/(inflow) from decrease in debt financing	257,938	(449,228)
Change in net debt	<u>601,343</u>	<u>1,120,609</u>
Net funds at 1 June 2006	(1,464,322)	(2,584,931)
Net debt at 31 May 2007	<u>(862,979)</u>	<u>(1,464,322)</u>

REFRESH UK PLC**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MAY 2007****22. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)****ANALYSIS OF CHANGES IN NET DEBT**

	At 1 June 2006 £	Cash flows £	At 31 May 2007 £
Net cash			
Cash in hand and at bank	13,455	280,317	293,772
Overdrafts	(63,088)	63,088	-
	(49,633)	343,405	293,772
Debt			
Debt due within 1 year	(262,920)	2,920	(260,000)
Debt due after 1 year	(1,151,769)	255,018	(896,751)
	(1,414,689)	257,938	(1,156,751)
Net debt	(1,464,322)	601,343	(862,979)

23. RELATED PARTY TRANSACTION

The company, has an interest in The Beer Academy with whom the it has traded with during the year £1,200 was invoiced by the Beer Academy, but no amount was owed at the end of the year (2006 NIL)

24. ULTIMATE PARENT COMPANY

The Company's ultimate parent undertaking and the only company to prepare consolidated financial statements including the company's results is Ryland Thompson Limited, a company incorporated in the United Kingdom

25. SUBSEQUENT EVENTS

Refresh UK Plc sold its investment in the Beer Club of Britain Limited on 10th July 2007