

Shetland Refreshments Ltd
T/A Valhalla Brewery

ABBREVIATED FINANCIAL STATEMENTS

for the year ended

28 February 2005



Shetland Refreshments Ltd T/A Valhalla Brewery

ABBREVIATED BALANCE SHEET

28 February 2005



	Notes	2005 £	As restated 2004 £
FIXED ASSETS	2		
Intangible assets		18,272	22,572
Tangible assets		81,323	87,506
		<u>99,595</u>	<u>110,078</u>
CURRENT ASSETS			
Stocks	24,003	15,287	
Debtors	7,182	6,075	
Cash at bank and in hand	1,648	5,498	
	<u>32,833</u>	<u>26,860</u>	
CREDITORS			
Amounts falling due within one year	17,248	11,264	
NET CURRENT ASSETS		<u>15,585</u>	<u>15,596</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>115,180</u>	<u>125,674</u>
CREDITORS			
Amounts falling due after more than one year		2,533	4,133
		<u>112,647</u>	<u>121,541</u>
Government and other grants	3	29,638	35,997
		<u>83,009</u>	<u>85,544</u>

The balance sheet continues on the following page.

Shetland Refreshments Ltd T/A Valhalla Brewery

ABBREVIATED BALANCE SHEET (continued)

28 February 2005



	Notes	2005 £	As restated 2004 £
CAPITAL AND RESERVES			
Called up share capital	4	116,580	116,580
Profit and loss account		(33,571)	(31,036)
		<u>83,009</u>	<u>85,544</u>
SHAREHOLDERS' FUNDS:			
Equity		1,759	8,044
Non-equity		81,250	77,500
		<u>83,009</u>	<u>85,544</u>

By law the preference dividends will not be paid until such time that there are sufficient reserves to do so. The company has been declaring these dividends since 2000. Accordingly, amounts previously provided for have been reversed and the shareholders' funds have been restated in order to correctly reflect the non-equity interests of the company.

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These abbreviated financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated financial statements were approved by the directors and signed on their behalf by:

Mr J H Priest
1 June 2005

Shetland Refreshments Ltd T/A Valhalla Brewery

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

for the year ended 28 February 2005



1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

GOING CONCERN

The company is assessing the viability of expanding its production capabilities in order to reach a more sustainable level of operation. The directors acknowledge that the company is reliant on external financial support for this expansion to proceed and that there can be no certainty that this support will be forthcoming.

At the date of approval of these financial statements, the directors have no reason to believe that this will not be the case. Accordingly the financial statements do not include any adjustments that would result from the going concern basis of preparation not being appropriate.

TURNOVER

Turnover represents the amount received from the provision of goods and services that fall within the ordinary activities of the company, stated net of value added tax.

GOODWILL

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

AMORTISATION

Amortisation 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:

Goodwill	- 10 years
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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:

Plant and machinery	- 10 years
Motor Vehicles	- 4 years

The useful economic life of buildings is 25 years. However, the residual value of buildings is currently estimated to be equal to their cost, resulting in no depreciation charge.

STOCKS AND WORK IN PROGRESS

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Shetland Refreshments Ltd T/A Valhalla Brewery

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for the year ended 28 February 2005



LEASES AND HIRE PURCHASE CONTRACTS

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonable constant charge on the outstanding liability.

DEFERRED TAXATION

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

GOVERNMENT GRANTS

Government grants on capital expenditure are credited to a deferral account and are released to revenue over the expected useful life of the relevant asset by equal annual instalments. Grants of a revenue nature are credited to income in the period to which they relate.

2 FIXED ASSETS

	Intangible assets £	Tangible assets £	Total £
Cost			
At 1 March 2004	43,000	120,785	163,785
Additions	-	1,490	1,490
At 28 February 2005	<u>43,000</u>	<u>122,275</u>	<u>165,275</u>
Depreciation			
At 1 March 2004	20,428	33,279	53,707
Charge for the year	4,300	7,673	11,973
At 28 February 2005	<u>24,728</u>	<u>40,952</u>	<u>65,680</u>
Net book value			
At 28 February 2005	<u>18,272</u>	<u>81,323</u>	<u>99,595</u>
At 29 February 2004	<u>22,572</u>	<u>87,506</u>	<u>110,078</u>

3 GOVERNMENT AND OTHER GRANTS

	2005 £	2004 £
Received and receivable:		
At 1 March 2004	65,974	65,974
At 28 February 2005	<u>65,974</u>	<u>65,974</u>
Amortisation:		
At 1 March 2004	29,977	23,599
Credit to profit and loss account	6,359	6,378
At 28 February 2005	<u>36,336</u>	<u>29,977</u>
Net balance at 28 February 2005	<u>29,638</u>	<u>35,997</u>

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for the year ended 28 February 2005



4 SHARE CAPITAL

	2005 £	2004 £
Authorised:		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
60,000 6.25% Preference shares of £1 each	60,000	60,000
	<u>1,060,000</u>	<u>1,060,000</u>
	2005 £	2004 £
Allotted, called up and fully paid:		
56,580 Ordinary shares of £1 each	56,580	56,580
60,000 6.25% Preference shares of £1 each	60,000	60,000
	<u>116,580</u>	<u>116,580</u>

PREFERENCE SHARES

The preference shares carry cumulative rights to dividends. The preference shareholders have no rights in the event of winding up beyond arrears of dividend and a repayment of capital. They have no right to vote except on the winding up of the company, or on a proposed modification of the rights attaching to their preference shares.

The company may, subject to the provisions of the Companies Act 1985, at any time redeem the whole or part of the preference shares upon giving to the shareholders whose shares are to be redeemed not less than three months notice in writing. The company shall redeem the whole of the preference shares then outstanding on 31 May 2019.

All shares were allotted during the period to 29 February 2000.