

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

REPORT AND ACCOUNTS

FOR THE YEAR TO

30th APRIL 2007

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
George Thompson

Secretary Sylvia Burgess

Registered Office The Prestoungrange Gothenburg
227 High Street
Prestonpans
East Lothian
EH32 9BE

Accountant Richard Dobbins & Co
Certified Accountants
Croft House
291 Oxford Road
Gomersal
West Yorkshire
BD19 4JP

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 2007

Principal Activities

The company saw a marginal improvement in cask sales overall in the year, which was used to consolidate our reputation as a real ale brewer of repute, as reflected in CAMRA awards and Forth Radio Awards as 2006 Pub of the Year for Edinburgh and South Scotland. The Gothenburg Porter and 80/- have established themselves as firm favourites. The Wee Heavy and lighter seasonal Summer Ale brewed at Festival time have also found unique niche markets.

In the latter part of the year and continuing into 2007/ 2008 a part time Sales Executive has been able to secure improved cask orders from clubs and pubs. But the challenge to achieve profitability is too great bearing in mind their capex commitments/volume discounts with their major brewery suppliers. Accordingly, the past 6 months have been spent exploring the opportunities afforded by bottling our ales for sale through retailers as well as into clubs and other such outlets.

Plans have been prepared for implementation during 2007/ 2008 as additional capital becomes available and they will involve taking discrete premises away from The Prestoungrange Gothenburg that can provide the necessary scale to brew 1000+ gallons per week and the technology to convey it simply to contract bottlers.

So long as we employ a distinguished full-time brewer, which we believe is absolutely essential for success in our market, profitability can only seemingly be reached if we add bottling to our already successful cask sales. We are currently of course focussing on ensuring that effective distribution is available once the capacity is in place before taking that step.

Directors and their interests

Directors who served during the year and their interests in the share capital of the company on 30.04.07 were as follows:

	£1 Ordinary Shares	
	2007	2006
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 2007 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).

Richard Dobbins & Co
Certified Accountants
Croft House
291 Oxford Road
Gomersal
West Yorkshire
BD19 4JP

Fowler's Ales (Prestoungrange) Limited
Balance Sheet as at 30 April 2007

	Note	£	2007 £	£	2006 £
Fixed Assets					
Tangible Assets	3		15,974		22,970
Current Assets					
Stock		1,384		1,517	
Debtors	4	4,301		3,299	
Cash		4,559		3,118	
		10,244		7,933	
Current Liabilities					
Creditors and Accruals	5	16,741		21,769	
Net Current Assets			(6,496)		(13,836)
Total Assets Less Current Liabilities			9,478		9,134
Creditors: Amounts Falling Due After More than One Year					
	6		119,053		85,607
Net Assets			(109,576)		(76,473)
Capital and Reserves					
Called up share capital	7		15,000		15,000
Profit and loss account			(124,576)		(91,473)
			(109,576)		(76,473)

For the year ended 30th April 2007, 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 2007

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

Stocks

Stock is valued at the lower of cost and net realisable value

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

	2007	2006
	£	£
This is stated after charging:		
Accountants Fees	250	250
Depreciation	6,996	6,997

3. Tangible Fixed Assets

	Plant and Machinery	
	£	
Cost		
As at 1st May 2006	35,960	
Additions	0	
As at 30th April 2007	<u>35,960</u>	
Depreciation		
As at 1st May 2006	12,991	
Charge for the year	6,996	
As at 30th April 2007	<u>19,987</u>	
Net Book Value		
As at 1st May 2006	<u>22,969</u>	
As at 30th April 2007	<u>15,974</u>	
	2007	2006
	£	£
Net book value of plant and machinery included above held under finance leases	<u>11,049</u>	<u>16,353</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 2007 - cont'd

4. Debtors	2007	2006
	£	£
Trade debtors	3,623	1,908
Other taxes	677	1,391
	<u>4,301</u>	<u>3,299</u>

5. Creditors: amounts falling due within one year	2007	2006
	£	£
Trade Creditors	2,834	8,706
Other Creditors	4,500	4,500
Accruals	4,103	3,260
Obligations under finance lease	5,304	5,304
	<u>16,741</u>	<u>21,769</u>

6. Creditors: amounts falling due after one year	2007	2006
	£	£
Loans	113,750	75,000
Obligations under finance lease	5,303	10,607
	<u>119,053</u>	<u>85,607</u>

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

7. Share Capital	2007	2006
	£	£
Authorised:		
Ordinary shares of £1 each	<u>100,000</u>	<u>20,000</u>
	2007	2006
	No	No
Allotted, called up and fully paid:		
Ordinary shares of £1 each	15,000	15,000
	<u>15,000</u>	<u>15,000</u>

The authorised share capital of the company has been increased to 100,000 Ordinary shares of £1 each.

Fowler's Ales (Prestoungrange) Limited
Profit and Loss Account for the year to 30 April 2007

		2007 £	2006 £
Turnover	1	27,150	25,219
Cost of Sales		7,953	7,761
Gross profit		<u>19,197</u>	<u>17,458</u>
Administrative Expenses		52,504	55,341
Operating profit/(loss)	2	<u>(33,307)</u>	<u>(37,883)</u>
Interest Receivable		204	136
Profit/(Loss) on ordinary activities before taxation		<u>(33,102)</u>	<u>(37,747)</u>
Income Tax Recovered		0	0
Tax on profit on ordinary activities		0	0
Profit/(Loss) for the financial year		<u>(33,102)</u>	<u>(37,747)</u>
Dividends		0	0
Retained profit/(loss) for the financial year		<u>(33,102)</u>	<u>(37,747)</u>

Fowler's Ales (Prestoungrange) Limited
Detailed Profit & Loss Account for the Year Ended 30.04.07

	2007	2006
Sales	27,150	25,219
Cost of Sales	7,953	7,761
Gross Margin	19,197	17,458
 Overhead Expenses		
Promotion & Advertising	603	158
Employees Costs		
Wages and Salaries	19,237	17,875
Employers Nat Ins	1,814	1,659
	21,051	19,534
Premises Costs		
Rent	5,880	5,880
Insurance	1,598	1,717
Heat, Light & Power	758	711
	8,236	8,308
Motor Expenses		
Recharges from East of Scotland	1,570	814
	1,570	814
Travelling & Entertaining		
Travelling Expenses	0	0
Car Mileage	24	16
Vehicle Hire	0	0
Hotels	0	0
UK Entertaining	0	0
Subsistence	0	0
	24	16
General Administrative Expenses		
Telephone and Fax	367	46
Postage	85	47
Stationery and Printing	1,551	894
	2,003	987
Legal and Professional Costs		
Accountancy Fees	250	250
Solicitors Fees	0	0
Other Professional Fees	2,090	0
Consultancy Fees	6,630	14,500
Management Charges	0	1,138
	8,970	15,888

Depreciation		<u>6,996</u>	<u>6,996</u>
Equipment Hire & Rental		<u>0</u>	<u>0</u>
Maintenance			
Repairs & Renewals		361	83
Sundry Equipment		<u>199</u>	<u>46</u>
		<u>560</u>	<u>129</u>
Bank Charges & Interest			
Bank Charges		259	283
Lease Interest		<u>1,402</u>	<u>1,402</u>
		<u>1,661</u>	<u>1,685</u>
General Expenses			
Removal & Storage		0	0
Donations		725	673
Other Expenses		<u>105</u>	<u>154</u>
		<u>830</u>	<u>827</u>
Total Expenditure		<u>52,504</u>	<u>55,341</u>
Other Operating Income			
Rent Income		0	0
Grants Receivable		0	0
Operating Profit		<u>(33,307)</u>	<u>(37,883)</u>
Interest Receivable	Bank Interest	204	136
	Lease Interest	0	0
Profit Before Tax		<u>(33,102)</u>	<u>(37,747)</u>
Tax recovered		0	0
		<u>(33,102)</u>	<u>(37,747)</u>