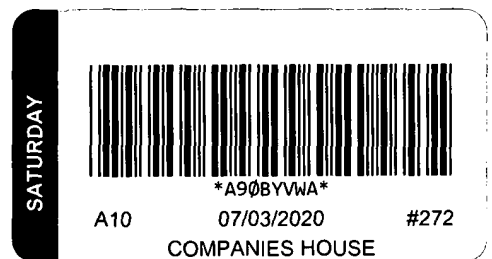


**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019  
FOR  
REEDBUT GROUP LIMITED**



**REEDBUT GROUP LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Page</b>
<b>Company Information</b>	1
<b>Strategic Report</b>	2
<b>Report of the Directors</b>	3
<b>Report of the Independent Auditors</b>	5
<b>Statement of Comprehensive Income</b>	7
<b>Statement of Financial Position</b>	8
<b>Statement of Changes in Equity</b>	9
<b>Statement of Cash Flows</b>	10
<b>Notes to the Statement of Cash Flows</b>	11
<b>Notes to the Financial Statements</b>	12

**REEDBUT GROUP LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**DIRECTORS:** T I Green  
E J Green  
P F Neave  
K Hearn  
J M Jeffery  
S J Deaton  
N P Lawes

**SECRETARY:** N Blain

**REGISTERED OFFICE:** The Stables  
23b Lenten Street  
Alton  
Hampshire  
GU34 1HG

**REGISTERED NUMBER:** 06183338

**AUDITORS:** Francis Maxwell LLP  
The Stables  
23b Lenten Street  
Alton  
Hampshire  
GU34 1HG

**REEDBUT GROUP LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2019**

The directors present their strategic report for the year ended 30 June 2019.

**BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS**

	2019	2018	Variance	%
Revenue	£12,667,288	£13,644,158	-£976,870	-7.2%
Gross Profit	£2,776,802	£3,166,537	-£389,735	-12.3%
Gross Margin	21.9%	23.2%	-1.3%	
Operating Profit	£204,540	£356,918	-£152,378	-42.7%
Net Current Assets	£1,478,863	£1,556,646	-£77,783	-5.0%
Creditors Falling Due After More Than One Year	£258,079	£97,612	£160,467	164.4%

The revenue for 2019 was adversely affected by the rapid demise of key customers supplying point of sale promotional products to the retail sector. Although the business strategy was in place to reduce the reliance on this market, revenue from new markets did not keep pace with the decline in sales from this mature market.

The reduction in profit was as a result of the strategy to dual source key raw materials to provide the business with long term stability and it is anticipated that in future years that this new strategy will enhance gross margin.

Significant investment took place during 2019 (£778k) to support the entry into new markets, with only a slight increase (£160k) in long term creditors, as the business utilised its strong cash position to minimise finance costs.

The outlook for the corrugated packaging market sector is for continued strong growth particularly considering the drive to reduce the reliance on single use plastic packaging.

**PRINCIPAL RISKS AND UNCERTAINTIES**


The company is exposed to a moderate level of credit risk and the business manages this via the use of a credit insurance policy to provide cover for credit limits offered to customers. The credit insurance policy also provides market intelligence as and when the company is seeking work with new customers and to grow revenues with existing clients.

The business is also exposed to an increasing risk of maintaining cost effective and consistent supplies of raw materials. As a result, the directors will be actively reviewing the purchasing strategy to mitigate this risk.

**RESEARCH AND DEVELOPMENT ACTIVITIES**

The company is currently investing in several research and development projects to improve manufacturing processes and efficiency to gain competitive advantage. The projects this year have focussed on developing existing machinery to achieve higher levels of efficiency and automation, also designing new environmentally friendly packaging to replace existing plastic packaging. The costs incurred are tracked closely for the purposes of claiming research and development tax credits.

**ON BEHALF OF THE BOARD:**

  
 .....  
 TI Green - Director

Date: 19/2/20  
 .....

**REEDBUT GROUP LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

The directors present their report with the financial statements of the company for the year ended 30 June 2019.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of manufacture of Paper and paperboard containers.

**DIVIDENDS**

During the year dividends of £251,355 (2018: £320,683) were paid.

**RESEARCH AND DEVELOPMENT**

The company is currently investing in several research and development projects to improve manufacturing processes and efficiency to gain competitive advantage. The projects this year have focussed on developing existing machinery to achieve higher levels of efficiency and automation, also designing new environmentally packaging to replace existing plastic packaging. The costs incurred are tracked closely for the purposes of claiming research and development tax credits.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 July 2018 to the date of this report.

T I Green  
E J Green  
P F Neave  
K Hearn  
J M Jeffery  
S J Deaton  
N P Lawes

Other changes in directors holding office are as follows:

L J Clarke - resigned 28 June 2019  
A Donnelly-Mitchell - resigned 28 June 2019  
M J Clarke - resigned 28 June 2019

**FINANCIAL INSTRUMENTS**

Objectives and policies:

The management objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements, minimise the company's exposure to fluctuating interest rates, and match the repayment schedule of any external borrowings or overdrafts with the cash flows expected to arise from the company's trading activities.

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

**REEDBUT GROUP LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the 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 that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

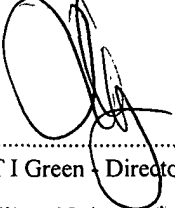
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Francis Maxwell LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

  
.....  
T I Green - Director

Date: 19/2/20

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF REEDBUT GROUP LIMITED

### Opinion

We have audited the financial statements of Reedbut Group Limited (the 'company') for the year ended 30 June 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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, and we have fulfilled our other ethical responsibilities in accordance with these 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 company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
REEDBUT GROUP LIMITED**

**Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Statement of Directors' Responsibilities set out on page four, 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 necessary to enable the preparation of 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 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 company or to cease operations, or have no realistic alternative but to do so.

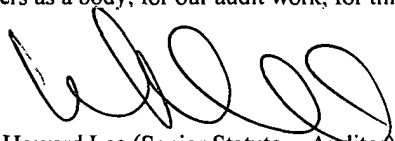
**Auditors' responsibilities for the audit of the financial statements**

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 a Report of the Auditors 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

This report is made solely to the company's members, 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 members those matters we are required to state to them in a Report of the Auditors 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Kevin Howard Lee (Senior Statutory Auditor)  
for and on behalf of Francis Maxwell LLP  
The Stables  
23b Lenten Street  
Alton  
Hampshire  
GU34 1HG

Date: .....19/02/2020.....

**REEDBUT GROUP LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 £	2018 £
<b>TURNOVER</b>	5	12,667,288	13,644,158
Cost of sales		9,890,486	10,477,621
<b>GROSS PROFIT</b>		2,776,802	3,166,537
Administrative expenses		2,578,559	2,809,619
<b>OPERATING PROFIT</b>	8	198,243	356,918
Interest receivable and similar income		6,297	-
		204,540	356,918
Interest payable and similar expenses	9	27,430	37,163
<b>PROFIT BEFORE TAXATION</b>		177,110	319,755
Tax on profit	10	(18,930)	12,393
<b>PROFIT FOR THE FINANCIAL YEAR</b>		196,040	307,362
<b>OTHER COMPREHENSIVE INCOME</b>		-	1,253
Income tax relating to other comprehensive income		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		-	1,253
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		196,040	308,615

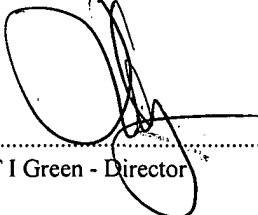
The notes form part of these financial statements

REEDBUT GROUP LIMITED (REGISTERED NUMBER: 06183338)

STATEMENT OF FINANCIAL POSITION  
30 JUNE 2019

	Notes	2019		2018	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	12		1,094,427		1,216,030
Tangible assets	13		1,349,402		992,467
Investments	14		-		500
			<u>2,443,829</u>		<u>2,208,997</u>
<b>CURRENT ASSETS</b>					
Stocks	15	409,836		454,928	
Debtors	16	3,241,242		3,358,083	
Cash in hand		634,275		1,501,879	
		<u>4,285,353</u>		<u>5,314,890</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	17	2,806,490		3,758,244	
<b>NET CURRENT ASSETS</b>			<u>1,478,863</u>		<u>1,556,646</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,922,692</u>		<u>3,765,643</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	18		(258,079)		(97,612)
<b>PROVISIONS FOR LIABILITIES</b>	22		(109,653)		(57,796)
<b>NET ASSETS</b>			<u><u>3,554,960</u></u>		<u><u>3,610,235</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	23		2,989		2,949
Share premium			293,114		293,114
Capital redemption reserve			6		6
Share option reserve			-		8,771
Merger reserve			1,094,427		1,216,030
Retained earnings			2,164,424		2,089,365
<b>SHAREHOLDERS' FUNDS</b>			<u><u>3,554,960</u></u>		<u><u>3,610,235</u></u>

The financial statements were approved by the Board of Directors on 19/2/20 and were signed on its behalf by:

  
T I Green - Director

The notes form part of these financial statements

**REEDBUT GROUP LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

	Called up share capital £	Retained earnings £	Share premium £
<b>Balance at 1 July 2017</b>	2,949	1,900,014	293,114
<b>Changes in equity</b>			
Dividends	-	(320,683)	-
Total comprehensive income	-	510,034	-
<b>Balance at 30 June 2018</b>	<u>2,949</u>	<u>2,089,365</u>	<u>293,114</u>
<b>Changes in equity</b>			
Issue of share capital	40	-	-
Dividends	-	(251,355)	-
Total comprehensive income	-	326,414	-
<b>Balance at 30 June 2019</b>	<u>2,989</u>	<u>2,164,424</u>	<u>293,114</u>

	Capital redemption reserve £	Share option reserve £	Merger reserve £	Total equity £
<b>Balance at 1 July 2017</b>	6	7,518	1,418,702	3,622,303
<b>Changes in equity</b>				
Dividends	-	-	-	(320,683)
Total comprehensive income	-	1,253	(202,672)	308,615
<b>Balance at 30 June 2018</b>	<u>6</u>	<u>8,771</u>	<u>1,216,030</u>	<u>3,610,235</u>
<b>Changes in equity</b>				
Issue of share capital	-	-	-	40
Dividends	-	-	-	(251,355)
Total comprehensive income	-	(8,771)	(121,603)	196,040
<b>Balance at 30 June 2019</b>	<u>6</u>	<u>-</u>	<u>1,094,427</u>	<u>3,554,960</u>

The notes form part of these financial statements

**REEDBUT GROUP LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	68,393	1,195,706
Interest paid		(27,430)	(37,163)
Tax paid		(43,577)	(33,564)
		(2,614)	1,124,979
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(778,209)	(175,420)
Sale of tangible fixed assets		31,906	8,343
Interest received		6,297	-
		(740,006)	(167,077)
<b>Cash flows from financing activities</b>			
Capital repayments in year		126,331	(275,143)
Share issue		40	-
Equity dividends paid		(251,355)	(320,683)
		(124,984)	(595,826)
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(867,604)</b>	<b>362,076</b>
<b>Cash and cash equivalents at beginning of year</b>	2	<b>1,501,879</b>	<b>1,139,803</b>
		<b>634,275</b>	<b>1,501,879</b>
<b>Cash and cash equivalents at end of year</b>	2	<b>634,275</b>	<b>1,501,879</b>

The notes form part of these financial statements

**REEDBUT GROUP LIMITED**

**NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**

**1. RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS**

	2019	2018
	£	£
Profit for the financial year	196,040	307,362
Depreciation charges	541,013	684,813
Profit on disposal of fixed assets	(30,042)	(8,343)
Equity settled share based payments	-	1,253
Finance costs	27,430	37,163
Finance income	(6,297)	-
Taxation	(18,930)	12,393
	709,214	1,034,641
Decrease/(increase) in stocks	45,092	(82,164)
Decrease/(increase) in trade and other debtors	187,628	(629,027)
(Decrease)/increase in trade and other creditors	(873,541)	872,256
	68,393	1,195,706

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 30 June 2019**

	30.6.19	1.7.18
	£	£
Cash and cash equivalents	634,275	1,501,879
	634,275	1,501,879

**Year ended 30 June 2018**

	30.6.18	1.7.17
	£	£
Cash and cash equivalents	1,501,879	1,139,803
	1,501,879	1,139,803

The notes form part of these financial statements

## REEDBUT GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### 1. STATUTORY INFORMATION

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the company's transactions are denominated. They comprise the financial statements of the company for the period ended 30 June 2019 and presented to the nearest pound.

The principal activity of the Company was that of a manufacturer and designer of corrugated packaging.

The Company is a United Kingdom company limited by shares. It is both incorporated and domiciled in England and Wales. The address of its registered office is The Stables, 23b Lenten Street, Alton, Hampshire, GU34 1HG. Its principal place of business is 3 Bond Avenue, Milton Keynes, MK1 1JJ.

From 31 May 2019 the company became a 100% subsidiary of Reedbut Holdings Limited. The address of its registered office is The Stables, 23b Lenten Street, Alton, Hampshire, GU34 1HG. Its principal place of business is 3 Bond Avenue, Milton Keynes, MK1 1JJ.

#### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

#### 3. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 4).

The company is exempt from preparing group accounts as all subsidiary companies are dormant having not traded in this year or the previous year.

The following principal accounting policies have been applied:

## REEDBUT GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 JUNE 2019

#### 3. ACCOUNTING POLICIES - continued

##### Turnover

Revenue shown in the profit and loss account represents the value of all goods sold during the period, less returns received, at selling price exclusive of Value Added Tax. Revenue is recognised at the point at which the company has fulfilled its contractual obligations and risks and rewards attaching to the product, such as obsolescence, have transferred to the customer.

##### Goodwill

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

The estimated useful lives range as follows:

Goodwill- 10 years

The directors have deemed it appropriate to amortise the goodwill over 10 years from the start of the year ended 30 June 2019. This is on the basis that the value originally capitalised, continues to benefit the company and will do for a longer period than originally anticipated.

##### Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	15%
Motor vehicles	25%
Fixture and fittings	10%
Office equipment	10-25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

##### Stocks

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, director labour and other direct costs and production overheads based on normal operating capacity.

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

## REEDBUT GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 JUNE 2019

#### 3. ACCOUNTING POLICIES - continued

##### Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The company claims tax relief for research and development expenditure under the small and medium sized enterprises (SME) scheme. The credit is not taxable income therefore is presented as a reduction in current taxation.

##### Deferred tax

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

##### Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

##### Pensions

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

## REEDBUT GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 JUNE 2019

#### 3. ACCOUNTING POLICIES - continued

##### Financial instruments

The Group has chosen to adopt the sections 11 and 12 of FRS 102 in respect of financial instruments.

##### Financial assets

Basic financial assets, including trade and other receivables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investment in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to sell on a net basis or to realise the asset and settle the liability simultaneously.

## REEDBUT GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 JUNE 2019

#### 3. ACCOUNTING POLICIES - continued

##### **Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

##### **Share based payments**

The company issues equity-settled share-based payments to certain employees (including directors). Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight line basis over the vesting period, together with a corresponding increase in equity, based upon the company's estimate of the shares that will eventually vest.

Fair value is measured using the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate.

Where the terms of equity-settled transactions are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

**REEDBUT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2019**

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**(i) Stock valuation**

The company values its stock based on estimated selling price less a margin, based on historical performance. A stock provision is made against items which are considered to have an estimated selling price less cost to sell below purchase cost.

**(ii) Useful economic lives of intangible assets**

The company considers the useful lives of intangible assets. These lives are estimated based on prior experience. The company reviews estimated useful life annually to assess for any impairment and where necessary useful life is adjusted or the intangible asset is impaired. See note 12 for the carrying amount of intangible assets, and the accounting policy for the useful economic life of the asset.

**(iii) Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment, the accounting policies for the useful economic lives for each class of assets.

**5. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2019	2018
	£	£
United Kingdom	12,667,288	13,644,158
	<b>12,667,288</b>	<b>13,644,158</b>
	<b>12,667,288</b>	<b>13,644,158</b>

**6. EMPLOYEES AND DIRECTORS**

	2019	2018
	£	£
Wages and salaries	1,886,882	1,939,120
Social security costs	170,732	189,188
Other pension costs	37,804	36,644
	<b>2,095,418</b>	<b>2,164,952</b>
	<b>2,095,418</b>	<b>2,164,952</b>

**REEDBUT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2019**

**6. EMPLOYEES AND DIRECTORS - continued**

The average number of employees during the year was as follows:

	2019	2018
Administration and support	15	16
Factory	54	52
Management	10	10
	79	78
	79	78

**7. DIRECTORS' EMOLUMENTS**

	2019	2018
	£	£
Directors' remuneration	333,235	386,534
	333,235	386,534

During the year retirement benefits were accruing to 10 Directors (2018 - 10) in respect of defined contribution pension schemes.

The total company contributions relating to these schemes were £45,533 (2018: £44,950).

The highest paid Director received remuneration of £65,000 (2018 - £74,250).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £1,637 (2018 - £1,637).

The directors do not consider there to be any members of key management other than the directors themselves. Consequently, key management compensation equates to directors remuneration plus employer's National Insurance contributions for the directors, which is £34,217 (2018 - £41,979).

**8. OPERATING PROFIT**

The operating profit is stated after charging:

	2019	2018
	£	£
Depreciation of owned assets	231,021	259,596
Depreciation of assets held under finance lease and hire purchase contracts	188,389	222,545
Amortisation of intangible assets, including goodwill	121,603	202,672
Research & development expense	325,333	394,223
Profit/loss on sale of assets	(30,042)	(8,343)
Auditors remuneration	16,480	16,000
Accountancy	5,004	9,926
Fees payable to the Company's auditors for other services	-	2,000
	-	2,000

**9. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2019	2018
	£	£
Bank loan interest	27,430	37,163
	27,430	37,163

REEDBUT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2019

10. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

	2019 £	2018 £
Current tax:		
UK corporation tax	(70,787)	43,577
Deferred tax	51,857	(31,184)
Tax on profit	<u>(18,930)</u>	<u>12,393</u>

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before tax	<u>177,110</u>	<u>319,755</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	33,651	60,753
Effects of:		
Expenses not deductible for tax purposes	7,607	45,250
Capital allowances in excess of depreciation	(34,424)	-
Depreciation in excess of capital allowances	-	36,532
Adjustment in research and development tax credit	(28,336)	(97,373)
Changes in provisions	51,857	(31,184)
Profit or loss on disposal of fixed assets	(5,708)	(1,585)
Losses carried back	(43,577)	-
Total tax (credit)/charge	<u>(18,930)</u>	<u>12,393</u>

Tax effects relating to effects of other comprehensive income

	Gross £	2018 Tax £	Net £
Reserves movement	<u>1,253</u>	<u>-</u>	<u>1,253</u>

11. DIVIDENDS

	2019 £	2018 £
Ordinary A shares of £0.10 each		
Interim	<u>251,355</u>	<u>320,683</u>

**REEDBUT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2019**

**12. INTANGIBLE FIXED ASSETS**

	<b>Goodwill £</b>
<b>COST</b>	
At 1 July 2018 and 30 June 2019	<b>2,380,758</b>
<b>AMORTISATION</b>	
At 1 July 2018	<b>1,164,728</b>
Amortisation for year	<b>121,603</b>
At 30 June 2019	<b>1,286,331</b>
<b>NET BOOK VALUE</b>	
At 30 June 2019	<b>1,094,427</b>
At 30 June 2018	<b>1,216,030</b>

**13. TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>					
At 1 July 2018	2,702,257	248,927	319,950	269,919	3,541,053
Additions	584,186	17,572	170,779	5,672	778,209
Disposals	-	-	(104,566)	-	(104,566)
At 30 June 2019	<b>3,286,443</b>	<b>266,499</b>	<b>386,163</b>	<b>275,591</b>	<b>4,214,696</b>
<b>DEPRECIATION</b>					
At 1 July 2018	1,993,682	141,625	213,178	200,101	2,548,586
Charge for year	282,423	25,402	81,825	29,760	419,410
Eliminated on disposal	-	-	(102,702)	-	(102,702)
At 30 June 2019	<b>2,276,105</b>	<b>167,027</b>	<b>192,301</b>	<b>229,861</b>	<b>2,865,294</b>
<b>NET BOOK VALUE</b>					
At 30 June 2019	<b>1,010,338</b>	<b>99,472</b>	<b>193,862</b>	<b>45,730</b>	<b>1,349,402</b>
At 30 June 2018	<b>708,575</b>	<b>107,302</b>	<b>106,772</b>	<b>69,818</b>	<b>992,467</b>

The net book value of assets under finance leases or hire purchase contracts, included above, are as follows.

	2019 £	2018 £
Plant and machinery	565,594	353,175
Motor vehicles	183,482	78,304
	<b>749,074</b>	<b>431,479</b>

**REEDBUT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2019**

**14. FIXED ASSET INVESTMENTS**

	<b>Unlisted investments £</b>
<b>COST</b>	
At 1 July 2018	500
Disposals	(500)
	<hr/>
At 30 June 2019	-
	<hr/>
<b>NET BOOK VALUE</b>	
At 30 June 2019	-
	<hr/> <hr/>
At 30 June 2018	500
	<hr/> <hr/>

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Assist Corrugated Limited**

Registered office: Prospect House 58 Queens Road Reading RG14RP

Nature of business: Dormant

	%		2019	2018
Class of shares:	holding		£	£
Ordinary	100.00			
			<hr/>	<hr/>
Aggregate capital and reserves			-	200
			<hr/> <hr/>	<hr/> <hr/>

**Corrugated Boards & Boxes Limited**

Registered office: Prospect House 58 Queens Road Reading RG14RP

Nature of business: Dormant

	%		2019	2018
Class of shares:	holding		£	£
Ordinary	100.00			
			<hr/>	<hr/>
Aggregate capital and reserves			-	100
			<hr/> <hr/>	<hr/> <hr/>

**East Midlands Corrugated Limited**

Registered office: Prospect House 58 Queens Road Reading RG14RP

Nature of business: Dormant

	%		2019	2018
Class of shares:	holding		£	£
Ordinary	100.00			
			<hr/>	<hr/>
Aggregate capital and reserves			-	100
			<hr/> <hr/>	<hr/> <hr/>

**REEDBUT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2019**

**14. FIXED ASSET INVESTMENTS - continued**

**Reedbut Limited**

Registered office: Prospect House 58 Queens Road Reading RG14RP

Nature of business: Dormant

	%		
Class of shares:	holding	2019	2018
Ordinary	100.00	£	£
Aggregate capital and reserves		-	100
		<u>          </u>	<u>          </u>

Post year-end all subsidiary companies were liquidated.

**15. STOCKS**

	2019	2018
	£	£
Finished goods	409,836	454,928
	<u>          </u>	<u>          </u>

The cost of stocks recognised as an expense in the year amounted to £7,256,865 (2018 - £7,616,497).

Stocks are stated after provision for impairment of £7,579 (2018 - £27,339).

**16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019	2018
	£	£
Trade debtors	2,389,804	2,759,550
Other debtors	80,482	264,177
Reedbut Holdings Limited	321,072	-
Tax	70,787	-
Prepayments and accrued income	379,097	334,356
	<u>          </u>	<u>          </u>
	<u>3,241,242</u>	<u>3,358,083</u>

Trade debtors are stated after provisions for impairment of £Nil (2018 - £22,100).

The intercompany debt due from parent company Reedbut Holdings Limited is unlikely to be repaid within a year.

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019	2018
	£	£
Hire purchase contracts (see note 19)	179,552	213,688
Trade creditors	2,366,638	3,112,219
Amounts owed to group undertakings	-	500
Corporation Tax	-	43,577
Social security and other taxes	134,656	223,526
Other creditors	28,704	56,292
Accruals and deferred income	96,940	108,442
	<u>          </u>	<u>          </u>
	<u>2,806,490</u>	<u>3,758,244</u>

**REEDBUT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2019**

**18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2019	2018
	£	£
Hire purchase contracts (see note 19)	<u>258,079</u>	<u>97,612</u>

**19. LEASING AGREEMENTS**

Minimum lease payments under hire purchase fall due as follows:

	2019	2018
	£	£
Net obligations repayable:		
Within one year	179,552	213,688
Between one and five years	<u>258,079</u>	<u>97,612</u>
	<u>437,631</u>	<u>311,300</u>

**20. SECURED DEBTS**

Finance lease liabilities are secured against the assets to which they relate.

**21. FINANCIAL INSTRUMENTS**

	2019	2018
	£	£
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>2,791,357</u>	<u>3,023,727</u>
	<u>2,791,357</u>	<u>3,023,727</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(2,832,973)</u>	<u>(3,479,811)</u>
	<u>(2,832,973)</u>	<u>(3,479,811)</u>

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors and other creditors.

**22. PROVISIONS FOR LIABILITIES**

	2019	2018
	£	£
Deferred tax	<u>109,653</u>	<u>57,796</u>

**REEDBUT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2019**

**22. PROVISIONS FOR LIABILITIES - continued**

	<b>Deferred tax £</b>
Balance at 1 July 2018	57,796
Charge to Statement of Comprehensive Income during year	<u>51,857</u>
Balance at 30 June 2019	<u><u>109,653</u></u>

**23. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal	2019	2018
Number:	Class:	value:	£	£
12,041	Ordinary A	£0.10	1,205	1,205
12,041	Ordinary B	£0.10	1,205	1,205
5,403	Ordinary D	£0.10	539	539
400	Ordinary C	£0.10	40	-
			<u>2,989</u>	<u>2,949</u>
Allotted and issued:		Nominal	2019	2018
Number:	Class:	value:	£	£
400	Share capital 4	£0.10	<u>40</u>	<u>-</u>

The following shares were issued during the year for cash at par:

400 Ordinary C shares of £0.10

All shareholders are entitled to one vote per share. All shares have attached to them full dividend and capital distribution (including on winding up) rights.

**Other Reserves**

The Share Premium reserve represents amounts received above par value on issue of ordinary shares. The Capital Redemption reserve is the nominal value of shares previously repurchased.

The Share Option reserve is the cumulative total of current and prior year share option charges, which will be transferred to the profit and loss account on exercise of the options.

The Merger reserve is the difference between the net book value and the fair value of the net assets acquired on hive up of the trade of subsidiaries. The Merger reserve is transferred to the profit and loss account as amortisation is charged on the Goodwill arising on the hive up of the trade of subsidiaries.

**24. PENSION COMMITMENTS**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £83,337 (2018 - £81,593).

Contributions totalling £9,454 (2018 - £6,591) were payable to the scheme at the end of the year and are included in creditors.

**REEDBUT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2019**

**25. COMMITMENTS UNDER OPERATING LEASES**

At 30 June 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£	£
Not later than 1 year	519,676	519,676
Later than 1 year and not later than 5 years	1,961,142	1,955,604
Later than 5 years	541,487	1,020,538
	3,022,305	3,495,818

The amount of non-cancellable operating lease payments recognised as an expense in the year was £528,168 (2018 - £560,040).

**26. RELATED PARTY DISCLOSURES**

During the year the company made the following related party transactions:

**A Donnelly-Mitchell (Director)**

The company repaid amounts owing to A Donnelly-Mitchell totalling £3,000 (2018 - £3,000). At the balance sheet date the amount due to A Donnelly-Mitchell was £2,000 (2018 - £5,000).

**J Jeffrey (Director)**

The company repaid amounts owing to J Jeffrey totalling £3,000 (2018 - £3,000). At the balance sheet date the amount due to J Jeffrey was £17,250 (2018 - £20,250).

**K Hearn  
(Director)**

The company repaid amounts owing to K Hearn amounting to £5,400 (2018 - £6,000). At the balance sheet date the amount due to K Hearn was £nil (2018 - £5,400).

**P Neave  
(Director)**

The company repaid amounts owing to P Neave totalling £19,050 (2018 - £7,800). At the balance sheet date the amount due to P Neave was £nil (2018 - £19,050).

**T Green & M Clarke  
(Directors)**

During the year the company paid these directors £26,040 (2018 - £26,040) in rent. At the balance sheet date the amount due to these directors was £nil (2018 - £2,170).

The amount repaid by M Clarke in the year was £264,177 (advanced in 2018 - £270,000) and the amount due from M Clarke at the balance sheet date was £nil (2018 - £264,177).

**YSF Europe Limited**

(T Green is a director of YSF Europe Limited)

During the year, The Reedbut Group Limited made sales to YSF Europe Limited amounting to £2,114 (2018 - £10,901) and made purchases amounting to £5,412 (2018 - £nil). At the balance sheet date the amount due (to)/from YSF Europe Limited was £1,298 (2018 - £10,284).

Amounts due to Directors are shown within other creditors.

The total dividends to directors was £251,355 (2018 - £320,683).

**REEDBUT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2019**

**27. ULTIMATE CONTROLLING PARTY**

The ultimate controlling parties are T I Green and E J Green by virtue of their controlling interest in Reedbut Holdings Limited.

As at the year end the company was owed £321,072 from Reedbut Holdings Limited.

**28. SHARE-BASED PAYMENT TRANSACTIONS**

The group has an enterprise management incentive scheme for its directors. Exit options under this scheme are exercisable at 475 pence per share.

If the options remain unexercised after a period of 10 years from the date of the grant, the options expire. Options are forfeited if the employee leaves the group before the options vest. Details of the number of the share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	Weighted average exercise price (pence) 2019	Number 2019	Weighted average exercise price (pence) 2018	Number 2018
Outstanding at beginning of the year	475	400	475	400
Granted during the year	(475)	(400)	-	-
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>475</b>	<b>400</b>

The fair values were calculated using the Black Scholes model. Options were granted on 26 August 2010. The estimated fair value of the options granted on this date was £22 per share.

The group recognised total expenses of £nil (2018 - £1,253) related to equity-settled share-based payment transactions during the year.

The options were exercised before the end of the year and the option reserve was cleared out. No options were outstanding at the year end.

	2019 £	2018 £
Equity-settled schemes	-	1,253