Registered Number 1227964

Contents

Chairman's statement

I am pleased to report another year of growth and improved profitability. The Group's profit before taxation for the year ended 31 March 2014 was £471,000 (2013: £302,000). This continued improvement in profits has been achieved despite the on-going tough trading environment with our customers seeking to improve the value of the offer to their end consumer. Our private label ranges have faced increased price and promotion pressure from the big brands and the growth of the value market, which has eroded their market share and adversely affected sales volumes.

To combat the effects of lower underlying demand we have successfully generated sales growth by introducing new customers and developing new product ranges. Much of this growth has come from developing ranges to meet the needs of customers in the value market. Profit margins remain under pressure with customers seeking to recover lost margin and with sales growth coming from lower margin products. We continue to manage costs and our product offering in order to be in a position to respond to customer pressure whilst maintaining our own profitability.

Financial results

Group sales this year of £19,352,000 are £2,026,000 (12%) higher than last year (2013: £17,326,000), increasing the upward growth in sales volumes we have been recording over the past three years. This year's growth has come from a combination of our own UK branded ranges, private label and contract manufacturing with all three strands of our business showing growth in excess of 10% as against last year. Much of this growth has been driven by new ranges and new customer listings for existing ranges. In addition a planned programme to de-list poor performing ranges was also completed in the period under review.

Changes in product and customer mix resulted in a reduced gross margin percentage of 40.8%, a reduction of 2.0% on last year (2013: 42.8%). Winning business with a lower than average margin has helped deliver the 12% sales growth noted above. Administration costs, which include product research and development as well as sales promotion and product support, have risen as we invest resources to support the growth of the business, with savings in promotional support for discontinued ranges reducing the impact of this increase to 4.1%.

Profit before taxation and interest for the year of £503,000 (2013: £333,000) represents an increase of 51%. Group profit after tax of £471,000 (2013: £302,000) therefore shows a further improved performance especially given the trading environment of the past year. Diluted earnings per share rose from 0.51p in 2013 to 0.79p for 2014 as a result of the increased earnings.

Net borrowings (bank overdraft and loans less cash at bank and in hand) at the year-end have reduced by £272,000 to £602,000 (2013: £874,000). Cash generated by the business, together with £72,000 generated from employees exercising share options, has been partly utilised to fund the increase in working capital required to support the expansion of the business.

Current year developments

The Group continues to develop and strengthen its branded portfolio. This is being achieved through developing our own brand offering and developing relationships with the owners of existing brands.
We are continuing to work hard to manage cost pressure through managing customer prices, product re-engineering and enhancing our product portfolio with higher margin products. We continue to develop new sales opportunities and ranges to further expand our sales opportunities.

We expect our main private label customers to respond to the pressures in the current economic climate with value strategies resulting in sales opportunities, which we intend to exploit with lower priced products to offset lower sales levels on higher priced products. 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, whilst retaining the skills necessary to meet growth opportunities as they arise. We are undertaking a major review of our planning and purchasing procedures in order to continue to improve our stock turn whilst maintaining customer service levels and reducing investment in working capital.

As in previous years, your Board is continuing to seek opportunities to acquire brands or companies that would complement the existing businesses by offering synergies in manufacturing, sourcing and marketing due to similarities in product alignment, sourcing or outlets.

On 23 May 2014 the Group completed the sale of its share in one of our partner brands, Twisted Sista, for an approximate profit of £375,000. The Group will utilise the proceeds of this disposal to invest in the development of new ranges.

The Board has considered whether to declare a dividend this year but, although we have seen a further increase in annual profits, it feels that it continues to be more appropriate to retain profits to help fund the continued investment in growth than to reduce available funds through dividend distribution.

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 over what has been a challenging year. I would also like to thank our customers, shareholders and suppliers for their support and loyalty to the Group.

William McIlroy
Chairman, 30 June 2014

Group strategic report

This strategic report has been prepared solely to provide additional information to 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.

The directors in preparing this strategic report 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
- 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 continued to be the creation and manufacture of toiletries and fragrances. A review of the operations of the Group during the year and current developments are referred to in the Chairman's statement on page 2.

The principal subsidiary undertakings affecting the results of the Group in the year are detailed in note 15 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. By 2003, it was seeking to expand both organically and by acquisition, and launched several of its new range of brands, including *The Real Shaving Company*. In March 2003, it purchased the mainly private label and contract filling business of *Potter & Moore*. Since then, the Group has consolidated its manufacturing at the *Potter and Moore Innovations* plant in Peterborough.

By March 2006, the Group had closed and disposed of its operations in Storrington, transferring *Creightons'* manufacturing to the *Potter & Moore Innovations* factory in Peterborough. Part of the Storrington site originally in the Company's ownership had been disposed of several years previously, the remaining manufacturing and office facilities were disposed of in 2005. In March 2007, the Group established a sales and distribution operation in New York in order to market the Group's branded products in North America.

The Group consolidated its on-going manufacturing at the *Potter & Moore Innovations* factory in Peterborough some years ago, and continues to spend modest amounts of capital on improving the filling lines and mixing facilities to improve efficiency and flexibility to handle a wider range of products.

Having previously experienced a number of years with major losses, the years since the acquisition of *Potter & Moore Innovations* have seen *Creightons plc* return to sustained and gradually increasing profitability.

Operating Environment

The toiletries sector encompasses products ranging from haircare to footcare, excluding medical and therapeutical products. There has been a significant fragmentation of the individual markets in the sector in recent years; for example shampoos and conditioners for different coloured hair and different preparations addressing various perceived consumer needs such as frizziness.

Consumers purchase these through a range of retail 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 production is sold into the UK and North America.

Producers and manufacturers providing products in this market place range from major multinational corporations to small businesses, such as *Creightons*. Also, production and manufacturing in the toiletries market 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, although the cost advantage some Far Eastern producers enjoyed previously has been deteriorating in the past few years.

Group strategic report (continued)

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.

Recent Developments

The Group has broadly organised its operations into three business streams:
- private label business which focuses on high quality private label products for major High Street retailers and supermarket chains;
- contract manufacturing business, which develops and manufactures products on behalf of third party brand owners' and
- branded sales business which markets, sells and distributes our branded products. This business includes the North American operation, which was established in 2007.

All of these business streams use central creative, research and development, sourcing, manufacturing and distribution operations based in Peterborough and each is pro-active in the development of new sales and product development opportunities for their respective customers.

As the Group operated the three streams within its overall activities of the creation and manufacture of toiletries and fragrances, it regards these as one for segmental purposes and focuses on the geographic location of its trading businesses for segmental reporting, as further disclosed in note 6.

Over the past few years the Group has invested in a number of brands along with the existing brand owners. These operate within the existing branded products business stream. We will continue exploring further opportunities of this nature, which enable the Group to benefit from existing, established or developed brands with the brand owners to benefit from the Group's wide range of trade outlets, low-cost quality manufacturing and sourcing strengths.

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 and fragrances. 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 and continues to extend those already successfully launched such as *The Real Shave Company* and *Groomed.*

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 owned brands) within the UK and increasingly overseas.

- Continuously 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 and assets which will help us maintain and grow our business and reduce costs.

Key performance indicators

Management and monitoring of performance

Your directors are mindful that although *Creightons plc* is a UK Listing Authority listed company, in size it is really only medium sized and therefore many of the 'big business' features common in listed companies are inappropriate. This year's profitable result has been achieved only as a result of considerable hard work over several years in focusing management and staff on; more productive product ranges, improving production and stock holding efficiencies, ensuring high levels of customer service and eliminating overhead inefficiencies. Consequently, they have continued the 'minimalist' approach to micro-management of the business that would otherwise add significantly to costs whilst delivering at best minimal added benefits to shareholders.

Group strategic report (continued)

The Group therefore has no formal personnel or other non-financial Key Performance Indicators (KPIs) or targets, and each position that becomes vacant is reviewed for necessity and criticality 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.

The Group has no formal personnel or other non-financial Key Performance Indicators (KPIs) or targets, and each position that becomes vacant is reviewed for necessity and criticality before authorisation is given for it to be filled through either recruitment or promotion.

Financial Key Performance Indicators

	2013/14	**2012/13**	**Movement**
Sales	£19,352,000	£17,326,000	Increase by 11.7%
Gross Margin as a % of Revenue	40.8%	42.8%	Decrease of 2.0%
Operating profit	£503,000	£333,000	Increase by 51.1%
Operating profit - as a % of Revenue	2.6%	1.9%	Increase of 0.7%
Return on capital employed	9.5%	6.9%	Increase of 2.6%
Bank overdraft and loans less cash in hand	£602,000	£874,000	Decreased by 31.1%
Gearing (including obligations under finance leases)	12.2%	20%	Decreased by 7.8%

There were two incidents involving employees or contractors on the Group's sites which were required to be reported to the Health & Safety Executive during the year (2013:1)

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 19.

Capital structure, cash flow and liquidity

Having achieved profitability after a number of years of substantial losses and repaid loans used at the time of the purchase of the *Potter & Moore* business, the Group's cash flow has improved substantially since the *Potter and Moore* acquisition in 2003. The business is funded using retained earnings and invoice discounting, a bank facility secured against its assets. Further details are set out in Notes 21 - 24.

Corporate and social responsibility

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

Environment

The Group has a formally adopted Environmental Policy, which requires management to work closely with the 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.

Group strategic report (continued)

The table below shows the number of employees by gender in the Group as at 31st March 2014.

	Group 2014		Company 2014	
	Female	Male	Female	Male
Directors, including Non-Executive Director's	1	4	1	4
Senior Managers	2	4	-	-
Other employees	113	83	-	-

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

Going concern

The directors are pleased to report that the Group has significant unused borrowing facilities, 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 3 July 2014 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 2014. The corporate governance statement set out on pages 10 to 11 forms part of this report.

Details of significant events since the balance sheet date are contained in note 31 to the financial statements. An indication of likely future developments in the business of the Group and details of research and development activities are included in the strategic report.

Dividends

The directors do not recommend the payment of a dividend to ordinary shareholders for the year ended 31 March 2014 (2013 – nil).

Greenhouse gas (GHG) emissions

GHG emissions data for the year from 1 April to 31 March		
	Global tonnes of Co2e	
	2014	**2013**
Combustion of fuel and operation of facilities	528	573
Electricity, heat, steam and cooling purchased for own use	547	521
Total	**1,075**	**1,094**
Tonnes of Co2e per £m of cost of sales	*93.8*	*110.5*

The reduction by 1.7% from 31 March 2013 to 31 March 2014 is due to the milder winter and does not fully represent a reduction in controllable Co2e.

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 has 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) over the 5 years ending 31 March 2018. 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 23. The company 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 25.

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 Acts, the Articles of the Company and the corporate governance statement on pages 10 to 11.

Under its Articles of Association, the company has the authority to issue 2,917,771 ordinary shares.

A resolution will be proposed at the forthcoming Annual General Meeting to approve new Articles of Association. The primary changes will be:

- to enable website communications,
- update the articles relating to directors conflicts of interest to meet the requirements of the Companies Act 2006,
- Remove the limit on the remuneration of non-executive directors, which is now addressed by the Company's remuneration policy,
- Remove the monetary limit on the Directors' borrowing powers

Directors report (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. The directors are not aware of any agreements between the company and its 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 (Non-executive)
Nicholas DJ O'Shea (Non-executive)
Bernard JM Johnson (Managing Director)
William T Glencross (Non-executive)

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

Mrs Mary Carney and Mr William Glencross retire by rotation at the next annual general meeting and, being eligible to do so, offer themselves for re-election.

Mary 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 has many years' experience in both the branded and private label businesses, having been Sales & Marketing Director and Managing Director of Potter & Moore. He was previously general manager of the Fine fragrance division of Shulton G.B. ltd, part of Cyanamid Group. Mr Glencross was appointed to the Board in July 2005, and made a non-executive director on his retirement in 2006.

Substantial shareholdings

At 31 March 2014 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	27.79%
Mr BJM Johnson	4,787,844	8.20%
Mr Tim Amies	4,360,000	7.47%
Mr D Abell	3,807,150	6.52%
Mr B Dale	2,451,740	4.20%

During the period between the 31 March 2014 and 30 June 2014 the company did not receive any notifications under chapter 5 of the Disclosure and Transparency Rules.

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 2014.

2. To receive and approve the directors' remuneration report for the year ended 31 March 2014.

3. To approve the directors' remuneration policy as detailed in pages 15 to 16 of the directors remuneration report.

4. To re-appoint Ms Mary Carney retiring by rotation under the provisions of Article 103 of the Articles of Association, as a director of the company.

Directors report (continued)

5. To re-appoint Mr William Glencross retiring by rotation under the provisions of Article 103 of the Articles of Association, as a director of the company.

6. To re-appoint Chantrey Vellacott DFK LLP as auditor and to authorise the directors to determine their remuneration.

7. 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 £194,518.08, being a further one third of the company's present issued share capital as a rights issue.

8. As an ordinary resolution to adopt the Creighton plc Share Option Plan 2014 which will operate alongside the existing scheme and ultimately replace it. This will enable the directors to issue options to employees in order to motivate them to make improvements to the Group's performance and improve the return for shareholders.

9. 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 £29,177.71, being 5% of the company's present issued share capital, without first offering them as a rights issue to existing shareholders.

10. 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 £29,177.71, 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.

11. As a special resolution, to approve new Articles and Memorandum of Association of the Company which will bring these in line with current regulations and best practice.

Directors confirmations

Each of the persons, who is a 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.

Auditor

Chantrey Vellacott DFK LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Nicholas O'Shea
Company Secretary 3 July 2014

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 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 for non-executive directors.
- The role of the Chairman and Chief Executive is combined.

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	Company Secretary and Independent Non-executive Director
Mary Carney	Independent Non-executive Director
William Glencross	Independent Non-executive Director

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 does not operate a formal process of performance evaluation; however the Chairman regularly reviews the performance of all members of the Board.

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

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 2014 for each of the directors is as follows:

Director	Board meetings	Remuneration Committee	Audit Committee
William McIlroy	7	-	-
Bernard Johnson	8	-	1
Nicholas O'Shea	8	1	1
Mary Carney	8	1	1
William Glencross	8	-	-

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.

The Articles of Association require one third of the Board to retire by rotation each year and for those directors appointed during the year to stand for re-election at the following Annual General Meeting.

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 has undertaken 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. There were no appointments made during the year.

Remuneration Committee

The Remuneration Committee consisted of Mary Carney 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.

Corporate governance statement (continued)

Directors' remuneration

The executive directors are salaried in their capacity as directors. Their management and operational services are 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 12 to 17.

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 missstatement 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 Chief Executive'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 the effectiveness of the internal controls in operation and this process will continue.

Audit Committee

The Audit Committee consists of Mary Carney 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 performance, business model and strategy;
- Report to the Board on how it has discharged its responsibility.

The terms of reference of the Audit Committee are not set out in writing.

The Group receives non-audit taxation advice from the Group's auditor. The Audit Committee assesses the independence of the external auditor by means of an internal review of the relationship with the auditor.

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 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 2014. 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 as amended in August 2013. This is the first time the Group has prepared the report in accordance with the amended Regulations

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 will be subject to a binding shareholder resolution at the 2014 Annual General Meeting and the policy will take effect for the financial year beginning on 1 April 2015. 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 2014 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 Mr Nick O'Shea (Chairman) and Mrs Mary Carney, both of whom are Non-Executive directors.

The Remuneration Committee determines the remuneration of each director. During the year ended 31 March 2014 the Remuneration Committee proposed that the fees paid to Mr Bernard Johnson's service company were increased from £77,500 to £79,000. There were no other changes in the remuneration of the executive or Non-executive directors.

It is envisaged that the remuneration components for executive directors for the year ended 31 March 2015 will be similar to those in place for the year ended 31 March 2014 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 'single figure' tables below represent the directors remuneration for the years ended 31 March 2014 and 31 March 2013. 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	2014			2013		
		Salary and fees	Annual bonuses	Total	Salary and fees	Annual bonuses	Total
		£000's	£000's	£000's	£000's	£000's	£000's
WO McIlroy	1	-	29	29	-	20	20
BJM Johnson	2	89	29	118	88	20	108
Total		**89**	**58**	**147**	**88**	**40**	**128**

The remuneration of the non-executive directors for the years ended 31 March 2014 and 31 March 2013 is made up as follows:

Non-executive directors' remuneration as a single figure

Director	Note	2014			2013		
		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		8	-	8	8	-	8
NDJ O'Shea	3	12	-	12	12	-	12
W T Glen cross		12	1	13	12	1	13
Total		**32**	**1**	**33**	**32**	**1**	**33**

Directors' remuneration report (continued)

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 Consulting Limited.

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

Taxable benefits

The taxable benefit for Mr William Glencross relates to his membership of the Group's medical scheme.

Payments for loss of office

No Executive directors left the company during the year ended 31 March 2014 and therefore no payments in respect of compensation for loss of office were paid or payable to any director (2013 – nil).

Share options

The directors exercised the following share options during the year ended 31 March 2014.

	Number of shares	Exercise price	Date exercised
WO McIlroy	1,303,275	2.0p	24 March 2014
BJM Johnson	1,303,275	2.0p	24 March 2014

The directors have no share options outstanding at 31 March 2014.

Directors' shareholdings

The directors who held office at 31 March 2014 had the following beneficial interests in the 1p ordinary shares of the company:

	31 March 2014		1 April 2013	
Director	Number of shares	Options	Number of shares	Options
Mr William O McIlroy	16,219,275	-	14,916,000	1,303,275
Mr Bernard JM Johnson	4,787,844	-	3,484,569	1,303,275
Mr Nicholas DJ O'Shea	31,000	-	31,000	-
Mr William T Glencross	67,500	-	67,500	-

Mr McIlroy's holding noted above includes 14,450,000 (2013: 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 2014 and 30 June 2014.

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.

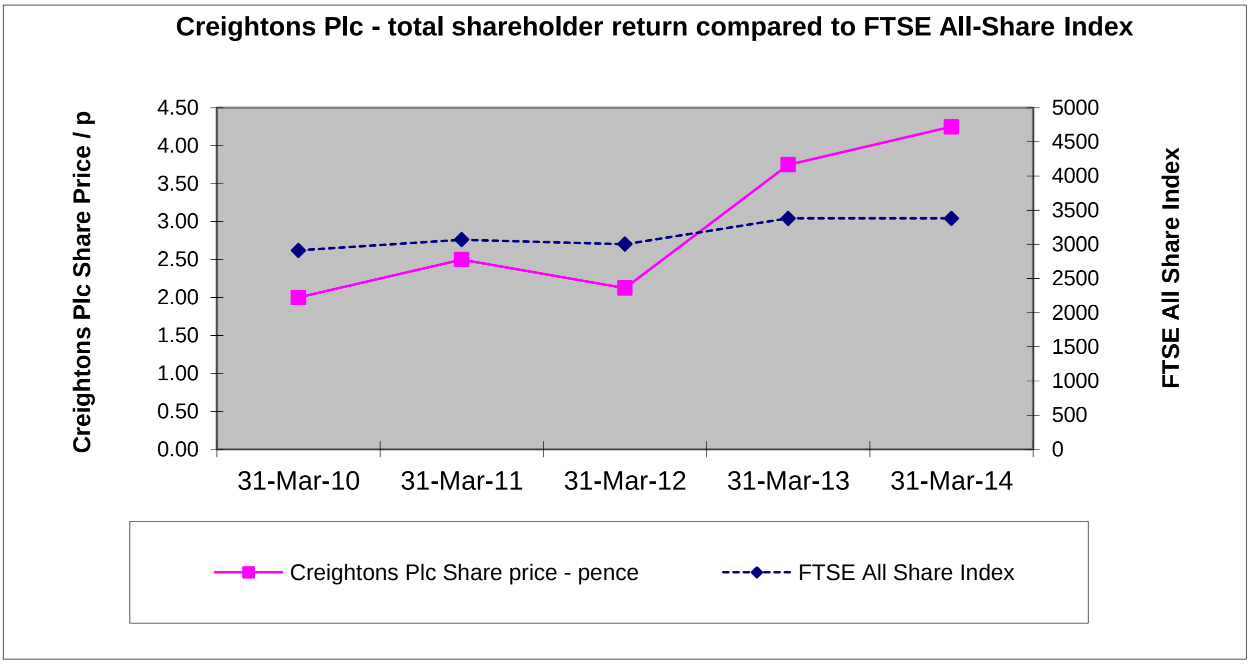

Table of Historical Data

The table below sets out the remuneration of the director undertaking the role of Chief Executive officer.

Year	CEO Single figure of total remuneration £000's	Annual bonus pay-out against maximum %
2014	29	100%
2013	20	100%
2012	16	100%
2011	12	100%
2010	20	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 director undertaking the role of Chief Executive Officer and the Group's employees as a whole between the years ended 31 March 2013 and 31 March 2014.

	Percentage increase in remuneration in 2014 compared with remuneration in 2013	
	CEO	**Employees**
Salary and Fees	n/a	2.3%
All taxable benefits	n/a	0.0%
Annual bonus	45%	6.7%
Total	**45%**	**9.2%**

Directors' remuneration report (continued)

Statement of implementation of remuneration policy for the year ended 31 March 2015

As this is the first year of implementation there is nothing to report.

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 2014 and 31 March 2013 and the year on year change.

	Year ended 31 March 2014	Year ended 31 March 2013	Change
	£000's	£000's	%
Employee costs	4,862	4,311	12.8
Profit for the year	471	302	56.0

Service contracts

Mrs Mary Carney and Mr William Glencross who are proposed for re-election at the next Annual General Meeting have service contracts which provide for no notice period.

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 2014:

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
14,714,216	99.98	3,605	0.02	14,717,821	-

No reasons were sought for the votes cast against the remuneration report due to the small number of votes cast against the report.

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 Executive Chairman, William McIlroy. There has been one meeting 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 have 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 2013-14, 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 executive directors' contracts provide for performance bonuses should the Group achieve profitability, and Mr McIlroy's also provides for a bonus should a successful sale of the Group's toiletries business be achieved. The profit criterion was met in 2014, 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 performance bonus payment to Mr McIlroy's employer (Lesmac Securities Ltd) should the Group achieve profitability, on a scale of 12½ % of the pre-tax audited profits up to £50,000, 7½% of pre-tax audited profits between £50,001 and £100,000 and 5% of pre-tax audited profits in excess of £100,000. The contract also provides for a success bonus payment to Mr McIlroy's employer should the Group dispose of the toiletries business. This bonus is 10% of the proceeds of a complete disposal should the sale price exceed £1.5m, or of a partial disposal should the sale price exceed £0.5m and be for not more than 1/3 of the book value of the net assets of the Group so disposed.

The contract for Mr Johnson's services as a manager provides for a performance bonus payment to Mr Johnson's employer (Carty Johnson Ltd) should the Group achieve profitability, on a scale of 12½ % of the pre-tax audited profits up to £50,000, 7½% of pre-tax audited profits between £50,001 and £100,000 and 5% of pre-tax audited profits in excess of £100,000.

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. Those options held by members of the Board at 31 March 2013 were exercised during the year. A resolution will be put to shareholders at the forthcoming Annual General Meeting to authorise a new share option scheme which will further incentivise the executive directors and the senior managers in Group to further enhance shareholder value.

Service contracts

It is the company's policy that service contracts for the executive directors are for an indefinite period, terminable by either party with a maximum period of notice of 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 below:

Name of Director	Date of service contract	Date contract last amended	Notice period
WO McIlroy (executive 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 Jan 2002	None
NDJ O'Shea (non-executive)	5 Jul 2001		None
WT Glencross (non-executive)	31 Jul 2005	1 Sep 2006	None

Non-executive directors

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.

Non-executives' fees are determined within the overall aggregate limit of £40,000 authorised by the company's Articles of Association. The Board as a whole considers the policy and structure for the non-executive directors' fees on the recommendation of the Chairman and Chief Executive. The non-executive directors do not participate in discussions on their specific levels of remuneration.

Non-executive directors may not be granted share options nor participate in any 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.

Directors' remuneration report (continued)

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 3 July 2014 and signed on its behalf by:

Mr Nicholas O'Shea
Company Secretary

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable laws and regulations.

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 (IAS) regulation and have also chosen to prepare the parent company financial statements under IFRS's as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, IAS1 requires that the directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosure when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

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. 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.

Under applicable law and regulations, the directors are also responsible for preparing a, Strategic report, Directors' report, Directors' remuneration report and a Corporate governance statement that comply with that law and those regulations.

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
We confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) 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 performance and business model and strategy.

By order of the board

Bernard Johnson
Managing Director
03 July 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREIGHTONS PLC

We have audited the financial statements of Creightons Plc for the year ended 31 March 2014 which comprise the consolidated income statement, the consolidated and parent company statements of comprehensive income, the consolidated and parent company balance sheets, the consolidated and parent company statements of changes in equity, the consolidated and parent company cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditor
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ('ISAs UK and Ireland'). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconstancies we consider the implications for our report.

An overview of the scope of our audit
The Group financial statements consolidate the financial statements of Creightons Plc and its subsidiary undertakings.

The Group operates through two trading subsidiary undertakings and the Group's financial statements consolidate these entities together with a number of dormant subsidiary undertakings as set out in note 15. 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 all subsidiaries considered to be significant components of the Group.

We tested and examined information using controls testing, substantive and non substantive techniques to the extent considered necessary to provide us with sufficient reliable audit evidence to draw conclusions. These procedures gave us the evidence that we needed for our opinion on the Group's financial statements as a whole and, in particular, helped mitigate the risks of material misstatements mentioned below.

Our assessment of risks of material misstatement
We considered the following areas to be those that required particular focus in the current year. This is not a complete list of all areas of risk identified in our audit but summarises the key areas which were highlighted with the Audit Committee in our planning discussions:

- we performed substantive testing relating to revenue recognition as well as analytical procedures, in particular in relation to year end cut-off and the issue of credit notes;
- we considered the appropriateness of inventory provisions, challenged management regarding the basis of their estimation and reviewed the outcome of prior year provisions.

Our application of materiality
We set certain thresholds for materiality based on a weighted calculation of revenue and assets criteria. These help us establish transactions and misstatements that are significant to the financial statements as a whole, to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually on balances and on the financial statements as a whole.

Based on our methodology and professional judgement we determined materiality for the Group financial statements as a whole to be £118,000. Furthermore, we calculated a performance materiality for each significant component of the Group we audited to enable us to calculate sample sizes.

We agreed with the Audit Committee that we would report to them the misstatements identified during our audit above £6,000.

Opinion on financial statements
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 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion 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; and
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the 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.

Under the Listing Rules we are required to review:

- the directors' statement set out on page 6 in relation to going concern;
- the part of the corporate governance statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

DAVID JAMES (Senior Statutory Auditor)
for and on behalf of CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Statutory Auditor
London
3 July 2014

Consolidated income statement

	Note	Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Revenue	5	19,352	17,326
Cost of sales		(11,460)	(9,902)
Gross profit		7,892	7,424
Distribution costs		(802)	(763)
Administrative expenses		(6,587)	(6,328)
Operating profit	7	503	333
Finance costs	9	(32)	(31)
Profit before tax		471	302
Taxation	10	-	-
Profit for the year from continuing operations		471	302

Earnings per share

Basic	11	0.81p	0.55p
Diluted	11	0.79p	0.51p

Consolidated statement of comprehensive income

		Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Profit for the year from continuing operations		471	302
Exchange differences on translating foreign operations		42	(22)
Total comprehensive income for the year attributable to the equity holders of the parent		513	280

Company statement of comprehensive income

		Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Loss for the year from continuing operations		-	(3)
Total comprehensive expense for the year		-	(3)

Consolidated balance sheet

	Note	31 March 2014 £000	31 March 2013 £000
Non-current assets			
Goodwill	12	343	343
Other intangible assets	13	259	295
Property, plant and equipment	14	590	525
		1,192	**1,163**
Current assets			
Inventories	16	3,704	3,526
Trade and other receivables	17	3,464	2,811
Cash and cash equivalents	18	11	18
		7,179	**6,355**
Total assets		**8,371**	**7,518**
Current liabilities			
Trade and other payables	20	2,777	2,219
Obligations under finance leases	21	20	19
Borrowings	22	613	892
		3,410	**3,130**
Net current assets		**3,769**	**3,225**
Non-current liabilities			
Obligations under finance leases	21	28	48
		28	**48**
Total liabilities		**3,438**	**3,178**
Net assets		**4,933**	**4,340**
Equity			
Share capital	23	584	545
Share premium account		1,264	1,231
Other reserves	24	38	38
Share-based payment reserve		-	51
Translation reserve		(13)	(55)
Retained earnings		3,060	2,530
Total equity attributable to the equity shareholders of the parent company		**4,933**	**4,340**

These financial statements were approved by the board of directors and authorised for issue 3 July 2014. They were signed on its behalf by:

Bernard Johnson
Managing Director

Company balance sheet

	Note	31 March 2014 £000	31 March 2013 £000
Non-current assets			
Investment in subsidiaries	15	72	72
		72	**72**
Current assets			
Trade and other receivables	17	2,126	2,046
		2,126	**2,046**
Total assets		**2,198**	**2,118**
Current liabilities			
Trade and other payables	20	35	35
		35	**35**
Net current assets		**2,091**	**2,011**
Total liabilities		**35**	**35**
Net assets		**2,163**	**2,083**
Equity			
Share capital	23	584	545
Share premium account		1,264	1,231
Capital redemption reserve		18	18
Special reserve		1,441	1,441
Share-based payment reserve		-	51
Retained earnings		(1,144)	(1,203)
Total equity attributable to the equity shareholders of the parent company		**2,163**	**2,083**

These financial statements were approved by the board of directors and authorised for issue on 3 July 2014. 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 22)	Share-based payment reserve	Translation reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2012	545	1,231	38	44	(33)	2,228	4,053
Exchange differences on translation of foreign operations	-	-	-	-	(22)	-	(22)
Share-based payment charge	-	-	-	7	-	-	7
Profit for the year	-	-	-	-	-	302	302
At 31 March 2013	545	1,231	38	51	(55)	2,530	4,340
Issue of share options	39	33	-	-	-	-	72
Exchange differences on translation of foreign operations	-	-	-	-	42	-	42
Share-based payment charge	-	-	-	8	-	-	8
Transfer – see note below	-	-	-	(59)		59	
Profit for the year	-	-	-	-		471	471
At 31 March 2014	584	1,264	38	-	(13)	3,060	4,933

Company statement of changes in equity

	Share capital	Share premium account	Capital redemption reserve	Special reserve	Share-based payment reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2012	545	1,231	18	1,441	44	(1,200)	2,079
Share based payment charge	-	-	-	-	7	-	7
Loss for the year	-	-	-	-	-	(3)	(3)
At 31 March 2013	545	1,231	18	1,441	51	(1,203)	2,083
Issue of share options	39	33	-	-	-	-	72
Share-based payment charge	-	-	-	-	8	-	8
Transfer – see note below	-	-	-	-	(59)	59	-
At 31 March 2014	584	1,264	18	1,441	-	(1,144)	2,163

During the year, the Directors decided to release the share-based payment reserve to retained earnings as allowed under IFRS 2 (Share-based Payment).

Consolidated cash flow statement

	Note	Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Net cash from operating activities	**30**	**689**	**306**
Investing activities			
Purchase of property, plant and equipment		(211)	(97)
Purchase of intangible assets		(258)	(334)
Net cash used in investing activities		**(469)**	**(431)**
Financing activities			
Repayment of finance lease obligations		(19)	(19)
Proceeds on issue of shares		72	-
(Decrease)/increase in bank loans and invoice finance facilities		(279)	54
Net cash (used in)/ generated from financing activities		**(226)**	**35**
Net (decrease) in cash and cash equivalents		**(6)**	**(90)**
Cash and cash equivalents at start of year		**18**	**106**
Effect of foreign exchange rate changes		(1)	2
Cash and cash equivalents at end of year		**11**	**18**

Company cash flow statement

	Note	Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Net cash used in operating activities	**30**	**(72)**	**-**
Financing activities			
Proceeds of share issue		72	-
Net cash generated from financing activities		**72**	**-**
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 United Kingdom under the Companies Act. The address of the registered office is given on page 49; 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 3 to 6.

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 Standards

In the current year, the following new and revised Standards and interpretations have been adopted with no material impact on the amounts reported in these financial statements:

- *IFRS 10 Consolidated Financial Statements (effective 1 January 2014)*
- *IFRS 11 Joint Arrangements (effective 1 January 2014)*
- *IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014)*

New standards and interpretations currently in issue but not effective for accounting periods commencing on 1 April 2014 are:

- *IFRS 9 Financial Instruments (effective 1 January 2015)*

As of 31 March 2014, the following standards and interpretations are in issue but not yet adopted by the EU:

- *IFRS 15 Revenue from contracts with customers (effective 1 January 2017)*

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

Initial application of new IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective for current reporting period or any amendments to such standards have been reflected in these financial statements. Application of these did not have a material impact on the financial statements and did not require a change in any significant accounting policies.

The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning 1 April 2013.

3 Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with IFRS adopted by the European Union and therefore 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 revalued amounts or 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. 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.

When the Company has less than a majority of the voting rights of an investee, it considers that it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all of the relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;

Notes to the financial statements

3 Significant accounting policies (continued)

- rights arising from other contractual arrangements, and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

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.

Profit or loss and each component of other comprehensive income are attributed to owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the company and to non-controlling interests even if this results in the non-controlling interests having a debit balance.

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

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 the preparing the financial statements. Further detail is included in the strategic report on pages 3 to 6.

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 acquiree. 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 acquiree, 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 acquiree and the fair value of the acquirer's previously held interests in the acquiree (if any), the excess is recognised immediately in the profit or loss as a purchase gain.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purposes of impairment testing, goodwill is 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 reversable 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.

Notes to the financial statements

3 Significant accounting policies (continued)

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;
- the Group retains neither continuing managerial involvement to the degree normally associated with ownership nor effective control over the goods sold;
- 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.

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, except where another more systemic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

The individual financial statements of each group company are presented 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.

Notes to the financial statements

3 Significant accounting policies (continued)

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.

Borrowing costs

All borrowing costs are recognised in the profit or loss in the period in which they are incurred.

Operating profit

Operating profit is stated before investment income and finance costs.

Retirement benefit costs

The Group companies contribute to a defined contribution retirement benefit scheme.

Payments to the defined contribution retirement benefit scheme 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 are 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.

An internally generated intangible asset arising from the Group's product development is recognised only if the following conditions are met:

- an asset is created that can be identified with a specific product or range of products;
- it is probable that the asset created will generate future economic benefits; and
- the development cost 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:

Acquired licences	- Over three years
Computer software	- Over three to five years

Impairment of tangible and intangible assets excluding goodwill

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.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit

Notes to the financial statements

3 Significant accounting policies (continued)

or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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 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 impaired.

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash 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), or hedges of net investment in foreign operations.

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.

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 25.

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.

Notes to the financial statements

3 Significant accounting policies (continued)

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 have made the following judgement that has the most significant effect on the amounts recognised in the financial statements.

Corporation tax - A judgement is required in determining the provision for corporation tax. There are some calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Group recognises tax liabilities on the best estimate of whether tax liabilities will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in the period in which such determination is made. No deferred tax asset has been accounted due to the economic and trading uncertainties facing the Group.

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 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. No impairment provision was considered necessary against this carrying value.

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. There are no discontinued operations.

6 Business and geographic segments

For management purposes the Group reports operations internally from two segments one based in the United Kingdom and one based in North America. Appropriate segmental information is as follows:

Revenue by segment

	Year ended 31 March 2014			Year ended 31 March 2013		
	External revenue	**Inter-segment revenue**	**Total segment revenue**	**External revenue**	**Inter-segment revenue**	**Total segment revenue**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
United Kingdom	18,236	142	18,378	15,782	346	16,128
North America	1,116	-	1,116	1,544	-	1,544
Total	19,352	142	19,494	17,326	346	17,672

Information about major customers

Included in revenues arising from the United Kingdom for the year ended 31 March 2014 are revenues from three customers that exceeded 10% of total revenue being; £2,633,000, £2,211,000 and £1,881,000 respectively.

Notes to the financial statements

6 Business and geographic segments (continued)

Profit by segment

	Year ended 31 March 2014			Year ended 31 March 2013		
	United Kingdom	North America	Group	United Kingdom	North America	Group
	£000	£000	£000	£000	£000	£000
Segment results	1,337	(2)	1,335	1,017	129	1,146
Central costs			(832)			(813)
Operating profit			503			333
Finance costs			(32)			(31)
Profit for the year			471			302

Segmental operating profit is stated after charging:

	Year ended 31 March 2014			Year ended 31 March 2013		
	United Kingdom	North America	Group	United Kingdom	North America	Group
	£000	£000	£000	£000	£000	£000
Depreciation	146	-	146	128	-	128
Amortisation	293	-	293	301	-	301
Write-downs of inventory recognised as an expense	107	69	176	174	14	188

The profit reported by each segment represents the profit earned before central management costs, including directors' remuneration, and finance costs.

Segment assets

		Year ended 31 March 2014	Year ended 31 March 2013
		£000	£000
Non-current assets			
United Kingdom		1,192	1,163
North America		-	-
Total non-current assets		1,192	1,163
Current assets			
United Kingdom		6,855	5,874
North America		324	481
Total current assets		7,179	6,355
Total assets			
United Kingdom		8,047	7,037
North America		324	481
Total assets		8,371	7,518

Notes to the financial statements

6 Business and geographic segments (continued)

Segment liabilities

		Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
United Kingdom		3,346	3,124
North America		92	54
Total liabilities		3,438	3,178

All of the Group's capital expenditure depreciation and amortisation is within the United Kingdom segment. The accounting policies for the reportable segment are the same as the Group's accounting policies described in note 3.

7. Operating profit

Operating profit is stated after charging/(crediting):

		Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Net foreign exchange (loss)/gain		(42)	29
Cost of inventories recognised as expense		11,460	9,699
Write downs of inventories recognised as an expense		176	188
Research and development costs		301	323
Depreciation of property plant and equipment			
owned assets		129	111
leased assets		17	17
Amortisation of intangible assets (included in administrative expenses)		293	301
Impairment loss		-	3
Staff costs		4,862	4,311
Auditor's remuneration		30	28
Operating lease rental expense			
- Land & buildings		350	350
- Other		34	38

The analysis of auditor's remuneration is as follows:

		Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Audit services			
Fees payable to the company's auditor for the audit of the parent company and the consolidated financial statements		22	21
Fees payable to the company's auditor for other services:			
The audit of the company's subsidiaries, pursuant to legislation		6	6
Tax services		2	1

Notes to the financial statements

8. Staff costs

The average number of employees (including directors) was:

		Year ended 31 March 2014 Number	Year ended 31 March 2013 Number
Management		9	9
Administration		48	47
Production		140	130
Total		197	186

Their aggregate remuneration comprised:

		Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Wages and salaries		4,433	3,933
Social security costs		406	355
Pension contributions		23	23
Total		4,862	4,311

Details of directors' emoluments are set out in the directors' remuneration report.

9. Finance costs

		Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Interest on bank overdrafts and loans		29	28
Interest on obligations under finance leases		3	3
Total		32	31

10. Taxation

		Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Current tax		-	-
Deferred tax		-	-
Total		-	-

Notes to the financial statements

10. Taxation (continued)

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	Year ended 31 March	Year ended 31 March
		2014	2014	2013	2013
		£000	%	£000	%
Profit before taxation		471		302	
Tax charge at the UK corporation tax rate of 23% (2013 – 24%)		(108)	(23.0)	(72)	(24.0)
Tax effect of expenses that are not deductible in determining taxable profit		(2)	(0.5)	(2)	(0.7)
Tax effect of utilisation of brought forward tax losses		110	23.5	74	24.7
Total expense and effective rate for the year		-	-	-	-

There is no charge to deferred tax for the Group or the Company.

At the balance sheet date, the Group has unused tax losses of £2,207,000 (2013 - £2,649,000) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future profit streams. All losses may be carried forward indefinitely and utilised against profits of the same trade.

11. 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
		2014	2013
		£000	£000
Earnings			
Net profit attributable to the equity holders of the parent company		471	302

		Year ended 31 March	Year ended 31 March
		2014	2013
		Number	Number
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share		58,355,426	54,478,876
Effect of dilutive potential ordinary shares relating to share options		1,570,000	5,126,550
Weighted average number of ordinary shares for the purposes of diluted earnings per share		59,925,426	59,605,426

Notes to the financial statements

12. Goodwill

		Year ended 31 March
		£000
Cost		
At 1 April 2012, 31 March 2013 and 31 March 2014		379
Accumulated impairment losses		
At 1 April 2012		33
Charge in the year		3
At 31 March 2013 and 31 March 2014		36
Carrying amount		
At 1 April 2012		346
At 31 March 2013 and 31 March 2014		343

Goodwill relates to the Potter & Moore business acquired in March 2003 and the costs associated with setting up TS Ventures Ltd in August 2010 which was sold on 23 May 2014 - see note 31.

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 6.0%. 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.

13. Other intangible assets

Group

		Acquired computer software	Product development costs	Total
		£000	£000	£000
Cost				
At 1 April 2012		98	592	690
Additions		8	326	334
Disposals		-	(48)	(48)
At 31 March 2013		106	870	976
Additions		8	250	258
Disposals		-	(139)	(139)
At 31 March 2014		114	981	1,095
Accumulated amortisation				
At 1 April 2012		60	368	428
Amortisation for the year		16	285	301
Disposals		-	(48)	(48)
At 31 March 2013		76	605	681
Amortisation for the year		16	277	293
Disposals		-	(138)	(138)
At 31 March 2014		92	744	836
Carrying value				
At 1 April 2012		38	224	262
At 31 March 2013		30	265	295
At 31 March 2014		22	237	259

Notes to the financial statements

14. Property, plant and equipment

Group

		Property, plant and equipment
		£000
Cost		
At 1 April 2012		2,142
Additions		97
At 31 March 2013		2,239
Additions		211
Disposals		(32)
At 31 March 2014		2,418
Accumulated depreciation		
At 1 April 2012		1,586
Depreciation for the year		128
At 31 March 2013		1,714
Depreciation for the year		146
Disposals		(32)
At 31 March 2014		1,828
Carrying value		
At 1 April 2012		556
At 31 March 2013		525
At 31 March 2014		590

Included within property, plant and equipment are assets held under finance leases with a carrying value of £93,000 (2013 - £111,000) on which depreciation of £17,000 (2013 - £17,000) has been charged during the year.

15. Investment in subsidiaries

Company

		Investments
		£000
Cost		
At 1 April 2012		72
Additions		3
At 31 March 2013 and 31 March 2014		75
Impairment charge		
At 1 April 2012		-
Impairment for the year		3
At 31 March 2013 and 31 March 2014		3
Carrying value		
At 1 April 2012		75
At 31 March 2013		72
At 31 March 2014		72

Notes to the financial statements

15. Investment in subsidiaries (continued)

Details of the Company's subsidiaries at 31 March 2014 and 31 March 2013 are as follows:

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%
The Real Shaving Company Limited	England	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 Hair Design Studio Limited	England	100%
The Sensual Secrets Company Limited	England	100%
Creightons Naturally Limited	England	100%
Groomed Limited	England	100%
TS Ventures Limited	England	55%
Twisted Sista Limited	England	100%
Miamoo Limited	England	55%
Amie Skincare Limited	England	55%
We Only Want You For Your Body Limited	England	55%

All shareholdings are in ordinary shares.

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. All other subsidiaries were dormant throughout the years ended 31 March 2014 and 31 March 2013.

Under the terms of the shareholder agreements with partners in the following subsidiaries:

- TS Ventures Limited
- Miamoo Limited
- Amie Skincare Limited, and
- Miamoo Limited,

the partner shareholders have the right, in certain circumstance, to purchase the Company's shareholding upon the exercise of a valid exercise option. Our partner in TS Ventures Limited exercised their option and the Company's shareholding in TS Ventures Limited was sold on 23 May 2014 – see note 31.

16. Inventories

		Group		Company	
		2014	2013	2014	2013
		£000	£000	£000	£000
Raw materials		1,085	836	-	-
Work in progress		267	218	-	-
Finished goods		2,352	2,472	-	-
		3,704	3,526	-	-

Inventories with a carrying value of £3,704,000 (2013 - £3,526,000) 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

17. Trade and other receivables

		Group		Company	
		201	2013	2014	2013
		£000	£000	£000	£000
Trade receivables		3,337	2,641	-	-
Amounts receivable from subsidiaries		-	-	2,126	2,046
Prepayments and other receivables		127	170	-	-
		3,464	2,811	2,126	2,046

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.

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

		Group		Company	
		2014	2013	2014	2013
		£000	£000	£000	£000
Trade receivables		3,361	2,665	-	-
Less impairment provision		(24)	(24)	-	-
		3,337	2,641	-	-

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

		Group		Company	
		2014	2013	2014	2013
		£000	£000	£000	£000
At 1 April		24	24	-	-
Charge in current year income statement		-	-	-	-
At 31 March		24	24	-	-

There were £111,000 (2013 - £76,000) trade receivables that were overdue at the balance sheet date that have not been provided against. There are no indications as at 31 March 2014 that the debtors will not meet their payment obligations in respect of the amount of trade receivables recognised in the balance sheet that are overdue and not provided. The proportion of trade receivables at 31 March 2014 that were overdue for payment was 3.3% (2013 -2.8%).

18. 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	
		2014	2013	2014	2013
		£000	£000	£000	£000
Cash at bank and in hand		1	-	-	-
Sterling equivalent of deposit denominated in US dollars		-	18	-	-
Sterling equivalent of deposit denominated in Euro's		10	-	-	-
		11	18	-	-

Notes to the financial statements

19. 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 in the UK and North America are with retail customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Impairment provisions on trade receivables have been disclosed in note 17.

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 weighted average borrowings over the year assuming a 1% increase or decrease which is used when reporting interest rate risk internally to key management personnel.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2014 would increase/decrease by £12,000 (2013 – £11,000). 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 11% (2013 – 12%) of the Group's income is denominated in US dollars and 1% (2013 - 0.5%) in Euros. Approximately 7% (2013 – 12%) of the Group's expenditure is denominated in US dollars and 5% (2013 – 5%) in Euros.

Foreign currency sensitivity

A 5% strengthening of sterling would result in a £44,000 (2013 - £38,000) reduction in profits and equity. A 5% weakening in sterling would result in a £49,000 (2013 - £42,000) increase in profits and equity.

When appropriate the Group utilises currency derivatives to hedge against significant future transactions and cash flows. The Group is party to a foreign currency forward contract in the management of its exchange risk exposure at 31 March 2014 (2013 – nil). The instruments purchased are in the currency used by the Group's principal overseas suppliers.

The Group does not designate its foreign currency forward exchange contracts as hedging instruments as they do not qualify for hedge accounting under IAS39.

At the balance sheet date the fair value of the Group's derivatives was a liability of under £1,000 (2013 - nil) which has been booked as a loss in the period.

At the balance sheet date the Group has committed to £785,000 (2013 nil) of forward foreign currency contracts.

Liquidity risk

The Group has no long term borrowing requirements and manages its working capital requirements through overdrafts and invoice finance facilities. These facilities are due to be renewed in March 2015. 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 2014 the group had available £2,300,000 (2013 - £1,497,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Notes to the financial statements

20. Trade and other payables

		Group		Company	
		2014	2013	2014	2013
		£000	£000	£000	£000
Trade payables		1,823	1,681	-	-
Social security and other taxes		499	360	-	-
Accrued expenses		455	178	-	-
Amounts payable to subsidiary undertakings		-	-	35	35
		2,777	2,219	35	35

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

21. Obligations under finance leases

Group

		Minimum lease payments	
		2014	2013
		£000	£000
Amounts payable under finance leases			
Within one year		20	19
Between two to five years		28	48
Total minimum lease payments		48	67

All lease obligations are denominated in sterling and the fair value of the Group's lease obligations approximate to their carrying value.

The Group's obligations under finance leases are secured by the lessors' rights over the leased assets.

22. Bank overdrafts and loans

		Group		Company	
		2014	2013	2014	2013
		£000	£000	£000	£000
Bank overdraft		260	233	-	-
Borrowings under invoice finance facilities		353	659	-	-
		613	892	-	-

The borrowings are repayable on demand or within one year.

Borrowings totalling £271,000 (2013 - £40,000) 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	
		2014	2013	2014	2013
		%	%	%	%
Bank overdrafts		3.2	3.2	-	-
Borrowings under invoice finance facilities		2.7	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.

Notes to the financial statements

23. Share capital

		Ordinary shares of 1p each	
		£000	Number
At 01 April 2012 and 31 March 2013		545	54,478,876
Issued in the year		39	3,876,550
At 31 March 2014		584	58,355,426

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 in the year was £72,000 (2013 – nil).

24. Other reserves

Group

	Capital reserve	Special Reserve	Capital redemption reserve	Total Other reserves
	£000	£000	£000	£000
At 1 April 2012, 31 March 2013 and 31 March 2014	7	13	18	38

The Company obtained a court ruling dated 19 March 1997 under which the reduction in share premium was credited to a special reserve. The special reserve was first used to write off the deficit on the company profit and loss account and then to write off the goodwill arising on the acquisition of Crestol Limited to the Group profit and loss account. At 31 March 2014 goodwill written off amounts to £2,575,000 (2013 - £2,575,000).

Under the court ruling, the special reserve may be used to write off goodwill on any further acquisition. To the extent that there shall remain any sum standing to the credit of the reserve, it shall be treated as unrealised profit and as a non-distributable reserve, until such time as the creditors existing at the date of the ruling have been satisfied or consent to its distribution.

Notes to the financial statements

25. 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. The expected life used in the model has been adjusted, based on management's best estimate, for the non-transferability, exercise restrictions and behavioural considerations.

		Ordinary shares of 1p each			
		2014		2013	
		Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at the beginning of the period		5,126,550	1.93p	5,376,550	1.90p
Granted in the period		320,000	4.29p	-	-
Exercised in the period		(3,876,550)	(1.90p)	-	-
Lapsed in the period		-	-	(250,000)	(1.38p)
Outstanding at the end of the period		1,570,000	2.48p	5,126,550	1.93p

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

Granted		Exercise period	Number	Exercise price
January 2007		2010 – 2017	50,000	4.75p
December 2008		2011 – 2018	200,000	1.38p
February 2011		2014 – 2021	1,000,000	2.00p
July 2013		2016 – 2023	50,000	4.50p
December 2013		2016 – 2023	270,000	4.25p
Outstanding at the end of the period			1,570,000	2.48p

The weighted average contractual life for the outstanding options based on last exercise date is 6.6 years.

The share options granted during each period have been valued using a Black-Scholes model. The inputs to the Black-Scholes model are as follows:

		Year ended 31 March	Year ended 31 March
		2014	2013
Weighted average share price (pence)		2.48p	1.93p
Weighted average exercise price (pence)		2.48p	1.93p
Expected volatility (%)		29.2% - 155.8%	29.2% - 122.9%
Expected life -years		3	3
Risk free rate (%)		5.8%	5.8%
Expected dividends (pence)		-	-

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The Group recognised total expenses of £8,000 (2013- £7,000) related to share-based payments.

Notes to the financial statements

26. Retirement benefit scheme

The Group operates a defined contribution scheme for certain employees. The assets of the scheme are held separately from those of the Group. The charge in the consolidated income statement in the year was £23,000 (2013 - £23,000) and cash contributions were £23,000 (2013: £23,000).

27. 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
		2014	2013	2014	2013
		£000	£000	£000	£000
Minimum lease payments under operating leases recognised as an expense in the year		384	387	-	-

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

Total operating leases		Group		Company	
		2014	2013	2014	2013
		£000	£000	£000	£000
Within one year		377	384	-	-
In the second to fifth years inclusive		1,424	1,424	-	-
After five years		345	695	-	-
Total		2,146	2,503	-	-

Lease for land and buildings		Group		Company	
		2014	2013	2014	2013
		£000	£000	£000	£000
Within one year		350	350	-	-
In the second to fifth years inclusive		1,400	1,400	-	-
After five years		345	695	-	-
Total		2,095	2,445	-	-

Other operating leases		Group		Company	
		2014	2013	2014	2013
		£000	£000	£000	£000
Within one year		27	34	-	-
In the second to fifth years inclusive		24	24	-	-
Total		51	58	-	-

28. Capital commitments

		Group		Company	
		2014	2013	2014	2013
		£000	£000	£000	£000
Contracts placed for future capital expenditure not provided for in the financial statements		11	3	-	-

Notes to the financial statements

29. 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
		2014	2013
		£000	£000
Amounts receivable from subsidiary undertakings		2,126	2,046
Amounts payable to subsidiary undertakings		(35)	(35)

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
		2014	2013
		£000	£000
Rental charges		350	350
Re-imbursement of property insurance costs		18	17
Total		368	367

Amounts owed to Oratorio Developments Ltd

		Year ended 31 March	Year ended 31 March
		2014	2013
		£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
		2014	2013
		£000	£000
Charges for internet support services		14	14

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 12 to 17.

	Year ended 31 March	Year ended 31 March
	2014	2013
	£000	£000
Salaries and other short term benefits	180	161
Total	180	161

Notes to the financial statements

30. Notes to cash flow statement

Group

		Year ended 31 March	Year ended 31 March
		2014	2013
		£000	£000
Profit from operations		**503**	**333**
Adjustments for:			
Depreciation on property, plant and equipment		146	128
Goodwill impairment charge		-	3
Amortisation of intangible assets		293	301
Share based payment charge		8	7
		950	**772**
(Increase) in inventories		(210)	(230)
(Increase)/decrease in trade and other receivables		(661)	235
Increase/(decrease) in trade and other payables		642	(440)
Cash generated from operations		**721**	**337**
Interest paid		(32)	(31)
Net cash from operating activities		**689**	**306**

Analysis of changes in net debt

	At 01 April 2013	Cash Flow	Non-cash movements	At 31 March 2014
	£000's	£000's	£000's	£000's
Cash and bank balances	18	(6)	(1)	11
Borrowings	(892)	279	-	(613)
Net debt	**(874)**	**273**	**(1)**	**(602)**

Cash and cash equivalents

		Year ended 31 March	Year ended 31 March
		2014	2013
		£000	£000
Cash and bank balances		11	18
Bank overdraft and borrowings under invoice finance		(613)	(892)
Net cash and cash equivalents		**(602)**	**(874)**

Company

		Year ended 31 March	Year ended 31 March
		2014	2013
		£000	£000
Loss from operations		-	(3)
Adjustments for:			
Share based payment charge		8	7
Goodwill impairment charge		-	3
		8	**7**
Decrease in trade and other receivables		(80)	(7)
Net cash used in operating activities		**(72)**	**-**

Notes to the financial statements

31. Post balance sheet event

On 23 May 2014 the Group completed the disposal of its 55 % interest in TS Ventures Limited which holds the intellectual property rights to the Twisted Sista brand of hair care products for a cash consideration of £448,000. The 55 % interest in TS Ventures Limited is being sold to Mr. Stephen Durham, the owner of the 45 % interest not owned by the Company. The Company anticipates reporting a profit of approximately £375,000 in the interim financial report for the six months ended 30 September 2014 in relation to the disposal.

As part of the disposal Potter & Moore Innovations Limited, the Company’s main trading subsidiary, has entered into a five year exclusive manufacturing agreement with Twisted Sista LLC, a US based corporation, which will be the main trading business and owner of the Intellectual Property Rights in the Twisted Sista brand.

Directors and advisers

Directors

William O McIlroy	Executive Chairman and Chief Executive
Bernard JM Johnson	Managing Director
William T Glencross	Non-executive Director
Mary T Carney	Non-executive Director
Nicholas DJ O'Shea	Non-executive Director

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