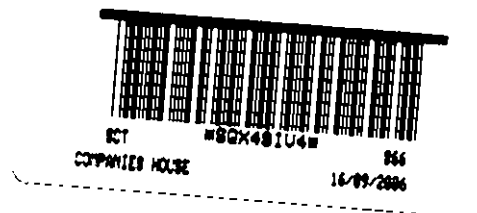


Islay Ales Company Ltd
Financial Statements
For year ended 31 March 2006

Page 1.	Company Information
Page 2.	Report of the Directors
Page 3.	Accountants' Report
Page 4.	Profit and Loss Account
Page 5-6.	Balance Sheet
Page 7-10	Notes to the Account



Islay Ales Company Limited
Company Information
For year ended 31 March 2006

Directors:	Paul V Capper Paul V Hathaway Walter Shobert
Secretary:	Elizabeth Hathaway
Registered Office:	Islay House Square Bridgend Isle of Islay Argyll PA44 7NZ
Registered Number:	SC 243892
Accountants:	J McGilvary Business Services U/F Bank of Scotland Shore Street Bowmore Isle of Islay Argyll PA43 7LB

Islay Ales Company Ltd
Report of Directors
For year ended 31 March 2006

The Directors present their report with the financial statements of the company for the year ended 31 March 2006.

RESULTS AND DIVIDENDS

The profit for the year amounts to £2,687. No dividends were paid.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the operation of a Micro Brewery.

DIRECTORS AND THEIR INTEREST

The directors at 31 March 2006 and their interests in the share capital of the company were as follows:

	At 31.03.06 Ordinary Shares
Paul V Capper	1
Paul V Hathaway	1
Walter Schobert	1

The company was incorporated on 13 February 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the accounts, directors are required to :-


Select suitable accounting policies then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

Prepare the accounts on the going concern basis unless it is appropriate 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 accounts comply with the Companies Act. 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.

By order of the board



Secretary
Elizabeth Hathaway Date 23/8/06

Islay Ales Company Ltd
Accountants' Report
For year ended 31 March 2006

Accountants' report to the shareholders on the unaudited accounts of Islay Ales Company Limited.

We report on the accounts for the year ended 31 March 2006 set out on pages 4-10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

As described on page 5 of the company's directors are responsible for the preparation of the accounts, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

BASIS OF OPINION

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants and so our procedures consisted of comparing the accounts with the accounting records kept by the company and making such limited enquiries of the company as we considered necessary for the purpose of this report. These procedures only provide assurance expressed on our opinion.

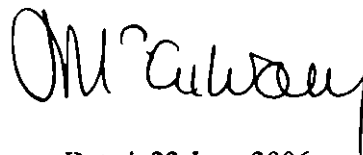
OPINION

In our opinion:

- A) the accounts are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985.
- B) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the accounts for the period specified in Section 249A(4) of the Act and did not, at any time within that period, fall within any of the categories of companies not entitled to the exemption specified in Section 249 B (1)

Reporting Accountants

J McGilvary Business Services
U/f Bank of Scotland
Shore Street
Bowmore
Isle of Islay



Dated 22 June 2006

Islay Ales Company Limited
Profit and Loss Account
For year ended 31 March 2006

	Notes	£	2006 £	£	2005 £
Turnover	2		85,762		74,747
Cost of Goods Sold			<u>38,890</u>		<u>28,108</u>
Gross Profit			46,872		46,639
Interest Received			<u>0</u>		<u>0</u>
			46,872		46,639
Other Income			<u>5,500</u>		<u>1,000</u>
			52,372		47,639
Administrative Expenses			<u>46,758</u>		<u>40,275</u>
Operating Profit	3		5,614		7,364
Interest Payable and Similar Charges			<u>6,091</u>		<u>4,677</u>
Profit on Ordinary Activities before Taxation			-478		2,687
Tax on Profit on Ordinary Activities			<u>0</u>		<u>0</u>
Profit for Year after Taxation			-478		2,687
Retained Profit/(Loss) brought forward			-11,068		-13,755
Profit Carried Forward			<u><u>-11,546</u></u>		<u><u>-11,068</u></u>

Balance Sheet**As at 31 March 2006**

	Notes	£	2006 £	£	2005 £
Fixed Assets					
Tangible Assets	5		20,866		23,308
Current Assets					
Stock		16,279		20,435	
Debtors	6	3,996		5,554	
Cash in hand		1		17	
			20,276	26,007	
Creditors					
Amounts Falling Due within One Year	7	35,294		34,755	
			-15,018		-8,748
Total Assets Less Current Liabilities			5,848		14,560
Creditors					
Amounts Falling Due after One Year	8		17,388		25,623
			-11,541		-11,063
Reserves					
Called Up Share Capital		5		5	
Profit and Loss Account		-11,546		-11,068	
			-11,541		-11,063

The directors have taken advantage of the exemptions available to small companies conferred by Section 246 of, and contained in Section A Part III of Schedule 8 to, Companies Act 1985, on the grounds that the company qualifies for those exemptions as a small company under Section 247 of the Companies Act 1985.


The directors confirm that for the year ended 31 March 2006 the company is eligible to take advantage of the exemption from an audit under Section 249A(1) of the Companies Act 1985 and that no shareholders holding more than 10% of the issue share capital have requested an audit under Section 249B(2) of the Companies Act 1985.

The directors acknowledge their obligations to keep proper accounting records which comply with Section 221 of the Companies Act 1985 and to prepare accounts which give a true and fair view of the company's position in accordance with the requirements of Section 226 of the Companies Act 1985.

Islay Ales Company Limited
Balance Sheet cont

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002)

ON BEHALF OF THE BOARD



Elizabeth Hathaway

Approved by the board on ..23/8/06

Islay Ales Company Limited
Notes to Financial Statements
For year ended 31 March 2006

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard for Smaller Entities (effective June 2002)

b) Tangible Fixed Assets

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life.

Plant & Equipment	15% reducing balance
Computer	25% reducing balance
Tenant Improvements	15% reducing balance
Office Equipment & Furniture	15% reducing balance
Fixture & Fittings	15% reducing balance
Motor Van	20% reducing balance

c) Stocks

Stocks are valued at the lower of cost and net realisable value.

d) Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

e) Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding

2. TURNOVER

Turnover which is stated net of value added tax and discounts allowed, represents amounts charged to third parties including in respect of amounts not invoiced.

3. OPERATING PROFIT

This is stated after charging:

	2006	2005
	£	£
Depreciation - owned assets	2,487	1,025
Depreciation - Leased assets	1,584	3,589
	<u>4,072</u>	<u>4,614</u>

4. DIVIDENDS

No dividend was paid

5. TANGIBLE FIXED ASSETS

	Additions	31/3/06	31/03/05
	£	£	£
Cost:			
Plant & Equipment	1,572	20,068	18,496
Computer	0	2,570	2,570
Tenant Improvements	57	3,837	3,780
Motor Van	0	4,648	4,648
Fixtures & Fittings	0	977	977
Office Equipment & Furniture	0	1,108	1,108
	<u>1,629</u>	<u>33,208</u>	<u>25,954</u>
Depreciation:			
Plant & Equipment	2,310	6,977	4,667
Computer	362	1,481	1,119
Tenant Improvements	411	1,506	1,095
Motor Van	744	1,674	930
Fixtures & Fittings	124	270	146
Office Equipment & Furniture	119	434	315
	<u>4,070</u>	<u>12,342</u>	<u>8,272</u>
Net book value		<u>20,866</u>	<u>17,682</u>

The net book value of plant & equipment and computer above includes an amount £8,009.71 in respect of assets held under finance lease and hire purchase agreements

Fixed Asset cost is stated net of any capital grant received for the asset.

6. DEBTORS

	2006	2005
	£	£
Debtors	2,748	4,848
VAT control	1,249	0
Prepayments	0	706
	<u>3,996</u>	<u>5,554</u>

7. CREDITORS : AMOUNTS FALLING DUE UNDER 1 YEAR

	2006	2005
	£	£
Current Account	27,970	24,980
Finance Lease	3,252	6,949
Credit Cards	298	413
Trade Creditors and Accruals	3,775	1,913
VAT	0	499
	<u>35,294</u>	<u>34,755</u>

8. CREDITORS : AMOUNTS FALLING DUE AFTER 1 YEAR

	2006	2005
	£	£
Finance Lease Obligations	0	3,029
Loans	17,388	22,594
	<u>17,388</u>	<u>25,623</u>

9. OBLIGATIONS UNDER FINANCE LEASE

	2006	2005
	£	£
Brewing Equipment (547265)	2,012	4,217
Casks/Computer (549519)	1,121	2,356
Motor Van (550339)	0	1,810
Casks (550886)	119	1,595
	<u>3,252</u>	<u>9,978</u>

10. LOANS

	2006	2005
	£	£
Not wholly repayable within 5 years:		
Director's loans	<u>17,388</u>	<u>22,594</u>

11. SHARE CAPITAL

	Authorised	Allotted, called up	
	2006	and fully paid	
	No	2006	2005
		£	£
Ordinary shares of £1 each	5	5	5

12. RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENT ON RESERVES

	Share	Profit and	
	capital	loss Account	
		2006	2005
		£	£
Profit/Loss for year		-478	2,687
Reserves		-11,068	-13,755
Dividend		0	0
As at 31 March 2006	5	-11,546	-11,068

13. CAPITAL COMMITMENTS

The company had no capital commitments at the year end or commitments under finance leases whose inception occurs after the year end.