

**FOWLER'S ALES (PRESTOUNGRANGE)
LIMITED**

REPORT AND ACCOUNTS

FOR THE YEAR TO

30th APRIL 2004

SC230045

**Richard Dobbins & Co
Certified Accountants
Brocco Bank
Church Street
Beetham
Cumbria
LA7 7AL**

Fowler's Ales (Prestoungrange) Limited
Officers and Advisers

Directors	Much Honoured Baron of Prestoungrange Lady Prestoungrange Baron Bailie & Procurator Fiscal Much Honoured Baron of Dolphinstoun Iain Turnbull Anthony Gillingham	Appointed 17.03.04 Appointed 30.04.04
Secretary	Sylvia Burgess	
Registered Office	The Prestoungrange Gothenburg 227 High Street Prestonpans East Lothian EH32 9BE	
Accountant	Richard Dobbins & Co Certified Accountants Brocco Bank Church Street Beetham Cumbria LA7 7AL	
Company Number	SC230045	
Bankers	The Royal Bank of Scotland Prestonpans Branch 2 Ayres Wynd Prestonpans EH32 9AB	

Fowler's Ales (Prestoungrange) Limited
Directors' Report for the year ended 30 April 2004

Principal Activities

The year saw the final preparations for commencement of brewing at The Prestoungrange Gothenburg, the host premises where the microbrewery is leased from East of Scotland Public House Limited. The host premises itself has the James Fewell and Lord Mayor's Bars as well as its Jug Bar for off sales, and sales are made on best wholesale terms. Since year end brewing has commenced with a good response from the public and excellent press coverage, although all the expected teething problems have been encountered.

The directors have accepted the Order from the Barons' Courts effective May 8th 2004 to pay 2d Scots per pint of ale sold by the Company under the 1753 Impost. The proceeds will be donated to the Scottish Charity established and conducted under Crown Baronial Charter as "The Baron Courts of Prestoungrange & Dolphinstoun".

There is currently a legal dialogue in process with InterBrew/Tennent Caledonian concerning the Company's practice of using the name Fowler's to honour John Fowler & Company which was liquidated in 1969 with all its records ordered to be destroyed. There are three Registered Marks in the name of Fowler's still held by InterBrew of which only one is actively sold, Fowler's Wee Heavy, and the Company has studiously sought to avoid any confusion. Nonetheless InterBrew are yet to be satisfied in the matter and the Company's lawyers, Lindsays WS, are now addressing the matter. The directors do not expect the dialogue to adversely affect sales or profit goals and no branding is being used that employs the name Fowler's except for the School of Brewing itself - in which latter respect a good level of activity is expected from early responses.

The Company has sufficient loan facilities available to cover its future working capital needs. It is also pleasing to report that own label brews for clubs and events are already appearing as a significant source of potential income.

Share Capital

The authorised share capital of the company was increased on the 29th March 2004 by 10,000 ordinary shares of £1 to 20,000 ordinary shares of £1.

Directors and their interests

Directors who served during the year and their interests in the share capital of the company on 30.04.04 were as follows:

	£1 Ordinary Shares	
	2004	2003
Gordon Prestoungrange	2,500	2,500
Avril Wills	2,500	2,500
Mathew Wills	2,500	2,500
Julian Wills	2,500	2,500

Close Company

The Company is a close company within the provisions of the Income and Corporation Taxes Act 1988. The Directors rely on Sections 247-249 of the Companies Act 1985 entitling them to deliver modified accounts.

Accountants

A resolution to appoint Richard Dobbins & Co as Accountants will be put to the members at the Annual General Meeting.

By Order of the Board

S. Burgess

Fowler's Ales (Prestoungrange) Limited
Accountants Report

Accountants Report to the Members of
Fowler's Ales (Prestoungrange) Limited

We report on the accounts for the year to 30 April 2004 as set out on pages 4 to 7.

Respective Responsibilities of Directors and Reporting Accountants

The company's directors are responsible for the preparation of financial statements and they consider that the company is exempt from 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 officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion the accounts are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985.

Having regard only to, and on the basis of the information contained in those accounting records, the accounts have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act, and the company satisfied the conditions for exemption from an audit of the accounts for the period as 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 249B(1).

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Fowler's Ales (Prestoungrange) Limited
Balance Sheet as at 30 April 2004

	Note	£	2004 £	£	2003 £
Fixed Assets					
Tangible Assets	3		32,044		0
Current Assets					
Stock		547		0	
Debtors	4	2,649		0	
Cash		4,433		10,023	
		7,629		10,023	
Current Liabilities					
Creditors and Accruals	5	6,008		250	
Net Current Assets			1,621		9,773
Total Assets Less Current Liabilities			33,665		9,773
Creditors: Amounts Falling Due After More than One Year					
	6		27,540		0
Net Assets			6,125		9,773
Capital and Reserves					
Called up share capital	7		15,000		10,000
Profit and loss account			(8,875)		(227)
			6,125		9,773

For the year ended 30th April 2004, the company was entitled to exemption from sub-section 2 of Section 249A of the Companies Act 1985. No member of the company has deposited a notice under Section 249B(2) requiring an audit of these accounts. The directors acknowledge their responsibility for ensuring that the company keeps accounting records which comply with Section 221 of the Act and preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year in accordance with the requirements of Section 226 of the Act and which otherwise comply with the requirements of this Act relating to accounts so far as applicable to the company.

The accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

_____) *)
 _____) *) Directors
 _____)

Approved by the board on

Fowler's Ales (Prestoungrange) Limited
Notes to the Accounts for the year to 30 April 2004

1. Accounting Policies

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standards for Smaller Entities.

Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

Depreciation

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives.

Leased plant and machinery	5 years	straight line
Other plant and machinery	5 - 6 years	straight line

The microbrewery at the 30th April 2004 was undergoing its first test brews and therefore no depreciation charge has been made on any of the assets in the year. Both depreciation and leasing charges will commence when the brewery is fully operational in the near future.

Leasing commitments

Assets held under finance leases, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and 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. Operating Profit

	2004	2003
	£	£
This is stated after charging:		
Accountants Fees	250	250

3. Tangible Fixed Assets

	Plant and Machinery	
	£	
Cost		
As at 1st May 2003	0	
Additions	32,044	
As at 30th April 2004	<u>32,044</u>	
Depreciation		
As at 1st May 2003	0	
Charge for the year	<u>0</u>	
As at 30th April 2004	<u>0</u>	
Net Book Value		
As at 1st May 2003	<u>0</u>	
As at 30th April 2004	<u>32,044</u>	
	2004	2003
	£	£
Net book value of plant and machinery included above held under finance leases	<u>26,518</u>	<u>0</u>

The microbrewery plant is leased from The East of Scotland Public-House Limited over a 5 year term.

Fowler's Ales (Prestoungrange) Limited
Notes to the Accounts for the year to 30 April 2004 - cont'd

4. Debtors	2004	2003
	£	£
Other taxes	2,131	0
Other debtors	518	0
	2,649	0

5. Creditors: amounts falling due within one year	2004	2003
	£	£
Accruals	2,030	250
Obligations under finance lease	3,978	0
	6,008	250

6. Creditors: amounts falling due after one year	2004	2003
	£	£
Loans	5,000	0
Obligations under finance lease	22,540	0
	27,540	0

The interest free loan is a 5 year loan repayable on 31st December, 2008. From January, 2006 all or part of the loan outstanding, shall be convertible at par into the Company's preference shares.

7. Share Capital	2004	2003
	£	£
Authorised:		
Ordinary shares of £1 each	20,000	10,000
	20,000	10,000

	2004	2003	2004	2003
	No	No	£	£
Allotted, called up and fully paid:				
Ordinary shares of £1 each	15,000	10,000	15,000	10,000
			15,000	10,000

Fowler's Ales (Prestoungrange) Limited
Profit and Loss Account for the year to 30 April 2004

		2004 £	2003 £
Turnover	1	1,251	0
Cost of Sales		1,238	0
Gross profit		<u>13</u>	<u>0</u>
Administrative Expenses		8,857	251
Operating profit/(loss)	2	<u>(8,844)</u>	<u>(251)</u>
Interest Receivable		196	24
Profit/(Loss) on ordinary activities before taxation		<u>(8,648)</u>	<u>(227)</u>
Tax on profit on ordinary activities		0	0
Profit/(Loss) for the financial year		<u>(8,648)</u>	<u>(227)</u>
Dividends		0	0
Retained profit/(loss) for the financial year		<u>(8,648)</u>	<u>(227)</u>