2019

brandarchitekts group plc

ANNUAL REPORT & ACCOUNTS

Brand Architekts Group plc is an AIM listed Beauty Brands business, specialising in the delivery of innovative and exciting new products to consumers and retailers.

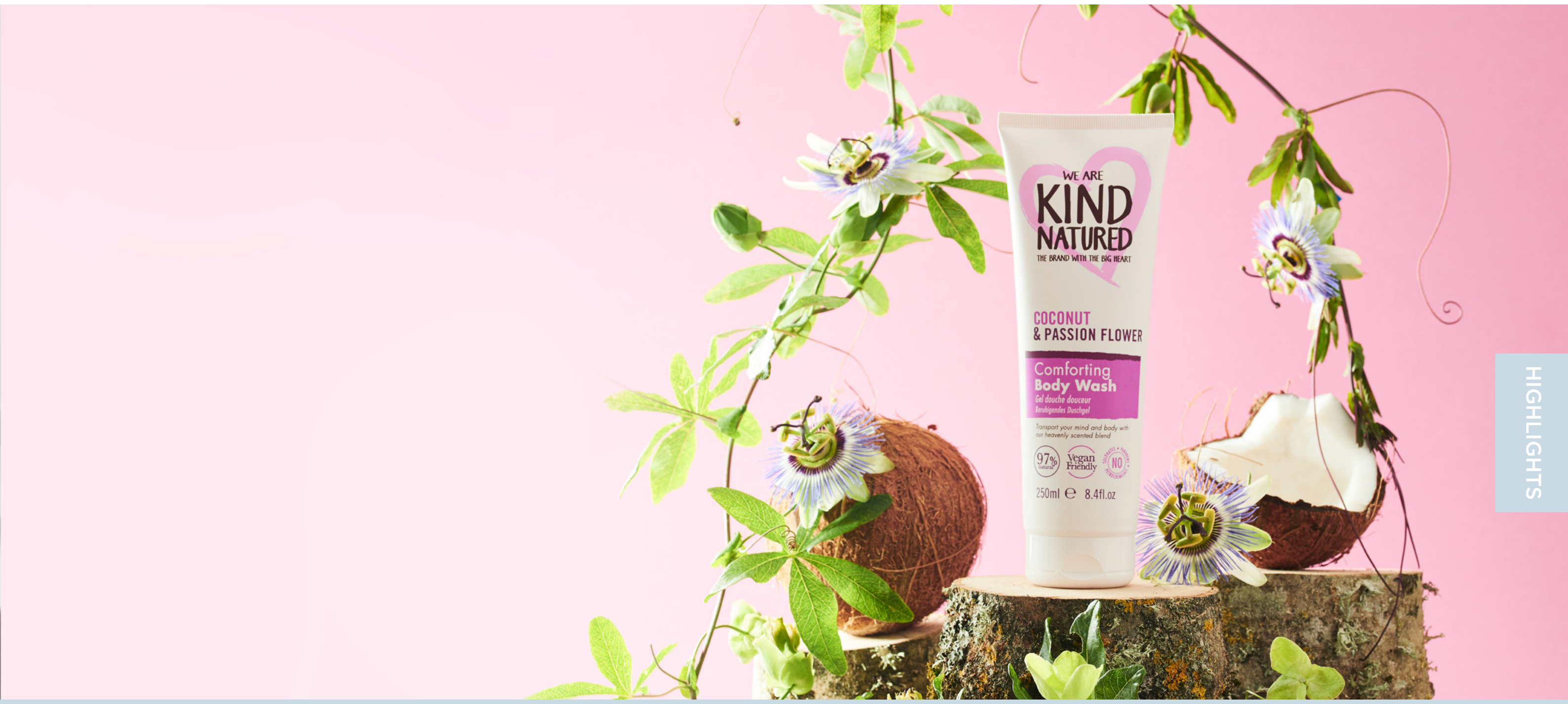
Contents

Financial Highlights

- Group Revenues for the 52 weeks increased by 8% to £77.3m (2018: £71.6m).
- Owned Brands represented 25% of revenues and 59% of underlying operational profits.
- Owned Brand revenues decreased by 6.7%, impacted by lower consumer confidence and by challenges faced by retailers in a restricted marketplace.
- Adjusted profit before taxation* increased by 1% to £5.1m (2018: £5.0m).
- Underlying operating profit** decreased by 19% to £4.4m (2018: £5.5m).
- Adjusted EPS increased by 9% year on year to 25.3 pence (2018: 23.2 pence).
- Proposed final dividend of 4.35p per share (2018: 4.2p), in addition to the interim dividend of 2.15p already paid, to give a full year dividend of 6.5p (2018: 6.2p), an increase of 5%.
- Net Debt as at 29 June 2019 decreased to £7.2m (2018: £11.8m).

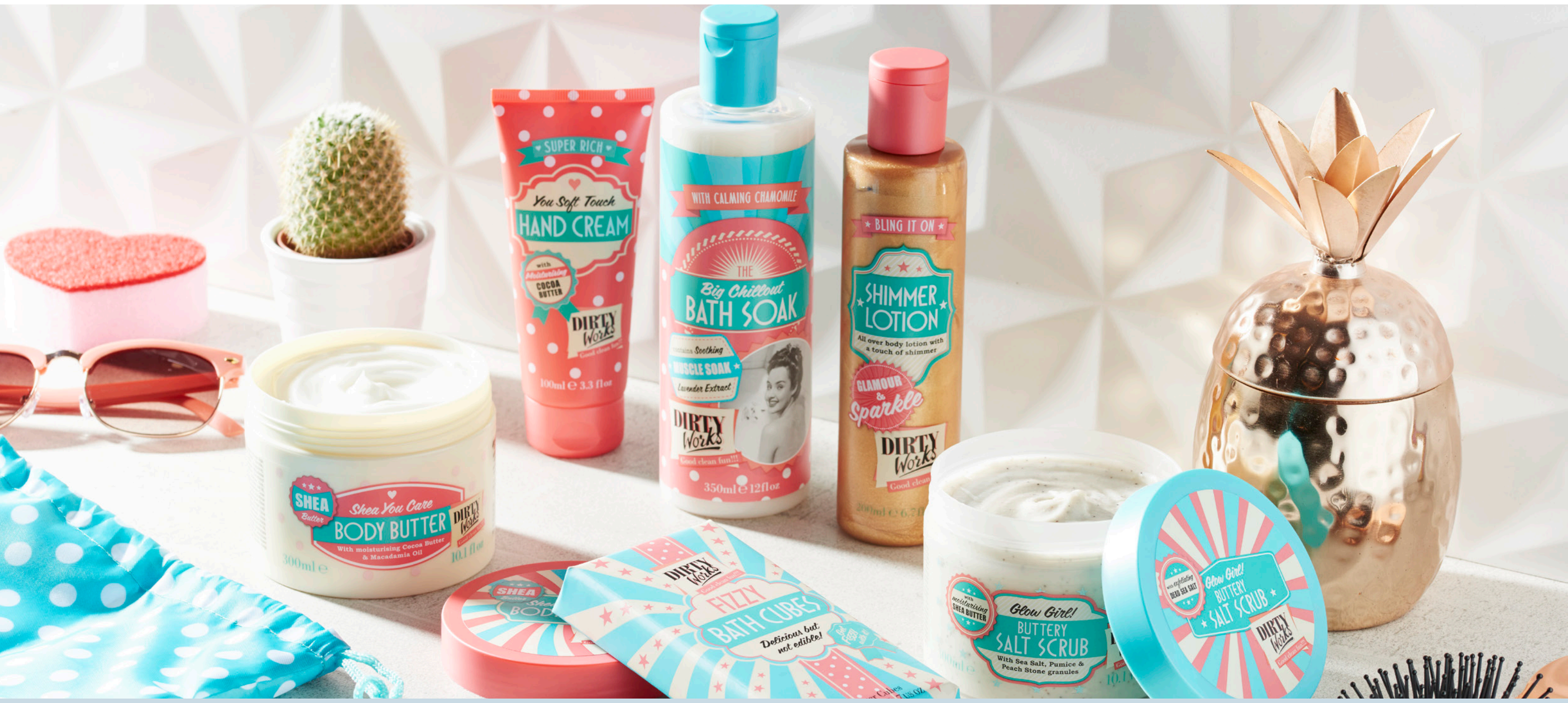
*calculated as per page 13

**as per note 2



Operational Highlights

- Creation of a solely Owned Brands business following the disposal of the Contract Manufacturing Business for £35 million, a premium to the market capitalisation of the Group as at 15 July 2019. Net proceeds receivable by the Company are £33.75 million.
- Ongoing business renamed Brand Architekts Group plc on 29 August 2019 to reflect sole focus on Owned Brands.
- New product development (“NPD”) continues with 80 new products launched in the year.
- Net cash as at 31 August of £24m.
- Net Assets as at 31 August of £38m.



Chairman’s Foreword

Brendan Hynes, Executive Chairman commented:

“On the 23 August 2019 the Group disposed of its Manufacturing business for £35m to KDC/One Inc. This transformational deal is another significant milestone for our strategy of accelerating the growth of our Owned Brands business and simplifying the Group. We will now focus all our time, resources and investment growing and developing the higher margin part of our business.

The value achieved on disposal represents a very good return for shareholders, it also strengthens our balance sheet, moving the Group from a net debt position of £11.8m last financial year end, to a significant positive cash position on completion of £24.0m.

The new Group has been renamed the Brand Architekts Group Plc and has an outstanding, stand-alone operational team with an excellent track record and strong relationships with our retail customers. The business is now well capitalised and we will use some of the proceeds from the disposal to grow the business organically and through selective acquisitions that will deliver further profitability and scale.

We are now well positioned to continue to build a more profitable and sustainable business, which will generate further shareholder value.”

Over the last four years we have developed, both organically and through acquisition, a growing portfolio of brands that are owned and managed by the Group and which we control from formulation development through to distribution.

Following the disposal of the Manufacturing business, we now have complete focus on the Owned Brands business as well as the necessary financial resources to invest and grow the business further.

	Brands	MFG*	Central	2019 Total	2018 Total
	£m	£m	£m	£m	£m
Revenue	19.7	62.0	(4.4)	77.3	73.9
Underlying Operating Profit	**3.6**	**2.5**	**(1.7)**	4.4	5.5
Adjusted PBT				5.1	5.0
Reported PBT				4.1	4.5
EPS – Adjusted				25.3	23.2
EPS – basic				20.7	20.9
Dividend per share – paid and proposed				6.5p	6.2p
Net Debt				£7.2m	£11.8m
***Disposal on 23 Aug 2019 for**		£35m			

Dividend

Given our strong cash position and confidence in the business it is the Board's intention to propose a final dividend of 4.35 pence. Together with the interim dividend already paid of 2.15 pence, this represents a total dividend for the year of 6.5 pence, an improvement of 5% over the prior year (2018: 6.2p).

It remains the Directors' intention to align future dividend payments to the underlying earnings and cash flow of the stand-alone business, taking into account the investment and operational requirements of the business.

Board succession

Following the successful completion of the deal to dispose of the Manufacturing business on 23 August, which represents a fundamental change to the scale of business for the Group, the Board has mutually agreed with Tim Perman that he will step down from the PLC Board and as Chief Executive and leave the company on 30 September 2019.

Brendan Hynes, Non-Executive Chairman will take on an executive Chairman role until a permanent replacement is appointed. The successful brand management team remains in place and unchanged and will continue to be supported until the end of the calendar year by Mathew Gazzard, formerly Group Finance Director and Jane Fletcher, formerly Group Sales and Marketing Director, under the transitional services agreement.

In addition, we will be putting in place an interim CFO to work on the transition and to support the stand-alone Brands business, until a full CFO is appointed.

The Board wishes to thank Tim for his contribution to the Group during his time with us and wish him all the very best for the future.

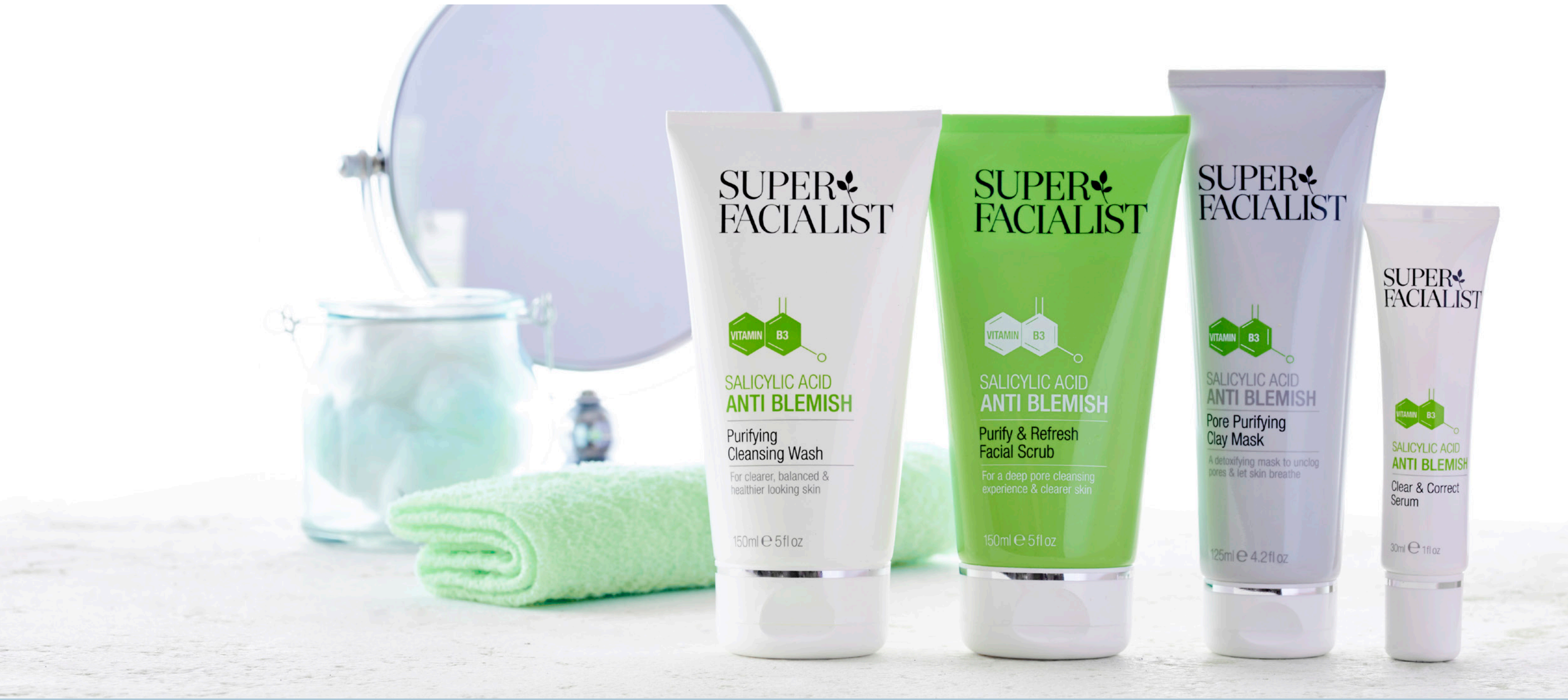
Outlook

We expect the economic and consumer uncertainty seen in the UK and in the second half year to June 2019 to continue into our new financial year. The slow-down in momentum in our Owned Brands business will be addressed by enabling management to focus on this business following the disposal, innovative NPD and a stronger focus on distribution in both the UK and internationally.

Given the strength of our balance sheet, we also remain alert to further acquisition opportunities which offer the potential to build scale and deliver incremental shareholder value.

Following the successful disposal of the Manufacturing business, we are confident that our new strategic focus will enable us to deliver the best outcome for all our stakeholders.

Brendan Hynes
Chairman
27 September 2019



Strategic Report

Executive Chairman's Report
Fundamental transformation - focus on brands

Over the last four years our stated strategy has been to develop, both organically and though acquisition, a portfolio of brands that are owned and managed by the Group and which we control from formulation development through distribution. As at 29th June 2019, Owned Brands represented 54% of group underlying operation profits.

Following a strategic review process, the Board concluded that the Manufacturing business would be better served as part of a business with bigger scale and that £35 million sale proceeds represented excellent value for shareholders. With the disposal of the Manufacturing business in August 2019, we have accelerated our strategic re-alignment and will now be 100% focused on the brands that we own and control. The disposal has also strengthened the balance sheet, eliminated group debt and leaves the group in a significantly cash positive position.

The Board believe that we are now better positioned to drive further value by focusing solely on our Owned Brands business with its higher margins, lower capital investment requirements and superior financial returns.

New name – stronger focus

The new group is now called Brand Architekts Group plc, which more appropriately reflects the future focus of the group.

Strategic priorities

The challenging market conditions, particularly in the UK require us to have a clear strategic focus. The strategic priorities for the Group are:

- Build Scale: Accelerate sales and profit growth organically and via accretive acquisitions
- New Product Development (NPD): continue to execute at pace
- International expansion: Develop new customers in new geographies
- On-line expansion: accelerate E-commerce and digital presence
- Build organisation capability: Continue to Invest in people and skills

Progress against our strategic priorities

- New Product Development (NPD)

We are pleased that the pace of NPD continues with over 80 new lines launched over the 12 month period across 11 brands.

We continue to evaluate and develop the brand portfolio to ensure that we are focusing the appropriate level of resource and support to drive maximum performance and growth. Within the portfolio we have defined a number of 'Drive' brands where we are specifically focused on extending distribution, new product development, international growth and increasing support through both instore and digital promotion.

- International expansion

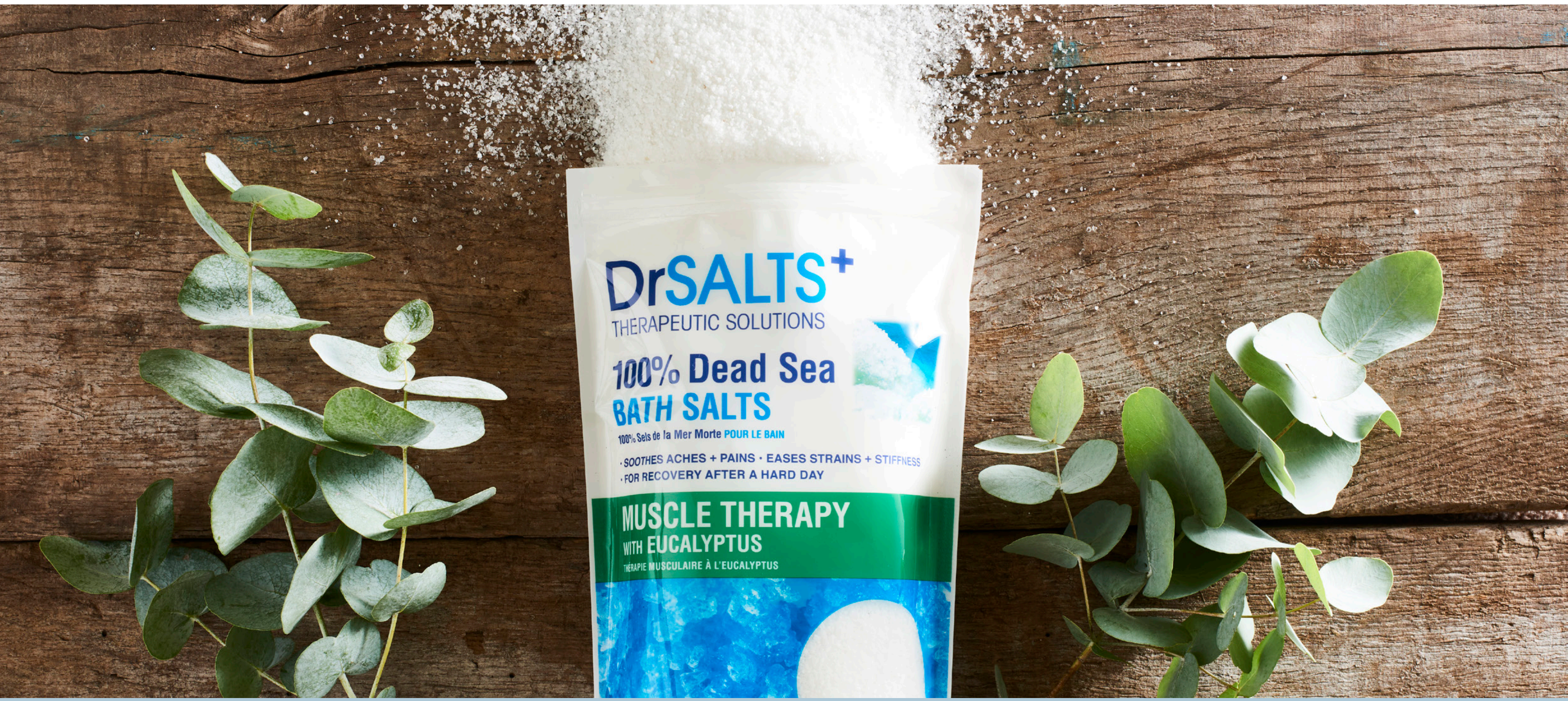
Our focus continues on developing sales in new international markets and building relationships with appropriate distribution and retail partners for our brand portfolio. Bi-lingual pack formats have been developed for specific brands, allowing us to maximise opportunity whilst carefully managing inventory levels. The launch of the Dirty Works brand into France and Belgium has been followed by new distribution in the Middle East. Our range of therapeutic bath solutions, Dr Salts, has launched successfully in South Africa; the Real Shaving Company has launched in New Zealand.

- On-line expansion

We continue to invest in the area of developing in-house expertise to grow the reach of Owned Brands business within multi channels to market. Strong relationships with key e-tailers have been established enhancing the breadth of distribution and partners for our brand portfolio.

- Build organisation capability

We will continue to build and develop the stand alone capability of our Owned Brands business by investing in further Marketing, Digital, Technical and Supply chain skills.



Principal Risks and Uncertainties

The Board recognises the need for a robust system of internal controls and risk management. The Group operates in an environment that is constantly changing and as a result the risks it is facing change over time. The Group's management have developed processes to assess risks and to develop strategies for dealing with these risks on an ongoing basis. A formal review of these risks is carried out by the Group twice a year. The review process involves the classification of risks, assessment to determine the relative likelihood of them impacting the business and the potential severity of the impact, and determination of whether changes to management processes are needed to manage them effectively. Brexit does not change the nature of the risks that the Group is exposed to, but may well impact on the incidence and magnitude of those risks.

The Directors have identified the following as principal risks and uncertainties:

People

The performance of the Group is dependent on the efforts of our people, especially key management personnel. As the Group undertakes major changes in structure, and to the leadership team, it is crucial that relevant skills and capabilities are retained or, through recruitment, brought into the Group, and that new recruits mesh well with the corporate culture of the Group.

Competitive environment and customer requirements

The environment remains competitive within the personal care sector.

Following disposal of the Manufacturing business this risk is mitigated by diversification across brands, retailers, and internationally. There is also increasing focus on digital marketing activities to increase engagement directly with retail customers.

Close contact is maintained with customers to better understand their desires and create products that fulfil their needs.

Product quality

Product quality is a key strength of the Group and failure to maintain a high standard of quality would have a severe impact on service levels, customer relationships, and have financial repercussions.

Labour costs, prices, and supply

The Group potentially faces the risk of inflationary pressures through commodities cost increases, further driven by currency weakness post Brexit, the National Living Wage, and other ongoing legislative changes.

The Group in the normal course of its business, transacts in and holds various currencies, and follows a policy of managing currency exposure through natural hedging wherever possible.

The Group maintains a high level of expertise in its purchasing and supply chain team. The team seeks to cultivate strong relationships with major suppliers to ensure continuity of supply at competitive prices. The application of long-term contracts is assessed where applicable to reduce uncertainty in input prices. Brexit related supply risks may impact our suppliers and have a consequential impact on the Group.
The regular renovation and innovation across our products can help to manage margin pressures in an effective manner, as far as the competitive environment allows.

Economic environment

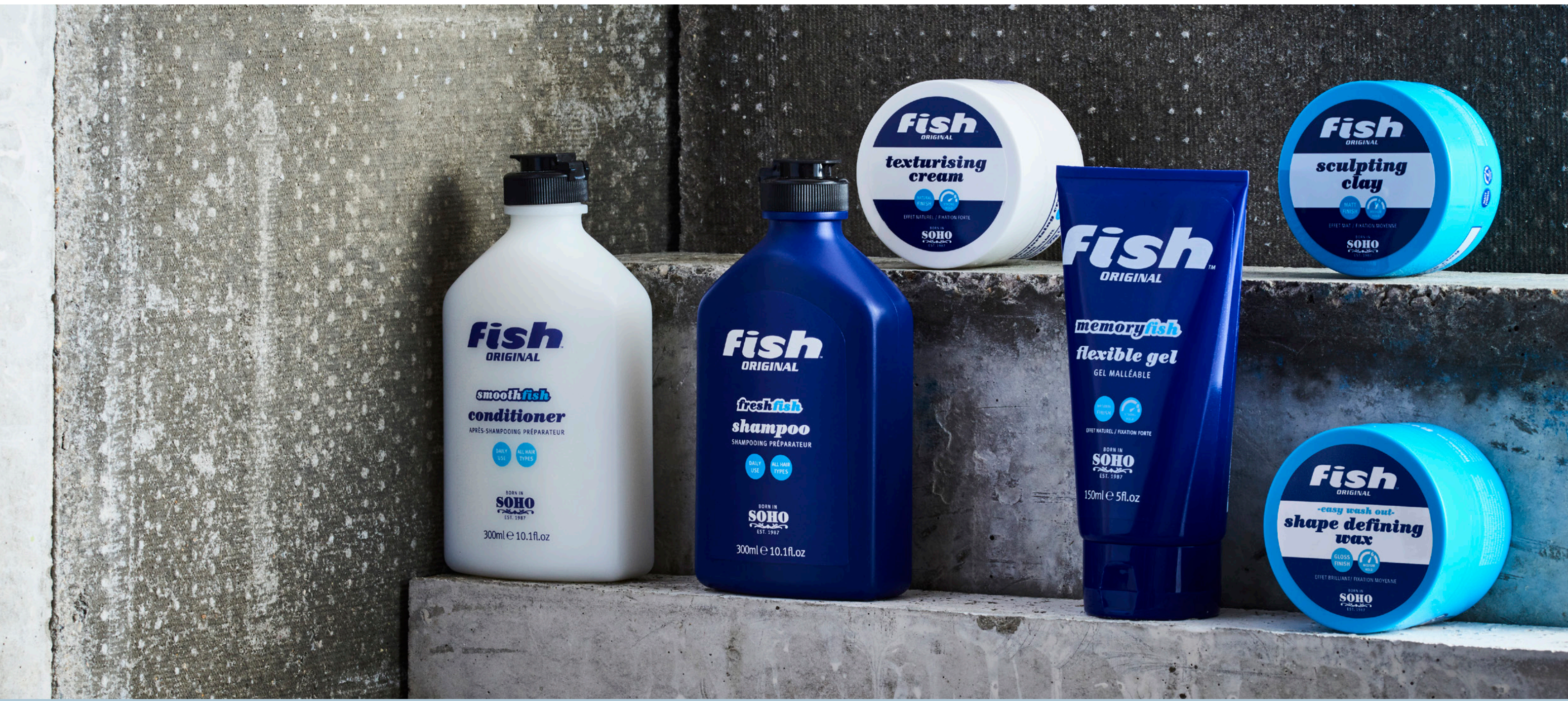
The market place remains challenging and there is an uncertain macro-economic outlook following the vote to leave the EU. Our focus on executing our clear strategy, outlined earlier in this report, has improved our ability to navigate any potential macro uncertainty.

Cyber security

The Group is exposed to the risk of increasingly sophisticated cyber-attacks aimed at causing business disruption, capture of data for financial gain, general embarrassment and reputational damage. Investment internally and externally continues to be applied to maintain a high level of protection software and real-time back-up. Following the introduction of GDPR Data Protection rules, the Group has implemented Group wide data privacy protective measures.

Pension fund deficit

The revaluation of the defined benefit pension plan on a technical provision basis at each reporting date can cause large fluctuations in valuations based on factors outside the Groups control. There is an agreed deficit recovery plan fixed until April 2027 or until a new schedule is agreed based on the next triennial valuation which will be at 5 April 2020. This deficit recovery plan provides a degree of certainty over cash flows between triennial reviews. The Group maintains a close relationship and regular communication with the Trustees.



Financial Review

Key Performance Indicators

To measure and monitor our progress against our growth strategy, we track our performance against a set of ambitious targets and milestones. The goals we set are closely assessed to ensure we focus our efforts to deliver both in the short term and long term. A summary of the financial measures used are:

	2019	2018
Reported Results from continuing and discontinued operations		
Revenue (note 2)	£77.3m	£73.9m
Adjusted revenue (constant currency) [1]	£76.9m	£74.4m
Adjusted operating profit [2]	£4.3m	£5.2m
Reported operating profit	£3.3m	£4.7m
Profit before taxation	£4.1m	£4.5m
Adjusted earnings per share [2]	25.3p	23.2p
Basic earnings per share	20.7p	20.9p
Total Dividend per share	6.5p	6.2p
Net debt	£7.2m	£11.8m

[1] Revenue translated at 2018 exchange rates

[2] Adjusted operating profit and adjusted earnings per share are calculated before exceptional items and amortisation of acquisition-related intangibles.

A reconciliation of underlying operating profit to profit before taxation is shown below:

	2019 Total £'000	2019 Continuing operations £'000	2019 Discontinued operations £'000	2018 Total £'000	2018 Continuing operations £'000	2018 Discontinued operations £'000
Underlying profit from operations (see note 2)	**4,428**	**2,355**	**2,073**	5,470	3,319	2,151
Charge for share-based payments	**(115)**	**(115)**	**-**	(297)	(297)	-
Adjusted operating profit	**4,313**	**2,240**	**2,073**	5,173	3,022	2,151
Net borrowing costs	**757**	**(144)**	**901**	(173)	(161)	(12)
Adjusted profit before taxation	**5,070**	**2,096**	**2,974**	5,000	2,861	2,139
Amortisation of acquisition-related intangibles	**(260)**	**(260)**	**-**	(197)	(197)	-
Exceptional (costs)	**(717)**	**(48)**	**(669)**	(279)	(279)	
Profit before taxation	**4,093**	**1,788**	**2,305**	4,524	2,385	2,139

The Group implements a number of non-GAAP measures which are summarised in the tables above and in more detail within the segmental Income Statement. These measures are used to illustrate the impact of non-recurring and non-trading items on the Group's financial results.

In addition to the financial key performance measures, a range of operational non-financial key performance indicators are also monitored at a management level covering, amongst others, new product development and innovation and quality. The Board receives an overview of these on a regular basis.

Group statutory revenue at £77.3m from continuing and discontinued operations was up 5% against prior year. The Owned Brands business endured a difficult year against strong comparatives, declining by 6.7%, adversely impacted by the decline in consumer confidence and retailer pressures. In the Group's Manufacturing business, revenues increased by 13% against prior year comparators, driven by increased volumes through the launch of three new contract wins.

On a comparable 52-week basis, revenue increased by 8% to £77.3m (2018: £71.6m). The weakness of Sterling against the US dollar has increased sales revenue by £0.5m. Revenue increase on a constant currency basis would have been 4.0%.

The adverse currency impact on revenue has been offset by an equivalent favourable currency impact on cost of goods, reflecting the Group's broadly natural hedge profile.

The pressure experienced on the margin accretive Owned Brands revenues, whilst slightly offset by higher volume sales in the Manufacturing business, has resulted in a reduction in the underlying operating profit at £4.4m (2018: £5.5m).

Underlying operating profit is shown before charges for share-based payments, with a charge made of £0.1m (2018: £0.3m). Share options are put in place in order to incentivise the Group's wider management team (including the Executive Directors) and to ensure that their interests are aligned with shareholders.

The net effect is that the Group made an adjusted operating profit of £4.3m (2018: £5.2m). Adjusted profit before tax increased to £5.1m (2018: £5.0m).

The exceptional item of £0.7m for the Group in the current period is in part due to the GMP equalisation charge on the Group's DB Pension Scheme of £0.3m and £0.4m of "one off" costs relating to the Group's disposal of the Manufacturing business and wider restructure. In 2018 there was an exceptional charge of £0.28m mainly relating to the writing down of the investment in Sterling Shave Club.

The overall effective rate of the new Group taxation for the period was 11.1% (2018: 19%) of pre-tax profits. The current year tax charge reflects standard UK and the Czech Republic rates of taxation.

This results in adjusted earnings per share of 24.1p (2018: 23.2p).

The Group's strategic investment shareholding in Shanghai Colour Cosmetics Technology Company Limited (SCCTC) has reduced from 19% to 13.3% within the period. However, the carrying value remains unchanged during the period, based on a fair value of SCCTC's commercially, externally assessed valuation of the business. The initial cost of this investment was £0.14m and this is now valued at £1.39m. This improved valuation reflects a strong trading performance, supplying customers in Europe and the USA. Income totalling £1.15m was received in the year (2018: £0.19m). This investment was part of the Manufacturing business on disposal and is classified as held for sale at the period end.

Net debt and cash flow

Net debt decreased significantly to £7.2m (2018: £11.8m). A re-balancing of the company's working capital from the prior year has helped 'normalise' the net debt closing balance. The Group maintains a broadly natural hedge position on the Euro and US Dollar, and manages timing differences through a multi-currency invoice finance facility. At the reporting date, the Group was maintaining a hedged position by holding Euro and US Dollar cash balances, whilst drawing on its GBP facility. Note 11 provides an analysis of net debt.

The components of working capital highlight the unwinding of the impact of the introduction of the three new major account wins in the Manufacturing business which were being implemented at the end of the prior year. This aspect combined with a more linear shape to trade debtors have positively impacted the total working capital invested at year end.

Financing costs of £0.4m (2018: £0.36m) comprised interest expense of £0.26m (2018: £0.21m) plus a pension plan notional finance charge of £0.13m (2018: charge £0.15m). Finance income is the receipt of £1.15m (2018: £0.19m) income from our investment holding in SCCTC.

Capital expenditure was £1.1m which was behind the level of depreciation. We have continued to make a number of investments to improve line efficiencies and support incremental new customer contracts.

Defined benefit pension plan

The defined benefit pension plan underwent its last triennial valuation on 5 April 2017. The deficit on a statutory funding basis was £2.6m and the Group entered into a revised deficit recovery plan and schedule of contributions in July 2018. Under this there is a commitment to make deficit reduction payments of £318k per annum (previously £108k per annum) for seven years and £210k for a further three years, and to pay certain administration costs and the PPF levy for the life of the plan. This commitment will be re-assessed once the results of the next triennial valuation at 5 April 2020 are available.

Accounting Standards require the discount rate used for valuations under IAS19 'employee benefits' to be based on yields on high quality (usually AA-rated) corporate bonds of appropriate currency, taking into account the term of the relevant pension plan's liabilities. Corporate bond indices are used as a proxy to determine the discount rate. At the reporting date, the yields on bonds of all types were lower than they were at 30 June 2018. This has resulted in lower discount rates being adopted for accounting purposes compared to last year. In addition, inflation rates are higher than last year. The combination of these two factors have materially increased the fair value of the plan liabilities as measured under IAS 19, which combined with the anticipated investment return performance, has translated into an increased liability under the IAS19 methodology. For accounting purposes at 29 June 2019, the Group recognised under IAS19 'employee benefits', a net liability of £9.4m (2018: £4.5m).

Dividends

The Board is pleased to announce that it will be proposing a final dividend of 4.35 pence. Together with the interim dividend already paid of 2.15 pence this represents a total dividend for the year of 6.5 pence, an improvement of 5% over the prior year (2018: 6.2p). If approved, the final dividend will be paid on 6 December 2019 to shareholders on the register on 15 November 2019. The shares will be marked as ex-dividend on 14 November 2019.

Going Concern

As part of its normal business practice, the Group prepares annual and longer-term plans and, in reviewing this information the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the annual report and accounts.

Where it all happens!

Head Office, Teddington, South West London

People and Sustainability

Employment practices

The success of our business is dependent upon the quality, commitment and behaviour of our employees. Therefore, the Group provides clear policies and direction to our employees and strives for the highest standards of behaviour.

Employee communication

The policy of informing and consulting with employees is given prominence and has continued by means of regular briefing Groups and consultative committees. Employees are encouraged to present their views and suggestions in respect of the Group's performance. During the year a number of employee workshops and briefings have taken place to engage employees. This has been supported through an employee reward and recognition scheme and an on-line facility to capture employee suggestions and questions.

Equality and diversity

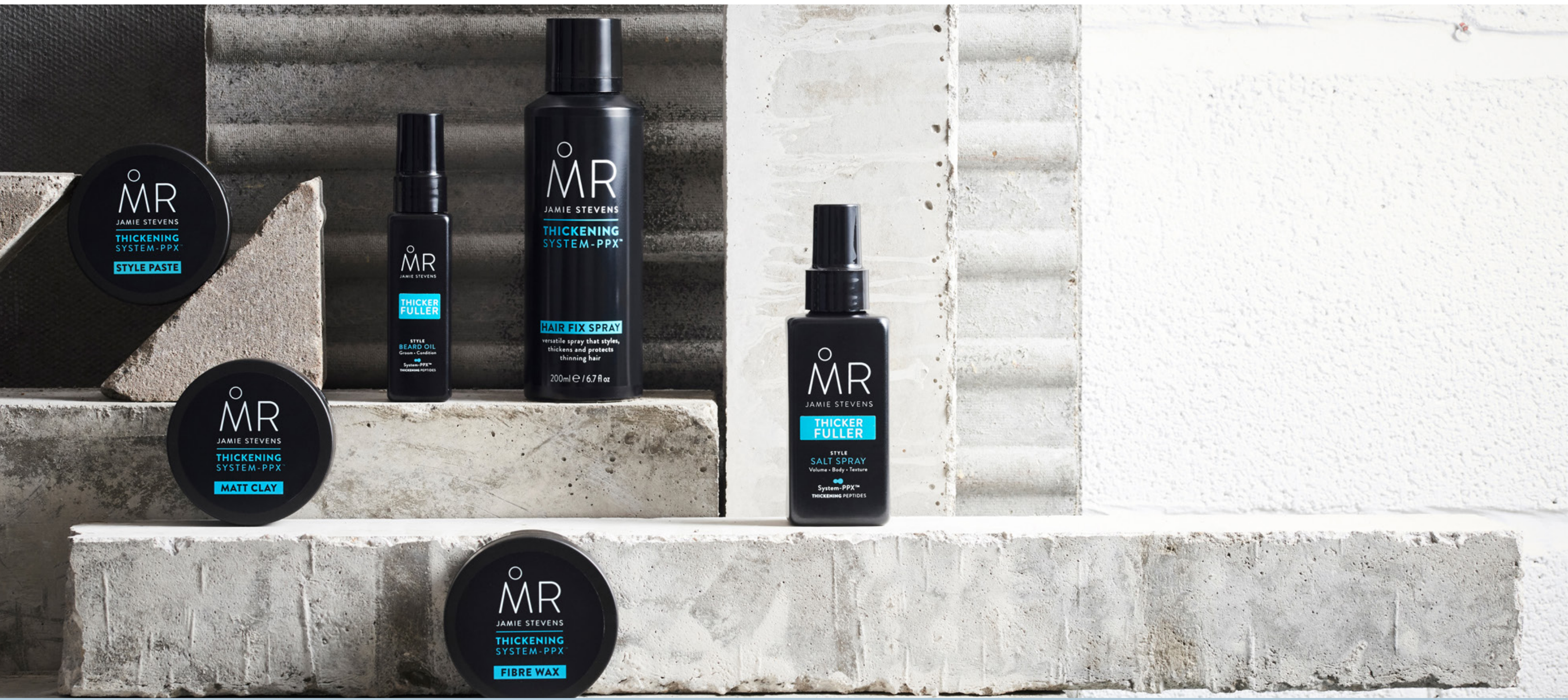
The Group continues to carefully consider applications for employment by individuals from any background, including disabled persons. The Group's training, development and promotion policies aim to ensure all employment decisions are based on fairness and merit.

The Group published its Gender Pay Gap report in February 2019. We are pleased to report that the Group's pay gap of 3.1% is significantly less than the national average of 17.9% and we believe that our approach to recruitment, development and pay will continue to support our position. However, we will not become complacent as there are opportunities still to be realised. We have a culture based on continual improvement and so we will continue to focus on improving our gender pay profile. Consistent evaluation of roles using proven tools and processes will be an important aspect.

Corporate Social Responsibility

The Group recognises the importance of social responsibility in its business and remains strongly committed to reducing the environmental impact of its production and design processes, and advancing its systems and policies to comply with and, wherever possible, anticipate changing legislative and customer demands. This important area is covered as part of regular team briefs to all members of staff.

By order of the Board **Brendan Hynes**
Executive Chairman
27 September 2019



Corporate Governance

The Board, recognising the importance of sound corporate governance, has decided to adopt the QCA's new Corporate Governance Code (published in April 2018) (the "QCA Code") as the basis for the Company's corporate governance. In applying the QCA Code, the company applies the ten principles of the QCA Code (the "Principles") to its governance.

Relations with Shareholders

Communications with shareholders are given high priority. The Chairman's foreword and Strategic report on pages 2 to 4 include a detailed review of the business and future developments. There is regular dialogue with institutional and other major shareholders including presentations after the Company's announcement of final and interim results. The Board also uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation. All Directors will be available to answer questions at the Annual General Meeting on 20 November 2019 and the resolutions to be proposed can be found on the separate circular sent to shareholders with a copy of this Report and Accounts. The Chairman and Non-Executive Directors meet and communicate with shareholders as requested. They also use the Company's broker and informal discussions after the Annual General Meeting, to maintain open routes of communication with shareholders. All presentations to shareholders are shown in the investors section of the Group's website.

The Workings of the Board and its Committees

The Board

The Company's corporate governance is founded on the Board having good quality people in place with relevant skills and experience, working as a team, to achieve the Company's strategy and deliver value for shareholders.

The Board currently comprises an Executive Chairman, and two Non-Executive Directors. The Board is in the process of recruiting a new Chief Executive and a new Finance Director who have skills and experience that are relevant to the new shape of the business. The biographies appearing on page 12 demonstrate a range of experience and sufficient calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct that are vital to the success of the Group. The Board is responsible to shareholders for the proper management of the Group. A statement of the Directors' responsibilities in respect of the accounts and a statement of going concern is set out on page 14.

The Board has overall responsibility for the Group and there is a formal schedule of matters specifically reserved for decision by the Board. Each Executive Director is given responsibility for specific aspects of the Group's affairs and independent advice is available to all Directors. Appropriate training is given when Directors are appointed to the Board.

The Board meets a minimum of six times per year to review trading performance, set and monitor strategy, approve matters reserved for decision by the Board and to ensure that adequate funding exists. All Directors are supplied with information in a manner to enable the Board to discharge its duties.

Indemnity Insurance

The Group carries liability and indemnity insurance for Directors, Officers and Senior Managers.

Nomination Committee

The current members of the Nomination Committee are Brendan Hynes (Committee Chairman), and Roger McDowell. The Committee is responsible for proposing candidates for appointment to the Board, having regard to the balance and structure of the Board. In appropriate cases recruitment consultants are used to assist the process. The terms of reference of the Nomination Committee are published on the Group's website. All Directors are subject to re–election at least every three years.

Audit Committee

The current members of the Audit Committee are Edward Beale (Committee Chairman), Brendan Hynes, and Roger McDowell. It meets at least twice a year to review the Group's accounting policies and reporting procedures, external audit reports and other relevant matters. The external auditors, Group Finance Director and Chief Executive Officer are also invited to attend but are not entitled to vote. The terms of reference of the Audit Committee are published on the Group's website. The Group sometimes receives non-audit services such as taxation and other consultancy advice from the Group's auditors. The Audit Committee assesses the independence of the external auditors by means of an internal review of relationships with the auditors together with a review of an annual independence report issued by the auditors. The Group does not have an internal audit function.

Remuneration Committee

The current members of the Remuneration Committee are Roger McDowell (Committee Chairman), Brendan Hynes, and Edward Beale. The Chief Executive Officer and Group Finance Director attend the Remuneration Committee meetings by invitation but are not entitled to vote. The Committee reviews the terms and conditions of service of Executive Directors, and ensures that salaries, bonuses and share option awards satisfy any relevant performance criteria and align interests with shareholders. Terms of reference of the Remuneration Committee are published on the Group's website.

Internal Control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system can only provide reasonable and not absolute assurance against material misstatement or loss. The key procedures established are as follows:

- Responsibility levels, the ethos of the Group, the delegation of authority and other control procedures, together with appropriate accounting policies, are communicated throughout the Group;
- The Group appoints experienced and professional staff of the necessary calibre, both through promotion and recruitment, to fulfil their responsibilities;
- The Group maintains an annual budget process. The Board sets budgets once per year and monitors actual performance against those budgets at every Board meeting. The Board also reviews forecasts and expectations in the light of up-to-date circumstances and takes action as appropriate;
- The Audit Committee considers significant control matters. Management letter points raised by the external auditors are discussed by the Audit Committee and are dealt with as appropriate;
- The Group maintains an expenditure approval process that ensures that the Board approves major expenditure and investments; and
- The Board undertakes a review of internal controls annually.

The Group has established a Group Risk Management Register and the Board has procedures in place for regular reviews.

Board of Directors

BRENDAN M HYNES
MBA, FCMA
Executive Chairman

Brendan joined the Company as Non-Executive Chairman on 1st July 2013 and is currently acting as Executive Chairman on a temporary basis. He is also currently the Senior Independent Non-Executive Director and Chairman of the Audit Committee of Churchill China plc, Non-Executive Director of private, online education business "Webexaminer"; and a member of the Criticaleye Advisory Board. He was CEO of Nichols plc from 2007 to 2013 having previously been Group Finance Director. He has plc main board experience across a range of other sectors including TMT, retail, consumer goods, buildings and automotive. Previous roles have included Executive Director at Knowledge Management Software plc and Group Finance Director at William Baird plc a branded clothing business and Director of the Consumer, Retail and Distribution (CRD) practice of PricewaterhouseCoopers advising Times 100 companies. Brendan chairs the Nomination Committee and is a member of the Audit and Remuneration Committees.

ROGER MCDOWELL
Independent Non-Executive Director

Roger was reappointed to the Board in March 2012 having previously served as a Non-Executive Director from July 2011 to January 2012. Roger is an experienced director of over 30 years' standing: he led the Oliver Ashworth Group through dramatic growth, main market listing and sale to St. Gobain, following which he was appointed to a number of non-executive roles, including chairmanships in both public and private equity backed businesses. He is currently Chairman of Avingtrans plc, and is Senior Non-Executive Director of Servelec Group plc and Tribal Group plc. He is also a Non-Executive Director of D4T4 Solutions plc and Proteome Sciences plc. Roger chairs the Remuneration Committee and is a member of the Audit and Nomination Committees.

EDWARD BEALE
Independent Non-Executive Director

Edward joined the Company as a Non-Executive Director on 1 July 2014. Mr Beale is a Chartered Accountant and is the Finance Director of Marshall Monteagle plc. He is a member, previously chairman, of the Corporate Governance Expert Group of the Quoted Companies Alliance. He was a member of the Accounting Standards Board of the Financial Reporting Council for six years to 31st August 2013. He is a non-executive director of London Finance & Investment Group P.L.C., Western Selection P.L.C., Heartstone Inns Limited, and some of their subsidiary and associated companies. Edward chairs the Audit Committee and is a member of the Remuneration Committee.

Directors' Report

The Directors' present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the period ended 29 June 2019. The Corporate Governance Statement set out on pages 16 to 17 forms part of this report.

Change of name

The Company changed its name on 9 August 2019 from Swallowfield plc to Brand Architekts Group plc.

Directors

The Company's current Directors are listed on page 18, together with their biographical details. The Directors who served at any time during the year and since the year end were as follows:

B M Hynes
T J Perman (resigned 30 September 2019)
J M Fletcher (resigned 23 August 2019)
M Gazzard (resigned 23 August 2019)
F P Berrebi (resigned 29 June 2019)
R S McDowell
E J Beale

Strategic Report

The Strategic Report set out on page 4 provides a fair review of the Group's business for the year ended June 2019. It also explains the objectives and strategy of the Group, its competition and the markets in which it operates, the principal risks and uncertainties it faces, employee information, the Group's financial position, key performance indicators and likely future developments of the business.

Substantial Shareholdings

As at 28 June 2019, the following shareholders had notified the Company that they held an interest in 3% or more of its issued ordinary share capital:

Shareholdings

Significant Shareholders	Shareholding	Percentage of Issued Shares
Soros Fund Mgt	2,116,426	12.4
Western Selection Plc	1,300,000	7.6
Canaccord Genuity Wealth Mgt	1,060,000	6.2
FIL Investment International	1,059,900	6.2
R & A Persey	1,036,924	6.1
Charles Stanley	956,433	5.6
BGF Investments	954,500	5.6
Hargreaves Lansdown Asset Mgt	886,450	5.2
River & Mercantile Asset Mgt	790,000	4.6
Gresham House	662,773	3.9
M&G Investment Mgt	566,750	3.3
City Asset Mgt	566,061	3.3

Save for these interests, the Directors have not been notified that any person is directly or indirectly interested in 3% or more of the issued ordinary share capital of the Company.

General Meeting

This year's Annual General Meeting will be held on Wednesday 20 November 2019, at 11am. The venue for the AGM will be Farmers and Fletchers, 3 Cloth Street, London EC1A 7LD.

A separate circular will be sent to shareholders and includes the following:

- Notice of meeting;
- Form of proxy;
- Details and information on the resolutions to be proposed.

PKF Francis Clark have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be presented at the forthcoming Annual General Meeting.

Statement of Directors' Responsibilities

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 financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRS's have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Disclosure of Information to Auditors

At the date of making this report each of the Company's Directors, as set out on page 18, confirm the following:

- so far as each Director is aware, there is no relevant information needed by the Company's auditors in connection with preparing their report of which the Company's auditor is unaware; and
- each Director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditor is aware of that information.

By Order of the Board

Brendan Hynes
Executive Chairman
27 September 2019

Company Number: 01975376

Independent Auditor's Report

to the members of Brand Architekts Group plc

Opinion

We have audited the financial statements of Brand Architekts plc (the 'company') and its subsidiaries (the 'group') for the 52 weeks ended 29 June 2019, which comprise the group statement of comprehensive income, the group and company statements of financial position, the group and company statements of changes in equity, the group and company cash flow statements and the notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the company's affairs as at 29 June 2019 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the company's ability to continue to adopt the going concern basis of accounting for at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

The group's two key sources of revenue are:

- Own brand sales
- Contract manufacturing

We identified that the revenue recognition risk relates particularly to the adoption of IFRS 15 in respect of contract manufacturing arrangements. Where there are contracts for products with no alternate use and there is a contractual right to be paid for work as it progresses, IFRS 15 requires revenue to be recognised over a period of time rather than at a point in time.

Work done

- Assessing and challenging the revenue recognition policies adopted by the group to confirm they are appropriate in the context of the business and in accordance with IFRS 15.
- Reviewing a sample of relevant contracts to assess whether there is an alternate use and if there is a contractual right to be paid for work as it progresses.
- Assessing the disclosures made and adjustments required in respect of adopting IFRS15.

As a result of the procedures performed, we are satisfied that revenue has been correctly recorded and the adoption of IFRS15 does not have a material impact on the financial statements.

Goodwill, brands and investment impairment

As identified in the accounting policies, the impairment review of the group's carrying value of goodwill and brands is one of the main areas of estimation. At 29 June 2019, the carrying value of these balances in the group balance sheet was £11.3m (2018: £11.3m). We identified that the audit risk relates to ensuring that management's impairment review is robust and reliable in identifying potential impairment, and that the assumptions made are reasonable.

Work done

Our audit work included:

- Assessing and challenging the key assumptions and calculations applied by management in their impairment reviews.
- Benchmarking the revised long term growth rate to independent market data to confirm it is appropriate.
- Assessing and challenging management's sensitivity analysis on key assumptions and calculations.
- Performing our own sensitivity analysis on short term growth forecasts.

As a result of the procedures performed, we are satisfied that the key assumptions used in the impairment model and the resulting conclusions drawn by management are appropriate and that no impairment is required.

Capitalisation of new product development (NPD) time

The group incurs NPD expenditure in relation to product development prior to the point of commercial production. The key cost is in relation to employee time spent on research and development activities.

Significant judgement is required in determining when capitalisation can take place as set out in IAS38. Significant estimation is required in determining the percentage of employees' time that can be capitalised.
The group amortises NPD costs over a 12 month period on the basis that products are typically launched within 12 months of development.

We identified that the audit risk relates to ensuring that capitalised NPD costs are accurate and recoverable.

Work done

Our audit work included:

- Reviewing and challenging the basis of management's assessment as to when the development phase of NPD begins.
- Reviewing and challenging calculations that support the amount of internal time capitalised and agreeing the inputs, on a sample basis, back to underlying records such as timesheets and payroll costs.
- Reviewing the historical market life of products and whether the periods over which management amortise such costs are aligned with those lives.

As a result of the procedures performed, we are satisfied that the capitalisation of development time is appropriate.

Our application of materiality

Misstatements, including omissions, are considered to be material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We use quantitative thresholds of materiality, together with qualitative assessments in planning the scope of our audit, determining the nature, timing and extent of our audit procedures and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality:	£253,000
Overall company materiality:	£170,000
Performance materiality:	75% of financial statement materiality
Basis for determination:	5% of profit before exceptional items (and central costs at a company level)
Range of materiality at 4 components subject to full scope audits:	£23,000 - £199,000
Misstatements reported to the audit committee:	£6,000

Rationale for the benchmark applied: We consider adjusted profit to be the most appropriate measure for materiality as it best reflects the underlying trading profitability and is a key metric used by both management and other stakeholders in assessing performance.

An overview of the scope of our audit

We planned and performed our audit by obtaining an understanding of the group and its environment, including the accounting processes and controls, and the industry in which it operates. The group comprises the following active companies:

- 1 UK trading parent company
- 2 UK trading subsidiary companies (1 wholly owned and 1 51% owned)
- 1 wholly owned Czech Republic based trading subsidiary;
- 1 wholly owned French based trading subsidiary;
- 1 wholly owned US based trading subsidiary; and
- 1 intermediate UK holding company.

Of the group's 6 trading components, the 3 UK based trading companies were subject to full scope audits performed by the group audit team. The UK intermediate holding company was also subject to a full scope audit by the group audit team. Component auditors were used to perform specific audit procedures on the Czech Republic subsidiary in conjunction with analytical procedures carried out by the group audit team. The remaining 2 overseas components were subject to analytical review procedures, carried out by the group audit team. Those components subject to audit and specific audit procedures cover 94% of the group's revenue and 98% of the group's consolidated profit before exceptional and central costs. Our audit work at the component level is executed at levels of materiality appropriate for such components.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an audit report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body for our audit work, for this report, or for the opinions we have formed.

Glenn Nicol
(Senior Statutory Auditor)

PKF Francis Clark
Statutory Auditor
Centenary House
Peninsula Park
Rydon Lane
Exeter
EX2 7XE

30 September 2019

Group Statement of Comprehensive Income

For the 52 weeks ended 29 June 2019 and 53 weeks ended 30 June 2018

	Notes	**2019** **£'000**	2018* £'000
Revenue	2	**19,676**	21,085
Cost of sales		**(12,680)**	(12,705)
Gross profit		**6,996**	8,380
Commercial and administrative costs		**(5,016)**	(5,556)
Operating profit before exceptional items		**1,980**	2,824
Exceptional items	3	**(48)**	(279)
Operating profit		**1,932**	2,545
Finance income	7	**-**	-
Finance expense	8	**(144)**	(160)
Profit before taxation	4	**1,788**	2,385
Taxation	9	**(198)**	(453)
Profit for the year		**1,590**	1,932
Profit on Discontinued Operations after taxation	28	**2,050**	1,701
Profit for the year		**3,640**	3,633
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit liability		**(4,011)**	1,403
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(35)**	30
(Loss)/gain on financial assets held at fair value		**(6)**	156
Other comprehensive income/(loss) for the year		**(4,052)**	1,589
Total comprehensive income for the year		**(412)**	5,222
Profit attributable to:			
Equity shareholders		**3,539**	3,542
Non-controlling interests		**101**	91
Total comprehensive income attributable to:			
Equity shareholders		**(513)**	5,131
Non-controlling interests		**101**	91
Earnings per share			
- basic	11	**20.7p**	20.9p
- diluted	11	**20.0p**	20.3p
Dividends			
Paid in year (£'000)	10	**1,088**	933
Paid in year (pence per share)	10	**6.35p**	5.5p
Proposed (£'000)		**745**	720
Proposed (pence per share)		**4.35p**	4.2p

The accompanying accounting policies and notes form part of the financial statements.

*2018 comparatives have been restated for discontinued operations – see note 2 for further information.

Group Statement of Financial Position

For the 52 weeks ended 29 June 2019, and 53 weeks ended 30 June 2018

	Notes	2019 £'000	2018 Restated – Note 29 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**21**	11,438
Intangible assets	13	**12,817**	13,852
Deferred tax assets	22	**1,714**	803
Investments	14	**-**	1,391
Total non-current assets		**14,552**	27,484
Current assets			
Inventories	15	**5,211**	13,825
Trade and other receivables	16	**3,475**	19,283
Assets held for resale	28	**22,700**	-
Cash and cash equivalents		**381**	934
Current tax receivable		**285**	109
Total current assets		**32,052**	34,151
Total assets		**46,604**	61,635
LIABILITIES			
Current liabilities			
Trade and other payables	17	**6,628**	23,709
Interest-bearing loans and borrowings	18	**1,139**	1,127
Current tax payable		**527**	503
Total current liabilities		**8,294**	25,339
Non-current liabilities			
Interest-bearing loans and borrowings	19	**2,091**	3,230
Post-retirement benefit obligations	26	**9,417**	4,489
Deferred tax liabilities	22	**1,061**	1,555
Total non-current liabilities		**12,569**	9,274
Total liabilities		**20,863**	34,613
Net assets		**25,741**	27,022
EQUITY			
Share capital	23	**857**	857
Share premium	23	**11,987**	11,987
Revaluation of investment reserve	23	**1,241**	1,247
Exchange reserve	23	**(147)**	(112)
Pension re-measurement reserve	23	**(6,502)**	(2,491)
Retained earnings	23	**18,160**	15,455
Equity attributable to holders of the parent		**25,596**	26,943
Non-controlling interest		**145**	79
Total equity		**25,741**	27,022

The accompanying accounting policies and notes form part of the financial statements.

Approved by the Board on 27 September 2019 and signed on its behalf by

Brendan Hynes
Executive Chairman and Company Secretary
Company Number: 01975376

FINANCIAL STATEMENTS

Company Statement of Financial Position

For the 52 weeks ended 29 June 2019, and 53 weeks ended 30 June 2018

	Notes	**2019** **£'000**	2018 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**-**	10,493
Intangible assets	13	**3,969**	4,828
Deferred tax assets	22	**1,645**	806
Investments	14	**12,084**	16,131
Total non-current assets		**17,698**	32,258
Current assets			
Inventories	15	**-**	9,866
Trade and other receivables	16	**4**	12,956
Assets held for resale	28	**22,151**	-
Cash and cash equivalents		**147**	737
Current tax receivable		**341**	-
Total current assets		**22,643**	23,559
Total assets		**40,341**	55,817
LIABILITIES			
Current liabilities			
Trade and other payables	17	**10,199**	24,699
Interest-bearing loans and borrowings	18	**1,139**	1,127
Current tax payable		**-**	3
Total current liabilities		**11,338**	25,829
Non-current liabilities			
Interest-bearing loans and borrowings	19	**2,091**	3,230
Post-retirement benefit obligations	26	**9,417**	4,489
Deferred tax liabilities	22	**-**	410
Total non-current liabilities		**11,508**	8,129
Total liabilities		**22,846**	33,958
Net assets		**17,495**	21,859
EQUITY			
Share capital	23	**857**	857
Share premium	23	**11,987**	11,987
Revaluation of investment reserve	23	**1,241**	1,247
Capital reserve	23	**467**	467
Pension re-measurement reserve	23	**(6,502)**	(2,491)
Retained earnings	23	**9,445**	9,792
Total equity		**17,495**	21,859

The accompanying accounting policies and notes form part of the financial statements.

Approved by the Board on 27 September 2019 and signed on its behalf by

Brendan Hynes
Executive Chairman and Company Secretary
Company Number: 01975376

Group Statement of Changes in Equity

For the 52 weeks ending 29 June 2019 and 53 weeks ending 30 June 2018

Group	Share Capital £'000	Share Premium £'000	Revaluation of investment reserve £'000	Exchange Reserve £'000	Pension re-measurement reserve £'000	Retained Earnings £'000	Non-controlling interest £'000	Total Equity £'000
Balance as at June 2018	**857**	**11,987**	**1,247**	**(112)**	**(2,491)**	**15,455**	**79**	**27,022**
Dividends	-	-	-	-	-	(1,088)	(35)	(1,123)
Non-controlling interest	-	-	-	-	-	-	101	101
Share based payments	-	-	-	-	-	254	-	254
Transactions with owners	-	-	-	-	-	(834)	66	(768)
Profit for the year	-	-	-	-	-	3,539	-	3,539
Other comprehensive income:								
Re-measurement of defined benefit liability		-	-	-	(4,011)	-	-	(4,011)
Exchange difference on translating foreign operations	-	-	-	(35)	-	-	-	(35)
Gain on available for sale financial assets	-	-	(6)	-	-	-	-	(6)
Total comprehensive income for the year	-	-	(6)	(35)	(4,011)	3,539	-	(513)
Balance as at June 2019	**857**	**11,987**	**1,241**	**(147)**	**(6,502)**	**18,160**	**145**	**25,741**

Group	Share Capital £'000	Share Premium £'000	Revaluation of investment reserve £'000	Exchange Reserve £'000	Pension re-measurement reserve £'000	Retained Earnings £'000	Non-controlling interest £'000	Total Equity £'000
Balance as at June 2017	**844**	**11,744**	**1,091**	**(142)**	**(3,894)**	**12,749**	**18**	**22,410**
Dividends	-	-	-	-	-	(933)	(30)	(963)
Issue of new shares	13	243	-	-	-	-	-	256
Non-controlling interest	-	-	-	-	-	-	91	91
Share based payments	-	-	-	-	-	97	-	97
Transactions with owners	13	243	-	-	-	(836)	61	(519)
Profit for the year	-	-	-	-	-	3,542	-	3,542
Other comprehensive income:								
Re-measurement of defined benefit liability	-	-	-	-	1,403	-	-	1,403
Exchange difference on translating foreign operations	-	-	-	30	-	-	-	30
Gain on available for sale financial assets	-	-	156	-	-	-	-	156
Total comprehensive income for the year	-	-	156	30	1,403	3,542	-	5,131
Balance as at June 2018	**857**	**11,987**	**1,247**	**(112)**	**(2,491)**	**15,455**	**79**	**27,022**

The accompanying accounting policies and notes form part of the financial statements.

Company Statement of Changes in Equity

For the 52 weeks ending 29 June 2019 and 53 weeks ending 30 June 2018

Company	Share Capital £'000	Share Premium £'000	Revaluation of investment reserve £'000	Exchange Reserve £'000	Pension re-measurement reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance as at June 2018	**857**	**11,987**	**1,247**	**467**	**(2,491)**	**9,792**	**21,859**
Dividends	-	-	-	-	-	(1,088)	(1,088)
Share based payments	-	-	-	-	-	254	254
Transactions with owners	-	-	-	-	-	(834)	(834)
Profit for the year	-	-	-	-	-	487	487
Other comprehensive income:							
Re-measurement of defined benefit liability	-	-	-	-	(4,011)	-	(4,011)
Gain on available for sale financial assets	-	-	(6)	-	-	-	(6)
Total comprehensive income for the year	-	-	(6)	-	(4,011)	487	(3,530)
Balance as at June 2019	**857**	**11,987**	**1,241**	**467**	**(6,502)**	**9,445**	**17,495**

Company	Share Capital £'000	Share Premium £'000	Revaluation of investment reserve £'000	Exchange Reserve £'000	Pension re-measurement reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance as at June 2017	**844**	**11,744**	**1,091**	**467**	**(3,894)**	**9,942**	**20,194**
Dividends	-	-	-	-	-	(933)	(933)
Issue of new shares	13	243	-	-	-	-	256
Share based payments	-	-	-	-	-	97	97
Transactions with owners	13	243	-	-	-	(836)	(580)
Profit for the year	-	-	-	-	-	686	686
Other comprehensive income:							
Re-measurement of defined benefit liability	-	-	-	-	1,403	-	1,403
Gain on available for sale financial assets	-	-	156	-	-	-	156
Total comprehensive income for the year	-	-	156	-	1,403	686	2,404
Balance as at June 2018	**857**	**11,987**	**1,247**	**467**	**(2,491)**	**9,792**	**21,859**

The accompanying accounting policies and notes form part of the financial statements.

Cash Flow Statement

For the 52 weeks ended 29 June 2019 and 53 weeks ended 30 June 2018

	Group		Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Cash flow from operating activities				
Profit before taxation	**4,093**	4,524	**461**	699
Depreciation	**1,262**	1,283	**1,064**	1,058
Amortisation	**944**	583	**768**	418
Finance income	**(1,146)**	(191)	**(1,182)**	(822)
Finance cost	**389**	364	**382**	363
(Increase) in inventories	**(2,129)**	(2,395)	**(877)**	(1,279)
Decrease /(increase) in trade and other receivables	**1,252**	(2,648)	**(1,693)**	71
Increase in trade and other payables	**3,059**	944	**7,7712**	2,563
(Decrease) in share-based payments provision	**(221)**	(1,666)	**(221)**	(1,666)
Contributions to defined benefit plans	**(282)**	(108)	**(282)**	(108)
Cash generated from operations	**7,221**	690	**6,132**	1,297
Finance expense paid	**(263)**	(209)	**(256)**	(208)
Taxation paid	**(593)**	(762)	**(197)**	(247)
Net cash flow from operating activities	**6,365**	(281)	**5,679**	842
Cash flow from investing activities				
Investment income received	**1,146**	191	**1,182**	822
Purchase of property, plant and equipment	**(1,088)**	(1,631)	**(900)**	(1,486)
Purchase of intangible assets	**(699)**	(3,850)	**(699)**	(3,850)
Purchase of subsidiary	**-**	(1,850)	**-**	(1,850)
Net cash flow from investing activities	**(641)**	(7,140)	**(417)**	(6,364)
Cash flow from financing activities				
Movements in invoice discounting facility	**(4,027)**	2,741	**(3,637)**	1,701
Proceeds from new loan	**-**	3,000	**-**	3,000
Issue of new share capital	**-**	256	**-**	256
Repayment of loans	**(1,127)**	(736)	**(1,127)**	(736)
Dividends paid	**(1,123)**	(963)	**(1,088)**	(933)
Net cash flow from financing activities	**(6,277)**	4,298	**(5,852)**	3,288
Net (decrease) in cash and cash equivalents	**(553)**	(3,123)	**(590)**	(2,234)
Cash and cash equivalents at beginning of year	**934**	4,057	**737**	2,971
Cash and cash equivalents at end of year	**381**	934	**147**	737

The accompanying accounting policies and notes form part of the financial statements.

Notes to the Accounts

Note 1 Significant accounting policies

General information
Brand Architekts Group plc is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 58. The nature of the Group's operations and its principal activities are set out in the Strategic Report. The Group draw their accounts up on a 52 week year basis.

Basis of preparation
The Group has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and also in accordance with IFRS issued by the International Accounting Standards Board. These financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain non-current assets and financial instruments.

The Directors have considered trading and cash flow forecasts prepared for the Group, and based on these, and the confirmed banking facilities, are satisfied that the Group will continue to be able to meet its liabilities as they fall due for at least one year from the date of signing of these accounts. On this basis, they consider it appropriate to adopt the going concern basis in the preparation of these accounts.

The consolidated financial statements are presented in sterling and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

Discontinued Activities
As a result of the agreed disposal of the manufacturing business (completed post year-end), these operations have been disclosed as discontinued and the related assets classified as held for sale at the period end.

Basis of consolidation
The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings. The results and net assets of undertakings acquired or disposed of during a financial year are included in the Group Statement of Comprehensive Income and Group Statement of Financial Position from the effective date of acquisition or to the effective date of disposal. Subsidiary undertakings have been consolidated using the purchase method of accounting. In accordance with the exemptions given by section 408 of the Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income. The Company's profit after tax for the year to June 2019 was £0.487m (2018: profit after tax £0.686m).

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of June 2019. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Business combinations
The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the
- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Intangible assets
(i) *Computer software*
Computer software is stated at cost less accumulated amortisation. Computer software is amortised on a straight-line basis over the expected useful life of 3 years.

(ii) *Research and development*
Expenditure on the research phase of projects to develop new products is recognised as an expense as incurred.
Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:
- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the development
- the development will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Any capitalised development costs that are not yet complete are not amortised but are subject to impairment testing. Complete development projects are amortised on a straight-line basis over the expected life of the project up to a maximum of 5 years.

(iii) Brand names and customer relationships
Brand names and customer relationships acquired are recognised as intangible assets at their fair values (see note 13).

Customers relationships are amortised on a straight-line basis over 5 or 10 years, based on evaluation at point of acquisition.

Brand names are considered to have an indefinite life and are tested for impairment annually. This is on the basis that the brand is well established and there is no foreseeable limit on the period of time over which it is expected to contribute to cash flow.

(iv) Goodwill
An impairment test is undertaken where there are indicators of impairment or on an annual basis where intangible assets are determined to have an infinite useful life such as Brands and goodwill. Brands and goodwill are combined together as part of the same CGU and tested together using a discounted cash flow approach.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Where there is evidence of impairment, property, plant and equipment is written down to its recoverable amount. Any such write down is charged to the profit or loss for the year. Property, plant and equipment are depreciated on a straight-line basis over their expected useful lives as follows:

Freehold buildings	2% per annum
Plant and machinery	5% to 33% per annum

Freehold land is not depreciated.

Impairment of assets

An impairment test is performed annually where required and whenever events and circumstances indicate that the carrying value of an asset may exceed its recoverable amount. The carrying value is compared against the expected recoverable amount of the asset, generally by reference to the present value of the future net cash flows expected to be derived from that asset.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those incurred in bringing each product to its present location and condition. Cost comprises purchase costs including transport costs together with any direct labour and attributable overheads. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Taxation

Current tax is the tax payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the Statement of Financial Position date.

Changes in deferred tax assets or liabilities are recognised in profit or loss as a component of tax expense in the Statement of Comprehensive Income, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land) in which case the related deferred tax is also charged or credited directly to equity.

Foreign currencies

Trading transactions denominated in foreign currencies are recorded in sterling at actual rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the middle market rates ruling at the Statement of Financial Position date. Such exchange differences are recognised in the profit or loss for the year.

The assets and liabilities in the financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the Statement of Financial Position date. Income and expenses are translated at the average rate. The exchange differences arising from the retranslation of foreign operations are charged / credited to other comprehensive income and recognised in the 'Exchange reserve' in equity. On disposal of a foreign operation, the cumulative translation differences are reclassified from equity to profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts and rebates, VAT and other sales-related taxes. Revenue is recognised when the Group has transferred the significant risks and rewards of ownership to the customer, which is generally when the production of goods is complete, the customer has accepted title of the goods under contractual shipping arrangements and collectability of the related receivables is reasonably assured.

Leased assets

Operating lease rental payments are charged to profit or loss on a straight line basis over the term of the lease.

Employee benefits

Pension obligations

The Group operates both defined benefit and defined contribution pension plans.

i) *Defined benefit schemes*

Plan assets are measured at fair values. Defined benefit pension plan liabilities are measured by an independent actuary using the projected unit method and discounted at the current rate of return on high quality corporate bonds of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension plans expected to arise from employee service in the year is charged to operating profit. The plan was closed to future accrual on 31 December 2015. The expected return on the plan's assets and the increase during the year in the present value of the plan's liabilities, arising from the passage of time, are included in other finance income or cost.

ii) *Defined contribution schemes*

Costs of defined contribution pension plans are charged to the profit or loss in the year they fall due.

iii) *Share-based Payment Transactions*

The value, as at the grant date, of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted.

For cash-settled share-based payment transactions, the liability needs to be re-measured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in the profit or loss.

Financial assets

The Group's financial assets consist of loans and receivables and financial assets at fair value through profit or loss. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the profit or loss.

The Group's 13.3% interest in SCCTC (see note 14) is held at fair value as required under IFRS9. Gains and losses in respect of this investment are held in a separate reserve. Fair value has been determined by the latest share acquisitions by a third party on an arm's length basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. The Group considers overdrafts (repayable on demand) to be an integral part of its cash management activities and these are included in cash and cash equivalents for the purposes of the Cash Flow Statement.

Financial liabilities

The Group's financial liabilities consist of bank borrowings, trade and other payables.

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, all transaction costs are recognised immediately in the profit or loss. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities categorised as at fair value through profit or loss are re-measured at each reporting date at fair value, with changes in fair value being recognised in the profit or loss. All other financial liabilities are carried subsequently at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the profit or loss. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the profit or loss on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial liabilities are categorised as at fair value through profit or loss where they are classified as held-for-trading or designated as at fair value through profit or loss on initial recognition. A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Distributions to shareholders

Dividends and other distributions to shareholders are reflected in financial statements when approved by shareholders in a general meeting, except for interim dividends which are included in financial statements when paid by the Company. Accordingly, proposed dividends are not included as a liability in the financial statements.

Exceptional items

Exceptional items are non-recurring material items which are outside the normal scope of the Group's ordinary activities such as liabilities and costs arising from a fundamental restructuring of the Group's operations.

Significant management judgement in applying accounting policies

The following are significant management judgements in applying the accounting policies of the Group that have the most significant impact on the financial statements:

Deferred Taxation

The Group has not made full provision for deferred taxation on the full carrying value of the Group's land and buildings, on the basis that the full value of these assets will be recovered through sale and not through use and that indexation will result in no taxable gain arising on disposal.

Post-retirement benefits

The Group has a commitment to pay certain future administration costs and PPF levies associated with the Group's defined benefit pension plan as set out in Note 26 Post Retirement Benefits. These future cash outflows relate to an ongoing economic benefit at the period end, and therefore do not give rise to a liability that needs to be included in the statement of financial position.

Key sources of estimation uncertainty

In applying the above accounting policies, the Group has made appropriate estimates in a number of areas and the actual outcome may differ from those calculated. The key sources of estimation uncertainty at the year-end that may have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Fair value on acquisition

Judgement and estimates arise in the determination and fair value of intangible and tangible assets and contingent and other liabilities arising when acquiring a business. The valuation of externally acquired assets such as Brands and customer lists require judgement regarding estimated future cash flows arising for those established assets, discounted to reflect the time value of money. Judgement is also used in determining the useful economic life and amortisation periods. Further information is included in Note 13.

Impairment reviews

An impairment test is undertaken where there are indicators of impairment or on an annual basis where intangible assets are determined to have an infinite useful life such as Brands and goodwill using a discounted cash flow approach. Note 13 discloses the assumptions used.

Post-retirement benefits

The Group's defined benefit pension plan is assessed annually. The value in these accounts which has been based on the assumptions of an independent actuary resulted in a deficit of £9.4m (2018: £4.5m) before deferred taxation. The size of the deficit is sensitive to the market value of the underlying plan investments and the actuarial assumptions which include price inflation, pension and salary increases, the discount rate used in assessing the liabilities, mortality rates, and other demographic factors. Further details are included in Note 26.

Capitalisation of New Product Development (NPD) costs

The Group capitalises NPD costs within intangible fixed assets. The key sources of estimation uncertainty involved is this are:

a. Assessment of proportion of employee's time spent on new product development.
b. Period of amortisation – the length of time between the creation of the asset and it being consumed in the sales of the products created varies over the range of products created. Review of available data has indicated that one year is a reasonable average figure.

Impact of new standards adopted during the period

IFRS 9 'Financial Instruments'

The Group adopted IFRS 9 with effect from 1 July 2018. Due to the short term nature of the Group's trade receivables, the credit ratings of the Group's Clients, and credit insurance on certain trade receivables, the requirement under IFRS 9 to use an expected loss method of impairment of financial assets has not had a material effect on the Group's financial statements.

Impairment of financial assets
A loss allowance is recognised on initial recognition of financial assets held at amortised cost, based on expected credit losses, and is remeasured annually with changes appearing in profit or loss. Where there has been a significant increase in credit risk of the financial instrument since initial recognition, the loss allowance is measured based on lifetime expected losses. In all other cases, the loss allowance is measured based on 12-month expected losses. For assets with a maturity of 12 months or less, including trade receivables, the 12-month expected loss allowance is equal to the lifetime expected loss allowance.

IFRS 15 'Revenue from Contracts with Customers'

The Group adopted IFRS 15 with effect from 1 July 2018. The main impact of this standard has been assessed in respect of the manufacturing business where IFRS15 requires revenue to be recognised over a period of time where products are produced that have no alternative use and where there is a right to payment through the manufacturing process. From review of contractual terms and based on customary practice, it has been concluded that no contract assets or liabilities arise in such instances or else are immaterial to the financial statements. As such there has been no material impact in the adoptions of IFRS15.

Revenue continues to be recognised when the significant risks and rewards of ownership to the customer have been transferred. This is when performance obligations are deemed to have been satisfied in contracts. All revenue has therefore been recognised at a point in time rather than over a period of time. As such no contract assets or liabilities have been recognised.

The Group has applied the practical expedient permitted by IFRS 15 to not disclose the transaction price allocated to performance obligations unsatisfied or partially unsatisfied as of the end of the reporting period as contracts typically have an original expected duration of a year or less.

Costs incurred in obtaining a new customers or contracts are written off as incurred and are not taken into consideration in when assessing the cost of fulfilling a contacts as contracts tend to be satisfied in a period of less than 12 months.

Standards in issue but not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

IFRS 16 'Leases'

IFRS 16 represents new requirements for the recognition of operating leases, replacing IAS 17 'Leases'. The new standard requires that certain operating leases are disclosed within the Statement of Financial Position.

The Group's management have yet to assess the impact of IFRS 16 on these consolidated financial statements. The new standard is required to be applied for our annual reporting period ending on 30 June 2020.

Note 2 Segmental analysis

The Group is a market leader in the development, formulation, and supply of personal care and beauty products.

The reportable segments of the Group are aggregated as follows:

- Brands – we leverage our skilled resources to develop and market a growing portfolio of Brand Architekts Group owned and managed Brands. These include organically developed Bagsy, MR. and Tru, plus the acquisitions of The Real Shaving Company (in 2015), the portfolio of Brands included in The Brand Architekts acquisition (in 2016) and the Fish brand acquired during this financial year.

- Manufacturing – the contracted development, formulation and production of quality products for many of the world's leading personal care and beauty Brands.

- Eliminations and Central Costs. Other Group-wide activities and expenses, including defined benefit pension costs, share-based payment expenses, amortisation of acquisition-related intangibles, interest, taxation and eliminations of intersegment items, are presented within 'Eliminations and central costs'.

This is the basis on which the Group presents its operating results to the Directors, which is considered to be the Chief Operating Decision Maker (CODM) for the purposes of IFRS 8. Comparative full year numbers have been presented on the same basis.

IFRS15 requires the disaggregation of revenue into categories that depict how the nature, timing, amount and uncertainty of revenue and cash flows are affected by economic factors. The Directors have considered how the Group's revenue might be disaggregated in order to meet the requirements of IFRS15 and has concluded that the activity and geographical segmentation disclosures set out below represent the most appropriate categories of disaggregation.

a) Principal measures of profit and loss – Income Statement segmental information for 52 weeks ending 29 June 2019 and 53 weeks ending 30 June 2018:

52 weeks ended 30 June 2019	**Brands** £'000	**Manufacturing** £'000	**Eliminations and Central Costs** £'000	**Total** **£'000**	2018 Total £'000
UK revenue	16,381	35,763	-	**52,144**	51,253
International revenue	3,220	21,974	-	**25,194**	22,692
Revenue – External	19,601	57,737	-	**77,338**	73,945
Revenue – Internal	75	4,235	(4,310)	**-**	-
Total revenue	**19,676**	**61,972**	**(4,310)**	**77,338**	73,945
Discontinued Operation	-	(61,972)	4,310	(57,662)	(52,860)
Total Revenue	**19,676**	**-**	**-**	**19,676**	21,085
Underlying profit from operations*	**3,619**	**2,515**	**(1,706)**	**4,428**	5,470
Charge for share-based payments	-	-	(115)	**(115)**	(297)
Amortisation of acquisition-related intangibles	-	-	(260)	**(260)**	(197)
Exceptional costs	-	(669)	(48)	**(717)**	(279)
Net borrowing costs	-	901	(144)	**757**	(173)
Tax charge on discontinued operations	-	(255)	-	**(255)**	(438)
Segment Profit included in Discontinued Operations	-	(2,492)	442	**(2,050)**	(1,701)
Profit before taxation	**3,619**	**-**	**(1,831)**	**1,788**	2,385
Tax charge			(198)	**(198)**	(453)
Profit for the period from continuing activities	**3,619**	**-**	**(2,029)**	**1,590**	1,932

*The underlying profit net of eliminations and central costs are as follows:

	Continuing operations - Brands £'000	**Discontinued operations - Manufacturing** £'000	**Total** £'000
Underlying profit from operations – operating segments	3,619	2,515	6,134
Eliminations and central costs	(1,264)	(442)	(1,706)
Underlying profit from operations	2,355	2,073	4,428

53 weeks ended 30 June 2018	Brands £'000	Manufacturing £'000	Eliminations and Central Costs £'000	**Total £'000**	2017 Total £'000
UK revenue	17,086	34,167	-	**51,253**	44,732
International revenue	3,968	18,724	-	**22,692**	29,582
Revenue – External	21,054	52,891	-	**73,945**	74,314
Revenue – Internal	31	1,940	(1,971)	**-**	-
Total revenue	**21,085**	**54,831**	**(1,971)**	**73,945**	74,314
Discontinued Operation	**-**	**(54,831)**	**1,971**	**(52,860)**	-
Total Revenue	**21,085**	**-**	**-**	**21,085**	74,314
Underlying profit from operations	**4,806**	**2,539**	**(1,875)**	**5,470**	5,617
Charge for share-based payments	-	-	(297)	**(297)**	(1,755)
Amortisation of acquisition-related intangibles	-	-	(197)	**(197)**	(187)
Exceptional costs	-	-	(279)	**(279)**	(343)
Net borrowing costs	-	(12)	(161)	**(173)**	(217)
Tax charge on discontinued operations	-	(438)	-	(438)	-
Segment Profit included in Discontinued Operations	-	(2,089)	388	**(1,701)**	-
Profit before taxation	**4,806**	-	**(2,421)**	**2,385**	3,115
Tax charge	-	-	(453)	**(453)**	(543)
Profit for the period from continuing activities	**4,806**	-	**(2,874)**	**1,932**	2,572

*The underlying profit net of eliminations and central costs are as follows:

	Continuing operations - Brands £'000	**Discontinued operations - Manufacturing** £'000	**Total** £'000
Underlying profit from operations – operating segments	4,806	2,539	6,134
Eliminations and central costs	(1,487)	(388)	(1,875)
Underlying profit from operations	3,319	2,151	5,470

The segmental Income Statement disclosures are measured in accordance with the Group's accounting policies as set out in note 1.

Inter segment revenue earned by Manufacturing from sales to Brands is determined on commercial trading terms as if Brands were a third-party customer.

All defined benefit pension costs and share-based payment expenses are recognised for internal reporting to the CODM as part of Group-wide activities and are included within 'Eliminations and central costs' above. Other costs, such as Group insurance and auditors' remuneration which are incurred on a Group-wide basis are recharged by the head office to segments on a reasonable and consistent basis for all periods presented, and are included within segment results above.

b) Other Income Statement segmental information

The following additional items are included in the measures of underlying profit and loss reported to the CODM and are included within (a) above:

52 weeks ended 29 June 2019	**Brands** £'000	**Manufacturing** £'000	**Eliminations and Central Costs** £'000	**Total** £'000
Depreciation	13	1,249	-	1,262
Amortisation	-	700	260	960
53 weeks ended 30 June 2018				
Depreciation	13	1,270	-	1,283
Amortisation	-	386	197	583

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c) Principal measures of assets and liabilities
The Groups assets and liabilities are managed centrally by the CODM and consequently there is no reconciliation between the Group's assets per the statement of financial position and the segment assets.

d) Additional entity-wide disclosures
The distribution of the Group's external revenue by destination is shown below:

Geographical segments	**52 weeks ended 29 June 2019 £'000**	53 weeks ended 30 June 2018 £'000
UK	**52,144**	51,284
Other European Union countries	**17,482**	16,891
Rest of the World	**7,712**	5,770
	77,338	73,945

Geographical segments – Ongoing Business	**52 weeks ended 29 June 2019 £'000**	53 weeks ended 30 June 2018 £'000
UK	**16,456**	17,021
Other European Union countries	**609**	520
Rest of the World	**2,611**	3,544
	19,676	21,085

In the 52 weeks ended 29 June 2019, the Group had two customers that exceeded 10% of total revenues, being 12% and 11% respectively. In the 53 weeks ended 30 June 2018, the Group had two customers that exceeded 10% of total revenues, this being 13% and 12% respectively.

In 2019 the Group had non-current assets held overseas of £2,247,000 (2018: £2,304,000).

Note 3 Exceptional items

The exceptional item of £0.048m in the current period is due to the GMP equalisation charge on the Group's DB Pension Plan of £0.288m offset by the release (credit) of unrequired contingent earn-out consideration that arose in a prior-year of £0.240m.

Note 4 Profit before taxation

	2019 £'000	2018 £'000
(a) This is stated after charging/ (crediting)		
Depreciation of property, plant and equipment of purchased assets	**1,262**	1,283
Amortisation of intangible assets	**944**	583
Research and development	**1,039**	972
Foreign exchange (gains) / losses	**(37)**	(9)
Operating leases:		
Hire of plant and machinery	**125**	80
Rent of buildings	**782**	679
(b) Auditors' remuneration		
Audit services:		
Audit of the Company financial statements – PKF Francis Clark	**35**	-
Audit of the Company financial statements – Grant Thornton UK LLP	**-**	42
Audit of subsidiary undertakings – PKF Francis Clark	**12**	-
Audit of subsidiary undertakings – Grant Thornton UK LLP	**-**	20
Audit related services:		
Interim review – Grant Thornton UK LLP	**-**	9
Taxation compliance services:		
Corporation tax compliance – Grant Thornton UK LLP	**-**	21
Other non-audit services:		
Acquisition advice – Grant Thornton UK LLP	**-**	19

	2019	2018
	£'000	£'000
(c) Earnings before interest, taxation, depreciation and amortisation ('EBITDA') from continuing and discontinued operations		
Operating profit before exceptional items	**4,053**	4,976
Depreciation of property, plant and equipment	**1,262**	1,283
Amortisation of intangible assets	**701**	386
Amortisation of acquisition-related intangibles	**260**	197
EBITDA before exceptional operating items	**6,276**	6,842
Exceptional operating items	**(717)**	(279)
EBITDA after exceptional operating items	**5,559**	6,563

*Operating profit before exceptional items were derived from continuing activities of £1,980,000 (2018: £2,824,000) and from discontinued activities of £2,073,000 (2018: £2,150,000)

Note 5 Staff costs

	2019	2018
	£'000	£'000
Wages and salaries	**13,846**	13,476
Social security costs	**1,602**	1,555
Other pension costs	**928**	997
	16,376	16,028

The average monthly number of employees, including executive Directors, during the year was:

	2019	2018
	Number	Number
Production	**437**	441
Distribution	**104**	103
Administration	**45**	49
	586	593

Remuneration in respect of Directors was as follows:

	Salary/Fees	Benefits	Pension Contributions	**Total 2019**	Total 2018
	£'000	£'000	£'000	**£'000**	£'000
Executive Directors					
T J Perman	260	77	-	**337**	-
C G How	-	-	-	**-**	258
J M Fletcher	125	18	31	**174**	175
M Gazzard	133	11	13	**157**	74
M W Warren	-	-	-	**-**	88
Non-Executive Directors					
B M Hynes	60	-	-	**60**	**61**
E J Beale	29	-	-	**29**	**29**
F P Berrebi (resigned 29 June 2019)	29	-	-	**29**	**29**
R S McDowell	29	-	-	**29**	**29**
Total	665	106	44	**815**	**743**

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Director's and former Directors' interest in share based options:

	Number of Shares at June 2018	Number of Shares lapsed in year	Number of Shares Awarded in year	Number of Shares Exercised in the year	Number of Shares at June 2019	Exercise Price	Earliest Exercise Date	Exercise Expiry Date
C G How	46,376	(15,304)	-	-	31,072	Nil	16/7/19	15/7/26
J M Fletcher	22,717	-	-	-	22,717	Nil	16/7/19	15/7/26
M W Warren	11,358	-	-	-	11,358	Nil	16/7/19	15/7/26
T J Perman	77,160	-	-	-	77,160	5p	19/6/21	18/6/28
J M Fletcher	77,160	-	-	-	77,160	5p	19/6/21	18/6/28
M Gazzard	57,870	-	-	-	57,870	5p	19/6/21	18/6/28
Total share options	292,641	(15,304)	-	-	277,337			
Phantom share options:								
C G How	46,376	(15,304)	-	-	31,072	Nil	16/7/19	15/7/26
J M Fletcher	22,717	-	-	-	22,717	Nil	16/7/19	15/7/26
M W Warren	11,358	-	-	-	11,358	Nil	16/7/19	15/7/26
Total phantom	80,451	(15,304)	-	-	65,147			

The mid-market price of the ordinary shares on 29 June 2019 was 192.5p (2018: 322.5p) and the range during the 52-week period to 29 June 2019 was 172.5p to 322.5p (53 weeks to 30 June 2018: 280.0p to 412.5p).

The total number of ordinary shares subject to options and which could, in the future, be issued is 523,641. This represents 3.06% of the issued share capital of the Company which comprised 17,135,542 Ordinary Shares at the reporting date.

Note 6 Share Based Employee Remuneration

Executive and Managers Share Option Scheme

The Group operates both approved and unapproved share option schemes.

There have been a number of options granted during the course of the financial year to 30 June 2018 with further details given below:

Date of grant	**Number of share options granted**	**Number of phantom options granted**	**Exercise price**	**Fair value pence**	**Amount expensed in year-ended June 2019 £'000**	**Period of expense (restated)**
5 December 2015 – managers phantom share options	-	20,000	155.0p	154p	-	3 years
15 July 2016 – exec share options	80,451	-	Nil	165p	24	3 years
15 July 2016 – exec cash-settled share options	-	80,451	Nil	307p	(145)	3 years
16 June 2017 – managers share options	231,000	-	367.5p	47p	36	3 years
18 June 2018 – execs share options	212,190	-	5p	291p	200	3 years
Total Options Granted	**523,641**	**100,451**				
Charge relating to options granted in the prior year					260	
Charge relating to phantoms granted in the prior year					(145)	
Charge relating to options granted in the current year					-	
Charge included in Administration expenses					**115**	

The Company has used the QCA-IRS option valuer TM (based on the Black-Scholes-Merton based option pricing model) to calculate the fair value of the outstanding share options. This model was developed by The QCA partnered with Independent Remuneration Solutions (IRS) and City Group Plc. The development was led by Mr Edward Beale, a Director of the Group, and at that time Chief Executive of City Group Plc.

Year-ended June 2017 awards

All of the 183,620 new Options granted under the LTIP on 15 July 2016 have two performance conditions attached to them. The first 50% of the award is linked to certain share price targets and the remaining 50% is linked to earning per share targets. To the extent that both of the performance conditions are met at the end of the three-year performance cycle, then the Options can be exercised at nil cost. Upon vesting, half of each award will be made in shares with the balance being made in cash.

The managers share options were issued on 16 June 2017 under a Company Share Option Scheme (CSOP), and have an exercise price of 367.5p and no performance conditions attached, with vesting after a minimum of three-years and a maximum of ten-years.

15,304 of both the share based options and the phantom share options have lapsed following Chris How's departure from the Group.

Period-ended June 2018 awards

All of the 212,190 Options granted under the LTIP on 18 June 2018 have performance conditions attached to them which is linked to earning per share targets. To the extent that the performance conditions are met at the end of the three-year performance cycle, then the Options can be exercised at a cost of 5p per share. Upon vesting, the award will be made in shares.

Detailed in Note 5 is a summary of awards outstanding at the end of the year.

Note 7 Finance income

Total	2019 £'000	2018 £'000
Income from investments	**1,146**	191
	1,146	191

Ongoing Operations	2019 £'000	2018 £'000
Income from investments	**-**	-
	-	-

Note 8 Finance costs

Total	2019 £'000	2018 £'000
Bank loans and overdrafts	**263**	212
Net pension plan costs	**126**	152
	389	364

Ongoing Operations	2019 £'000	2018 £'000
Bank loans and overdrafts	**18**	8
Net pension plan costs	**126**	152
	144	160

Note 9 Taxation

	2019	2018
(a) Analysis of tax charge in the year	**£'000**	£'000
UK corporation tax:		
- on profit for the year	**528**	901
- adjustment in respect of previous years	**(171)**	-
-foreign tax	**77**	(11)
Total current tax charge	**434**	890
Deferred tax:		
-current year (credit)	**(28)**	(60)
-prior year charge/(credit)	**47**	61
Total deferred tax	**19**	1
Tax charge	**453**	891

Total tax charge of £453,000 (2018: £891,000) comprised tax on ongoing operations of £198,000 (2018: £453,000) plus tax on discontinued operations of £255,000 (2018: £438,000).

(b) Factors affecting total tax charge for the year

The tax assessed on the profit before taxation for the year is lower (2018: higher) than the standard rate of UK corporation tax of 19.00% (2018: 19.00%). The differences are reconciled below:

	2019	2018
	£'000	£'000
Profit before taxation	4,093	4,524
Tax at the applicable rate of 19.00% (2018: 19.00%)	778	860
Effect of:		
Adjustment in respect of previous years	(124)	(60)
Adjustment to deferred tax	(7)	-
Differences between UK and foreign tax rates	10	-
Permanent differences and other	(168)	91
R&D tax credit	(36)	-
Actual tax charge	453	891

(c) Factors that may affect future tax charges

Provision has not been made for deferred taxation on the Group's land and buildings on the basis that the principal location will be sold in the short term, and that the majority of its value will therefore be recovered through sale. Because of this no tax liability is expected to arise and therefore no provision has been made in relation to deferred taxation.

Note 10 Payments to shareholders

		2019	2018
		£'000	£'000
Final dividend paid -	4.2p (2018: 3.5p) per share	720	590
Interim dividend paid -	2.15p (2018: 2.0p) per share	368	343
		1,088	933

In addition a dividend payment was made to the non-controlling interest of £35,000.
The Directors have recommended the payment of a final dividend of 4.35p per share (2018: 4.2p).

Note 11 Earnings per share

	2019	2018
Basic and Diluted		
Profit for the year (£'000)	3,539	3,542
Profit for the year (£'000) continuing operations	1,489	1,841
Basic weighted average number of ordinary shares in issue during the year	17,135,542	16,934,762
Diluted number of shares	17,659,183	17,454,505
Basic earnings per share	20.7p	20.9p
Diluted earnings per share	20.0p	20.3p
Basic earnings per share continuing operations	8.7p	10.8p
Diluted earnings per share continuing operations	8.4p	10.5p

Basic earnings per share has been calculated by dividing the profit for each financial year by the weighted average number of ordinary shares in issue at 29 June 2019 and 30 June 2018 respectively. There is a difference at June 2019 between the basic net earnings per share and the diluted net earnings per share of 0.7p due to the 523,641 share options awarded.

	2019	2018
Adjusted earnings per share		
Adjusted Profit for the year after tax (£'000)	**4,330**	3,928
Basic weighted average number of ordinary shares in issue during the year	**17,135,542**	16,934,762
Diluted number of shares	**17,659,183**	17,454,505
Basic earnings per share	**25.3p**	23.2p
Diluted earnings per share	**24.5p**	22.5p

Adjusted profit for the current year of £4.33m is shown after adding back Exceptional Items of £0.72m and Amortisation of Acquisition Related Intangibles of £0.26m, and then deducting a notional tax charge of £0.19m. Adjusted earnings per share has been calculated by dividing the adjusted profit of £4.33m by the weighted average number of ordinary shares in issue at 29 June 2019. The 2018 comparative figures have also been adjusted to a comparable basis.

Note 12 Property, plant and equipment

	Freehold Land and Buildings £'000	**Plant and Machinery £'000**	**Total £'000**
Group Cost:			
At June 2017	7,610	26,131	33,741
Exchange Movements	-	66	66
Additions	-	1,631	1,631
Disposals	-	(1,721)	(1,721)
At June 2018	7,610	26,107	33,717
Exchange Movements	-	23	23
Additions	-	1,088	1,088
Transfers to Assets Held for Sale	(7,610)	(23,033)	(30,643)
Disposals	-	(4,145)	(4,145)
At June 2019	**-**	**40**	**40**
Depreciation:			
At June 2017	2,938	19,727	22,665
Exchange Movements	-	36	36
Additions	-	-	-
Provided during the year	115	1,168	1,283
Disposals	-	(1,705)	(1,705)
At June 2018	3,053	19,226	22,279
Exchange Movements	-	76	76
Additions	-	-	-
Provided during the year	108	1,154	1,262
Transfers to Assets Held for Sale	(3,161)	(16,292)	(19,453)
Disposals	-	(4,145)	(4,145)
At June 2019	**-**	**19**	**19**
Net book value:			
At June 2019	**-**	**21**	**21**
At June 2018	4,557	6,881	11,438

	Freehold Land and Buildings £'000	Plant and Machinery £'000	Total £'000
Company Cost:			
At June 2017	7,610	23,317	30,927
Additions	-	1,486	1,486
Transfers to subsidiary	-	-	-
Disposals	-	(1,705)	(1,705)
At June 2018	7,610	23,098	30,708
Additions	-	900	900
Transfers to Assets Held for Sale	(7,610)	(19,853)	(27,463)
Disposals	-	(4,145)	(4,145)
At June 2019	-	-	-
Depreciation:			
At June 2017	2,939	17,925	20,864
Provided during the year	113	943	1,056
Transfers to subsidiary	-	-	-
Disposals	-	(1,705)	(1,705)
At June 2018	3,052	17,163	20,215
Provided during the year	108	956	1,064
Transfers to Assets Held for Sale	(3,160)	(13,974)	(17,134)
Transfers to subsidiary	-	-	-
Disposals	-	(4,145)	(4,145)
At June 2019	-	-	-
Net book value:			
At June 2019	-	-	-
At June 2018	4,558	5,935	10,493

Note 13 Intangible assets

	Software £'000	Research & Development £'000	Brand Names £'000	Customer Relationships £'000	Goodwill £'000	Total £'000
Group Cost						
At June 2017	782	420	6,015	1,746	1,473	10,436
Prior Year Adjustment					1,145	1,145
At June 2017 restated	782	420	6,015	1,746	2,618	11,581
Additions	36	734	2,700	380	-	3,850
Disposals	(26)	(395)	-	-	-	(421)
At June 2018	792	759	8,715	2,126	2,618	15,010
Additions	4	695	-	-	-	699
Transfers to Assets Held for Sale	(686)	(770)				(1,456)
Disposals	(110)	(684)	-	-	-	(794)
At June 2019	**-**	**-**	**8,715**	**2,126**	**2,618**	**13,459**
Amortisation:						
At June 2017	717	27	-	202	-	583
Provided during the year	26	360	-	197	-	583
Disposals	(26)	(345)	-	-	-	(371)
At June 2018	717	42	-	399	-	1,158
Provided during the year	17	684	-	243	-	944
Transfers to Assets Held for Sale	(624)	(42)				(666)
Disposals	(110)	(684)	-	-	-	(794)
At June 2019	**-**	**-**	**-**	**642**	**-**	**642**
Net book value:						
At June 2019	**-**	**-**	**8,715**	**1,484**	**2,618**	**12,817**
At June 2018	75	717	8,715	1727	2,618	13,852

	Software £'000	Research & Development £'000	Brand Names £'000	Customer Relationships £'000	Total £'000
Company Cost					
At June 2017	782	420	924	100	2,226
Additions	36	734	2,700	380	3,850
Disposals	(26)	(395)	-	-	(421)
At June 2018	792	759	3,624	480	5,655
Additions	4	695	-	-	699
Transfers to Assets Held for Sale	(686)	(770)			(1,456)
Disposals	(110)	(684)	-	-	(794)
At June 2019	**-**	**-**	**3,624**	**480**	**4,104**
Amortisation:					
At June 2017	717	27	-	36	780
Provided during the year	26	360	-	32	418
Disposals	(26)	(345)	-	-	(371)
At June 2018	717	42	-	68	827
Provided during the year	17	684	-	67	768
Transfers to Assets Held for Sale	(624)	(42)			(666)
Disposals	(110)	(684)	-	-	(794)
At June 2019	**-**	**-**	**-**	**135**	**135**
Net book value:					
At June 2019	**-**	**-**	**3,624**	**345**	**3,969**
At June 2018	75	717	3,624	412	4,828

Impairment testing

The three Brands (Brand Architekts, Real Shaving Co and Fish) have been tested for impairment and all three gave valuations well in excess of their carrying values. Sensitivity analysis were carried out on each of the brands to ascertain whether any reasonable change in assumptions would cause an impairment, no such impairment was found.

As previously the recoverable amount of each brand was determined based on value-in-use calculations, covering a 1-2year forecast, followed by an extrapolation of expected cash flows for the remaining useful life using growth assumptions determined by management.

The present value of the expected cash flows is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the brand. The rate applied is a pre-tax 8%.

Growth assumptions

For each brand management have assumed a growth rate of between 2-5% which reflects the specific initiatives planned and the overall prospects of the sector in which it operates.

Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors.

Cash flow assumptions

Management's key assumptions include stable profit margins, based on past experience in this market. The Group's management believes that this is the best available input for forecasting this mature sector.

Apart from the considerations in determining the value-in-use of the brand described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates. The values of the intangibles that are not amortised are the Brand Architekts brand name £5,091,000, the Fish brand name £2,700,000 and the RSC brand name £924,000.

Note 14 Investments

For the 52 weeks ending 29 June 2019 and 53 weeks ending 30 June 2018

	2019	2018
Group:	**£'000**	£'000
Equity investments held at fair value		
Cost:		
Opening position	**1,391**	1,235
Revaluation	**(6)**	156
Transfer to Assets Held for Sale	**(1,385)**	
Closing position	**-**	1,391

	Equity investment held at fair value £'000	Investments in Subsidiaries £'000	2019 Total £'000	2018 Total £'000
Company Cost:				
Opening position	**1,391**	**18,318**	**19,709**	19,553
Additions	**-**	**-**	**-**	-
Revaluation	**(6)**	**-**	**(6)**	156
Transfer to Assets Held for Sale	**(1,385)**		**(1,385)**	
Closing position	**-**	**18,318**	**18,318**	19,709
Provision for impairment:				
at June 2018	**-**	**(3,578)**	**(3,578)**	(3,578)
Transfer from amounts due to subsidiary undertakings		**(2,656)**	**(2,656)**	-
At June 2019	**-**	**(6,234)**	**(6,234)**	(3,578)
Net book value:	**-**	**12,084**	**12,084**	16,131

The company has transferred £2,656,000 of balances during the period in relation to dormant subsidiaries. There has been no impact on the company profit as there were equal and opposite amounts owed to subsidiary companies that have been released to profit during the period as they are deemed no longer due to the subsidiary companies.

The Company owns 100% of the voting rights and ordinary shares of the following subsidiary undertakings, except as indicated below:

Name of Company	Country of Registration	Nature of Business
Aerosols International Limited	England	Dormant
Atlas Group Limited	England	Dormant
Bagsy Beauty Limited (formerly Cosmetics Plus Limited)	England	Dormant
Tru Products Limited	England	Dormant
Curzon Supplies Limited	England	Non Trading
Fish London Limited	England	Dormant
The Brand Architekts Limited	England	Trading – Brands business
Mr. Haircare Limited – 51%	England	Trading – venture with Jamie Stevens (Media) Limited
Swallowfield Consumer Products Limited		
Swallowfield SARL, 41 rue Camille Desmoulins, 92130 Issy-Les-Moulineaux	France	Trading
Swallowfield s.r.o. Vozicka 606, 390 02 Tabor, Czech Republic	Czech Republic	Trading
Swallowfield Inc	USA	Trading

The non-controlling interest represents the share of earnings within Mr. Haircare Limited due to Jamie Stevens (Media) Limited.

The registered office of each subsidiary is the same as that of Brand Architekts Group plc except where shown otherwise.

Note 15 Inventories

Group	2019 £'000	2018 £'000
Raw materials	**496**	6.562
Work in progress	**-**	297
Finished goods and goods for resale	**4,715**	6,966
	5,211	13,825

Company	2019 £'000	2018 £'000
Raw materials	**-**	6,504
Work in progress	**-**	297
Finished goods and goods for resale	**-**	3,065
	-	9,866

The Group consumed inventories totalling £53.7m during the year (2018: £48.2m). No items are being carried at fair value less cost to sell (2018: £NIL).

As described in note 28, certain inventories have been transferred to assets held for sale.

Note 16 Trade and other receivables

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Trade receivables	**3,325**	17,094	**-**	11,910
Amounts owed by Group undertakings	**-**	-	**4**	116
Other receivables	**5**	110	**-**	20
Prepayments	**145**	2,079	**-**	910
	3,475	19,283	**4**	12,956

The amounts owed by Group undertakings relate to intercompany receivables.

As described in note 28, a number of trade and other receivables have been transferred to assets held for sale.

Detailed below is the movement on the bad and doubtful debt provision for the Group and Company:

Ageing of trade receivables:

Group and Company	2019 £'000	2018 £'000
Opening balance	**12**	12
Impairment loss recognised	**(12)**	-
Amounts recovered	**-**	-
Charged to profit and loss	**-**	-
Closing balance	**-**	12

An allowance has been made for estimated irrecoverable amounts of £nil (2018: £12,000). The estimated irrecoverable amount is arrived at by considering the historic loss rate and adjusting for current expectations, client base and economic conditions. Both historic losses and expected future losses being very low, the Directors consider it appropriate to apply a single average rate for expected credit losses to the overall population of trade receivables and accrued income. The single expected loss rate applied is 0% (2018 0.1%). The difference between the incurred loss method applied in the 2018 annual report and the new lifetime expected loss rate method under IFRS 9 is considered immaterial and comparatives have not been restated. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Ageing of trade receivables:

Group	2019 £'000	2018 £'000
Current	**3,091**	14,065
Overdue but less than 90 days	**213**	2,180
More than 90 days overdue	**21**	849
	3,325	17,094

Company	2019 £'000	2018 £'000
Current	**-**	10,789
Overdue but less than 90 days	**-**	1,053
More than 90 days overdue	**-**	68
	-	11,910

Our policy requires customers to pay us in accordance with agreed payment terms. Depending on the geographical location, our settlement terms are generally due within 30 or 60 days from the end of the month of sale and do not bear any effective interest rate. All trade receivables are subject to credit risk exposure. Where the Group identifies a specific concentration of credit risk attached to any individually significant balances these are specifically reviewed for recoverability and suitable provision made having regard to the credit risk identified.

Note 17 Trade and other payables

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Trade payables	**1,561**	12,425	**-**	10,583
Amounts owed to subsidiaries	**-**	-	**6,297**	4,774
Other taxes and social security costs	**109**	454	**-**	404
Accruals	**515**	2,139	**186**	1,364
Share-based payments accrual	**124**	345	**124**	345
Commercial Invoice Discounting facility	**4,319**	8,346	**3,592**	7,229
	6,628	23,709	**10,199**	24,699

The Directors consider that the carrying value of trade and other payables approximates to their fair value.

The Commercial Invoice Discounting (CID) facility allows a regular drawdown of cash funds in Sterling and foreign currencies, and is secured on the book debts of the Group and Company. This facility carries an interest rate of 1.5% over base and is repayable on demand.

As described in note 28, a number of trade and other payables have been transferred to assets held for sale.

Note 18 Interest-bearing loans and borrowings – amounts falling due within one year

Group and Company	2019 £'000	2018 £'000
Secured: Loans	**1,139**	1,127

The Directors consider that the carrying value of bank loans and overdrafts approximates to their fair value.

Note 19 Interest-bearing loans and borrowings – amounts falling due after more than one year

Loans are repayable by instalments as follows:

Group and Company	2019 £'000	2018 £'000
Between one and two years	**1,022**	1,139
Between two and five years	**1,069**	2,091
	2,091	3,230

The Group's loan facilities are secured by fixed and floating charges over certain of the Group's freehold land and buildings. The loans are over fixed terms with between one and four years remaining at a fixed annual interest rate of 2.35%.

Note 20 Obligations under leases

Operating leases

At the Statement of Financial Position date, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Group	**Other**		**Land & Buildings**	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Within one year	**147**	152	**733**	615
In the second to fifth years inclusive	**299**	354	**1,430**	1,788
In over five years	**36**	29	**-**	-
	482	535	**2,163**	2,403

Company	**Other**		**Land & Buildings**	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Within one year	**142**	145	**464**	346
In the second to fifth years inclusive	**292**	342	**1,009**	1,126
In over five years	**36**	29	**-**	-
	470	516	**1,473**	1,472

Note 21 Financial instruments

The Group uses financial instruments comprising borrowings, cash and cash equivalents, and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group also has bank accounts denominated in Euros, US Dollars, Canadian Dollars, Czech Koruna, and Chinese Renminbi. The purpose of these accounts is to manage the currency transactions arising from the Group's operations overseas. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged from the previous year.

Interest rate risk

The Group finances its operations through a mixture of debt and equity.

The Group's loan borrowings bear interest at rates based on the bank's base rate. The Group Statement of Financial Position also includes financial assets in the form of cash at bank and in hand totalling £381,000 (2018: £934,000) which are exposed to floating interest rates based on bank base rates.

A 0.5% increase in bank base rates would reduce pre-tax profits by £63,000 in the period. A 0.5% decrease would have the opposite effect.

Foreign currency risk

The Group is exposed to transactional foreign exchange risk. The Group seeks to hedge its exposures using bank facilities denominated in Euros, US Dollars, Canadian Dollars, Czech Koruna, and Chinese Renminbi and also by buying and selling products in these currencies with the objective of minimising fluctuations in exchange rates on future transactions and cash flows.

Approximately 13% (2018: 13%) of the Group's sales are invoiced in Euros and 18% (2018: 16%) in US Dollars. These sales are calculated in sterling, but invoiced in Euros / US Dollars. The Group policy is to minimise currency exposures on balances for which settlement is not anticipated until a later date through the use of the respective bank facilities. All other Group sales are denominated in sterling.

At 29 June 2019, there were sums totalling £247,000 (2018: £318,000) held in foreign currency bank accounts.

A 5% weakening of sterling would result in a £124,000 increase in reported profits and equity, while a 5% strengthening of sterling would result in a £118,000 decrease in profits and equity.

Liquidity risk

The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet the identifiable needs of the Group and to invest cash assets safely and profitably.

The Group's and Company's liabilities, including those classified as held for sale, see note 28, have contractual maturities as summarised below:

	29 June 2019			
Group	**Current**		**Non-current**	
	Within 6 months	**6-12 months**	**1-5 years**	**Over 5 years**
	£'000	**£'000**	**£'000**	**£'000**
Loans and receivables	**604**	**591**	**2,143**	**-**
Financial liabilities at amortised cost through profit or loss	**20,412**	**-**	**-**	**-**
	21,016	**591**	**2,143**	**-**

	29 June 2019			
Company	**Current**		**Non-current**	
	Within 6 months	**6-12 months**	**1-5 years**	**Over 5 years**
	£'000	**£'000**	**£'000**	**£'000**
Loans and receivables	**604**	**591**	**2,143**	**-**
Financial liabilities at amortised cost through profit or loss	**17,091**	**-**	**-**	**-**
	17,695	**591**	**2,143**	**-**

	30 June 2018			
Group	Current		Non-current	
	Within 6 months	6-12 months	1-5 years	Over 5 years
	£'000	£'000	£'000	£'000
Loans and receivables	604	604	3,338	-
Financial liabilities at amortised cost through profit or loss	21,401	-	-	-
Financial liabilities at fair value through profit or loss	300	-	-	-
	22,305	604	3,338	-

	30 June 2018			
Company	Current		Non-current	
	Within 6 months	6-12 months	1-5 years	Over 5 years
	£'000	£'000	£'000	£'000
Loans and receivables	604	604	3,338	-
Financial liabilities at amortised cost through profit or loss	17,918	-	-	-
Financial liabilities at fair value through profit or loss	300	-	-	-
	18,822	604	3,338	-

No gains or losses have been recognised in the period in respect of financial liabilities held at amortised cost.

A gain of £0.3m has been recognised in the Statement of comprehensive income in respect of financial liabilities held at fair value through profit and loss.

Working capital

The Group's working capital policy is to fund short-term movements through excess cash generated from the trading business.

The Group had £10.7m (2018: £15.6m) undrawn committed borrowing facilities available at June 2019. The maturity profile of committed bank facilities is regularly reviewed and such facilities are extended or replaced well in advance of their expiry.

Capital maintenance

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and
- to maintain an optimal capital structure to reduce the cost of capital.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Financial assets

Financial assets included in the Statement of Financial Position relate to the following IFRS9 categories (including those held for sale at the period end – see note 28):

	Group		Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Loans and receivables	**15,730**	18,138	**12,222**	12,783
Fair value through profit or loss	**1,385**	1,391	**1,385**	1,391
	17,115	19,529	**13,607**	14,174

No gains or losses have been recognised in the period in respect of financial assets held at amortised cost.

The financial assets are included in the Statement of Financial Position within the following headings:

	Group		Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Non-current assets				
Investments	**1,385**	1,391	**1,385**	1,391
Current assets:				
Trade receivables	**15,317**	17,094	**11,992**	11,910
Other receivables	**32**	110	**79**	20
Intercompany receivables	**-**	-	**4**	116
Cash and cash equivalents	**381**	934	**147**	737
	17,115	19,529	**13,607**	14,174

Financial liabilities

Financial liabilities included in the Statement of Financial Position relate to the following categories (including those held for sale at the period end – see note 28):

	Group		Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Current liabilities:				
Borrowings	**1,139**	1,127	**1,139**	1,127
Trade payables	**14,865**	12,424	**13,209**	10,582
Intercompany payables	**-**	-	**8,953**	4,774
Accruals	**1,986**	2,484	**1,350**	1,709
Other payables	**4,319**	8,346	**3,592**	7,229
Non-current liabilities:				
Borrowings	**2,091**	3,230	**2,091**	3,230
	24,400	27,611	**30,334**	28,651

Note 22 Deferred tax liabilities

The movement in deferred tax provisions is analysed as follows:

Group	£'000
Deferred taxation	
At June 2017	(681)
Recognised in profit or loss	1
Recognised in other comprehensive income	287
Prior Year Adjustment	1,145
Temporary exchange differences	-
At June 2018	752
Recognised in profit or loss	19
Recognised in other comprehensive income	(857)
Temporary exchange differences	(4)
At June 2019	**(90)**

	2019 £'000	2018 £'000
Deferred tax is represented by:		
Capital allowances in advance of depreciation	**1,566**	410
Temporary difference on post retirement benefit obligations	**(1,601)**	(763)
Other temporary differences	**(55)**	(40)
Temporary exchange differences	**-**	
	(90)	(393)
Recognised as:		
Deferred tax assets	**(1,714)**	(803)
Deferred tax liabilities	**1,061**	410
Deferred tax (asset)/liability held for resale	**563**	-
	(90)	(393)

Company	
Deferred taxation	
At June 2017	(683)
Recognised in profit or loss	287
Recognised in other comprehensive income	-
At June 2018	(396)
Recognised in profit or loss	105
Recognised in other comprehensive income	(857)
At June 2019	**(1,148)**

	2019 £'000	2018 £'000
Deferred tax is represented by:		
Capital allowances in advance of depreciation	**506**	410
Temporary difference on post retirement benefit obligations	**(1,601)**	(763)
Other temporary differences	**(53)**	(43)
Total	**(1,148)**	(396)

Recognised as:

Deferred tax assets	**(1,645)**	(806)
Deferred tax liabilities	**-**	410
Deferred tax (asset)/liability held for resale	**497**	-
Total	**(1,148)**	(396)

Provision has not been made for deferred taxation on the full carrying value of the Group's land and buildings, on the basis that the full value of these assets will not be recovered through use and that indexation will result in no taxable gain arising on disposal.

Note 23 Share capital and reserves

	2019	2018
	£'000	£'000
Equity ordinary share capital		
Authorised share capital 25,800,000 shares of 5p each	**1,290**	1,290
Allotted, called-up and fully paid ordinary shares at 29 June 20 and 30 June 2018	**857**	857

Shares in issue
At the both the beginning and end of the financial year there were 17,135,542 shares in issue.

Share premium
Share premium reserve includes the accumulated premium on the issue of share capital.

Revaluation of investment reserve
The Group has a total shareholding in the Chinese business, Shanghai Colour Cosmetics Technology Company Limited (SCCTC) of 13.3%. In line with IFRS9, the equity instrument has been held at fair value. Gains and losses are held in a separate reserve.

Exchange reserve
Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Pension re-measurement reserve
Actuarial re-measurement of plan liabilities recognised in other comprehensive income and accumulated in a separate reserve within equity, net of the impact of deferred tax.

Retained earnings
Retained earnings account includes all current and prior period profits and losses.

Note 24 Notes to Cash Flow Statement

Group
(a) Reconciliation of cash and cash equivalents to movement in net debt:

	2019	2018
	£'000	£'000
(Decrease)/Increase in cash and cash equivalents	**(553)**	(3,123)
Net cash outflow/(inflow) from decrease/(increase) in borrowings	**5,154**	(5,005)
Change in net debt	**4,601**	(8,128)
Opening net debt	**(11,769)**	(3,641)
Closing net debt	**(7,168)**	(11,769)

(b) Analysis of net debt:

	Closing 2018 £'000	Cash Flow £'000	Non-Cash Movement £'000	**Closing 2019 £'000**
Cash at bank and in hand	934	(561)	8	**381**
CID facility	(8,346)	4,027	-	**(4,319)**
Borrowings due within one year	(1,127)	(12)	-	**(1,139)**
Borrowings due after one year	(3,230)	1,139	-	**(2,091)**
	(11,769)	4,593	8	**(7,168)**

Company

(a) Reconciliation of cash and cash equivalents to movement in net debt:

	2019 £'000	2018 £'000
(Decrease)/Increase in cash and cash equivalents	**(590)**	(2,234)
Net cash outflow/(inflow) from decrease/(increase) in borrowings	**4,764**	(3,965)
Change in net debt	**4,174**	(6,199)
Opening net debt	**(10,849)**	(4,650)
Closing net debt	**(6,675)**	(10,849)

(b) Analysis of net debt:

	Closing 2018 £'000	Cash Flow £'000	Non-Cash Movement £'000	**Closing 2019 £'000**
Cash at bank and in hand	737	(591)	1	**147**
Secured debt facility	(7,229)	3,637	-	**(3,592)**
Borrowings due within one year	(1,127)	(12)	-	**(1,139)**
Borrowings due after one year	(3,230)	1,139	-	**(2,091)**
	(10,849)	4,173	1	**(6,675)**

Note 25 Capital Commitments

Group and Company	**2019 £'000**	2018 £'000
Contracted for but not provided	**198**	270

Note 26 Post retirement benefits

The Group and Company operate defined contribution pension plans, all of which are funded by the payment of contributions to separately administered plans.

The Group and Company operates a funded defined benefit plan, the Aerosols International Pension Plan (the Plan) in the UK which provides both pensions in retirement and death benefits to members.

Contributions to defined contribution plans are expensed when they become due for payment and amounted to £840,000 (2018: £780,000) of which £15,000 related to continuing and £825,000 related to discontinued businesses. Employer contributions to these plans varied between 2% and 7% of salary depending on the plan and the level of employee contributions.

The Group has an obligation to ensure that the Plan has sufficient funding, and promises of future funding, to pay pensions to its members, who are some of the current and former employees of the contract manufacturing business sold to KDC/One in August 2019.

The Plan is set up as a Trust, separate from the Group, and managed by the Trustees. The Trust has committed to pay both pensions in retirement and death benefits to members.

The Group's obligation to the Plan continues following the sale of the contract manufacturing business. An agreed Schedule of Contributions is in place under which the Group commits to make deficit reduction payments, and to pay (i) the administration costs of the Trust (with the exception of investment management charges), and (ii) the Pension Protection Fund levies, for the life of the Plan . This commitment will be reviewed and may be altered once the results of the next triennial valuation of the Fund at 5 April 2020 have been finalised. Triennial valuations are prepared using a different basis to the IAS 19 valuation of liabilities, and the IAS 19 valuation included in these accounts does not provide any indication of what the outcome of the triennial funding valuation might be.

Payments made by the Company to the Plan and in respect of Plan liabilities were:

	2019	2018
	£'000	£'000
Company pension contributions	**-**	-
Deficit recovery payments	**282**	108
Plan administrative expenses	**179**	171
Pension Protection Fund premium	**108**	222
Total	**569**	501

The amounts expensed in the Group Statement of Comprehensive Income were:

	2019	2018
	£'000	£'000
In Operating profit:		
Company pension contributions	**-**	-
Plan administrative expenses	**179**	171
Pension Protection Fund premium	**108**	222
	287	393
In Exceptional items (note 3)		
Past service charge – GMP equalisation	**290**	-
In Finance costs:		
Unwinding of notional discount factor	**126**	155
Total	**703**	548

The deficit reduction payment will be £318k per annum (previously £108k per annum) for seven years to 2025 and £210k for a further three years to 2028. Anticipated payments by the Company in respect of plan administrative expenses and the pension protection fund premium in the year ending 30 June 2020 are expected to be of a similar order of magnitude to payments in 2019.

IAS 19 Employee Benefits

IAS 19 requires that the assets and liabilities to members of the Plan are consolidated in these Group accounts using the valuation method prescribed in the accounting standard. The effects of the application of IAS19 on the statement of financial position at June 2019 are:

	2019
	£'000
Increase in pension and other benefit obligations	(4,832)
Increase in deferred tax	821
Decrease in equity	**(4,011)**

The Accounting Standards require the discount rate to be based on yields on high quality (usually AA-rated) corporate bonds of appropriate currency, taking into account the term of the relevant pension plan's liabilities. Corporate bond indices are often used as a proxy to determine the discount rate. At the reporting date, the yields on bonds were lower than they were at June 2018. This has resulted in higher discount rates being adopted for accounting purposes as compared to last year which has translated into a reduced liability.

(a) The principal actuarial assumptions used at the Statement of Financial Position date were as follows:

	2019	2018
Discount rate	**2.40%**	2.80%
Inflation assumption (RPI)	**3.10%**	3.00%
Inflation assumption (CPI)	**2.10%**	2.00%
Deferred revaluation for benefits in excess of GMP		
Employed deferred members	**2.60%**	2.50%
Deferred members	**2.10%**	2.00%
Rate of increase in pensions in payment:		
CPI, max 3% (2017: max 3%)	**1.91%**	1.85%
RPI, max 5% (2017: max 5%)	**3.04%**	2.95%
RPI, max 2.5% (2017: max 2.5%)	**2.18%**	2.15%
Mortality assumptions:		
Life expectancy of male aged 65 now	**20.9**	20.8
Life expectancy of female aged 65 now	**23.1**	22.7
Life expectancy of male aged 65 in 20 years	**22.2**	22.1
Life expectancy of female aged 65 in 20 years	**24.6**	24.2

The assumptions used in determining the overall expected return on the plan's assets have been set with reference to yields available on corporate bonds.

(b)The assets in the plan at the Statement of Financial Position date were as follows:

	2019 Market Value	2018 Market Value
	£'000	£'000
Equities	**9,188**	8,897
Property	**1,652**	1,596
Index Linked Gilts	**2,449**	2,233
Corporate Bonds	**1,954**	1,990
Diversified Growth Funds	**6,686**	6,128
LDI funds	**1,903**	1,947
Other	**313**	222
Fair value of plan assets	**24,145**	23,013

The actual return on plan assets was an increase of £1.5m (2018: increase £0.6m).

The plan assets do not include any of the Company's own financial instruments, nor any property occupied by, or assets used by, the Company.

(c) Amounts recognised in the Statement of Financial Position:

	2019	2018
	£'000	£'000
Present value of funded obligations	**(33,562)**	(27,502)
Fair value of scheme assets	**24,145**	23,013
(Deficit)	**(9,417)**	(4,489)
Net liability recognised in the Statement of Financial Position	**(9,417)**	**(4,489)**

(d) Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	2019	2018
	£'000	£'000
Benefit obligation at beginning of year	**(27,502)**	(29,438)
Movement in the year:		
Notional finance cost	**(770)**	(738)
Actuarial gains/(losses) - financial	**(3,320)**	1,660
Actuarial (loss) / gain – demographic	**(260)**	100
Actuarial (losses) - experience	**(2,106)**	(113)
Past Service Cost	**(290)**	-
Net benefits paid out	**686**	1,027
Benefit obligation at end of year	**(33,562)**	(27,502)

(e) Reconciliation of opening and closing balance of the fair value of plan assets:

	2019	2018
	£'000	£'000
Fair value of plan assets at beginning of year	**23,013**	23,306
Movement in the year:		
Notional interest on plan assets	**644**	583
Return on assets, excluding interest income	**854**	43
Contributions - employer	**320**	108
Benefits paid out	**(686)**	(1,027)
Fair value of plan assets at end of year	**24,145**	23,013

(f) Re-measurement of the net defined benefit liability to be shown in other comprehensive income:

	2019	2018
	£'000	£'000
Net re-measurement - financial	**3,320**	(1,660)
Net re-measurement – demographic	**260**	(100)
Net re-measurement – experience	**2,106**	113
Return on assets, excluding interest income	**(854)**	(43)
	(4,832)	(1,690)
Deferred taxation	**821**	287
Total re-measurement of the net defined benefit liability to be shown in OCI	**(4,011)**	(1,403)

(g) History of plan - the history of the plan for the current year and prior years is as follows:

	2019	2018	2017	2016	2015
Statement of Financial Position	**£'000**	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	**(33,562)**	(27,502)	(29,438)	(24,694)	(22,970)
Fair value of plan assets	**24,145**	23,013	23,306	20,199	20,308
At end of year	**(9,417)**	(4,489)	(6,132)	(4,495)	(2,662)

Characteristics of the Plan and the risks associated with the Plan

a) Information about the characteristics the Scheme

i. The Plan provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary at retirement and their length of service. As of 31 December 2015, the Plan closed to future accrual.
ii. The Plan is a registered plan under UK legislation and was contracted out of the State Second Pension.
iii. The Plan is subject to the plan funding requirements outlined in UK legislation. The last agreed plan funding valuation of the Plan was as at 5 April 2017 and revealed a deficit of £2,599,000.
iv. The Plan membership as at 5 April 2017 comprised 279 deferred pensioner members and 12 pensioner members. Since 31 December 2015, the Plan has been closed to future accrual with those active members if still employed by the Company transferring to a new category of employed deferred member. If no longer employed, they became a deferred member.
v. The Plan was established from 1 January 1987 under trust and is governed by the Plan's trust deed and rules dated 19 January 2001. The Trustees are responsible for the operation and the governance of the Plan, including making decisions regarding the Plan's funding and investment strategy in conjunction with the Company.

b) Information about the risks of the Plan to the Company

The Plan exposes the Company to actuarial risks such as; market (investment) risk, interest rate risk, inflation risk, currency risk and longevity risk. The small number of Plan members means that the Plan and ultimately the Company are exposed to the experience (such as life expectancy and take-up of member options) of individual members. The Plan does not expose the Company to any unusual Plan-specific or Company-specific risks.

c) Information about any amendments, curtailments and settlements

There has been no allowance for any amendments, curtailments, or settlements within this accounting period.

On the 26th October 2018, a High Court judge ruled that the trustees of UK defined benefit pension Plans must compensate members for sex inequalities attributable to guaranteed minimum pensions (GMPs). The Plan has benefits which include GMPs and as such will need to take action to address this inequality. The outcome of this will be to increase the liabilities of the Plan.

Whilst the Trustees have not yet taken any steps to amend benefits in the Plan to deal with inequalities arising from GMPs the company has estimated the potential impact as a prior service cost.

Amount, timing and uncertainty of future cash flows

a) Sensitivity analysis

Please note that the results in the disclosures are inherently volatile, particularly the figures shown on the statement of financial position. The results disclosures are dependent on the assumptions chosen by the Directors'.

The table below shows the approximate impact of varying the key assumptions adopted as at June 2019

		June 2019 **£'000**
Discount rate (increase of 0.25% pa)	Decrease by	£1,800
Rate of RPI inflation (increase of 0.25% pa)	Increase by	£1,400
Mortality (1.5% long term rate)	Increase by	£450

b) Description of asset-liability matching strategies

The Trustees holds a proportion of the Plan's assets in pooled funds invested in gilts, corporate bonds and liability driven investment funds to provide some degree of matching with the Plan's liabilities.

Liability driven investment funds and index-linked gilts fund are used to provide a degree of price inflation and interest rate matching with the liabilities.

c) The Plan's investment strategy

The Plan's investment strategy is to invest broadly 75% in return seeking and 25% in matching assets, which include leveraged liability driven investment funds in order to hedge some of the Plan's interest rate and inflation exposure. This strategy reflects the Plan's liability profile and the Trustees' and Employer's attitude to risk.

The Plan holds a number of annuity policies which match a portion of pensions in payment.

Note 27 Related parties

Compensation of key management personnel (including directors):

	2019	2018
	£'000	£'000
Short term employee benefits	771	2,665
Post-employment benefits	44	55
	815	2,720

Directors and their Interests

The Directors who served during the year and their interests in the Company's share capital are as follows:

	29 June 2019	30 June 2018	24 June 2017
	Ordinary Shares	Ordinary Shares	Ordinary Shares
B M Hynes	74,914	74,914	74,914
C G How	201,698	226,434	89,977
J M Fletcher	104,216	102,216	37,374
M Gazzard	3,000	3,000	-
F P Berrebi	-	-	-
T Perman	12,000	-	-
R S McDowell	389,205	344,189	344,189
E J Beale	-	-	-

Mr E J Beale's Director's fees have been surrendered to his primary employer, Marshall Monteagle plc. He is a director of Western Selection PLC, who have a beneficial interest in 7.6% of the Company's issued share capital at the reporting date. Director's Fees of £29,000 were paid or are payable for the year ended June 2019 (2018: £29,000).

During the year the Group sold finished goods to the value of £80,000 (2018: £69,000) to Monteagle International Ltd, a subsidiary of Marshall Monteagle plc. Mr E J Beale is a director of Monteagle International Ltd.

In the year to June 2019, Brand Architekts Group plc purchased goods and services amounting to £2,710,000 (2018: £2,468,000) from Swallowfield s.r.o.

At the year end the Company had payables due to Swallowfield s.r.o. amounting to £42,000 (2018: £144,000) being disclosed within 'Trade and other payables' (see Note 17). 'Trade and other payables' also includes an amount of £2,494,000 (2018: £2,494,000) in respect of amounts due to dormant subsidiaries (see Note 17).

In the year to June 2019, the Company purchased services amounting to £267,000 (2018: £nil) from Swallowfield SARL. At the 2019 year end the Company had a balance due from Swallowfield SARL amounting to £2,000 (2018: £114,000) being disclosed within 'Trade and other receivables' (see Note 16).

In the year to June 2019, the Company purchased services amounting to £141,000 (2018: £135,000) from Swallowfield Inc. At the 2019 year end the Company had payables due to Swallowfield Inc. amounting to £63,000 (2018: £54,000) being disclosed within 'Trade and other payables' (see Note 17).

In the year to June 2019, the Company sold products to the value of £170,000 (2018: £102,000) to MR Haircare Limited, a joint venture with Jamie Stevens (Media) Limited. At the 2019 year end the Company had payables due to MR Haircare Limited of £282,000 (2018: £100,000) being disclosed within 'Trade and other payables' (see Note 17). In the year to June 2019 MR Haircare Limited made a profit of £206,000 (2018: profit £187,000) and this is reported in the Group results.

In the year to June 2019, the Company sold products to the value of £2,024,000 (2018: £358,000) and also operated an inter-company current account with Brand Architekts Limited, a wholly owned subsidiary. At the 2019 year end the Company had payables due to Brand Architekts Limited of £5,177,000 (2018: £1,431,000) being disclosed within 'Trade and other payables' (see Note 17). In the year to June 2019 Brand Architekts Limited made a profit after tax of £2,909,000 (2018: £3,599,000) and this is reported in the Group results.

In the year to June 2019, the Group purchased finished products for resale amounting to £2,801,000 (2018: £3,641,000) from SCCTC, a Chinese manufacturer of cosmetics products in which the Group holds a 13.3% shareholding. At the 2019 year end the Group had payables due to SCCTC amounting to £502,000 (2018: £724,000) being disclosed within 'Trade and other payables' (see Note 17).

During the year, Brand Architekts Group plc operated an inter-company loan facility with Swallowfield Consumer Products Limited with the balance at the year-end of £734,000 due to Swallowfield Consumer Products Limited (2018: £366,000 due to Swallowfield Consumer Products) being disclosed within 'Trade and other payables' (see Note 17). Interest of £12,000 (2018: £5,000) was payable on this loan during the year to Swallowfield Consumer Products.

Note 28 Non-adjusting post period end events - discontinued operations

In July 2019, the Group sold its 100% interest in Curzon Supplies Ltd for consideration of £35m (completing the disposal of the Manufacturing segment) which is the only operation presented as discontinued operations in 2019. Curzon Supplies Ltd was incorporated in March 2019.

Although the transaction completed after the period end it was more likely than not to go through at the balance sheet date and so results have been disclosed here. The financial results of this business has been treated as discontinued operations in both the current and prior year financial statements in line with IFRS5. The remaining activities within the Group are referred to as continuing operations.

As a result the following assets and liabilities have been classified as held for sale:

	Group	Company
	2019	2019
Net assets held for sale	**£'000**	**£'000**
Property, plant and equipment	11,190	10,329
Intangible fixed assets	779	779
Equity instruments held at fair value	1,385	1,385
Inventories	10,743	10,743
Trade and other receivables	13,966	13,962
Trade and other payables	(14,800)	(14,550)
Deferred tax liability	(563)	(497)
	22,700	22,151

Result of discontinued operations	**2019**	**2018**
	£'000	**£'000**
Revenue	57,663	52,860
Expenses other than finance costs	(55,835)	(50,709)
Investment Income	1,146	(12)
Exceptional costs	(669)	-
Tax (expense) / credit	(255)	(438)
Profit / (Loss) for the year	**2,050**	**1,701**

Earnings per share from discontinued operations	**2019**	**2018**
	£	**£**
Basic earnings per share	**12.6**	**10.0**
Diluted earnings per share	**11.6**	**9.7**

Cashflow in respect of discontinued activities	**2019**	**2018**
	£000	**£000**
Operating cash flows	6,717	1,619
Investing cash flows	(602)	(879)
Financing cash flows	(3,637)	1,701
Total cash flows	2,478	2,441

Included in Exceptional costs in discontinued operations are restructuring charges of £535k and deal fees of £88k.

Note 29 Prior Year Adjustment

A deferred tax liability was not recognised in respect of customer relationships and brands, which were assets that were separately identified in the acquisition of Brand Architeks Limited. This has historically resulted in an understatement of Goodwill and the deferred tax liability of £1,145k. This has been restated in the comparative information. There has been no impact to the previously stated retained earnings, net assets and cash flows.

Five Year Summary

The following five-year summary has been produced to allow improved comparisons to be made between the current results and those of prior years.

Unaudited	**IFRS audited Financial Year 2019 £'000**	IFRS audited Financial Year 2018[1] restated £'000	IFRS audited Financial Year 2017 restated £'000	IFRS audited Financial Year 2016 £'000	IFRS audited Financial Year 2015 £'000
Number of weeks in financial year	**52**	53	52	52	52
Statement of Comprehensive Income					
Reported Revenue	**77,338**	73,945	74,314	54,455	49,447
Adjustment for 53rd week	**-**	(2,298)	-	-	-
Revenue	**77,338**	71,647	74,314	54,455	49,447
Operating profit before exceptional items	**4,227**	4,976	3,675	1,793	996
Exceptional items	**(891)**	(279)	(343)	645	-
Operating profit after exceptional items	**3,336**	4,697	3,332	2,438	996
Net interest	**757**	(173)	(217)	(164)	(182)
Profit before taxation	**4,093**	4,524	3,115	2,274	814
Taxation	**(453)**	(891)	(543)	(273)	(68)
Profit attributable to equity shareholders of the parent	**3,539**	3,542	2,554	2,001	746
Profit attributable to non-controlling interest	**101**	91	18	-	-
Payments to shareholders	**(1,123)**	(963)	(675)	(317)	-
Statement of Financial Position					
Non-current assets	**27,409**	26,339	22,889	13,988	13,061
Net current assets	**10,967**	8,812	7,619	4,500	3,511
Total assets less current liabilities	**38,376**	35,151	30,508	18,488	16,572
Non-current liabilities:					
Loans and lease finance	**(2,091)**	(3,230)	(1,559)	(442)	(583)
Long term employee benefits	**(9,417)**	(4,489)	(6,132)	(4,495)	(2,662)
Deferred tax	**(1,127)**	(69)	(407)	(414)	(403)
Equity	**25,741**	27,022	22,410	13,137	12,924
Net debt	**7,168**	11,769	3,641	4,331	5,390
Statistics					
Weighted average number of shares in issue	**17,135,542**	16,934,762	16,834,773	11,306,416	11,306,416
Undiluted earnings per share	**20.7**	20.9	15.2p	17.7p	6.6p
Gearing	**28%**	44%	17%	34%	42%
Dividends per share (paid)	**6.6**	5.5	4.0p	2.8p	-

[1] Except for revenue, where the relevant adjustment has been shown above, no material changes would be required to the income statement to adjust the 2018 financial year numbers to a 52-week basis.

Corporate Directory

Directors
B M Hynes	(Executive Chairman)
R S McDowell	(Non-Executive Director)
E J Beale	(Non-Executive Director)

Secretary
B M Hynes

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Bankers
HSBC Bank plc
3 Rivergate
Temple Quay
Bristol
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Website Address
www.brandarchitektsplc.com

Financial Calendar
2019 Annual General Meeting	20 November 2019
Proposed final dividend payment	6 December 2019
Interim results announcement	March 2020
Interim dividend payment	May 2020
Announcement of 2020 final results	September 2020
2020 Annual General Meeting	November 2020

www.brandarchitektsplc.com