Registered Number 1227964

Contents

Financial highlights

- Revenue increased by 13.8% to £34.8m (2017: £30.6m).
- Operating profit increased by 8.1% to £1,635,000 (2017: £1,513,000).
- Operating profit margin of 4.7% (2017 4.9%).
- Balance sheet remains strong with net cash on hand after significant investment in working capital, product development and fixed assets to support organic growth.
- Increased tax charge, including a one off adjustments for prior year, has adversely impacted on profit for the year which has fallen by £19,000 to £1,232,000 (2017 - £1,251,000)
- The increased tax charge has reduced fully diluted earnings per share at 1.85p (2017 – 1.88p)
- Proposed final dividend 0.23p per ordinary share (2017: 0.23p).

Operational highlights

- Sales growth momentum maintained:
    - Our own branded sales have grown by 13%, including export sales growth of 15%
    - Sales of retailer own label products increased by 46%
    - Contract sales decreased by 8% following the decision to not pursue certain low margin gift sales
    - Total overseas sales have increased by 33% to £4.6m (2017 - £3.5m).
- The Feather & Down range of products was successfully launched in May 2017.
- Australian sales and marketing business commenced trading in February 2018.
- Outsourcing the manufacture of certain branded products allowed the business to maintain sales and pre tax profit growth but adversely impacted profits by £299,000, with £229,000 increase in cost of sales and £70,000 increase in distribution costs.
- Cash generated from operations has been invested in working capital, product development and plant & equipment to support the business growth.
- Decision made to withdraw from low margin candle manufacturing by July 2018.
- We continue to garner awards including best private label supplier from our largest customer.

Chairman's statement

The Group has continued its recent expansion with organic sales growth of £4.2m (13.8%) resulting in sales of £34.8m for the year ended 31 March 2018 (2017 £30.6m). As mentioned in the stock exchange announcement made on 9 February 2018 the Board made a decision to outsource the manufacture of its own branded products at an increased marginal cost in order to facilitate the long term growth plans for the business. These additional costs have restricted the growth in profit before tax to £120,000 (8.1%) resulting in a profit before tax of £1,609,000, (2017 £1,489,000). Profit before tax margin is 4.6% in 2018 compared to 4.9% in 2017. The board consider that continued underlying profit growth supports the decision to outsource some production whilst the Group puts actions in place to increase capacity.

Sales
Group sales of £34,810,000 for the year ended 31 March 2018 are 13.8% higher than the previous year (2017: £30,586,000). Sales of our branded products have increased by 13.3% in the period. The main drivers of this growth were: increased sales to export markets, which grew by 14.9%; the successful launch of the Feather & Down brand, on an exclusive basis with Boots and continued expansion in the value sector. The Feather & Down launch has proved to be a success with wider store distribution secured for the coming year. Our private label and contract sales have continued to grow with sales increasing by 13%. Major range extensions with our largest customer and the addition of a new major retailer in the UK were the main drivers of this growth. The first sales from our Australian business which has taken over the distribution of our products from a third party distributor, with effect from January 2018, are included in sales for the year. The Group's total overseas business including non own branded customers has grown by 33% to £4,592,000 (2017 - £3,451,000).

Margin
Our gross margin was 40.6% for the year ended 31 March 2018 (2017: 42.5%). A significant factor in the lower margin was £229,000 one-off increased costs associated with outsourcing the manufacture of some of our branded products noted above, which eroded gross margin by 0.7%. Margins continue to be impacted by rising raw material costs and increases in the national living wage, which also impacts on many of our customers, gradually eroding our margins. We have successfully re-sourced many raw materials during the year to mitigate the impact of these increases and are undertaking a comprehensive re-sourcing exercise on all other categories of components where cost increases have been significant. As mentioned in the announcement on 9 February 2018, we are making significant investment in new equipment in order to increase capacity. The first stage of this investment combined with improved production management has enabled all outsourced production to be brought back in house. The second stage of investment in our tube filling capacity will come on stream towards the end of this calendar year. Whilst capacity rather than productivity is the main driver there will be productivity gains arising from this expansion programme.

Overheads
Overhead costs have increased by 10% in the year as the Group has invested in increased operations and engineering management and resources as it builds a team capable of delivering the growth anticipated for the future. We will continue to manage our overhead cost base and working capital requirements to ensure they are aligned with the anticipated sales levels of the Group. Distribution costs includes £70,000 associated with outsourced manufacturing.

Operating profit
Operating profit increased by £122,000 (8.1%) to £1,635,000 (2017: £1,513,000). The £299,000 impact of the outsourcing costs noted above adversely impacted on the operating profit margin by 0.9%, which deteriorated by 0.2% to 4.7% (2017: 4.9%).

Tax
It should be noted that the Group utilised all remaining historic tax losses in the financial year to 31 March 2017 and therefore we have provided a tax charge within these results of £377,000 (2017: £238,000) which equates to a rate of 23.4% (2017: 16.0%), and includes a prior year deferred tax adjustment of £60,000 which inflates the charge in the period. The charge will reduce to a more normal rate in future years.

Profit after tax
The Group's profit after tax is therefore £1,232,000 for the year ended 31 March 2018 (2017: £1,251,000)

Earnings per share
The higher tax charge has adversely impacted on the diluted earnings per share of 1.85p (2017: 1.88p) a marginal decrease of 1.6%.

Working capital
Net cash on hand (cash and cash equivalents less bank loan and short term borrowings) is £221,000 (2017: £2,029,000). The main reason for the decrease in net cash on hand is the impact of increased investment in working capital together with increased investment in new product development and plant and equipment to support the sales growth. The Group has continued to focus on working capital management and whilst both stock levels and trade debtors have increased the ratios continue to be largely in line with expectations. High sales in the last month of the year have driven an increase in debtors together with the timing of certain customer receipts were received shortly after the year end. Higher forecast sales in the first quarter of 2018-19 have driven increases in inventories with underlying ratios significantly improved. Stock turn, based on cost of sales in the months prior to the year end, improved to 4.5 times compared to 3.5 times in 2017.

Chairman's statement (Continued)

Share Options
The existing Share Option Scheme is no longer applicable as the number of employees has increased beyond the level allowed by HMRC's rules. The Board intends to present to shareholders a new Company Share Option Plan for approval at the forthcoming Annual General Meeting.

Dividend
The Board proposes a final dividend of 0.23 pence per ordinary share, subject to approval at the AGM, which is the same as last year's final dividend. This is in line with the directors' intention to align any future dividend payments to the underlying earnings and cash flow of the business. Together with the interim dividend of 0.15p per share paid last November the total dividend paid in the year ended 31 March 2018 is 0.38p (2017: 0p).

The Board believes that this year's sales of £34,810,000, profit after tax of £1,232,000 and strong balance sheet place the Group in a good position to take advantage of any opportunities that may arise.

I would like to take this opportunity to thank each and every one of the Group's employees for the hard work and effort they have put in to support the business through a period of significant expansion. I would also like to thank our customers, shareholders and suppliers for their support and loyalty to the Group.

William McIlroy
Chairman, 25 June 2018

Group strategic report

This strategic report has been prepared solely to provide additional information to enable shareholders to assess the Group's strategies and the potential for those strategies to succeed.

The strategic report contains certain forward looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

In preparing this strategic report the directors have complied with s414C of the Companies Act 2006.

The strategic report has been prepared for the Group and therefore gives greater emphasis to those matters which are significant to Creightons Plc and its subsidiary undertakings when viewed as a whole.

The strategic report discusses the following areas:

- The business model
- A fair review of the Group's business
- Strategy and objectives
- Key performance indicators
- Principal risks and uncertainties
- Corporate and social responsibility
- Going concern

The business model

The principal activity of the Group is the development, marketing and manufacture of toiletries and fragrances which includes the development of brands. A review of the operations of the Group during the year and current developments are referred to in the Chairman's statement on page 3.

The subsidiary undertakings affecting the results of the Group in the year are detailed in note 17 to the financial statements.

A fair review of the Group's business

History

Creightons Plc was registered in 1975 to continue the business of manufacturing and marketing toiletries made exclusively from natural products first established in 1953. It created a number of proprietary brands, although it focused mainly on private label and contract manufacturing. It was first listed on the London Stock Exchange in 1987. The Group consolidated its manufacturing at the Potter and Moore Innovations plant in Peterborough following the acquisition of the Potter and Moore business in 2003 and disposal of the Storrington site in 2005. The Group acquired the business and assets of the Broad Oak Toiletries site in Tiverton in February 2016 further increasing the group's sales reach in terms of product and premium customers and adding to manufacturing capability and capacity.

The continued profitable operations have cleared accumulated tax losses. As a result of the improved profitability the Company also made the decision to declare dividends in the year to March 2018.

Operating Environment

The toiletries sector principally encompasses products for haircare, skincare, bath & body and male grooming. The market is relatively mature although it is constantly evolving as brands seek to differentiate their offering in order to generate sales opportunities. This has resulted in a fragmentation of different sectors, for example, with haircare products being developed to treat different hair types and conditions. Whilst adding some complexity, this segmentation creates opportunities for our business.

We also now operate in the home fragrance sector, reed diffusers and room fragrance. This sector is fragrance driven, fast moving and dynamic in line with changing consumer tastes and home interior trends.

Consumers purchase our products through a range of retail and internet outlets, from high quality department stores to low-cost discounters, with the High Street supermarkets and drug stores somewhere in the middle. The majority of the Group's products are sold in the UK, although with increasing amounts sold overseas, either direct to retailers or through distributors.

Producers and manufacturers providing products in this market place range from major multinational corporations to small businesses. Production and manufacturing is now world-wide, with many competitors sourcing a significant proportion of their products from outside the UK or EU, either due to greater economies of scale or due to a lower cost base.

The Group does not operate in a 'regulated' market in the sense that pharmaceutical product manufacturers do, but there has been increasing regulation covering; potentially hazardous substances, consumer protection, waste and disposal of environmentally hazardous products and packaging materials.

Group strategic report (continued)

Recent developments

The Group's operations are broadly organised into three business streams:

- our own branded business which develops, markets, sells and distributes products we have developed and own the rights to or brands we have licensed;
- private label business which focuses on high quality private label products for major high street retailers and supermarket chains and
- contract manufacturing business, which develops and manufactures products on behalf of third party brand owners. This stream includes the more premium customers of Potter & Moore (Devon) Ltd.

Each business stream uses central creative, planning, sourcing, finance and administration operations based in Peterborough with manufacturing, sales, research and development and logistics operations located at both Peterborough and Tiverton. Each business stream is pro-active in the development of new sales and product development opportunities for their respective customers.

Over the past few years the Group has invested in a number of brands along with their existing brand owners. These operate within the existing branded products business stream. We continue exploring further opportunities of this nature where the benefits of developing existing established brands with the brand owners will add contribution to the Group's profits and value to the brand.

In the recent past, the Group has disposed of several brands and businesses such as "the Real Shaving Company" and "TS Ventures" which we had successfully grown but which it was felt were no longer part of our core business. The Group considers the development and investment in new brands to be a key adding value to the business.

Position of group business

It is the directors' view that the financial position of the group at the year-end is strong and that the Group has sufficient resources to meet its obligations in the normal course of business for the next 12 months.

Current operations

The Group operates through the three main business streams described above, utilising its extensive brand management, product development and manufacturing capabilities encompassing toiletries, skincare, hair care, fragrances and home fragrance. The Group has extended its research and development and sales expertise to maximise the opportunities afforded by these capabilities. Some of this work has been capitalised and is being amortised over the estimated life of the products in accordance with IFRS requirements.

The Group has continued its aggressive development programme of new ranges of branded toiletries, hair care and skincare products, with Feather & Down successfully launched in the year. The group continues to extend and develop those already successfully launched such as *Amie Skincare, The Curl Company, Creightons Haircare brands.*

Strategy and objectives

The primary objective of the Group is to deliver an adequate and sustainable return for shareholders whilst guarding against commercial risks. We aim to deliver this by pursuing the following broad strategies:

- Expand our customer base across all three sales streams (private label, contract and brands) within the UK and increasingly overseas.
- Continuously review, develop and enhance our product offering to meet the consumers' requirement for high quality excellent value products and thereby help our customers grow their businesses.
- Ensure that we exceed our customers' expectations for first rate quality products and excellent customer service and use this to expand opportunities within our existing customer base.
- Manage our gross and net margins through efficient product sourcing, continuously improving production efficiencies, asset management and cost control.
- Make fully appraised investment in brands which will help us maintain and grow our business and create brand value which can crystallise through disposals to third parties.

Group strategic report (continued)

Key performance indicators

Management and monitoring of performance

Your directors are mindful that although Creightons Plc is a UK Listing Authority "premium" listed company, in size it is really only medium sized and therefore many of the 'big business' features common in premium listed companies are inappropriate. Recent year's profitable results have been achieved only as a result of considerable hard work in focusing management and staff efforts on more productive product ranges, improving production and stock holding efficiencies, ensuring high levels of customer service and eliminating overhead inefficiencies. This report has been prepared with that in mind and is commensurate with the size of the Group's business.

The Group therefore has limited personnel or other non-financial Key Performance Indicators (KPIs) or targets. Each position that becomes vacant is reviewed against our strategic objectives for necessity before authorisation is given for it to be filled through either recruitment or promotion.

The Board regularly monitors performance against several key financial indicators, including gross margin, production efficiency, overhead cost control, cash / borrowing and stocking levels. Performance is monitored monthly against both budget and prior year.

Financial key performance indicators

	2017/18	2016/17	Movement
Sales	£34,810,000	£30,586,000	Increase of 13.8%
Gross Margin as a % of Revenue	40.6%	42.5%	Decrease of 1.9%
Profit for the year	£1,232,000	£1,251,000	Decrease of 1.5%
Operating profit	£1,635,000	£1,513,000	Increase of 8.1%
Operating profit as a % of Revenue	4.7%	4.9%	Decrease of 0.2%
Return on capital employed	12.8%	14.1%	Decrease of 1.3%
Net gearing (including obligations under finance leases)	(2.3%)	(22.5%)	Increase of 20.2%

There were 3 incidents involving employees or contractors on the Group's sites which was required to be reported to the Health & Safety Executive during the year (2017: 1). None of these resulted in adverse HSE reports or recommendations. All those involved have fully recovered and were able to return to work with no long-term effects after their incident. The Group continuously monitors and revises its operating, training and monitoring procedures as appropriate to ensure that the safety of employees and contractors is maintained to a high standard, and ensures there is no deterioration in compliance with these standards.

Principal risks and uncertainties

Risks

The Board regularly monitors exposure to key risks, such as those related to production efficiencies, cash position and competitive position relating to sales. It has also taken account of the economic situation over the past 12 months, and the impact that has had on costs and consumer purchases.

It also monitors those risks not directly or specifically financial, but capable of having a major impact on the business's financial performance if there is any failure, such as product contamination and manufacture outside specification, maintenance of satisfactory levels of customer and consumer service, accident ratios, failure to meet environmental protection standards or any of the areas of regulation mentioned above. Further details of financial risks are set out in Note 21.

Capital structure, cash flow and liquidity

Having achieved profitability after a number of years of substantial losses and having repaid loans used at the time of the purchase of the Potter & Moore business in 2003 the Group's cash position has improved substantially. The Group has a strong balance sheet with no borrowings at the year end. The business is funded using retained earnings, invoice discounting, overdraft and hire purchase facilities secured against the Group's assets. Further details are set out in Notes 23 -25.

Competitive environment

The Group operates in a highly competitive environment in which demand for products can vary and customers have the opportunity to transfer business to other suppliers. The Group works to minimise this risk by developing close relationships with customers offering quality, service and innovation throughout the business. This risk is also further reduced through the development of its branded product portfolio and by the diversity of customers and products offered.

Group strategic report (continued)

Principal risks and uncertainties (continued)

Quality

The Group treats quality as its key requirement for all products and strives to deliver quality products for every price point. Failure to achieve the required quality and safety standards would have severe consequences for the Group, from financial penalties to the damage to customer relationships. The Group has a robust product development process to mitigate risk wherever possible and to ensure all products are safe and fit for purpose. The Group is subject to frequent internal and external safety, environmental and quality audits covering both accreditations held and a number of specific operating standards our customers require us to comply with.

Research and development

The Group undertakes research and development to identify new brands, proprietary products and improved formulations to existing products which address expected market trends and customer and consumer demands to maximise the Group's market share and deliver new opportunities for growth.

The Group's principal focus in R&D is maintenance and development of brands and products in its existing markets and product ranges, and therefore does not invest significant resources in 'blue sky' research.

Corporate and social responsibility

The Group is mindful of its wider responsibilities as a significant local employer in both its principal locations and of the contribution it makes to the local economy both where it and its suppliers are based.

Environment

The Group has formally adopted an Environmental Policy, which requires management to work closely with local environmental protection authorities and agencies, and, as a minimum, meet all environmental legislation.

Employees

We value and respect our employees and endeavour to engage their talent and ability fully. The Group does not operate a formal personal performance appraisal process, but individual managers and supervisors undertake continuous performance monitoring and appraisal for their subordinates, and routinely report the results of these to their own managers. Part of this monitoring and appraisal includes assessment of training required for personal development as well as succession planning within the Group, and all employees are encouraged to undertake appropriate training to develop their skills and enhance their career opportunities.

Disabled persons

The Group's policy is to fully consider all applications for employment from disabled persons in relation to the vacancy concerned. In the event of existing staff members becoming disabled, every effort would be made to enable them to maintain their present position or to provide appropriate training and find an alternative role within another department.

The table below shows the number of employees by gender in the Group as at 31 March 2018

	Group 2018		Company 2018	
	Female	Male	Female	Male
Directors, including Non-executive Directors	2	6	2	6
Senior Managers	2	3	-	-
Other employees	219	137	-	-

	Group 2017		Company 2017	
	Female	Male	Female	Male
Directors, including Non-executive Directors	2	6	2	6
Senior Managers	2	2	-	-
Other employees	197	146	-	-

The Group has formal Staff Handbooks which cover all major aspects of staff discipline and grievance procedure, Health and Safety regulations, and the Group's non-discrimination policy.

Group strategic report (continued)

Going concern

The directors are pleased to report that the Group continues to meet its debt obligations and expects to operate comfortably within its available borrowing facilities. The directors have therefore formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future being at least twelve months from the date of this report. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

This report was approved by the board of directors on 25 June 2018 and signed on its behalf by:

Bernard Johnson
Managing Director

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 year ended 31 March 2018. The corporate governance statement set out on pages 15 to 17 forms part of this report.

The Strategic Report on pages 5 to 9 provides a fair review of the Group's business for the year ended 31 March 2018 as well as explaining the Group's strategy and objectives, its key performance indicators for monitoring the business, the Group's principal risks and uncertainties that could impact on the Group and its potential future developments.

There are no post balance sheet events to report.

Dividends

The Director's propose a final dividend of 0.23 pence per ordinary share subject to approval at the AGM (2017: 0.23p). The 2017 final dividend of 0.23p per ordinary share and an interim 2018 dividend of 0.15 pence per ordinary share were paid during the year (2017: £nil) giving a full dividend of 0.38 pence per ordinary shares (2017 – 0.23p).

Greenhouse gas (GHG) emissions

GHG emissions data for the year from 1 April to 31 March		
	Global tonnes of Co2e	
	2018	**2017**
Combustion of fuel and operation of facilities	606	637
Electricity, heat, steam and cooling purchased for own use	713	802
Total	**1,319**	**1,439**
Tonnes of Co2e per £m of cost of sales	*64.0*	*82.0*

We have reported on all of the emissions sources required under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulation 2008 as amended in August 2013. The reporting boundary used for the collation of the above data is consistent with that used for consolidation purposes in the financial statements. We have used GHG Protocol Corporate Accounting and Reporting Standard (revised edition), data gathered to fulfil our requirements under the CRC Energy Efficiency scheme, and emission factors from the UK Governments GHG Conversion Factors for Company Reporting 2014 to calculate the above disclosures.

The key sources for emissions are gas and electricity. We have not included Co2e emissions from Group employees' travel which we consider to be immaterial.

The Group set a target of reducing tonnes of Co2e per £m of cost of sales by 5% (based on the figures reported in the year ended 31 March 2013 of 110.5 tonnes of Co2e per £m of cost of sales) over the 5 years ending 31 March 2018, which was achieved. The target for the next five years to 31 March 2023 will be to reduce tonnes of Co2e per £m of cost of sales by 20%. This will be achieved by ensuring that activities are monitored with the aim of reducing waste and that capital expenditure plans take into consideration the impact on the Group's consumption of Co2e.

Capital structure

Details of the issued share capital are shown in note 24. Creightons Plc has one class of ordinary shares which carry no rights to fixed income. Each share carries one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the company's shares that may result in restrictions on the transfers of shares or their voting rights.

Details of the employee share schemes are set out in note 26.

No person has any special rights of control over the company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of directors, the company is governed by its Articles of Association, the UK Corporate Governance Code, the Companies Act and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of the directors are governed by the Companies Act 2006, the Articles of the Company and the corporate governance statement on pages 15 to 17. Directors are required to retire upon the third anniversary of their last election.

Under the terms of resolution 12 at the 2017 AGM, the Company has the authority to issue 3,027,612 ordinary shares, being 5% of the issued share capital at that time. This authority expires after 15 months from its date of adoption (10 August 2017) or until the next AGM if sooner unless renewed. The directors will propose a resolution renewing this power based upon the new issued share capital.

Directors' report (continued)

Capital structure (continued)

There are a number of other agreements that alter or terminate upon a change of control of the company or subsidiary companies such as commercial agreements, bank facility agreements, property leases and employee share plans. None of these are expected to be considered significant in terms of their likely impact on the business of the Group taken as a whole. There are no agreements between any companies within the Group and any of their directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

Directors

The directors who held office during the year were as follows:

William O McIlroy (Executive Chairman and Chief Executive)
Mary T Carney (Senior Independent Non-executive)
Nicholas DJ O'Shea (Non-executive and Group Company Secretary)
Bernard JM Johnson (Managing Director)
William T Glencross (Non-executive)
Philippa Clark (Global Sales & Marketing Director)
Martin Stevens (Deputy Managing Director)
Paul Forster (Director of UK Operations)

William McIlroy – Chairman and Chief Executive
Mr McIlroy is a major shareholder and has served as on the Company's board since 2000 and been Chairman and Chief Executive since 2001. He has extensive knowledge and experience of the personal care industry. Since his appointment to the board, he has provided invaluable strategic direction and guidance to the Company, which has resulted in its recovery from an historically poor trading and funding position, leading to the delivery of sustained profit and earnings growth for over a decade.

Bernard Johnson - Managing Director
Mr Johnson has been the Company's Managing Director since 2002 and has been in similar senior positions with manufacturing businesses over the past 30 years, in many cases brought in on a rescue and recovery basis. He has overseen the turn-round and subsequently growth of the business during his time as Managing Director as well as managing the acquisition and integration of both the Potter & Moore Innovations business in Peterborough and more recently the Potter & Moore Devon business.

Philippa Clark – Global Sales & Marketing Director
Ms Clark has worked within the industry for 20 years in a wide and extensive range of sales, marketing and commercial roles across private label, branded and contract businesses. In recent years she has headed up the development of the Creightons branded portfolio, growing and extending the reach of the Company's award-winning brands into multiple channels and international markets whilst also overseeing the development of the strengthening private label division of the business. She has held the position of Global Marketing Director since her appointment to the Board in 2015.

Martin Stevens – Deputy Managing Director
Mr Stevens is a Chartered Chemist and has worked in the cosmetics industry for 32 years with extensive experience across the personal care and household sector in Research & Development, Quality Assurance, Production and Procurement. Martin has been Technical Director at Potter & Moore Innovations Ltd (the Company's principal trading business) and Creightons Plc for the past 14 years. He has previously been Technical Director of Norit Body Care Toiletries, Technical Director at the manufacturing division of AAH Pharmaceuticals Ltd, Chief Chemist at Columbia Products Co Ltd after initially entering the industry with L'Oreal working with brands such as Lancôme and Cacharel. Martin was appointed as Group Deputy Managing Director when he joined the Board in 2015.

Paul Forster - Director of UK Operations
Mr Forster as appointed Director of UK Operations when he joined the Board in 2015, a new role with responsibility encompassing finance, manufacturing, logistics and procurement. Paul has been with the Potter & Moore Innovations business for 24 years, primarily working as Chief Financial Officer but also including spells overseeing manufacturing. Previously he was Finance Director of Beauty International Fragrance Ltd (BIF), who distributed the Coty fragrance range throughout Europe and the Far East. Prior to joining BIF Paul qualified as a Chartered Accountant with Touche Ross.

Mary Carney – Senior Non-executive Director
Ms Carney is a freelance tax consultant and a former senior tax partner with Grant Thornton, Chartered Accountants, Belfast. She is also a member of the Chartered Institute of Taxation, and prior to joining Grant Thornton, was a tax inspector. Ms Carney has been a director of the Company since November 1999.

William Glencross - Non-executive Director
Mr Glencross has had many years' sales, marketing and general management experience in the cosmetics and toiletries industry in both the branded and private label sectors, having been Sales & Marketing Director and then Managing Director of Potter & Moore, and was previously General Manager of the Fine Fragrance division of Shulton G.B., part of the American Cyanamid Group. Mr Glencross was appointed to the Board in July 2005 and made a non-executive director on his retirement in 2006.

Directors report (continued)

Nicholas O'Shea – Non-executive Director & Group Company Secretary
Mr O'Shea has been the company secretary for over 20 years and a director since 2001. A maths & chemistry graduate, he has a background in the toiletries and chemicals sectors having held senior financial positions in a number of world-wide businesses including Proctor & Gamble, Scott Paper and Omya Pluss-Stauffer. Mr O'Shea is a CIMA qualified management accountant, and he is currently CFO or finance director with several privately-owned SMEs as well as an investment management company in the City.

Directors indemnities

There are no director indemnities.

Directors' insurance

During the year the Company has purchased insurance cover for the directors against liabilities arising in relation to the Group, which remained in force at the date of this report.

Directors standing for re-election

Under the terms of the Articles, directors are required to retire on the third anniversary of their last election. William O McIlroy, Bernard JM Johnson, Philippa Clark, Martin Stevens and Paul Forster retire at the next annual general meeting at the end of their three-year term of office and, being eligible to do so, offer themselves for re-election.

Substantial shareholdings

At 31 March 2018 the Company had been notified, in accordance with chapter 5 of the Disclosure and Transparency Rules, of the following substantial interests, being 3% or more of the ordinary shares in issue:

Shareholder	Number of shares	% held
Mr WO McIlroy (including Oratorio Developments Ltd)	16,219,275	26.75%
Mr & Mrs B Geary	6,543,404	10.79%
Mr BJM Johnson	4,787,844	7.90%
Messrs S & A Chandaria	3,500,000	5.77%
The Estate of Mr T Amies	2,580,000	4.25%
Mr D Barry	2,500,000	4.12%
Mr B Dale	2,451,740	4.04%

During the period between 31 March 2018 and 22 June 2018 the company did not receive any notifications under chapter 5 of the Disclosure and Transparency Rules.

Directors report (continued)

Resolutions to be proposed at the Annual General Meeting

The Board will be proposing the following resolutions at the AGM. The detailed wording of the resolutions is contained within the notice of the AGM. They have the support of all Board members, who will vote in favour of them with all their own shareholdings and those under their control, and with any discretionary proxies granted to them personally or in the capacity of chairman of the meeting.

1. To receive and consider the Group's financial statements and reports of the directors and auditor for the year ended 31 March 2018.
2. To receive and approve the directors' remuneration report for the year ended 31 March 2018.
3. To approve the directors' remuneration policy as detailed in pages 18 to 23 of the directors' remuneration report.
4. To re-elect Mr William McIlroy, who is retiring by rotation under the provisions of Article 76 of the Articles of Association, who, being eligible, offers himself for re-election as a director of the company.
5. To re-elect Mr Bernard Johnson, who is retiring by rotation under the provisions of Article 76 of the Articles of Association, who, being eligible, offers himself for re-election as a director of the company.
6. To re-elect Ms Philippa Clark, who is retiring by rotation under the provisions of Article 76 of the Articles of Association, who, being eligible, offers herself for re-election as a director of the company.
7. To re-elect Mr Martin Stevens, who is retiring by rotation under the provisions of Article 76 of the Articles of Association, who, being eligible, offers himself for re-election as a director of the company.
8. To re-elect Mr Paul Forster, who is retiring by rotation under the provisions of Article 76 of the Articles of Association, who, being eligible, offers himself for re-election as a director of the company.
9. To approve the proposed final dividend of 0.23 pence per share.
10. To appoint Moore Stephens LLP as auditor and to authorise the directors to determine their remuneration.
11. To give authority to the directors to allot shares pursuant to Section 551 of the Companies Act 2006. This authorises the company for a period of up to 15 months, or until the next AGM if sooner, to allot 1p Ordinary Shares up to an aggregate nominal value of £202,127.17, being a further one third of the company's present issued share capital as a rights issue.
12. As a special resolution, to grant a limited disapplication of the statutory pre-emption rights contained in Section 570 of the Companies Act 2006. This authorises the Company for a period of up to 15 months, or until the next AGM if sooner, to allot 1p ordinary shares up to an aggregate nominal value of £30,319.07, being 5% of the company's present issued share capital, without first offering them as a rights issue to existing shareholders.
13. As a special resolution, to give a limited power to the company to purchase its own shares. This authorises the company for a period of up to 15 months, or until the next AGM if sooner, to purchase 1p ordinary shares up to a maximum aggregate nominal value of £30,319.07, being 5% of the Company's present issued share capital, at no more than 105% of the average of the middle market quotations for ordinary shares for the five business days prior to the date of purchase and the minimum price of 1p.
14. To approve Creightons plc Share Option Plan 2018, Part A and Part B.
15. To approve Creightons plc Share Incentive Plan 2018.

The resolution approved at the AGM on 10 August 2017 relating to the authorisation of the Company to purchase 1p ordinary shares up to a maximum 5% of the company's issued share capital at that date remains in place and is unused.

Directors report (continued)

Directors confirmations

Each director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group's auditor is not aware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Viability statement

The directors have assessed the viability of the Group for the period of 3 years. The board believe this time period is appropriate having consideration for the Group's principal risks and uncertainties (outlined in the Strategic Report on pages 7-8) to production efficiencies, cash position and competitive position relating to sales as well as costs and purchases.

Based on the above the board confirm it has a reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due over the 3 year period of assessment.

Auditor

A resolution to appoint Moore Stephens LLP is being proposed at the forthcoming Annual General Meeting.

By order of the Board

Mr Paul Forster
Group Finance & Commercial Director 25 June 2018

Corporate governance statement

Compliance

The Listing Rules of the Financial Conduct Authority ("FCA'') require listed companies to disclose how they have applied the principles set out in the UK Corporate Governance Code (the "Code") issued by the Financial Reporting Council and whether or not they have complied with its provisions. The UK Corporate Governance Code is available on the Financial Reporting Council's website: www.frc.org.uk. The Board is committed to the principles set out in the Code but judges that some of the processes are disproportionate or less relevant to the company, given the relative small size and minimal complexity of the business.

The company has not complied with the Code since its issue as regards the following:

- No formal training programme is in place specifically for Non-executive Directors.
- The role of the Chairman and Chief Executive are combined.
- The non-executive directors are not limited to a period of office.
- There is only one director considered by the board to be independent, and she has served on the board for more than 5 years.

With the growth of the Company and increasingly prescriptive compliance requirements, the Board is continuing to review its governance arrangements with the intention of ensuring that it continues to be as compliant with guidelines and best practice as is appropriate and practical for a company of our size and resources.

The Composition of the Board

Details of all the directors are set out below:

William McIlroy	Executive Chairman and Chief Executive
Bernard Johnson	Managing Director
Nicholas O'Shea	Group Company Secretary and Non-executive Director
Mary Carney	Senior Independent Non-executive Director
William Glencross	Non-executive Director
Philippa Clark	Global Sales & Marketing Director
Martin Stevens	Deputy Managing Director
Paul Forster	Director of UK Operations

The Role of the Board

The Board's principal task is to set the Group's strategy, which is devised to deliver optimum value for shareholders. Other matters reserved for decision by the full Board include approval of the annual report, authorisation of all acquisitions and disposals, sanction of all major capital expenditure, the raising of equity or debt finance and investor relations.

The Board has considered that the Group was too small for the distinction between Chairman and Chief Executive to be practical.

The Board considers it would be difficult to replace the existing Non-executive Directors with persons of similar competence, experience and understanding without incurring significant additional costs both in terms of executive search and then both the fees such new Non-executive Directors would expect and the cost of training them. Consequently, it feels that it remains appropriate for the existing Non-executive Directors to be nominated for re-election when their terms expire under the company's articles.

The Board has also considered the position of independence of the Non-executive Directors, and considers that only Ms Carney is 'independent' in the context of corporate governance. She does not fulfil tasks outside of those delegated by virtue of her role as a Non-executive Director (i.e. considering the directors remuneration, director contracts, accounts and corporate governance), she does not complete any other project work in respect of the company, she does not hold shares in the company and she does not work in the industry.

The Board operates a formal process of performance evaluation with the Chairman and Remunerations Committee regularly reviewing the performance of all members of the Board.

Both William McIlroy and Bernard Johnson continued with their roles with their service companies and Mr McIlroy has continued with his role with Oratorio Developments Ltd during the year. There has been no change in these commitments over the past year.

Corporate governance statement (continued)

The directors have met as a full board on 8 occasions during the year, including meetings by telephone. The attendance at meetings held during the year to 31 March 2018 for each of the directors is as follows:

Director	Board meetings	Remuneration Committee	Audit Committee
William McIlroy	6	-	-
Bernard Johnson	7	-	-
Nicholas O'Shea	7	2	2
Mary Carney	7	2	2
William Glencross	7	-	-
Philippa Clark	7	-	-
Martin Stevens	7	-	-
Paul Forster	6	-	-

Procedures are in place to enable the directors to take appropriate independent professional advice at the company's expense if that is necessary for the furtherance of their duties. All directors have access to the advice and services of the Company Secretary.

Board Committees

Under the formal terms of reference of the Board Committees, the Board has delegated specific responsibilities to the Nomination, Remuneration and Audit Committees. The Board considers that all the members of each Committee have the appropriate experience and none of them has interests which conflict with their positions on the Committees.

Nomination Committee

The Board as a whole undertakes the duties of the Nomination Committee. The Committee is responsible for proposing candidates for the Board having regard to the balance and structure of the Board.

Remuneration Committee

The Remuneration Committee consisted of Mary Carney who acts as chair and Nicholas O'Shea. In determining policy for the Executive Directors, the committee has given due consideration to the Code. The remuneration packages are designed to attract, retain and motivate Executive Directors of the required calibre. The Committee reviews the appropriateness of all aspects of directors' pay and benefits by taking into account the remuneration packages of similar businesses.

Directors' remuneration

The Executive Directors are salaried in their capacity as directors. Their management and operational services may be provided via service companies on a basic fee basis. Additional fees are contingent on the levels of pre-tax profits.

In addition, the Executive Directors participate in a share option scheme. The Board believes that in accordance with the best practice provisions, this approach aligns the interests of shareholders and Executive Directors. The company has a policy that share options may not be granted to Non-executive Directors.

Full details of directors' remuneration, shareholdings and share options are noted in the Directors' Remuneration Report on pages 18 to 23.

Corporate governance statement (continued)

Internal control

The directors are responsible for the Group's systems of internal control and for reviewing its effectiveness whilst the role of management is to implement Board policies on risk management and control. It should be recognised that the Group's system of internal control is designed to manage rather than eliminate risk of failure to achieve the Group's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established a process for managing the significant risks faced by the Group. This on-going process is reviewed regularly by the Board and accords with the internal control guidance issued by the Turnbull Committee.

The key procedures designed to provide effective internal controls are:

- A clearly defined organisational structure with the appropriate delegation of authority to operational management.
- A comprehensive planning and budgeting process which requires the Chairman's and Managing Director's approval.
- Management information systems to monitor financial and other operating statistics.
- Aspects of internal control are regularly reviewed and where circumstances dictate new procedures are instigated.

The Group does not have an internal audit function. However the Board periodically reviews the need for such a function. The current conclusion is that this is not necessary given the scale and complexity of the Group's activities.

The Board has reviewed and is satisfied with the effectiveness of the internal controls in operation and this process will continue.

Audit Committee

The Audit Committee consists of Mary Carney who acts as chair and Nicholas O'Shea. Its role is to:

- Monitor the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and review significant financial reporting judgements contained therein;
- Review the Group's internal financial controls and the Group's internal control and risk management systems;
- Review whether it is appropriate to introduce an internal audit function;
- Make recommendations to the Board for a resolution to be put to the shareholders for their approval in general meeting on the appointment of the external auditor and the approval of the remuneration and terms of engagement of the external auditor;
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- Develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant guidance regarding provision of non-audit services by the external audit firm;
- Advise the Board on whether the annual report is fair, balanced and understandable and provides information necessary for the users to assess the Group's position and performance, business model and strategy;
- Report to the Board on how it has discharged its responsibility.

The board reviews the work of the Audit Committee annually to ensure it meets the requirements of its role.

The Audit Committee pays particular attention to matters it considers to be important by virtue of their size, complexity, level of judgement and potential impact on the financial statements and wider business model. The only significant matter the audit committee looked at during the year was the performance of the company and management and related management reporting in the run up to the trading announcement in February 2018.

In respect of the present auditor, Moore Stephens LLP:

- In considering the appointment or re-appointment of the audit firm, the Audit Committee considers the quality of the work the audit firm produces, the degree of investigation required into the transactions for a Group of our size and complexity, and the value for money offered by the audit firm.
- The current audit partner is Paul Fenner who took over this role this year.
- The last time a tender process was undertaken was in 2011.

Relations with shareholders

The objective of the Board is to create increased shareholder value by growing the business in a way that delivers sustainable improvements in earnings over the medium to long term.

The Board considers the Annual General Meeting as an important opportunity to communicate with private investors in particular. Directors make themselves available to shareholders at the Annual General Meeting, at the presentation of full-year and interim results and on an ad hoc basis, subject to normal disclosure rules.

Directors' remuneration report

This report is on the activities of the Remuneration Committee for the year to 31 March 2018. It sets out the remuneration policy and remuneration details for the Executive and Non-executive Directors of the company. It has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the "Regulations") as amended in August 2013.

The report is split into three main areas:

- Statement by the chair of the Remuneration Committee;
- Annual report on directors remuneration (subject to audit); and
- Policy report.

The policy report was subject to a binding shareholder resolution at the 2017 Annual General Meeting and the policy took effect for the financial year beginning on 1 April 2017. The annual report on directors' remuneration provides details on remuneration in the period and some other information required by the Regulations. It will be subject to an advisory shareholder vote at the 2018 Annual General Meeting.

The Companies Act 2006 requires the auditor to report to the shareholders on certain parts of the directors' remuneration report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the annual remuneration report that are subject to audit are indicated in that report. The statement by the chair of the Remuneration Committee and the policy report are not subject to audit.

Statement by the chair of the Remuneration Committee

The directors' remuneration report has been prepared on behalf of the Board by the Remuneration Committee. The current members of the Remuneration Committee are Mary Carney, who is the Chairman of the Committee and the Senior Non-executive Director and considered by the board to be independent, and Nicholas O'Shea who is also a Non-executive Director.

The Remuneration Committee determines the remuneration of each Executive Director. During the year ended 31 March 2018 the Remuneration Committee did not propose any changes to the salaries of the Executive Directors.

It is envisaged that the remuneration components for Executive Directors for the year ended 31 March 2019 will be similar to those in place for the year ended 31 March 2018 as shown in the 'single figure' tables shown below.

Annual report on directors' remuneration

The information provided in this part of the Directors Remuneration Report is subject to audit

The tables below represent the directors' remuneration for the years ended 31 March 2018 and 31 March 2017. These emoluments are normally paid in the year except for the bonus payments which are paid following the approval of the financial statements.

Executive directors' remuneration as a single figure

Director	Note	2018				2017			
		Salary and fees	Annual bonuses	Pension	Total	Salary and fees	Annual bonuses	Pension	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
WO McIlroy	1	-	85	-	85	-	78	-	78
BJM Johnson	2	92	85	-	177	92	78	-	170
P Clark		81	9	3	93	81	10	3	94
M Stevens		77	9	7	93	77	10	7	94
P Forster		76	9	6	91	75	10	6	91
Total		**326**	**197**	**16**	**539**	**325**	**186**	**16**	**527**

Directors' remuneration report (continued)

The remuneration of the Non-executive Directors for the years ended 31 March 2018 and 31 March 2017 is made up as follows:

Non-executive Directors' remuneration as a single figure

Director	Note	2018			2017		
		Salary and fees	Taxable benefit	Total	Salary and fees	Taxable benefit	Total
		£000's	£000's	£000's	£000's	£000's	£000's
MT Carney		20	-	20	8	-	8
NDJ O'Shea	3	20	-	20	13	-	13
W T Glencross		20	1	21	12	1	13
Total		**60**	**1**	**61**	**33**	**1**	**34**

Note
1 All payments are made to Mr McIlroy's service company, Lesmac Securities Limited.
2 Mr Johnson earns a salary of £10,000 per annum with all other payments made to his service company, Carty Johnson Limited.
3 All payments are made to Mr O'Shea's employer, Saxon Coast Consultants Limited.

All other directors' remuneration is paid directly to the individual directors.

As in previous years Mr W McIlroy waived his entitlement to receive payment of his salary of £25,000 in the year ended March 2018, although he did not waive entitlement to bonuses.

Mr B Johnson also waived an additional bonus payment of £25,000 in the year ended March 2017, and in doing so, enabled the company to increase performance incentive bonuses available for other employees with no adverse incremental impact on earnings.

Taxable benefits

The taxable benefit for Mr William Glencross relates to his membership of the Group's medical scheme, which commenced prior to him stepping down as an Executive Director.

Payments for loss of office

No Executive Directors left the company during the year ended 31 March 2018 and therefore no payments in respect of compensation for loss of office were paid or payable to any director (2017 – nil).

Share options

No share options were awarded to the Director's during the years ended 31 March 2018 and 31 March 2017.

Directors' shareholdings

The directors who held office at 31 March 2018 had the following beneficial interests in the 1p ordinary shares of the company:

	At 31 March 2018 & 1 April 2017			
Director	Number of shares	Options	Exercise period	Exercise price
Mr William O McIlroy	16,219,275	1,300,000	2017-2023	5.5p
Mr Bernard JM Johnson	4,787,844	1,300,000	2018-2025	4.5p
Mr Nicholas DJ O'Shea	100,000	-	-	-
Mr William T Glencross	67,500	-	-	-
Ms P Clark	501,818	400,000	2018-2025	4.5p
Mr M Stevens	581,818	400,000	2018-2025	4.5p
Mr P Forster	749,318	500,000	2018-2025	4.5p

All of the above options relate to ordinary shares in Creightons plc. The market prices of these shares are included in the table below.

Market price		
At 31 March 2018	Lowest during period	Highest during period
19.08p	19.08p	44.50p

Mr McIlroy's holding noted above includes 14,450,000 (2017: 14,450,000) shares held in the name of Oratorio Developments Ltd, a private company of which Mr McIlroy is a Director and controlling shareholder.

There have been no changes between 31 March 2018 and 25 June 2018.

Directors' remuneration report (continued)

The information provided in this part of the Annual Report on remuneration is not subject to audit

Performance graph and CEO remuneration table

The following graph shows the Group's performance, measured by total shareholder return, compared with the FTSE All-Share index, which the directors have always considered the most suitable comparator given the small number of quoted companies of a similar size in the Company's sector and the typical portfolio style of management for most investors, meaning that investments in the Company would be compared against investment portfolios based on FTSE All-Share index performance.

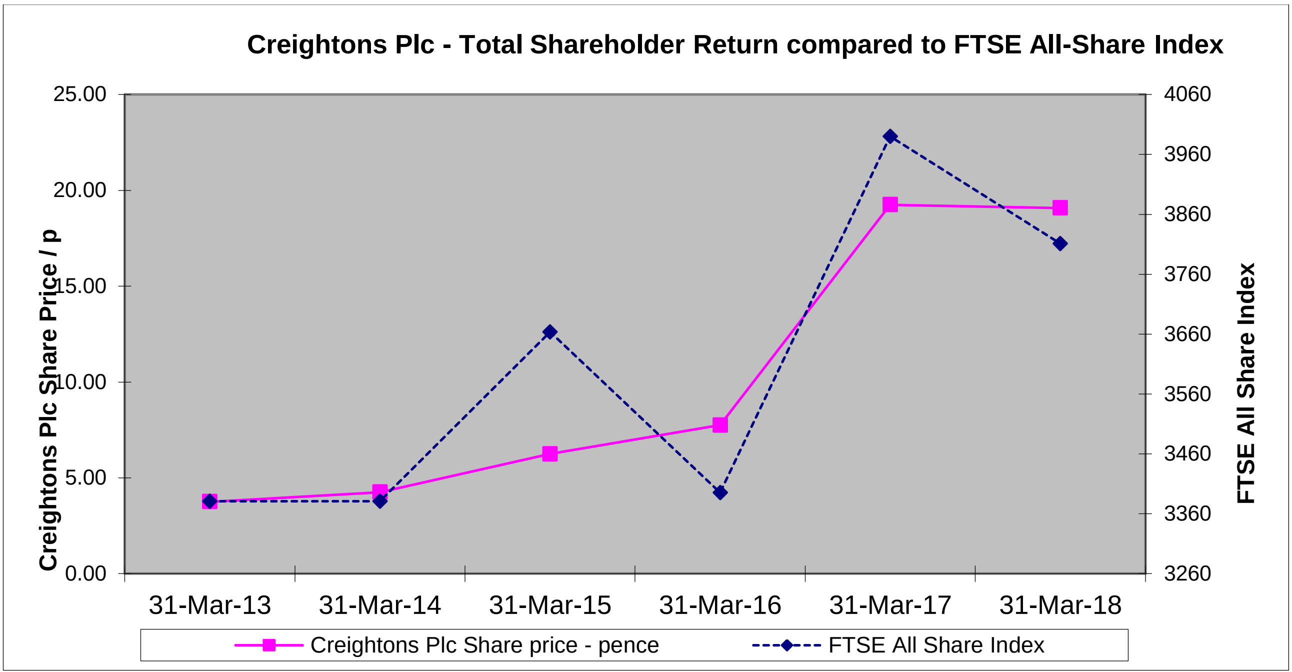

Table of Historical Data

The table below sets out the remuneration of the highest paid director.

Year	Single figure of total remuneration £000's	Annual bonus pay-out against maximum %
2018	177	100%
2017	170	100%
2016	156	100%
2015	139	100%
2014	118	100%

Percentage change in remuneration of director undertaking the role of Chief Executive Officer

The table below shows the percentage increase in remuneration of the highest paid director and the Group's employees as a whole between the years ended 31 March 2017 and 31 March 2018.

	Percentage increase in remuneration in 2018 compared with remuneration in 2017	
	Highest paid director	Employees
Salary and fees	0%	3.0%
All taxable benefits	n/a	0.0%
Annual bonus	9%	3.0%
Total	**9%**	**3.0%**

Directors' remuneration report (continued)

Relative importance of spend on pay

The table below shows the total expenditure of the Group for all employees compared to retained profits and distributions to shareholders for the years ended 31 March 2018 and 31 March 2017 and the year on year change.

	Year ended 31 March 2018	Year ended 31 March 2017	Change
	£000's	£000's	%
Employee costs	9,178	8,613	6.6%
Profit for the year	1,232	1,251	(1.5%)
Dividends paid	230	-	100%

Voting at general meeting

The Group is committed to on-going shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to directors' remuneration, the reasons for any such vote will be sought, and any actions in response will be detailed here.

The following table sets out actual voting in respect of the approval of the Directors' Remuneration report in respect of the year ended 31 March 2017:

Number of votes cast for	% of votes cast for	Number of votes cast against	% of votes cast against	Total votes cast	Number of votes cast withheld
23,745,785	100%	-	0.0%	23,745,785	Nil

Policy report

Remuneration Committee

The Board has established a Remuneration Committee to determine the remuneration of directors of the company. The members of the Committee during the year and the prior year were Nicholas O'Shea and Mary Carney. In determining the directors' remuneration, the Committee consulted the Chairman. There have been two meetings of the Committee during the period, attended by both Ms Carney and Mr O'Shea.

Policy on directors' remuneration

The policy of the company on executive remuneration including that for Executive Directors is to reward individual performance and motivate and retain existing Executive Directors so as to promote the best interests of the Group and enhance shareholder value. The remuneration packages for executives and Executive Directors include a basic annual salary, performance related bonus and a share option programme. The remuneration packages for Non-executive Directors include a salary or fee. The Committee has reviewed the policy for the year ahead and has concluded that the key features of the remuneration policy remain appropriate.

In setting Executive Directors' remuneration, the Committee is mindful of the pay and conditions enjoyed by other employees. It considers revisions to their arrangements only when other employees' pay and conditions are also reviewed, and this is always done in the light of market conditions and overall Group performance. However, the Committee does not automatically increase the pay and conditions for directors in line with either inflation or at the same rate that those for other employees may be increased.

Both Executive and Non-executive Directors may accept appointment as directors of other companies and retain any fees paid to them, although directors are required to notify the company of all such appointments and may not accept appointments which would be incompatible with their role with the Group, such as with direct competitors or major suppliers and customers.

Directors' remuneration report (continued)

Salary and benefits

Executive Directors' salary and benefits packages are determined by the Committee on appointment or when responsibilities or duties change substantially, and are reviewed annually. The last review was undertaken during the first quarter of 2017-18, but no changes were proposed to the executive directors' remuneration packages. The Committee considers that improved performance should be recognised by achievement of performance bonuses.

Directors' performance bonuses

Both Mr McIlroy and Mr Johnson have contracts which provide for bonuses should the Group achieve profitability, and Mr McIlroy's also provides for a bonus should a complete or partial sale of the Group's toiletries business be achieved. The profit criterion was met in 2018, and as a consequence, provision for payment of the profit related performance bonus has been made in the financial statements, and will be paid as required by the contracts within one month of the approval and publication of these financial statements.

The contract for Mr McIlroy's services as a director provides for a bonus to be paid by the company to Lesmac Securities Limited in respect of the Group's net profits before tax at the rate of 12.5% in respect of net profits up to £50,000, 7.5% of net profits between £50,001 and £100,000, and 5% of net profits in excess of £100,000. A further bonus of 10% of the net sale proceeds is also payable to Lesmac Securities Limited if the company sells the whole of the toiletries business undertaken by the company at 16 January 2002 for a price in excess of £1,500,000, or if the company sells a part of that toiletries business for a price in excess of £500,000 and the net book value of the assets disposed of is less than one-third of the value of the net assets of the company.

The contract for Mr Johnson's services as a managing director provides for a performance bonus to be paid by the company to Carty Johnson Limited in respect of the Group's net profits before tax at the rate of 12.5% in respect of net profits up to £50,000, 7.5% of net profits between £50,001 and £100,000, and 5% of net profits in excess of £100,000.

The contracts for Ms Clark, Mr Stevens and Mr Forster all include a Group bonus scheme, where employees are entitled to a bonus of 7.5% of earnings if the Group hits the profit target for the period and additional payments in relation to key performance indicator targets which were partially achieved during the year.

Executive share option scheme

The policy of the Company is to grant share options to Executive Directors and other senior managers as an incentive to enhance shareholder value.

Service contracts

Name of Director	Date of service contract	Date contract last amended	Notice period
WO McIlroy (chairman's contract)	6 Feb 2003		12 months
WO McIlroy (director's contract with employer)	16 Jan 2002		12 months
BJM Johnson (director's contract)	16 Jan 2002		12 months
BJM Johnson (manager's contract with employer)	16 Jan 2002	20 Mar 2003	12 months
MT Carney (non-executive)	29 Nov 1999	1 April 2017	3 months
NDJ O'Shea (non-executive)	5 Jul 2001	1 April 2017	3 months
WT Glencross (non-executive)	31 Jul 2005	1 April 2017	3 months
P Clark (Global Sales & Marketing Director)	9 Feb 2015		3 months
M Stevens (Deputy Managing Director)	9 Feb 2015		3 months
P Forster (Director of UK Operations)	9 Feb 2015		3 months

It is the Company's policy that service contracts for the directors are for an indefinite period, terminable by either party with a maximum period of notice of either 3 months or 12 months. Any payments in lieu of notice should not exceed the director's salary or fees for the unexpired term of the notice period. Within that policy, information relating to individual directors is scheduled above.

The fees for Non-executive Directors are reviewed annually and determined in the light of market practice and with reference to the time commitment and responsibilities associated with each Non-executive Director's role and responsibilities.

The Board as a whole considers the policy and structure for the Non-executive Directors' fees on the recommendation of the Chairman. The Non-executive Directors do not participate in discussions on their specific levels of remuneration.

Directors' remuneration report (continued)

Non-executive Directors may not be granted share options nor participate in any personal performance bonus, and are not eligible for pension contributions. The fees paid for Non-executive Directors consist of a flat annual fee based on the involvement each is anticipated to be required to commit to the Group, and both the time commitments and fee basis are reviewed annually. Any additional time commitments over these are paid on a pro rata per diem basis. The fees paid for the chairman also include an element of profit-related bonus based on the performance of the Company and of sales value related bonus for the disposal of all or parts of the toiletries business.

Approval

In the opinion of the Remuneration Committee, the Company has complied with Section D of the Code, and in forming the remuneration policy the Committee has given full consideration to that section of the Code.

The Directors' Remuneration Report was approved by the Board of Directors on 25 June 2018 and signed on its behalf by:

Mr Paul Forster
Group Finance & Commercial Director

Directors' responsibilities statement

The directors whose names and functions are set out on page 60 of this document are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable laws and regulations.

UK company law requires the directors to prepare such financial statements for each financial year. Under that law the directors are required to prepare the Group consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of International Accounting Standards regulation and have also chosen to prepare the parent company financial statements under IFRS as adopted by the European Union. Under UK 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 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 accounting estimates that are reasonable and prudent;
- state whether the finance statements have been prepared in accordance with IFRS as adopted by the European Union; and
- 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 maintaining proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its financial statements comply with the Companies Act 2006 and Article 4 of International Accounting Standards regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement pursuant to DTR4 – Periodic Financial Reporting
Each of the directors confirms that to the best of their knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
2. the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with the description of the principal risks and uncertainties that they face; and
3. the report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Independent auditor's report to the members of Creightons plc

We have audited the financial statements of Creightons Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 March 2018 which comprise the consolidated and company income statement, consolidated and company statement of comprehensive income, consolidated and company balance sheet, consolidated and company statement of changes in equity, the consolidated and company statement of cash flows and the related notes to the financial statements including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2018 and of the Group and Parent Company's profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 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 public interest entities, 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 principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 7 that describe the principal risks and explain how they are being managed or mitigated;

- the Directors' confirmation set out on page 7 in the annual report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;

- the Directors' statement set out on page 9 in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;

- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or

- the Directors' explanation set out on page 24 in the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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) that we identified. These matters included 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

There is a risk that revenue due to the Group has been overstated, especially for transactions around the reporting date. This is effectively the risk that the revenue reported is inaccurate, inflated or has been recognised in the wrong period.

In response to the risk:

- We tested transactions recorded in the nominal ledger through to sales invoices, order forms and bank receipts to ensure that revenue had been appropriately recorded at the right time;
- We tested credit notes issued after the reporting date to gain assurance that those relating to sales made in the year had been accounted for;
- For material sales made around the reporting date, we assessed that they had been recorded in the correct period through review of invoices, order forms and date of dispatch.

Independent auditor's report to the members of Creightons plc (Continued)

Valuation of Inventory

Due to the nature of the inventory balances the risk that they are overstated is increased due to potentially obsolete, damaged and slow moving items.

In response to the risk:

- For a sample of inventory assets, we compared the valuation at the reporting date to purchase cost and sale proceeds around the reporting date to ensure inventory is carried at the lower of cost and net realisable value;
- We attended the year end stocktakes and tested from sheet to floor to agree stock counts;
- We critically assessed the principles and integrity of the inventory provision model;
- We reviewed the valuation calculation and assessed that the policy was correctly applied;
- In addition, we reviewed the outcome of the prior year inventory provisions based on the actual sales and use during the current year, of inventory items previously provided against.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, and in evaluating the effect of misstatements and omissions on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the level of misstatement, including omissions that could influence the economic decisions of a reasonably knowledgeable user of the financial statements.

We determined the materiality for the Group financial statements as a whole to be £80,500, calculated with reference to a benchmark of 5% of profit before tax. In addition, we set a Parent Company materiality of £76,600 based on net assets of which it represents 3%. This is the threshold above which missing or incorrect information in financial statements is considered to have an impact on the decision making of users.

We reported to the Audit Committee all potential adjustments in excess of £4,000 being 5% of the materiality for the financial statements as a whole, in addition to other identified misstatements that warranted reporting on qualitative grounds.

An overview of the scope of our audit

The Group operates through four trading subsidiary undertakings. Two of these, Potter & Moore Innovations Limited and Potter & Moore Devon Limited, were considered to be significant components for the purposes of the Group financial statements. The financial statements consolidate these entities together with a number of dormant subsidiary undertakings as set out in note 17. In establishing our overall approach to the group audit, we determined the type of work that needed to be performed in respect of each subsidiary. This consisted of auditing the financial information of the significant components of the Group, which were subject to a full scope audit.

As part of planning our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. As part of this assessment we allocate performance materiality to determine our audit scope for the Group.
We considered the risk of the financial statements being misstated or not prepared in accordance with the underlying legislation or standards. We then directed our work toward areas of the financial statements which we assessed as having the highest risk of containing material misstatements.

We tested and examined information using both analytical procedures and tests of detail, to the extent necessary to provide us with a reasonable basis to draw conclusions. These procedures gave us the evidence that we need for our opinion on the Group's financial statements as a whole and, in particular, helped mitigate the risks of material misstatement mentioned above.

We also documented and reviewed the Group's systems, primarily to confirm that they form an adequate basis for the preparation of the financial statements, but also to identify the controls operated to ensure the completeness and accuracy of the data.

Other information

The other information comprises the information included in the annual report set out on pages 2 to 23, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. 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 the other information; we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Creightons plc (Continued)

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 24** – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit committee reporting set out on page 17** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee / the explanation as to why the annual report does not include a section describing the work of the audit committee is materially inconsistent with our knowledge obtained in the audit; or

- **Directors' statement of compliance with the UK Corporate Governance Code set out on pages 15 to 17** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with 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 year for which the Group financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Group's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the Strategic Report or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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 Group and Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' remuneration report to be audited 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; or a corporate governance statement has not been prepared by the Group; or
- a corporate governance statement has not been prepared by the Parent Company.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 24, 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 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 Parent 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Creightons plc (Continued)

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.

The objective of our audit, in relation to fraud include identifying and assessing the risks of material misstatements due to fraud, obtaining sufficient appropriate audit evidence regarding the assessed risk of material misstatements due to fraud, designing and implementing appropriate responses and responding appropriately to any fraud or suspected fraud identified during the audit. The primary responsibility for the prevention and detection of fraud does however rest with those charged with governance.
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and Parent Company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (IFRS, FRS 101, the Companies Act 2006 and UK Corporate Governance Code) and the relevant tax compliance regulations. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being in relation to its production of products.

- We gained an understanding of how the Group and Parent Company are complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, and review of any correspondence received from regulatory bodies.

- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was susceptibility to fraud. We considered the controls that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified. Our procedures involved: journal entry testing, with a focus on manual consolidation journals and journals indicating large or unusual transactions based on our understanding of the business and focused testing, as referred to in the key audit matters section above.

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

Other matters which we are required to address

We were appointed by the Directors of the Parent Company in 2000.
The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 18 years.
The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and we remain independent of the Group and Parent Company in conducting our audit.
Our audit opinion is consistent with the additional report to the audit committee.

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 an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Fenner, (Senior Statutory Auditor)
For and on behalf of Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

Date: 25 June 2018

Consolidated income statement

	Note	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Revenue	5, 6	34,810	30,586
Cost of sales		(20,660)	(17,598)
Gross profit		14,150	12,988
Distribution costs		(1,479)	(1,280)
Administrative expenses		(11,036)	(10,195)
Operating profit	7	1,635	1,513
Finance costs	10	(26)	(24)
Profit before tax		1,609	1,489
Taxation	11	(377)	(238)
Profit for the year from continuing operations attributable to the equity shareholders of the parent company		1,232	1,251

Dividends

	Note	Year ended 31 March 2018	Year ended 31 March 2017
Paid in year (£000)	12	230	-
Paid in year (pence per share)	12	0.38p	-
Proposed (£000)		139	139
Proposed (pence per share)		0.23p	0.23p

Earnings per share

	Note	Year ended 31 March 2018	Year ended 31 March 2017
Basic	13	2.03p	2.09p
Diluted	13	1.85p	1.88p

Consolidated statement of comprehensive income

		Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Profit for the year		1,232	1,251
Exercise of derivatives		37	26
Items that may be subsequently reclassified to profit and loss:			
Exchange differences on translating foreign operations		9	3
Other comprehensive income for the year		46	29
Total comprehensive income for the year attributable to the equity shareholders of the parent		1,278	1,280

Company income statement

		Year ended 31 March	Year ended 31 March
		2018	2017
	Note	£000	£000
Revenue		-	-
Income from subsidiary		230	-
Finance income	9	5	8
Finance costs	10	(5)	(8)
Profit for the year attributable to the equity shareholders		230	-

Company statement of comprehensive income

		Year ended 31 March	Year ended 31 March
		2018	2017
		£000	£000
Profit for the year		230	-
Total comprehensive income for the year		230	-

Consolidated balance sheet

	Note	31 March 2018 £000	31 March 2017 £000
Non-current assets			
Goodwill	14	331	331
Other intangible assets	15	349	212
Property, plant and equipment	16	1,832	1,637
		2,512	**2,180**
Current assets			
Inventories	18	5,499	4,024
Trade and other receivables	19	7,667	4,861
Cash and cash equivalents	20	968	2,631
Derivative financial instruments	21	-	19
		14,134	**11,535**
Total assets		**16,646**	**13,715**
Current liabilities			
Trade and other payables	22	6,260	4,564
Borrowings	23	747	68
Bank loan	23	-	116
Derivative financial instruments	21	-	56
		7,007	**4,804**
Net current assets		**7,127**	**6,731**
Non-current liabilities			
Deferred tax liability	32	34	26
Bank loan	23	-	418
		34	**444**
Total liabilities		**7,041**	**5,248**
Net assets		**9,605**	**8,467**
Equity			
Share capital	24	607	606
Share premium account		1,262	1,259
Other reserves	25	25	25
Translation reserve		-	(9)
Cash flow hedge reserve		-	(37)
Retained earnings		7,711	6,623
Total equity attributable to the equity shareholders of the parent company		**9,605**	**8,467**

These financial statements were approved by the board of directors and authorised for issue on 25 June 2018. They were signed on its behalf by:

Bernard Johnson
Managing Director

Company balance sheet

		31 March 2018	31 March 2017
	Note	£000	£000
Non-current assets			
Investment in subsidiaries	17	60	60
		60	**60**
Current assets			
Trade and other receivables	19	2,529	2,990
		2,529	**2,990**
Total assets		**2,589**	**3,050**
Current liabilities			
Trade and other payables	22	35	35
Bank loan	23	-	116
		35	**151**
Net current assets		**2,494**	**2,839**
Non-current liabilities			
Bank loan	23	-	418
		-	**418**
Total liabilities		**35**	**569**
Net assets		**2,554**	**2,481**
Equity			
Share capital	24	607	606
Share premium account		1,262	1,259
Capital redemption reserve		18	18
Retained earnings		667	598
Total equity attributable to the equity shareholders of the parent company		**2,554**	**2,481**

These financial statements were approved by the board of directors and authorised for issue on 25 June 2018. They were signed on its behalf by:

Bernard Johnson
Managing Director

Company registration number 1227964

Consolidated statement of changes in equity

	Share capital	Share premium account	Other reserves (note 25)	Translation reserve	Cash flow hedge reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2016	599	1,249	25	(12)	(26)	5,307	7,142
Exchange differences on translation of foreign operations	-	-	-	3	-	-	3
Exercise of options	7	10	-	-	-	-	17
Share-based payment charge	-	-	-	-	-	90	90
Exercise of derivatives	-	-	-	-	26	-	26
Charge in relation to derivative financial instruments	-	-	-	-	(37)	-	(37)
Deferred tax through Equity	-	-	-	-	-	(25)	(25)
Profit for the year	-	-	-	-	-	1,251	1,251
At 31 March 2017	606	1,259	25	(9)	(37)	6,623	8,467
Exchange differences on translation of foreign operations		-	-	9	-	-	9
Exercise of options	1	3	-	-	-	-	4
Share-based payment charge	-	-	-	-	-	69	69
Exercise of derivatives	-	-	-	-	37	-	37
Deferred tax through Equity	-	-	-	-	-	17	17
Dividends	-	-	-	-	-	(230)	(230)
Profit for the year	-	-	-	-	-	1,232	1,232
At 31 March 2018	607	1,262	25	-	-	7,711	9,605

Company statement of changes in equity

	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
At 1 April 2016	599	1,249	18	508	2,374
Exercise of options	7	10	-	-	17
Share based payment charge	-	-	-	90	90
At 31 March 2017	606	1,259	18	598	2,481
Exercise of options	1	3	-	-	4
Share-based payment charge	-	-	-	69	69
Dividends paid	-	-	-	(230)	(230)
Profit for the year	-	-	-	230	230
At 31 March 2018	607	1,262	18	667	2,554

Consolidated cash flow statement

	Note	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Net cash (used in)/from operating activities	**31**	**(413)**	**2,058**
Investing activities			
Purchase of property, plant and equipment		(633)	(551)
Purchase of intangible assets		(549)	(306)
Net cash used in investing activities		**(1,182)**	**(857)**
Financing activities			
Repayment of finance lease obligations		-	(7)
Proceeds on issue of shares		4	17
Increase of bank loans and invoice finance facilities		679	602
Repayment of bank loans and invoice finance facilities		(534)	-
Dividends paid to owners of the parent		(230)	-
Net cash (used in)/from financing activities		**(81)**	**612**
Net (decrease)/increase in cash and cash equivalents		**(1,676)**	**1,813**
Cash and cash equivalents at start of year		**2,631**	**814**
Effect of foreign exchange rate changes		13	4
Cash and cash equivalents at end of year		**968**	**2,631**

Company cash flow statement

	Note	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Net cash from/(used in) operating activities	**31**	**530**	**(551)**
Dividend received		230	-
Net cash used in investing activities		**230**	**-**
Financing activities			
Proceeds of share issue		4	17
(Decrease)/increase of bank loans		(534)	534
Dividends paid to owners of the parent		(230)	-
Net cash (used in) / from financing activities		**(760)**	**551**
Net change in cash and cash equivalents		**-**	**-**
Cash and cash equivalents at start of year		**-**	**-**
Cash and cash equivalents at end of year		**-**	**-**

Notes to the financial statements

1. General information

Creightons Plc (the Company) was incorporated in the England and Wales under the Companies Act. The address of the registered office is given on page 60; it is a public company, with a premium listing on the London Stock Exchange. The nature of the Group's operations and its principal activities are set out in the strategic report on pages 5 to 9.

These Financial Statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.

2 Adoption of new and revised accounting standards

The International Accounting Standards Board and IFRIC have issued the following new and revised standards and interpretations with an effective date after the date of these financial statements, which have not been applied in these financial statements:

Standard/Interpretation	Title	Effective date
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 16	Leases	1 January 2019

The directors anticipate that the adoption of IFRS 9 and IFRS15 will have no material impact on the profit of the financial statements of the Group.

IFRS 16 replaces existing lease guidance. Leases will have the impact of increasing both creditors and fixed assets on the balance sheet by similar amounts that will depend on the operating leases that the Group is party to during the year ended 31 March 2020. The Group are currently assessing the potential impact on its consolidated accounts, but have not yet completed a detailed assessment. The actual impact depends on future economic conditions depending on the Group's weighted average cost of capital and the leases the Group are party to.

The most significant impact identified is that the Group will recognise new assets and liabilities for its Peterborough and Devon sites. As at 31 March 2018, the Group's future minimum lease payments under non- cancellable operating leases amounted to £2,326,000 on an undiscounted basis (see note 28).

3 Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with IFRS adopted by the European Union and the Group financial statements comply with Article 4 of the EU IAS regulations.

The financial statements have also been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries), made up to the 31 March each year, as set out in note 17. Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the company gains control until the date the company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

Notes to the financial statements

3 Significant accounting policies (continued)

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparation of the financial statements. Further detail is included in the strategic report on pages 5 to 9.

Business combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred to the Group, less liabilities incurred in exchange for control of the entity acquired. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements that are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and
- assets that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquired entity, and the fair value of the acquirer's previously held equity interests in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the fair value of the acquirer's previously held interests in the acquired entity (if any), the excess is recognised immediately in profit or loss as a purchase gain.

Goodwill and intangible assets with indefinite lives

Goodwill and intellectual property is initially recognised and measured as set out above.

These assets are not amortised but are reviewed for impairment at least annually. For the purposes of impairment testing, these assets are allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of the goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversible in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the year and represents amounts receivable for goods provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods generally when the production of goods is complete and the customer has accepted title of the goods under contractual shipping arrangements;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to the financial statements

3 Significant accounting policies (continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at the fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Rentals payable under operating leases are charged against income on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis over the term of the lease.

Foreign currencies

The individual financial statements of each group company are prepared in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of consolidated financial statements, the result and financial position of each group company is presented in pounds sterling, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates ruling at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange difference on:

- transactions entered into to hedge certain currency risks (see below under financial instruments / hedge accounting); and
- monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the next investment.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operations, or loss of significant influence over an associate that includes a foreign operation) all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Notes to the financial statements

3 Significant accounting policies (continued)

Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred.

Retirement benefit costs

The Group companies contribute to defined contribution retirement benefit schemes.

Payments to the defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

Current tax

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expenditure that are taxable or deductible in other years and it further excludes items of income or expenditure that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on material differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary timing differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. When current tax or deferred tax arises from the initial accounting for a business combination, that tax effect is included in the accounting for the business combination.

Notes to the financial statements

3 Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of the assets less any residual values over their estimated useful lives using the straight line method on the following basis:

	% per annum
Plant and machinery	10 - 20
Fixtures and fittings	10 - 20
Computers	20 - 33

The estimated useful lives, residual values and depreciation method used are reviewed at the end of each reporting period, with the effect of any changes in the estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

In accordance with IAS 38 Intangible Assets, internally generated intangible assets will be capitalised;

- where a project has entered the development phase and is sufficiently self-contained that the expected future economic benefits can be traced to those assets developed in the project;
- it is probable that the future economic benefits that are attributable to those assets will flow to the Group; and
- the costs of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives of up to two years. Where no internally generated intangible assets can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets acquired separately

Other intangible assets are carried at cost less accumulated amortisation and accumulated annual impairment. Amortisation begins when an asset is available for use and is calculated on a straight-line basis over its estimated useful life as follows:

Computer software	- Over three to five years
Product development costs	- Over two years

Notes to the financial statements

3 Significant accounting policies (continued)

Impairment of tangible and other intangible assets

At each balance sheet date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risk specific to the asset for which the asset for which the estimates of future cash flows have not been adjusted.

Investments

Investments in subsidiary companies are stated at cost less any recognised impairment loss.

Inventories

Inventories are stated at the lower of cost or net realisable value. The standard cost comprises direct materials and where applicable direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using standard costing and on FIFO basis. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Financial assets and liabilities

Financial assets and liabilities are recognised in the Group's balance sheet when the Group becomes party to a contractual provision of the instrument.

Trade receivables are initially recognised at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence, such as an increase in delayed payments, that the asset is potentially impaired.

Cash and cash equivalents comprise cash on hand, demand deposits and advances made available under invoice financing and are subject to insignificant risk of change of value.

Trade payables and loans are initially measured at their cost which approximates to their fair value.

Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group uses foreign exchange forward contracts to hedge against foreign exchange rate risk where considered appropriate. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends upon the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of the recognised assets, liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are treated as current assets or liabilities.

Notes to the financial statements

3 Significant accounting policies (continued)

Hedge accounting

The group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risks as cash flow hedges. Hedges of foreign exchange on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the hedge relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 21 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of changes in equity within the cash flow hedge reserve.

Cash flow hedge

The effective portion of change in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred and recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately as profit or loss in the income statement.

Amounts deferred in equity are recycled in profit or loss in the period when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However when the forecast transaction that is hedged results in recognition of a non-financial asset or non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value at the grant date. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based payments are set out in note 26.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. At each balance sheet date the Group revises its estimate of the number of shares expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimate, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

The replacement of equity-settled share based payments during the vesting period are measured at the incremental fair value. The measurement of the amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest is expensed on a straight line basis over the modified vesting period, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period.

Notes to the financial statements

4 Critical accounting judgements and sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in note 3, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Impairment of goodwill - determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill is allocated. The value in use requires the entity to estimate the future economic benefit. No impairment provision was considered necessary against this carrying value.

Stock provision - A judgement is required in determining the value of any provisions held against inventory. In determining this provision the directors have made a judgement based on the historic realisable value of finished products and made provision for all raw materials with no current demand.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of product development costs - management review the recoverability of capitalised product development costs throughout the year and will charge amortisation to reflect any impairment arising from a reduction in the anticipated lifecycle of the products. At the balance sheet date all products were considered to have product lifecycles which were in line with the accounting policies noted in 3 above.

Provisions - The Group assesses provisions as the directors' best estimate of the expenditure required to settle obligations at the balance sheet date. These estimates are made taking account of information available and different possible outcomes. Estimates relating to the net realisable value of inventories and recoverability of trade receivables are areas where the directors' best estimates have been applied in the current financial year.

5 Revenue

All of the Group's revenue is derived from the sale of goods.

6 Business and geographic segments

In the year ended 31 March 2018 the Group had one customer that exceeded 10% of total revenue, being 13.5% (2017: 10.3%).

Revenues from external customers

		Year ended 31 March	Year ended 31 March
		2018	**2017**
		£000	**£000**
UK		30,218	27,135
Overseas		4,592	3,451
Total		34,810	30,586

Notes to the financial statements

7. Operating profit

Operating profit is stated after charging/(crediting):

		Year ended 31 March	Year ended 31 March
		2018	2017
		£000	£000
Net foreign exchange gain		(236)	(262)
Cost of inventories recognised as expense		20,896	17,885
Write downs of inventories recognised as an expense		123	110
Research and development costs		418	415
Depreciation of property plant and equipment			
- Owned assets		412	274
- Leased assets		-	14
Loss on disposal of property plant and equipment		26	-
Amortisation of intangible assets (included in administrative expenses)		412	333
Staff costs		9,178	8,613
Auditor's remuneration		65	37
Operating lease rental expense			
- Land & buildings		510	510
- Other		36	3

The analysis of auditor's remuneration is as follows:

		Year ended 31 March	Year ended 31 March
		2018	2017
		£000	£000
Audit services			
Fees payable to the company's auditor for the audit of the parent company and the consolidated financial statements		41	24
Fees payable to the company's auditor for other services:			
- The audit of the company's subsidiaries, pursuant to legislation		24	13

Notes to the financial statements

8. Staff costs

The average number of employees (including directors) was:

		Year ended 31 March 2018 Number	Year ended 31 March 2017 Number
Management		8	8
Administration		82	78
Production		275	265
Total		365	351

Their aggregate remuneration comprised:

		Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Wages and salaries		8,250	7,827
Social security costs		823	709
Pension contributions		105	77
Total		9,178	8,613

Details of directors', who are the key management personnel of the Group, emoluments are set out in the directors' remuneration report.

9. Finance income

		Group		Company	
		Year ended 31 March 2018 £000	Year ended 31 March 2017 £000	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Interest received from subsidiary		-	-	5	8
Total		-	-	5	8

10. Finance costs

		Group		Company	
		Year ended 31 March 2018 £000	Year ended 31 March 2017 £000	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Interest on bank overdrafts and loans		26	24	5	8
Total		26	24	5	8

Notes to the financial statements

11. Taxation

		Year ended 31 March	Year ended 31 March
		2018	2017
		£000	£000
Current tax			
Current tax on profit for the year		331	237
Adjustments in respect of prior years		21	-
Total current tax		352	237
Deferred tax (see note 32)			
Originations and reversal of temporary differences		(15)	1
Adjustment in respect of prior years		40	-
Total deferred tax		25	1
Total		377	238

The charge for the year can be reconciled to the profit per the income statement as follows:

		Year ended 31 March	Year ended 31 March
		2018	2017
		£000	£000
Profit before taxation		1,609	1,489
Tax charge at the UK corporation tax rate of 19% (2017 – 20%)		306	298
Fixed asset differences		5	-
Tax effect of expenses that are not deductible in determining taxable profit		19	1
Deferred tax charge on temporary differences		(32)	1
Adjustments in respect of prior years		21	-
Adjustments in respect of prior years (deferred tax)		40	-
Deferred tax credited directly to retained earnings		17	(25)
Tax effect of utilisation of brought forward tax losses		-	(54)
Adjust closing deferred tax to average rate		(4)	(5)
Adjust opening deferred tax to average rate		8	(1)
Deferred tax not recognised		2	(9)
Other differences		(5)	32
Total expense and effective rate for the year		377	238

In addition to the amount charged to the income statement and other comprehensive income, the following amounts relating to tax have been recognised directly in equity.

		Year ended 31 March	Year ended 31 March
		2018	2017
		£000	£000
Deferred tax			
Excess tax deductions related to share-based payments on exercised options		17	(25)
Deferred tax		**17**	**(25)**

Notes to the financial statements

12. Payments to shareholders

		Year ended 31 March	Year ended 31 March
		2018	2017
		£000	£000
Final dividend paid – 0.23p (2017: £nil) per share		139	-
Interim dividend paid – 0.15p (2017: £nil) per share		91	-
		230	-

13. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

		Year ended 31 March	Year ended 31 March
		2018	2017
		£000	£000
Earnings			
Net profit attributable to the equity holders of the parent company		1,232	1,251

		Year ended 31 March	Year ended 31 March
		2018	2017
		Number	Number
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share		60,596,963	59,905,805
Effect of dilutive potential ordinary shares relating to share options		5,882,951	6,850,137
Weighted average number of ordinary shares for the purposes of diluted earnings per share		66,479,914	66,755,942

Earnings per share

Basic		2.03p	2.09p
Diluted		1.85p	1.88p

Notes to the financial statements

14. Goodwill

		Year ended 31 March
		£000
Cost		
At 1 April 2016, 31 March 2017 and 31 March 2018		367
Accumulated impairment losses		
At 1 April 2016, 31 March 2017 and 31 March 2018		36
Carrying amount		
At 31 March 2017		331
At 31 March 2018		331

Goodwill relates to the Potter & Moore business acquired in March 2003.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount is determined from a value in use calculation. The key assumptions used for the value in use calculation are the discount rate, sales and margin projections, expected changes in direct and indirect costs during the five year forecast, a growth rate of 9% and a discount rate of 6%. No likely change in these assumptions would give rise to impairment.

The growth rates are based on the average growth rate experienced by the cash generating unit which is in line with historical growth rates for the business sector. The pre-tax discount rate is based upon the Group's weighted average cost of capital adjusted for specific risks relating to the sector and country, as this is believed to be the most appropriate to be used.

15. Other intangible assets

Group

		Computer software	Intellectual property	Product development costs	Total
		£000	£000	£000	£000
Cost					
At 1 April 2016		123	10	1,292	1,425
Additions		19	-	287	306
Disposals		-	-	(3)	(3)
At 31 March 2017		142	10	1,576	1,728
Additions		3	-	546	549
Disposals		-	-	(352)	(352)
At 31 March 2018		145	10	1,770	1,925
Accumulated amortisation					
At 1 April 2016		109	-	1,077	1,186
Amortisation for the year		9	-	324	333
Disposals		-	-	(3)	(3)
At 31 March 2017		118	-	1,398	1,516
Amortisation for the year		9	-	403	412
Disposals		-	-	(352)	(352)
At 31 March 2018		127	-	1,449	1,576
Carrying value					
At 1 April 2016		14	10	215	239
At 31 March 2017		24	10	178	212
At 31 March 2018		18	10	321	349

Notes to the financial statements

16. Property, plant and equipment

Group

	Plant and machinery £000	Fixtures and fittings	Computers	Total
Cost				
At 1 April 2016	3,219	313	41	3,573
Additions	473	30	48	551
At 31 March 2017	3,692	343	89	4,124
Additions	470	125	38	633
Disposals	(152)	-	-	(152)
At 31 March 2018	4,010	468	127	4,605
Accumulated depreciation				
At 1 April 2016	2,010	169	20	2,199
Depreciation for the year	232	40	16	288
At 31 March 2017	2,242	209	36	2,487
Depreciation for the year	338	52	22	412
Disposals	(126)	-	-	(126)
At 31 March 2018	2,454	261	58	2,773
Carrying value				
At 1 April 2016	1,209	144	21	1,374
At 31 March 2017	1,450	134	53	1,637
At 31 March 2018	1,556	207	69	1,832

Included within property, plant and equipment are assets held under finance leases with a carrying value of £nil (2017 - £45,000) on which depreciation of £nil (2017 - £14,000) has been charged during the year.

17. Investment in subsidiaries

Company

		Investments £000
Cost		
At 1 April 2016, 1 April 2017 & 31 March 2018		75
Impairment charge		
At 1 April 2016, 31 March 2017 & 31 March 2018		15
Carrying value		
At 1 April 2016, 31 March 2017 and 31 March 2018		60

Details of the company's subsidiaries at 31 March 2018 and 31 March 2017 are as follows:

Notes to the financial statements

17. Investment in subsidiaries (continued)

Name	Place of incorporation, registration and operation	Proportion of ownership, interest and voting power held
Potter & Moore Innovations Limited	England	100%
Potter and Moore International Inc	United States of America	100%
Potter and Moore (Devon) Limited	England	100%
Potter and Moore Pty Ltd	Australia	100%
The Natural Grooming Company Limited	England	100%
St James Perfumery Co Limited	England	100%
Ashworth & Claire Limited	England	100%
The Haircare Studio Limited	England	100%
The Real Shaving Company Ltd	England	100%
The Hair Design Studio Limited	England	100%
Creightons Naturally Limited	England	100%
Groomed Limited	England	100%
Twisted Sista Limited	England	100%
Amie Skincare Limited	England	55%
Potter & Moore International Ltd	England	100%
The Herbal Hair Company Ltd	England	100%
Curl Therapy Limited	England	100%
Feather & Down Limited	England	100%
Creighton Services Limited	England	100%
The Curl Company Limited	England	100%
Creighton Direct Limited	England	100%

All shareholdings are in ordinary shares.

Potter and Moore Pty Ltd was incorporated on 21 November 2017 and Feather & Down Limited was incorporated on 16 May 2017.

The activity of Potter & Moore Innovations Limited is the creation and manufacture of toiletries and fragrances.
The activity of Potter and Moore International Inc. is a distribution of personal care products.
The activity of Potter & Moore (Devon) Limited, is the manufacture and distribution of premium contract brands. The range of products includes toiletries, fragrances, candles and soaps.
The activity of Potter and Moore Pty Ltd is the distribution of personal care products.

All other subsidiaries were dormant throughout the years ended 31 March 2018 and 31 March 2017.

Under the terms of the shareholder agreements with the partners in Amie Skincare Limited the partner shareholder has the right, in certain circumstance, to purchase the company's shareholding upon the exercise of a valid exercise option. The directors consider the value of this option to be immaterial.

18. Inventories

		Group		Company	
		2018	2017	2018	2017
		£000	£000	£000	£000
Raw materials		2,300	1,516	-	-
Work in progress		621	372	-	-
Finished goods		2,578	2,136	-	-
		5,499	4,024	-	-

Inventories with a carrying value of £5,499,000 (2017 - £4,024,000) have been pledged as security for the Group's bank overdrafts. Directors believe that net realisable value approximates to fair value.

Notes to the financial statements

19. Trade and other receivables

		Group		Company	
		2018	2017	2018	2017
		£000	£000	£000	£000
Trade receivables		7,248	4,699	-	-
Amounts receivable from subsidiaries		-	-	2,529	2,990
Prepayments and other receivables		419	162	-	-
		7,667	4,861	2,529	2,990

Trade receivables have been pledged as security for the Group's borrowings under invoice finance facilities and the Group's bank overdrafts.

The carrying value of trade and other receivables represents their fair value. The Group assesses the credit risk for each individual customer and the value of debtors covered by credit insurance at 31 March 2018 was £5,429,000. With a further £1,815,000 on debtors which the Group consider to be low risk customers.

Amounts receivable from subsidiaries are unsecured, interest free and repayable on demand.

Trade receivables have been reported in the balance sheet net of provisions as follows:

		Group		Company	
		2018	2017	2018	2017
		£000	£000	£000	£000
Trade receivables		7,253	4,707	-	-
Less impairment provision		(5)	(8)	-	-
		7,248	4,699	-	-

The movement in the trade receivables impairment provision is as follows:

		Group		Company	
		2018	2017	2018	2017
		£000	£000	£000	£000
At 1 April		8	2	-	-
(Release)/charge in current year income statement		(3)	6	-	-
At 31 March		5	8	-	-

There were £498,000 (2017 - £145,000) of trade receivables that were overdue at the balance sheet date that have not been provided against. There are no indications as at 31 March 2018 that the debtors will not meet their payment obligations in respect of the amount of trade receivables recognised in the balance sheet whether past due or not and not provided. The proportion of trade receivables at 31 March 2018 that were overdue for payment was 6.9% (2017 – 3.1%).

Notes to the financial statements

20. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short term bank deposits with an original maturity rate of three months or less. The carrying amounts of these assets approximates to their fair value. An analysis of the amounts at the year end is as follows:

		Group		Company	
		2018	**2017**	**2018**	**2017**
		£000	**£000**	**£000**	**£000**
Cash at bank and in hand		794	2,084	-	-
Sterling equivalent of deposit denominated in Australian dollars		11	-	-	-
Sterling equivalent of deposit denominated in Euro's		10	87	-	-
Sterling equivalent of deposit denominated in Euro's		9	-	-	-
Surplus invoice finance balance		144	460	-	-
		968	2,631	-	-

21. Financial instruments and treasury risk management

Exposures to credit, interest and currency risks arise in the normal course of the Group's business. Risk management policies and hedging activities are outlined below.

Credit risk

Trading exposures are monitored by the operational companies against agreed policy levels. Credit insurance is employed where it is considered to be cost effective. Non-trading financial exposures are incurred only with the Group's bankers or other institutions with prior approval of the Board of directors.

The majority of trade receivables are with retail customers. The maximum exposure to credit risk is represented by the carrying amount of those financial asset in the balance sheet not covered by credit insurance.

Impairment provisions on trade receivables have been disclosed in note 19.

Interest rate risk

The Group finances its operations through a mixture of debt associated with working capital facilities and equity. The Group is exposed to changes in interest rates on its floating rate working capital facilities. The variability and scale of these facilities is such that the Group does not consider it cost effective to hedge against this risk.

Interest rate sensitivity

The interest rate sensitivity is based upon the Group's borrowings over the year assuming a 1% increase or decrease which is used when reporting interest rate risk internally to key management personnel.

A 1% increase in bank base rates would reduce Group pre-tax profits by £7,000 (2017: £6,000). A 1% decrease would have the opposite effect. The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in the average working capital facilities used in the year.

Foreign currency risks

The Group is exposed to foreign currency transaction and translation risks.

Transaction risk arises on income and expenditure in currencies other than the functional currency of each group company. The magnitude of this risk is relatively low as the majority of the Group's income and expenditure are denominated in the functional currency. Approximately 3% (2017 – 6%) of the Group's income is denominated in US dollars and 2% (2017 - 2%) in Euros. Approximately 1% (2017 – 1%) of the Group's expenditure is denominated in US dollars and 8% (2017 – 5%) in Euros.

Notes to the financial statements

21. Financial instruments and treasury risk management (continued)

Foreign currency sensitivity

A 5% strengthening of sterling would result in a £48,000 (2017 - £34,000) reduction in profits and equity. A 5% weakening in sterling would result in a £53,000 (2017 - £37,000) increase in profits and equity.

When appropriate the Group utilises currency derivatives to hedge against significant future transactions and cash flows. The Group was party to foreign currency forward contracts in the management of its exchange risk exposure at 31 March 2017. There were no outstanding contracts as at 31 March 2018. The instruments purchased are in the currency used by the Group's principal overseas suppliers.

The Group designates its foreign currency forward exchange contracts as hedging instruments as they qualify for hedge accounting under IAS39. The Group is party to foreign currency forward contracts in the management of its exchange risk exposure; they are not held for speculative purposes. The instruments purchased are in the currencies used by the Group's overseas customers and suppliers.

Current assets

		Group		Company	
		2018	2017	2018	2017
		£000	£000	£000	£000
Derivatives that are designated and effective as hedging instruments carried at fair value					
Forward foreign currency contracts		-	19	-	-
		-	**19**	**-**	**-**

Current liabilities

		Group		Company	
		2018	2017	2018	2017
		£000	£000	£000	£000
Financial assets carried at fair value through the profit or loss					
Forward foreign currency contracts		-	56	-	-
		-	**56**	**-**	**-**

The Group had entered into forward exchange contracts as at 31 March 2017 (for terms not exceeding 12 months) for hedging the exchange rate risk from commitments to purchase raw materials denominated in Euros and then sold in US dollars, which were designated as cash flow hedges. There were no outstanding contracts as at 31 March 2018.

Cash flow and liquidity risk

The Group manages its working capital requirements through overdrafts and invoice finance facilities. These facilities are due to be renewed in March 2018. The maturity profile of the committed bank facilities is reviewed regularly and such facilities are extended or replaced well in advance of their expiry. The Group has complied with all of the terms of these facilities. At 31 March 2018 the Group had available £3,873,000 (2017 - £3,829,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The directors do not consider that a more detailed maturity analysis is necessary.

Financial assets

Financial assets are included in the Statement of financial position within the following headings. These are valued at amortised cost and are detailed below.

		Group		Company	
		2018	2017	2018	2017
		£000	£000	£000	£000
Trade and other receivables		7,248	4,699	2,529	2,990
Cash and cash equivalents		968	2,631	-	-
		8,216	**7,330**	**2,529**	**2,990**

Notes to the financial statements

21. Financial instruments and treasury risk management (continued)

Financial liabilities

Financial liabilities apart from derivatives are included in the Statement of financial position within the following headings. These are valued at amortised cost and are detailed below.

		Group		Company	
		2018	2017	2018	2017
		£000	£000	£000	£000
Current liabilities					
Trade and other payables		4,561	2,605	35	35
Accruals		699	859		
Borrowings		747	68	-	-
Bank loan		-	116	-	116
Non-current liabilities					
Bank loan		-	418	-	418
		6,007	**4,066**	**35**	**569**

Fair value hierarchy

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
Level 3	Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The fair value of the financial instruments of the Group at 31 March 2018 are shown in the table below:

		2018		
		Level 1	**Level 2**	**Level 3**
		£000	£000	£000
Forward foreign currency contracts		-	-	-
		-	**-**	**-**

		2017		
		Level 1	**Level 2**	**Level 3**
		£000	£000	£000
Forward foreign currency contracts		-	(37)	-
		-	**(37)**	**-**

22. Trade and other payables

		Group		Company	
		2018	2017	2018	2017
		£000	£000	£000	£000
Trade payables		4,561	2,605	-	-
Social security and other taxes		780	863	-	-
Accrued expenses		699	859	-	-
Amounts payable to subsidiary undertakings		-	-	35	35
Corporation tax payable		220	237	-	-
		6,260	4,564	35	35

The directors consider the carrying amount of trade payables approximates to fair value.

Amounts payable to subsidiary undertakings are unsecured, interest free and repayable on demand.

Notes to the financial statements

23. Bank overdrafts and loans

		Group		Company	
		2018	2017	2018	2017
		£000	£000	£000	£000
Bank overdraft		747	68	-	-
Bank loan repayable within one year		-	116	-	116
Bank loan repayable within two to five years			418	-	418
		747	602	-	534

The borrowings in relation to the bank overdrafts are repayable on demand or within one year. The bank loan was repaid during the year ended 31 March 2018.

Borrowings totalling £747,000 (2017 - £68,000) are denominated in US Dollars, all other borrowings are denominated in Sterling. The directors estimate that the fair value of the Group's borrowings approximates to the carrying value.

The weighted interest rates paid were as follows:

		Group		Company	
		2018	2017	2018	2017
		%	%	%	%
Bank overdrafts		3.3	3.2	-	-
Bank loan		2.7	2.7		
Borrowings under invoice finance facilities		2.8	2.7	-	-

The bank overdraft is secured by fixed and floating charges over all the assets of the Group.

The invoice finance facility is secured on the trade receivables and a floating charge on all of the assets of the Group.

24. Share capital

		Ordinary shares of 1p each	
		£000	Number
At 1 April 2016		599	59,837,243
Issued in the year		7	715,000
At 31 March 2017		606	60,552,243
Issued in the year		1	85,909
At 31 March 2018		607	60,638,152

The Company has one class of ordinary shares which carry no right to fixed income. All of the share are issued and fully paid. The total proceeds from the issue of shares from the exercise of share options in the year was £4,000 (2017 – £17,000).

25. Other reserves

Group

	Capital reserve	Capital redemption reserve	Total Other reserves
	£000	£000	£000
At 1 April 2016, 31 March 2017 and 31 March 2018	7	18	25

Notes to the financial statements

26. Equity settled share-based payments

The company has a share option scheme which is open to any employee of the Group. Options granted under the scheme are for nil consideration and are exercisable at a price equal to the quoted market price of the company's shares on the date of the grant. The vesting period is 3 years. If the options remain unexercised after a period of 10 years from the date of grant, the option expires. Options are forfeited if the employee leaves the Group before options vest.

Fair value is calculated using the Black-Scholes model as below.

		Ordinary shares of 1p each			
		2018		2017	
		Number	**Weighted average exercise price**	**Number**	**Weighted average exercise price**
Outstanding at the beginning of the period		5,940,000	5.26p	7,005,000	5.10p
Exercised in the period		(85,909)	4.85p	(715,000)	2.37p
Lapsed in the period		(50,000)	4.50p	(350,000)	4.69p
Outstanding at the end of the period		5,804,091	4.72p	5,940,000	5.26p

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Granted		**Exercise period**	**Number**	**Exercise price**
December 2013		2017 – 2023	45,000	4.25p
November 2014		2018 - 2024	1,309,091	5.50p
September 2015		2018 – 2025	4,450,000	4.50p
Outstanding at the end of the period			5,804,091	4.72p

The weighted average contractual life for the outstanding options based on last exercise date is 7.0 years.

The Group recognised total expenses of £69,000 (2017 - £90,000) related to share-based payments.

27. Retirement benefit scheme

The Group operates defined contribution schemes for employees. The assets of the schemes are held separately from those of the Group. The Group also entered into an auto-enrolment pension scheme on 1 April 2014.

The charge in the consolidated income statement in the year was £105,000 (2017: £77,000) and cash contributions were £83,000 (2017: £67,000).

Notes to the financial statements

28. Operating lease arrangements

The Group leases property, plant and equipment under non-cancellable operating lease agreements. These leases have varying terms, escalation clauses and renewal rights.

		Group		Company	
		Year ended 31 March	Year ended 31 March	Year ended 31 March	Year ended 31 March
		2018	2017	2018	2017
		£000	£000	£000	£000
Minimum lease payments under operating leases recognised as an expense in the year		546	513	-	-

An analysis of the total minimum lease payments under non-cancellable operating leases is set out below:

Total operating leases, expiring		Group		Company	
		2018	2017	2018	2017
		£000	£000	£000	£000
Within one year		571	510	-	-
In the second to fifth years inclusive		1,200	1,334	-	-
After five years		555	701	-	-
Total		2,326	2,545	-	-

29. Capital commitments

		Group		Company	
		2018	2017	2018	2017
		£000	£000	£000	£000
Contracts placed for future capital expenditure not provided for in the financial statements		329	33	-	-

30. Related party transactions

Transactions between the parent company and its subsidiaries

The amounts owed by and to subsidiary companies are:

		Year ended 31 March	Year ended 31 March
		2018	2017
		£000	£000
Amounts receivable from subsidiary undertakings		2,529	2,990
Amounts payable to subsidiary undertakings		(35)	(35)

During the year the company was charged £69,000 (2017: £90,000) by Potter & Moore Innovations Limited in relation to share-based payment charges, received cash from Potter & Moore Innovations Limited of £nil (2017: £nil) and transferred £4,000 from the proceeds of the exercise of share option (2017: £17,000). The company financed, in the form of a loan, the acquisition costs relating to Potter & Moore (Devon) of £Nil (2017: £600,000) and received repayments of £534,000 in the year to March 2018 (2017: £66,000). The Company received a dividend of £230,000 (2017: £nil) from Potter & Moore Innovations Limited.

Notes to the financial statements

30. Related party transactions (continued)

Oratorio Developments Limited

On 24 July 2006 Oratorio Developments Limited, a company of which Mr McIlroy is a Director and controlling shareholder, acquired the premises occupied by Potter & Moore Innovations Limited. The following amounts were charged under the terms of the lease:

		Year ended 31 March	Year ended 31 March
		2018	2017
		£000	£000
Rental charges		350	350
Re-imbursement of property insurance costs		16	18
Total		366	368

Amounts owed to Oratorio Developments Limited

		Year ended 31 March	Year ended 31 March
		2018	2017
		£000	£000
Amounts payable		105	105

Carty Johnson Limited

Carty Johnson Limited, a company of which Mr Johnson is a Director and controlling shareholder provides internet support services. The following amounts were charged in the year:

		Year ended 31 March	Year ended 31 March
		2018	2017
		£000	£000
Charges for internet support services		7	9

Saxon Coast Limited

Saxon Coast Limited, a company of which Mr O'Shea is a Director and controlling shareholder provides company secretarial services. The following amounts were charged in the year:

		Year ended 31 March	Year ended 31 March
		2018	2017
		£000	£000
Charges for company secretarial services		13	8

Details of the remuneration paid to related parties (as well as any salaries and bonuses waived) is included in the Directors Remuneration Report on page 18**.**

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24, 'Related Party Disclosure'. Further information about the remuneration of individual directors is provided in the audited part of the Directors' Remuneration Report on pages 18 to 23.

	Year ended 31 March	Year ended 31 March
	2018	2017
	£000	£000
Salaries and other short term benefits	539	527
Total	539	527

Notes to the financial statements

31. Notes to cash flow statement

Group

		Year ended 31 March 2018	Year ended 31 March 2017
		Group total	Group total
		£000	£000
Profit from operations		**1,635**	**1,275**
Adjustments for:			
Depreciation on property, plant and equipment		412	288
Amortisation of intangible assets		412	333
Loss on disposal of property, plant and equipment		26	-
Share based payment charge		69	90
		2,554	**1,986**
Increase in inventories		(1,475)	(112)
Increase in trade and other receivables		(2,806)	(813)
Increase in trade and other payables		1,710	1,021
Increase in deferred tax provision		-	26
Movement in non-cash derivatives		-	(26)
Cash (used in)/generated from operations		**(17)**	**2,082**
Interest paid		(26)	(24)
Taxation paid		(370)	-
Net cash (used in)/from operating activities		**(413)**	**2,058**

Analysis of changes in net debt

	At 1 April 2017	Cash flow	Non-cash movements	At 31 March 2018
	£000's	£000's	£000's	£000's
Cash and bank balances	2,631	(1,676)	13	968
Borrowings	(602)	(145)	-	(747)
Net debt	**2,029**	**(1,821)**	**13**	**221**

	At 1 April 2016	Cash flow	Non-cash movements	At 31 March 2017
	£000's	£000's	£000's	£000's
Cash and bank balances	814	1,815	2	2,631
Borrowings	-	(602)	-	(602)
Net debt	**814**	**1,213**	**2**	**2,029**

Notes to the financial statements

31. Notes to cash flow statement

Company

		Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Profit from operations		-	-
Adjustments for:			
Share based payment charge		69	90
		69	**90**
(decrease)/increase in trade and other receivables		461	(641)
Cash generated from operations		**530**	**(551)**
Interest paid		(5)	(8)
Interest received		5	8
Net cash from / (used in) operating activities		**530**	**(551)**

32. Deferred tax

The movement in deferred tax provision is analysed as follows.

	Group £000
At 1 April 2016	-
Recognised in the income statement	(1)
Recognised directly through retained earnings	(25)
At 31 March 2017	**(26)**
Recognised in the income statement	(25)
Recognised directly through retained earnings	17
At 31 March 2018	**(34)**

Deferred tax is represented by.

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Capital allowances in advance of depreciation	(126)	(83)
Share based payments	80	52
Other temporary differences	12	5
Net deferred tax liability	**(34)**	**(26)**

Directors and Advisers

Directors

William O McIlroy	Chairman
Bernard JM Johnson	Managing Director
William T Glencross	Non-executive Director
Mary T Carney	Senior Independent Non-executive Director
Nicholas DJ O'Shea	Non-executive Director
Philippa Clark	Global Sales & Marketing Director
Martin Stevens	Deputy Managing Director
Paul Forster	Director of UK Operations

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