

REFRESH UK PLC

ANNUAL REPORT

For the 70 weeks ended 4 October 2008

Registered Number 3965055

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REFRESH UK PLC

ANNUAL REPORT

70 weeks ended 4 October 2008

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REFRESH UK PLC

DIRECTORS' REPORT

The Directors submit their report and the audited financial statements of the Company for the 70 weeks ended 4 October 2008 (2007: year ended 31 May 2007).

Principal activities

The principal activity of the Company is the selling and marketing of specialist and niche beer brands.

Review of business

On 2 April 2008 the Company's ultimate parent company, Ryland Thompson Limited, was acquired by Marston's Acquisitions Limited, a subsidiary of Marston's PLC.

The Company made a profit after taxation of £1,335,000 (2007: profit of £588,000).

Performance

The Directors of Marston's PLC manage the Group's operations on a divisional, rather than statutory entity basis. The development, performance and position of the Group which includes the Company are discussed within the Business Review of the Marston's PLC Annual Report which does not form part of this report.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the Marston's Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group which include those of the Company are discussed within the Business Review of the Marston's PLC Annual Report which does not form part of this report.

Further, the key performance indicators (KPIs), and financial risk management of the Company are integrated with that of the Marston's Group and are not assessed separately. An analysis of the KPIs of the Group, which include those of the Company, together with the Group's financial risk exposure, and the management objectives and policies thereon, is presented within the Business Review of the Marston's PLC Annual Report.

Future developments

No changes are anticipated in the nature of the business in the foreseeable future.

Dividends

During the period a dividend of £0.820 per ordinary share was declared and paid, amounting to £410,000 (2007: a dividend of £0.064 per ordinary share was declared and paid, amounting to £32,000).

Directors

The Directors who held office during the period, and up to the date of this report, were as follows:

R G R Thompson	(resigned 2 April 2008)
J A Coyle	(resigned 2 April 2008)
D T Ash	(resigned 2 April 2008)
A Rae	(resigned 2 April 2008)
D Andrew	(appointed 2 April 2008)
R Findlay	(appointed 2 April 2008)
P Inglett	(appointed 2 April 2008)
S J Oliver	(appointed 2 April 2008)
A Darby	(appointed 2 April 2008)

REFRESH UK PLC

DIRECTORS' REPORT (continued)

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

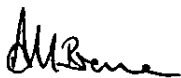
Auditors and disclosure of information to auditors

In the case of each of the persons who are Directors at the time when the report is approved, the following applies:

- a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Moore Stephens resigned on 2 April 2008 following the sale of the Company. PricewaterhouseCoopers LLP ("PwC") were appointed as auditors by the new Directors on 2 April 2008. PwC has indicated its willingness to continue in office and a resolution proposing its reappointment will be put to the Annual General Meeting.

Approved by the Board on 5 December 2008 and signed on its behalf by



Anne-Marie Brennan
Company secretary
5 December 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REFRESH UK PLC

We have audited the financial statements of Refresh UK PLC for the 70 weeks ended 4 October 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

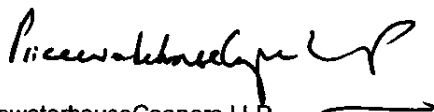
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

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 4 October 2008 and of its profit for the 70 weeks 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
5 December 2008

REFRESH UK PLC

PROFIT AND LOSS ACCOUNT

For the 70 weeks ended 4 October 2008

	Notes	70 weeks ended 4 October 2008 £'000	Year ended 31 May 2007 £'000
Turnover	2	44,374	24,861
Trading expenses			
Before exceptional costs	3	(42,211)	(23,784)
Exceptional costs	3	(129)	-
Total trading expenses		(42,340)	(23,784)
Operating profit		2,034	1,077
Loss on disposal of fixed assets		(115)	-
Profit on ordinary activities before interest		1,919	1,077
Interest payable and similar charges	6	(177)	(188)
Interest receivable and similar income	7	9	1
Profit on ordinary activities before taxation		1,751	890
Taxation charge on profit on ordinary activities	8	(416)	(302)
Profit for the period	21	1,335	588

All results relate to continuing operations.

There is no difference between the profit shown above and the profit for the period stated on an unmodified historical cost basis.

There are no recognised gains and losses other than those presented in the profit and loss account.

REFRESH UK PLC

BALANCE SHEET As at 4 October 2008

	Notes	4 October 2008 £'000	31 May 2007 £'000
Fixed assets			
Intangible assets	10	113	113
Tangible assets	11	1,518	1,662
		<u>1,631</u>	<u>1,775</u>
Current assets			
Stocks	12	312	1,376
Debtors	13	5,678	7,014
Cash at bank and in hand		21	294
		<u>6,011</u>	<u>8,684</u>
Creditors (amounts falling due within one year)	14	(4,565)	(7,483)
Net current assets		<u>1,446</u>	<u>1,201</u>
Total assets less current liabilities		3,077	2,976
Creditors (amounts falling due after more than one year)	15	-	(897)
Provisions for liabilities and charges	16	(320)	(247)
Net assets		<u>2,757</u>	<u>1,832</u>
Capital and reserves			
Called up share capital	20	50	50
Profit and loss account	21	2,707	1,782
Total shareholders' funds	22	<u>2,757</u>	<u>1,832</u>

The financial statements on pages 5 to 14 were approved by the Board on 5 December 2008 and were signed on its behalf by:



Paul Inglett
Director
5 December 2008

REFRESH UK PLC

NOTES

1 Accounting Policies

(a) Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards.

Accounting policies applied are consistent with the prior period.

(b) Cash flow statement and related party disclosures

The Company is a wholly-owned subsidiary of Marston's PLC and is included in the consolidated financial statements of that company, which are publicly available. Consequently, Refresh UK PLC has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised). The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Marston's PLC Group, from the acquisition date of 2 April 2008. There were no such transactions prior to that date.

(c) Turnover

Turnover comprises the value of goods and services supplied to customers. Turnover is recorded net of discounts and VAT.

(d) Goodwill and other intangible assets

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

Other intangible assets are carried at cost less accumulated amortisation and any impairment losses

Goodwill and other intangible fixed assets are not being amortised but, in accordance with FRS 10, the Directors undertake an impairment review each financial period to identify any impairment to carrying value.

Intangible assets were previously being written off over 5 years on a straight-line basis.

(e) Tangible fixed assets

Land and buildings represent lease premiums paid. These are stated at cost and depreciated over the lower of the lease period and 50 years. Plant, machinery, fixtures and fittings are stated at cost and depreciated on a straight-line basis to residual value over periods ranging from five to 15 years, being their anticipated useful lives.

(f) Fixed asset disposals

Profit/loss on fixed asset disposals is net sale proceeds less carrying value of the assets.

(g) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes direct materials and a proportion of attributable overheads.

(h) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date which give rise to an obligation to pay more or less tax in the future. Timing differences are differences between the Company's taxable profits and profits as stated in the accounts. Deferred tax assets and liabilities are not discounted and assets are only recognised where recoverability is probable.

(i) Leases

Rental costs under operating leases are charged to the profit and loss account over the term of the lease.

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1 Accounting policies (continued)

(j) Pensions

The Company operated 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.

(k) 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.

2 Segmental analysis

The turnover and profit before tax are attributable to the principal activity of the Company.

An analysis of turnover is given below:

	70 weeks ended 4 October 2008 £'000	Year ended 31 May 2007 £'000
United Kingdom	42,103	23,499
Europe	627	452
Rest of the world	1,644	910
	44,374	24,861

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 Trading expenses

	70 weeks ended 4 October 2008 £'000	Year ended 31 May 2007 £'000
Before exceptional expenses		
Change in stocks of work in progress and finished goods	(1,064)	435
Depreciation of tangible fixed assets	466	174
Operating lease rentals – plant & machinery	53	49
Operating lease rentals – other	92	79
Auditors' remuneration		
- as auditors	-	20
- for other services	-	8
Other operating charges	42,664	23,019
	42,211	23,784
Exceptional expenses		
Reorganisation and redundancy costs	129	-
	42,340	23,784

With effect from 2 April 2008 auditors' remuneration is borne by the ultimate parent company, Marston's PLC (year ended 31 May 2007: £28,000 paid by Refresh UK Plc).

The tax credit relating to the above exceptional items amounts to £37,000 (2007: £nil).

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4 Employees

The average monthly number of employees during the period was:

	70 weeks ended 4 October 2008	Year ended 31 May 2007
Production	9	11
Sales	12	15
Administration	20	17
	41	43

Staff costs consist of:

	70 weeks ended 4 October 2008 £'000	Year ended 31 May 2007 £'000
Wages and salaries	2,125	1,526
Social security costs	244	148
Pension costs	97	71
	2,466	1,745

5 Directors' emoluments

	70 weeks ended 4 October 2008 £'000	Year ended 31 May 2007 £'000
Total		
Aggregate emoluments	246	246
Pension costs	25	24
Compensation for loss of office	12	-
	283	270

Emoluments of the highest paid Director

	70 weeks ended 4 October 2008 £'000	Year ended 31 May 2007 £'000
Remuneration	124	120

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

	70 weeks ended 4 October 2008 Number	Year ended 31 May 2007 Number
Money purchase schemes	-	2

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6 Interest payable and similar charges

	70 weeks ended 4 October 2008 £'000	Year ended 31 May 2007 £'000
Bank interest	81	96
Other similar charges	96	92
	177	188

7 Interest receivable and similar income

	70 weeks ended 4 October 2008 £'000	Year ended 31 May 2007 £'000
Bank interest	9	1

8 Taxation

	70 weeks ended 4 October 2008 £'000	Year ended 31 May 2007 £'000
Current tax:		
Corporation tax on profit for the period	534	230
Deferred tax (note 16)		
Deferred tax in relation to the period	(118)	72
Taxation charge on profit on ordinary activities	416	302

The actual tax rate for the period is higher than (2007: lower than) the standard rate of corporation tax of 29% (2007: 30%). The differences are explained below:

	70 weeks ended 4 October 2008 £'000	Year ended 31 May 2007 £'000
Profit on ordinary activities before tax	1,751	890
Profit before tax multiplied by the corporation tax rate of 29% (2007: 30%)	508	267
Effect of:		
Costs not deductible for tax purposes	26	3
Excess of depreciation over capital allowances	61	(22)
Rate difference	12	(18)
Gain not taxable	(127)	-
Other timing differences	54	-
Current period taxation charge	534	230

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly the Company's profits for this accounting period are taxed at an effective rate of 29% and will be taxed at 28% in the future.

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9 Dividends

	70 weeks ended 4 October 2008 £'000	Year ended 31 May 2007 £'000
Paid in the period		
Interim dividend for 2008 of £0.820 per ordinary share (2007: £0.064 per ordinary share)	<u>410</u>	<u>32</u>

10 Intangible fixed assets

	Goodwill £'000	Manufacturing Know How and Trade Marks £'000	Total £'000
Cost			
At 31 May 2007 and 4 October 2008	13	260	273
Amortisation			
At 31 May 2007 and 4 October 2008	(8)	(152)	(160)
Net book value			
At 31 May 2007 and 4 October 2008	<u>5</u>	<u>108</u>	<u>113</u>

11 Tangible fixed assets

	Land and buildings £'000	Plant, fixtures and fittings £'000	Total £'000
Cost			
At 1 June 2007	304	2,031	2,335
Additions	-	437	437
Disposals	-	(403)	(403)
At 4 October 2008	<u>304</u>	<u>2,065</u>	<u>2,369</u>
Depreciation			
At 1 June 2007	62	611	673
Charge for the period	22	224	246
Disposals	-	(288)	(288)
Impairment	220	-	220
At 4 October 2008	<u>304</u>	<u>547</u>	<u>851</u>
Net book value			
At 4 October 2008	<u>-</u>	<u>1,518</u>	<u>1,518</u>
At 31 May 2007	<u>242</u>	<u>1,420</u>	<u>1,662</u>

The net book value of land and buildings relates to leasehold properties under 50 years unexpired.

The impairment of £220,000 (2007: £nil) has been taken to the profit and loss account.

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12 Stocks

	4 October 2008 £'000	31 May 2007 £'000
Work in progress	-	69
Finished goods	312	1,307
	312	1,376

13 Debtors

	4 October 2008 £'000	31 May 2007 £'000
Trade debtors	2,361	3,790
Amounts owed by Group undertakings	3,307	3,041
Other debtors	10	120
Prepayments	-	63
	5,678	7,014

14 Creditors (amounts falling due within one year)

	4 October 2008 £'000	31 May 2007 £'000
Bank loans and overdrafts	-	260
Trade creditors	374	3,827
Amounts owed to Group undertakings	3,004	1,103
Corporation tax	530	228
Other taxation and social security	-	695
Other creditors	27	540
Accruals and deferred income	630	830
	4,565	7,483

The following liabilities disclosed under creditors falling due within one year were secured:

	4 October 2008 £'000	31 May 2007 £'000
Bank loans and overdrafts	-	260

15 Creditors (amounts falling due after more than one year)

	4 October 2008 £'000	31 May 2007 £'000
Bank loans and overdrafts	-	897

At 31 May 2007 bank loans and overdrafts falling due within one year and after more than one year were secured by a fixed and floating charge, held by HSBC Bank plc, over the assets of the Group. Interest was charged at 2.5% over bank base rate and monthly repayments were £29,712. All borrowings were repaid following the acquisition of the group by Marston's PLC.

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16 Provisions for liabilities and charges

	Deferred tax £'000	Property leases £'000	Total £'000
At 1 June 2007	247	-	247
Profit and loss account	(118)	191	73
At 4 October 2008	129	191	320

The amount provided in respect of deferred tax is as follows:

	4 October 2008 £'000	31 May 2007 £'000
Excess of capital allowances over accumulated depreciation	183	247
Other timing differences	(54)	-
	129	247

Deferred tax has been calculated at the tax rates expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted at the balance sheet date.

Property leases:

When valuations of leasehold properties (based on future estimated income streams) give rise to a deficit as a result of onerous lease conditions they are recognised as liabilities in provisions. Payments are expected to be ongoing on the properties for a period of 11 years.

17 Pensions

The Company operated 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 £97,000 (year ended 31 May 2007: £71,000). There are no outstanding or prepaid contributions at the period end (2007: £nil).

18 Commitments under operating leases

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

	4 October 2008		31 May 2007	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	-	-	-	-
Within two to five years	-	25	-	25
After five years	76	-	71	-
	76	25	71	25

19 Contingencies

At 31 May 2007 the Company was party to a cross-guarantee with HSBC Bank plc in respect of the borrowings of other undertakings in the Refresh group. All borrowings were repaid following the acquisition of the group by Marston's PLC.

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20 Called up share capital

	4 October 2008 £'000	31 May 2007 £'000
Authorised	177	177
1,765,000 ordinary shares of £0.10 each		
Allotted, issued and fully paid	50	50
500,020 ordinary shares of £0.10 each		

21 Reserves

	Profit and loss account £'000
At 1 June 2007	1,782
Profit for the financial period	1,335
Dividends paid	(410)
At 4 October 2008	2,707

22 Reconciliation of movement in shareholders' funds

	70 weeks ended 4 October 2008 £'000	Year ended 31 May 2007 £'000
Profit for the financial period	1,335	588
Dividends paid	(410)	(32)
Net addition to shareholders' funds	925	556
Opening shareholders' funds	1,832	1,276
Closing shareholders' funds	2,757	1,832

23 Ultimate parent undertaking

The immediate parent undertaking is Refresh Group Limited.

Prior to 2 April 2008 the Directors regarded Ryland Thompson Limited, a company registered in the United Kingdom, as the Company's ultimate parent company and Rupert Thompson, the majority shareholder of Ryland Thompson Limited, as the ultimate controlling party. The parent undertaking of the smallest and largest group which included the Company, and for which group financial statements were prepared, was Ryland Thompson Limited.

With effect from 2 April 2008 the ultimate parent undertaking and controlling party is Marston's PLC, which is the parent undertaking of the smallest and largest group to consolidate the financial statements of Refresh UK Plc. Copies of the Group financial statements can be obtained from the Company Secretary, Marston's House, Brewery Road, Wolverhampton, WV1 4JT.