Creightons PLC Annual Report 2024

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Creightons PLC Annual Report 2024

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Financial highlights

- Improved gross margin performance on lower revenue of £53.2m (2023: £58.6m) a reduction of 9.2%, as a result of cost reduction and product portfolio rationalisation.
- Gross profit margin increased by 1.3% to 42.9% from 41.6%.
- Full year operating profit margin (before exceptional items) of 2.9% (2023: 2.7%).
- EBITDA for the year was £3.2m (2023: £3.0m).
- Exceptional items included Emma Hardie brand intangible asset impairment of £4.4m (2023:£Nil).
- Adjusted diluted earnings per share excluding exceptional items, was positive 1.42p (2023:1.05p).
- Stock held on hand reduced by £2.0m to £8.2m (2023: £10.2m).
- Net cash on hand (cash and cash equivalents less short-term element of obligations under finance leases and borrowings) is positive £2.2m (2023: negative £1.2m).
- The Directors propose a final dividend of 0.45 pence per ordinary share for the year ended 31 March 2024 (2023: Nil).

Operational highlights

- Private label saw growth in revenue whilst Branded and Contracts sales saw a downturn in revenue activity:
  - Sales of retailer own label products increased by 7.9% to £23.7m.
  - Overall branded sales have decreased by 7.6% to £21.0m.
  - Contract manufacturing sales decreased by 38.9% to £8.4m.
  - The Group's total overseas business decreased by 20.1% to £8.5m (2023: £10.6m).
- The Group has continued to successfully implement the six-point plan. The remedial measures were intended to restore profitability, reduce costs and inventory and to return to positive cash flow. The resulting actions and their impact are summarised in the following six areas:
  - Increase in selling prices to our customers
    - Sales teams continued the process of Cost Price Increase (C.P.I) monitoring across all categories of supply. This was used as the basis to negotiate sales price increases with customers. This has proved successful as indicated by the improvement in gross margin.
  - Reduction in overheads
    - Cost rationalisation has seen Administrative costs decrease by 5.6% to £17.8m (2023: £18.9m).
  - Increase efficiency and capacity in each factory so as to maximise the benefit of single shift working
    - Manufacturing team reducing to one shift at both Peterborough (September 2022) and Devon (September 2023).
  - Relocating the customer facing side of the business, warehousing, picking and packing and logistics back to the Peterborough site
    - Restructuring warehousing and logistics has seen Distribution costs decrease by 10.6% to £3.5m (2023: £3.9m).
  - Reduction in stock levels, targeting £2m reduction against prior year
    - We have achieved stock reductions of £2.0m to the end of March 2024, achieving a closing stock balance of £8.2m (2023: £10.2m) without any reduction in effective service levels to customers.
  - New and non-critical capital expenditure cancelled unless payback less than 9 months
    - Purchase of property, plant and equipment has reduced to £0.3m (2023: £0.8m).

The combined effect of these measures, carried out over the course of the year and in particular the second half of the year, has been to improve profitability and generate positive cashflow.

Group strategic report

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

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

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

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

The strategic report discusses the following areas:

- Chairman's statement
- Managing Director's statement
- Finance report
- The business model
- A fair review of the Group's business
- Strategy, objectives and future developments
- Key performance indicators
- Principal risks and uncertainties
- Section 172 statement
- Corporate and social responsibility
- Task Force on Climate-Related Financial disclosures (TCFD) report
- Non-financial information statement and sustainability information statement
- Going concern

Group strategic report

Chairman's statement

I take pleasure in presenting my first statement following my appointment as Chair of the Board on 7 March 2024. The structure of this report will be different to previous years with a top-level overview of the Group's performance in the past year, changes to the board and senior management team and an overview of the direction of the business over the next few years.

Our new Managing Director, Philippa Clark will provide a more detailed review of the performance including a review of revenue and brand performance. This will be followed by a report on the Group's financial results.

Overview of performance

In common with many UK manufacturing businesses, we have been operating during a period of significant inflationary pressures, challenging supply chains and weakening consumer demand. The objective remains to meet our customer expectations and to deliver top line revenue growth whilst also relentlessly focusing on the areas within our control to recover margins following the erosion over the past two years and, matching our overhead costs to revenue and reducing stock levels.

Whilst results show revenue falling to £53.2m (2023: £58.6m), EBITDA has increased to £3.2m (2023: £3.0m) and operating profit before exceptional items has decreased marginally to £1.54m (2023: £1.58m). The operating margin percentage before exceptional items has improved to 2.9% in the year ended 31 March 2024 compared to 2.7% for the year ended 31 March 2023. A significant feature of this has been a gradual improvement throughout the year with margins significantly improved in the second half of the year. This is covered in more detail by Philippa Clark in her report as Managing Director.

Revenue performance across the three revenue streams has been mixed with:

- growth of £1.7m in the Private label revenue,
- decreased revenue through Brands of £1.7m, with some brands unperforming and lower revenue from reducing the tail of underperforming products and
- decreased revenue from contract manufacturing. Most of this reduction arose from our decision to curtail sales to businesses where credit insurance cover was removed, and the group considered it advisable to manage credit risks. Also, two key customers reduced orders due to declining consumer demand and overstocks.

Gross margins have continued to improve throughout the year and by the end of March were ahead of those achieved before they were adversely impacted by the inflationary pressures of the past two years. These improved margins have been achieved through a combination of increased selling prices, removing low margin products from sales mix, product cost engineering and improvements in production efficiencies. We are now seeing an easing of supplier price pressure in most areas although not all.

Overheads have been reduced to ensure they match the underlying activity levels of the Group. Manufacturing operations are now on a single shift basis across both sites. There have also been benefits arising from lower utility costs as wholesale prices have fallen. Warehousing costs have reduced due to the stock reduction programme and relocating most finished goods distribution back in-house. The impact of these changes has been to reduce the breakeven sales level on a month-by-month basis which will enable the business to leverage pre-tax profit growth from existing revenue and future growth. Improved output levels in manufacturing operations are helping to increase capacity.

One area of underperformance relates to the Emma Hardie business which was acquired on 28 July 2021 for a total consideration of £6.2m. The annual review of the value-in-use of the Emma Hardie brand, which considers the ability to generate growth in revenue and a review of the likely cash generation from future revenue, in accordance with the requirements of IAS 36, resulted in an exceptional impairment charge of £4.45m. This non-cash exceptional charge, in the current year, has materially adversely impacted the reported pre-tax profit. The remaining associated intangible brand value of £0.66m reflects an accounting assessment of discounted future cash flows from the Emma Hardie brand, based upon current performance and an estimate of future sales and costs.

This impairment will also result in a derecognition of the goodwill value of £1.28m, relating to the deferred tax associated with the Emma Hardie brand, with consequential adjustments to the deferred tax accrual. The net effect of these is a tax charge of £0.17m.

The underlying profit generation together with the significant reduction in stock levels has resulted in a dramatic improvement in the cash position with net borrowings falling by £4.8m to £0.8m (2023: £5.6m). The Group chose to repay 50% of the outstanding loan balance of the term loan used to partly fund the acquisitions in 2021.

Group strategic report

Chairman's statement (continued)

Building a team for the future

Following Bernard Johnson's departure in November 2023, the Board asked the two Executive Directors, Philippa Clark and Martin Stevens to manage the routine operations of the business for an interim period and complete ongoing internal improvement programmes. In addition, they reviewed the Emma Hardie business and integrated it within the Group's operations, significantly reducing the overheads attributable to the brand and further reducing staffing levels to align with planned activity. This allowed the Board time to evaluate the various options for the organisation of the Board and the Senior Management Team. On completion of this review the Board announced the following changes on 7 March 2024.

- Philippa Clark was appointed as Group Managing Director. She will continue to be supported by Martin Stevens in his Executive Director role as Group Deputy Managing Director.
- William McIlroy retired from his Executive roles as Chairman and CEO and will remain on the Board as a Non-Executive Director.
- Paul Forster was appointed Non-Executive Chair of the Board.
- Brian Geary has joined the board as a Non-Executive Director.

I would like to take this opportunity to thank Bernard Johnson for his contribution to the business, which would not be where it is today without his vision and drive. I would also like to thank William McIlroy for his contribution and support over his tenure in his Executive roles and look forward to his support and guidance as I settle into my new role.

I believe the new Board provides a good balance of experience to support the management team as they evolve the strategy to grow the business to meet the needs of stakeholders.

I am pleased to report that Philippa Clark has settled into her role and is being actively supported by Martins Stevens and the other senior Executives. The Executive team, under the leadership of our new Managing Director is actively engaged in developing plans to grow sales, protect and improve margins and leverage our infrastructure to grow pre-tax profits and margins. The Board recognises the importance of maintaining stability and focus as we come out of this transitional period, and our collective efforts are geared towards sustaining and advancing the positive trajectory of our organisation.

Looking forward

The Group's focus will be to pursue new growth opportunities, growing revenues organically by using our in-depth market knowledge, product development expertise and brand marketing skills to:

- identify new products ranges for our brands and customers.
- extending the distribution of our brands, both within the UK and internationally.
- increase penetration into the private label sector, where we have range launches with two new customers in the coming year.
- targeting contract business where customers' requirements align with our core strengths and flexible manufacturing capabilities.

The Group will continue to invest in the research and development of new brands to address changing market opportunities.

The work of the past year in improving margins, aligning cost to match activity and throughput levels, along with the significant spare capacity available by introducing additional shifts, if required, places the Group in a strong position to generate profits from additional revenue. The Group is generating positive EBITDA and cash flows from its core operations which underlines the ability to generate profitable growth. There are still opportunities to grow revenue and the sales team is being strengthened to deliver those opportunities with a Director of Global Sales (non-statutory Director) joining the group in May 2024.

The Group is committed to recovering our underlying operating profits (before exceptional items) levels, currently standing at 4.0% of revenue in the second half of the year to March 2024, to levels enjoyed in the past.

The Group's dynamic structure continues to give it a competitive advantage allowing it to respond quickly and effectively to customer requirements. It also provides a competitive advantage with post-acquisition integration by providing synergies not available to all market participants. The Group will continue to look for acquisitions for brands that can generate long term growth in revenue, profits and cash generation. However, it will be much more focused on ensuring a good return can be delivered on its investments.

Dividend

The Board proposes a final dividend of 0.45 pence per ordinary share, subject to approval at the Annual General Meeting (2023: Nil). This is in line with the Directors' intention to reinstate paying dividends and to align future payments with the underlying profits and positive cash flow of the business.

Group strategic report (continued)

Conclusion

I would like to take this opportunity to thank every one of the Group's employees who have continued to work together to enable us to deliver an improving trading performance. I would also like to thank our customers, shareholders and suppliers for their support and loyalty to the Group.

Paul Forster
Paul Forster (Jul 16, 2024 15:43 GMT+1)

Paul Forster
Non-Executive Chair of the Board
16 July 2024

Group strategic report (continued)

Managing Director’s statement

A Challenging Year

This year’s results represent a strong internally focussed strategy to ensure we tackled and conquered the challenges bought on by the tough economic conditions of the past two years, coupled with the ongoing macroeconomic and geopolitical pressures. Therefore, we have ensured that the key business fundamentals have been at the core of our activities during the year to ensure the Group continues to deliver a sustainable and stable business.

The difference in operating performance between H1 and H2 of the year ended 31 March 2024 demonstrate the impact of this focus. Despite the sales downturn in H2 against H1, gross profit margins were up by 1.5% (H1 2024: 42.2%), with full year margin of 42.9% being up 1.3% (2023: 41.6%). Key cost reductions in administration and distribution also provided significant gains in operating performance overall.

	H1 (Unaudited)	H2 (Unaudited)	Year ended 31 March 2024
	£000	£000	£000
Revenue	27,555	25,639	53,194
Gross profit	11,632	11,198	22,830
Gross profit %	42.2%	43.7%	42.9%
Operating profit before exceptional items	506	1,032	1,538
Operating profit before exceptional items %	1.8%	4.0%	2.9%
Exceptional items	-	(4,466)	(4,466)
Finance Costs	(204)	(145)	(349)
EBITDA before exceptional items	1,358	1,881	3,239
Profit / (Loss) before tax	302	(3,579)	(3,277)
Profit / (Loss) after tax	285	(3,812)	(3,527)

Key achievements have been made in margin improvement, overhead and stock reduction, restructuring supply chain and positive cash generation. However, the drive to ensure a strong core business has come at the expense of sales growth in the contract manufacturing division and a softening of growth in our brands where a refocussing of the product portfolio has been a priority to ensure margins are protected and enhanced where possible.

The strategy of pursuing a multi-channel approach to the market and a broad multi-category product offering continues to serve us well during times when consumer demand is impacted by a cost of living crisis.

Revenue stream performance

Private Label

Private label sales have increased sales by 7.9% to £23.7m (2023: £22.0m) as consumers continue to seek performance products at value prices. Creightons continues to be the leading supplier in the UK for private label supply achieved through exceptional product development, quality manufacturing and both consistency and speed of supply. This is evidenced by the fact that the Group has achieved the number one position as a key supplier with a major UK retailer. This is in addition to a good solid performance across the customer base resulting in sales growth.

This position is achieved via the Groups’ ability to develop products that deliver relevant, consumer focussed, performance all whilst successfully managing customer forecasts, stock and service levels into a demanding mass retailer customer base.

Margin performance in this area has also delivered through successfully implementing cost price increases to customers but also taking the decision to exit products or ranges which no longer meet our contribution margin requirements.

Category expertise and Research and Development are both key measures of success in this division and these both continue to be a priority for investment.

Contract Manufacturing

Conversely, the contract sales have experienced a downturn during the period of 38.9% to £8.4m (2023: £13.8m). In the main this is due to masstige and premium brands either reducing order books due to declining consumer demand and overstocking, or are no longer covered by credit insurance and we have chosen to exit as this is a key requirement in managing our business risk.

Group strategic report (continued)

Managing Director's statement (continued)

Brands

Overall Brands have seen a reduction of 7.6% to £21.0m (2023: £22.8m). This decline is due to two key exceptional factors in the year.

1. A £1.8m loss in one international market with Balance Active where a distributor lost significant distribution by diversifying their business too quickly at the expense of the Balance Active brand.

2. The internal decision to discontinue 45% of the brand portfolio product offering from 334 products to 184 products. This accounted for a reduction of £1.1m sales of products that had either poor margin, low sales volumes or a combination of both. This repositioning and focus of the brand offer have had positive impacts on stocks, margin and sales team focus.

Brands have performed where the price point and offer continues to engage the consumer, resulting in gains in both store distribution numbers and new customer listings in a very challenging UK market specifically for Balance Active Formula, TZone, Feather & Down, The Curl Company and the Creightons range of branded products.

- TZone achieved a new key grocery launch in the UK into 135 stores and gained an additional 557 stores in an existing Grocery listing.
- Feather & Down has an additional 341 stores with extra distribution in the UK.
- Balance Active is already listed in a leading UK grocer but has an additional 557 stores with the launch of new product development (NPD) serums from June 2024. A new listing for the brand was also secured in another major UK retailer in the period into 102 stores.
- The Curl Company extended into an additional 100 stores in Scandinavia and launched for the first time into 182 stores in the UAE.
- Creightons Frizz No More launched into a major retailer in Spain as the Group enters the Spanish market for the first time.

Margins are performing well through negotiated customer price increases and product cost engineering initiatives. This is despite a strong discontinuation programme initiated across all brands, exiting products where margins and volume combinations were no longer meeting expectations.

Emma Hardie

The gross sales contribution of the brand has been flat this year at £3.2m. The autonomous, independent approach in managing the brand for the past two years has been a factor. In addition, entering the Chinese market has been the dominant strategy and whilst it showed initial signs of positive sales at the end of 2022 and the early part of 2023, this quickly reversed during 2023. The landscape changed significantly during the year in China proving the chosen sales model to be ineffective and unprofitable. A decision to put activities in China on hold was made in December 2023.

The Emma Hardie brand and its team are now fully incorporated into the wider business. This ensures full control of costs, sales strategy and team management. A revised sales strategy is being executed into 2024 including:

- a full review and potential new approach in China
- refocused efforts on digital platforms including The Hut Group, Sephora and Amazon
- investment in EmmaHardie.com
- positioning the brand into the travel sector.

Recent launches on EasyJet inflight in May 2024 and a 6 month trial launch into Luton Airport Duty Free in the summer of 2024 are both being progressed.

The brand continues to perform well in its original retail home at Marks & Spencer (M&S) in the UK, with an increase in end consumer sales of 19% in 2023/2024 against the previous year. This demonstrates continued consumer demand for the brand. Plans are in place during 2024/2025 with M&S for additional investment in the brand including dual siting in key performing stores, pop-up opportunities, in-store events and improved positioning in the beauty hall. All with the objective of giving more exposure to the brand and engaging more consumers.

Group strategic report (continued)

Managing Director's statement (continued)

Digital and Social

This year has seen an increase in our efforts with both digital and social platforms.

Feather & Down and Emma Hardie total brand sales both have considerable contributions from digital sales at 48% and 52% respectively of their total brand sales. This includes Amazon Vendor UK and the pure beauty platform players.

- A key distribution channel for brands which have higher price points and more limited bricks and mortar distribution.
- Two higher price point brands, Emma Hardie and Janina, have recently been transferred to Amazon Seller UK with initial positive results on both sales and margin – improving from the original listings on Amazon Vendor.
- Feather & Down and Emma Hardie launches onto Amazon Germany and Amazon USA which have taken longer than originally planned due to unanticipated protracted set up issues with Amazon. It is anticipated that the growth in these new markets will be slow and steady initially as brand awareness campaigns in these new markets also need to be activated.
- Social activities are live and growing across all key platforms such as Instagram, Facebook and TikTok with a focus on Balance Active, TZone, Feather & Down and Emma Hardie.
- TikTok shop strategies are being implemented for select brands during 2024.

Research and Development

As we continue to develop the business, the nature of the research and development (R&D) has become more sophisticated, including additional time and investment in trend monitoring, consumer research, consumer testing, independent validation and claims substantiation.

These activities have continued throughout the year ended 31 March 2024 to expand our portfolio of product offering and capabilities, with key areas of focus being the development of unique and technically challenging formulations across Facial and Body Skincare. This requires a constant monitoring of key trend materials to ensure that we are meeting the consumers evolving needs and delivering new product development quickly and efficaciously.

Looking forward, the team continue to invest time and resource into exploring new categories and technologies. As highlighted last year, the importance of SPF in the skincare and suncare categories is a key growth area of the sector. We are continuing to invest in delivering futureproofed SPF formulations, delivering high UV protection in formats that offer improved performance and product aesthetics. Textures have also become key in this category requiring additional R&D development. This work and investment will be an ongoing and continuing piece of investment over the coming years.

A continuing and critical role of our R&D team is responding to the challenges of increasing raw material costs and availability. Therefore, cost mitigation through resourcing and finding alternative materials in conjunction with our procurement team, is a necessary activity that requires significant lab time to validate alternatives to help avoid excessive cost increases and maintain margins.

One of the drivers of growth in the Private Label division is extending into new categories. As highlighted, this would include SPF skincare and the Sun Protection category. Other categories including non-licenced Healthcare and Sexual Health products and new developments in skincare including products supporting the skin's microbiome, probiotics and fermented ingredients. Continual developments in new formats and textures are also a key development area. This work also benefits new product development (NPD) and development of our brands.

Manufacturing and Operations

Operationally one of the key goals has been to reduce warehousing costs. By reducing stock and improving the management of space this goal has been achieved. The benefit being the considerable reduction on relying on a 3PL solution. Maximising procurement savings and reducing overheads have been equally important. The team continue to reduce buying costs of both packaging and key materials and we have succeeded in reducing our cost base to be in line with our revenue footprint.

The key drivers in the period in manufacturing have been centred around improving efficiencies to realise maximum benefit from reducing to one-shift last year. Targeted machinery investments, improved training programmes of key production staff and working towards improving change-over times are all contributing positively to achieving improved outputs and efficiencies.

There is more work to be done in all areas as we move into the coming year and the team remain determined in ensuring gains continue to be made.

Group strategic report (continued)

Managing Director's statement (continued)

The Future and Our Strategy

A continual review of the market, our customers strategies, category and product opportunities coupled with our experience and knowledge is undertaken throughout the year in order to ensure that our key strategic objectives are relevant and achievable. These are reviewed and monitored with the main board and senior team to ensure consistency in approach. The goal is to deliver a consistent, stable business that delivers increasing value for all stakeholders.

Develop and Cultivate the Core Private Label Business

- Retain the dominant position in UK supply.
- Focus on margin positive products.
- Work with the best in class retailers.
- Ensure Research and Development (R&D) category development drives new sales opportunities.

Build and Develop the Groups' Brands

- Expand UK distribution footprint – there are additional distribution gains to be had.
- Invest in additional resource to grow and expand international markets.
- Ensure Brands fill the 'white space' where possible and the propositions are clear.
- Ensure Brands have clear customer need states.

Expand with New Brands – Developed or acquired

- Where the fit is right and adds value to the Group's total Brand portfolio.
- Where the opportunity and positioning fill the 'white space' or unfulfilled consumer need.
- Where the sales and margin enhancement deliver additional business value.

Build on Digital Platform Brand Sales

- Ongoing development of Amazon Vendor and Amazon Seller including developing selected international markets.
- Investment into our own .com sites where the brand positioning will succeed.
- Grow relationships with key pure beauty players where the brand fit makes sense.

Investment in Research and Development (R&D) and Product Category Expertise

- Essential for growing the Private Label business by entering new product types and related categories.
- Speed to Market focus.
- Meeting and anticipating consumer needs – for both Brand and Private Label divisions.
- Remain at the cutting edge of trend, ingredients, product textures and formats.
- Evaluation of materials with low carbon footprint for more sustainable products.

Focus on Operational Efficiencies & Cost Control

- Output and capacity focussed capital investment.
- Structured training programmes throughout the operational functions.
- Continual review of ensuring our cost footprint fits our sales and profit profiles.
- Review the manufacturing strategy and utilise IT to enhance our productivity and manufacturing investments.
- Ensure the Group's costs and asset base match demand, environmental and safety requirements.

Meet Environmental and Sustainable Targets

- The business has committed to SBTi validated emissions reduction targets. Please see further detail outlined in the TCFD report per page 24 to 32.
- Scope 1 and 2 emissions will reduce by 42% and Scope 3 emissions by 25% by 2030.
- For FY23/24 we have seen a decrease in scope 1 and 2 emissions of 7.8%.
- We have just completed the tenth year of holding the RSPO supply chain accreditation.
- Now sourcing 99.9% of our palm derivatives from RSPO sustainable sources.
- For FY23/24 the amount of recycled plastic in our packaging has increased by 5.3% to 203.9 tonnes.
- We will be completing the climate related module for CDP in FY24/25.

Group strategic report (continued)

Managing Director’s statement (continued)

Summary

Despite a challenging year the Group’s strong focused strategy on ensuring the business continues to successfully navigate market pressures and challenges is beginning to produce positive results. We have been determined in our efforts in delivering operational profitability, positive cash generation and reducing the overall cost base to be in line with our revenue performance. The result for the second half of the year provides evidence that we are on the right track.

The Board believes that the restructured management team, ongoing positive customer relationships and strong business fundamentals will enable the Group to proactively manage new challenges and take advantage of any new opportunities that may arise.

The Management Team remains focussed on delivering the Group’s strategic and financial aims. Immediate priorities include increasing the awareness and distribution of our brands, accelerating organic sales in all divisions, nurturing customer relationships and keeping R&D central to driving the business forward.

Finally, I would like to thank our valued team of employees, customers, suppliers and all stakeholders, especially those who have responded so positively through this challenging period.

P Clark
P Clark (Jul 16, 2024 16:09 GMT+1)

Philippa Clark
Managing Director

Group strategic report (continued)

Financial Report

Overview of Financial performance

The Group has exhibited significant improvements in its operating performance. Despite a reduction in revenue year on year of 9.2% operating profit margin before exceptional costs increased to 2.9% (2023: 2.7%). The decrease in sales activity has been due to a combination of factors, these include, but are not limited to, a challenging market within the Contract and Branded sales divisions as well as the Group's own decision to divest from non-profitable product offerings that do not achieve a commercially viable contribution margin.

	Year ended 31 March 2024	Year ended 31 March 2023
	£000	£000
Revenue	53,194	58,567
Gross profit	22,830	24,348
Gross profit %	42.9%	41.6%
Operating profit before exceptional items	1,538	1,584
Operating profit margin % before exceptional items	2.9%	2.7%
Exceptional items	(4,466)	(477)
Finance Costs	(349)	(420)
(Loss) / Profit before tax	(3,277)	687
(Loss) / Profit after tax	(3,527)	514
EBITDA	3,239	3,001
Adjusted Diluted EPS – excluding exceptional items	1.42 pence	1.05 pence
Cash and cash equivalents	3,138	1,653
Inventories	8,225	10,228

The on-going challenging macro-economic environment, within which the business operates, resulted in inflationary pressures across the cost of labour, raw materials, componentry, and commodity prices. This had the impact of eroding Gross profit margins. The Group has responded well to managing these external pressures by adopting processes to monitor Cost Price Increase (C.P.I) across all categories of supply. This allowed the Group to be pro-active and combat areas of eroding margins. Actions taken included product re-engineering, re-formulating, and increasing customer selling prices. The impact of this has led to the Group improving its Gross profit margin by 1.3% to 42.9% (2023: 41.6%).

As the sales activity and in turn the manufacturing output across the Group has reduced year on year, the Group has had to implement a strategy of cost rationalisation to allow it to re-align its overhead base with the current level of activity. This had the impact of reducing direct and in-direct labour costs, administrative expenses and warehousing and distributions costs. Manufacturing efficiencies have also aided with the streamlining of both cost of sales and overhead costs. As a result of this, the operating profit before exceptional items decreased marginally £0.1m from the previous year despite a revenue reduction of £5.4m.

As a direct result of the strong operating performance, the business has been able to generate £3.2m of EBITDA (before exceptional items - Impairment) in the year to March 2024 (2023: £3.0m). This has equated to an increase in cash generated from operating activities by £0.2m to £6.1m from £5.9m. The Group has utilised the cash to reduce its debt exposure with net gearing reducing by 18.6% to 3.5% (2023: 22.1%). Net cash on hand has increased by £3.4m to positive £2.2m (2023: negative £1.2m). Please refer to the section on Key Performance Indicators on page 17 where they are defined.

Revenue

Overall Group sales were £53.2m for the year ended March 2024 (2023: £58.6m) a reduction of £5.4m.

The sales generated by each revenue stream are;

	2024	2023	Movement
	£000's	£000's	
Branded products	21,020	22,757	Decrease of 7.6%
Private label	23,727	21,997	Increase of 7.9%
Contract manufacturing	8,431	13,795	Decrease of 38.9%
Other	16	18	Decrease of 11.1%
Total	**53,194**	**58,567**	Decrease of 9.2%

Please refer to the Managing Director's statement on Revenue movements.

Group strategic report (continued)

Financial Report (continued)

Margin and cost of sales

The Group implemented systems and processes to monitor Cost Price Increase (C.P.I) across all categories of supply. These included but were not limited to; plastics, raw materials, energy, wage inflation and transport (global and domestic) costs. Gross margin was 42.9% for the year ended 31 March 2024 (2023: 41.6%). Gross margin has improved in the second half of the year to 43.7%, compared to the first half 42.2% due to proactive measures taken by management in the areas of customer price increases, cost mitigation and product re-engineering and reduced labour costs due to shift rationalisation and efficiency improvements. Additionally, the business has reviewed its product portfolio and ensured SKU's not achieving the desired level of contribution margin were exited.

Distribution costs and Administrative expenses

Distribution costs have decreased by 10.6% to £3.5m (2023: £3.9m) at a faster rate than the reduction in revenue. This is due to a combination of factors, primarily as a result of the reduction in manufacturing volumes and complimented by the decision to exit third-party logistics providers and bringing picking and packing of finished goods in house. Underlying net costs associated with outsourcing the warehousing and third-party storage have decreased by £0.4m year on year. A phased approach was undertaken to ensure consistency of supply and service levels with the majority of the savings being realised in the second half of the year. This has had a positive impact on both costs and the efficiencies of the business going forward.

Administrative expenses have decreased by 5.6% to £17.8m in the year (2023: £18.9m). The reduction in costs have largely been driven by a combination of cost rationalisation and reduced business activity. Manufacturing efficiencies have been enhanced whilst not compromising on customer delivery. The efficient utilisation of the factory along with the decrease in units sold has meant that utility costs have reduced by £0.3m to £0.7m (2023: £1.0m). Overhead savings have been achieved across most cost headings including indirect payroll. A huge driver of the decrease in overheads was the full year impact of the decision made to move to a single shift. This has not had an impact on the output of the factory and thus has not impacted on the ability to meet customer demand.

Operating profit before exceptional costs

Operating profit before exceptional costs was marginally reduced year on year to £1.5m (2023: £1.6m). The small reduction is a direct result of the improvement in the gross profit margin despite the decline in revenue. Strategic sales price increases that balance competitiveness with profitability have positively impacted the operating profit margin. Customer price increases have improved the gross profit margin. Additionally, the Group has been efficient in the management of its operating costs relative to its revenue. As a result, a greater percentage of revenue is translated into profit after covering operating expenses. Operating profit margin before exceptional costs increased to 2.9% (2023: 2.7%).

Exceptional items

Redundancy costs of £0.02m have been incurred in the year to March 2024. In the previous year, redundancy costs incurred of £0.17m were in respect of the closure of the second shift at Peterborough.

As reported in September 2022 there was an additional charge in respect of the acquisition of the Emma Hardie business should the Company's share price fail to attain £1.25 on the first anniversary of the sale. The excess over the amount paid at 31 March 2022 amounted to £0.31m and was treated as an exceptional cost in the year to March 2023. No additional costs in relation to this have been incurred in the year to March 2024.

As required by IAS 36, the Group reassesses its capitalised intangible assets for impairment on an annual basis. Following the difficult trading years of the Emma Hardie subsidiary, management have assessed that the brand value acquired on acquisition in relation to Emma Hardie has been impaired by £4.4m. This is shown as a separate line item in the Consolidated profit and loss account as it is an expense that is not in line with the normal trading operations of the Group. The impact of this impairment is not cash impacting and is an entry that reduces the intangible assets (Brand value for Emma Hardie) on the balance sheet with a corresponding entry in the Consolidated income statement. The associated goodwill and deferred tax liability was derecognised from the balance sheet. Please refer to notes 3, 8, 13 and note 14.

EBITDA before exceptional items

The Group has generated Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of £3.2m (2023: £3.0m). This represents an increase of £0.2m despite lower revenue achieved in the year to March 2024.

Tax

The Group has a corporation tax charge of £0.3m (2023: £0.2m). The Group finalised an over provision of the tax charge in the previous year in relation to an under provision of the enhanced R&D relief.

(Loss) / Profit after tax
The Group reported a loss after tax of £3.5m for the year ended 31 March 2024 (2023: Profit £0.5m).

Group strategic report (continued)

Financial Report (continued)

Earnings per share

The diluted earnings per share decreased to negative 5.15p (2023: positive 0.65p). Share options are excluded from the earnings per share calculation in the consolidated income statement due to their anti-dilutive effect on the loss after tax attributable to equity holders. The EPS has been adversely impacted by the reduction in profit after tax including the exceptional costs of £4.4m (2023: £0.5m). The main exceptional item in the current year pertaining to the brand impairment of Emma Hardie is a non-cash impacting item. Adjusted diluted earnings per share excluding exceptional items for the year were positive 1.42p (2023: 1.05p).

Research and development

The Group undertakes significant research and development (R&D) to identify new brands, proprietary products and improved formulations to existing products that address expected market trends to maximise the Group's market share and deliver new opportunities for growth. The spend in the year on research and development was £753,000 (2023: £923,000).

The Group's principal focus in R&D is maintenance and development of brands and products in its existing markets and product ranges. As our brands evolve the Group now develops ranges which involve greater innovative development and claims substantiation which has changed the nature of our research and development over recent years. One impact of this development is improved claims for research and development tax relief.

Cash on hand and working capital

Net cash on hand (cash and cash equivalents less short-term element of obligations under finance leases and borrowings) is positive £2.2m (2023: negative £1.2m). The improvement in cash of £3.4m year on year is mainly attributable to continued improvements in profit from operations, reduction in inventory and working capital.

Stock

Stock reductions of £2.0m were achieved during the year to March 2024. This was achieved by a targeted reduction in purchasing quantities and manufacturing batch sizes to reduce stock holding on both raw materials and finished goods. The reduction in stock levels was a key factor in enabling the transfer of finished goods from third-party warehousing to the main site in Peterborough.

Return on Capital Employed

The small increase in operating profit before exceptional items coupled with the decrease in net equity and the substantial reduction in borrowings has improved return on capital employed by 1.6% from 4.3% to 5.9% (see page 17). This is in line with the Group's objective to provide a stable base for growth. The Group continues to look for opportunities to invest in brands that will help drive faster growth in profits.

Net gearing

With the increase in cash generation and reduction in cash outflow the business was able to utilise the cash generated to improve its liquidity by reducing its reliance on short term borrowings. Additionally, the Group has reduced its gearing by making an overpayment in March 2024 to pay down half of the term loan outstanding at the year end. The Net gearing of 3.5% (2023: 22.1%) has decreased by 18.6% percentage points in the year.

Dividend

The Director's propose a final dividend for the year ended 31 March 2024 of 0.45 pence per ordinary share (2023: nil). The Group has exhibited strong operational performance and generated cash which in turn has improved the Group's liquidity and reduced its gearing. This is consistent with the Directors' objective to align future dividend payments to the future underlying earnings and cash requirements of the business. The total dividend paid in the year ended 31 March 2024 was nil (2023: nil) per ordinary share.

Group strategic report (continued)

The business model

The principal activity of the Group is the development, marketing manufacture and supply of personal care, beauty and fragrance products , which includes the development of brands. A review of the operations of the Group during the year and current developments are referred to in the Chairman's statement on pages 4 - 6.

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

A fair review of the Group's business

History

Creightons PLC was registered in 1975 to continue the business of manufacturing and marketing toiletries, first established in 1953. It created a number of proprietary brands, although it focused mainly on private label and contract manufacturing. It was listed on the London Stock Exchange in 1987. The Group consolidated its manufacturing at the Potter and Moore Innovations plant in Peterborough following the acquisition of the Potter and Moore business in 2003 and disposal of the Storrington site in 2005. The Group acquired the business and assets of the Broad Oak Toiletries site in Tiverton in February 2016 further increasing the Group's sales reach in terms of product and premium customers and adding to manufacturing capability and capacity. In June 2019 the Group bought the Balance Active Formula brand. In the year ended March 2022 the Group completed the acquisition of the Emma Hardie and Brodie & Stone businesses.

Operating Environment

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

Consumers purchase our products through a range of retail and digital outlets, from high quality department stores to value driven discounters, with the High Street supermarkets and drug stores in the middle. A significant amount of the Group's products are sold in the UK. Additionally, amounts are sold overseas, either direct to retailers or through distributors.

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

The Group purchases its raw materials and components from an extensive range of suppliers in the UK and internationally and has built up a significant contact network to keep up to date with prices and market developments. We have a skilled team of employees working throughout the supply chain, including procurement, technical, manufacturing and logistics.

All products the Group manufactures conform to EU regulation No. EU 1223:2009 and the equivalent UK regulations, which applies to toiletries and cosmetic products. The sites hold appropriate accreditations to conform to this regulation.

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

- our own branded business which develops, markets, sells and distributes products we have developed and own the rights. These sales are increasingly made direct to consumers. All stock is manufactured to forecast. Key brands include internally developed brands such as; Feather & Down, and The Curl Company. This is in addition to the acquired brands Balance Active Formula, Emma Hardie and TZone.
- private label business which focuses on high quality private label products for major high street retailers and supermarket chains, with the majority of stock manufactured to forecast.
- contract manufacturing business, which develops and manufactures products on behalf of third-party brand owners and typically manufactured to order.

Each of these business streams is supported by commercial and marketing teams.

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

In addition to developing the existing branded portfolio, the Group considers the acquisition, development and investment in new brands to be key in adding value to the business. We will dispose of brands which we have successfully grown but are no longer part of our core business.

Group strategic report (continued)

Position of Group business

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

Current operations

The Group operates through the three main business streams described above, utilising its extensive brand management, product development and manufacturing capabilities encompassing bath and body toiletries, skincare, hair care, fragrances, and male grooming. 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 UK adopted international accounting standards.

The Group has continued its aggressive development programme of new ranges of branded bath and body toiletries, haircare and skincare products. Feather & Down illustrating the potential that can be derived from this investment. The Group continues to extend and develop those recently acquired, such as Emma Hardie, T Zone and Balance Active, or developed internally and successfully launched such as Feather and Down and The Curl Company.

The Group invests significant resources in developing new products, ensuring the Group adheres to regulations in all of the markets it operates in and is forward looking to address future developments in what is a highly regulated market.

Strategy, objectives and future developments

The primary focus for our strategy is returning the Group to sustainable growth in revenues and profits to deliver a consistent growing return for shareholders whilst safeguarding against commercial risks.

We aim to deliver this by pursuing the following broad strategies:

- Building brands focusing on our core skills in skin care, haircare, and bath and body, utilising our extensive R&D and product development expertise.
- Expanding the private label business and contract manufacturing for third party brands owners by focusing on customers and product categories that utilise our market knowledge, technical strengths in product development and flexible manufacturing capabilities.
- Creating a positive, supportive environment where all our employees can develop their skills to fulfil their ambitions, and to enable them to contribute to achieving the Group's target of delivering sustainable growth.
- Invest in the business to ensure the Group can meet our customers' requirements and continuously improve productivity in a safe and secure environment.
- Ensure the Group's costs and asset base match demand, environmental and safety requirements.
- Continuously review our operating procedures to ensure we meet our requirements, reduce complexity and utilise improvements in technology.
- Continue to embed social responsibility, environment impact and product and employee safety into the Groups' policies and decision making.

The near-term priorities are:

- Develop and expand our sales team to enable sales growth.
- Leverage the benefits of the successful work to date to improve gross margins, align costs with revenue and reduce operational costs.
- Utilise our Research and Development capabilities to support the drive into higher value skincare and suncare categories.
- Review our investment in Information Systems to streamline and simplify processes.
- Review the use of our sites to ensure the most cost-effective utilisation of the Group's capabilities.
- Develop our employees (some of our best employees have grown with the business), through formal training programmes and in house mentoring and development.

Group strategic report (continued)

Key performance indicators

Management and monitoring of performance

The Directors are mindful that although Creightons PLC is a UK Listing Authority "premium" listed Company, given its size many of the 'big business' features common in premium listed companies are inappropriate. Recent years' profitable results have been achieved as a result of considerable hard work in focusing management and staff efforts on more productive product ranges, improving production and stock holding efficiencies, ensuring high levels of customer service and eliminating overhead inefficiencies. This report has been prepared with that in mind and is commensurate with the size of the Group's business.

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

The Group has committed to set a near term Science Based Targets initiative (SBTi) validated emissions reduction target. We commit to reduce Scope 1 and 2 emissions by 42% by 2030 from a 2022 base year. In addition, we commit to reduce Scope 3 emissions by 25% by 2030 from a 2022 base year.

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

Financial key performance indicators

These Key Performance Indicators are used to gauge and compare performance in terms of meeting our strategic and operational goals.

- Revenue shows the performance of the business.
- Gross margin % (revenue less cost of goods sold, over revenue) indicates production and purchasing efficiencies.
- Profit for the year shows the return to shareholders.
- Operating profit before exceptional items (gross profit less operating expenses) shows profit earned from the normal business operations.
- EBITDA (Earnings before Interest, Tax, Depreciation & Amortisation) provides a reflection of the operating profitability of the business.
- Return on capital employed (Operating profit/Employed Capital + Long & short term debt) ensures that the business generates sufficient returns to pay for its cost of capital.
- Net Gearing (Total net debt/Shareholders' funds) shows the extent to which operations are funded by lenders versus shareholders. Indicating potential exposure to external interest rate fluctuations (financial risk) alongside shareholder investment in the business.
- Net cash on hand is defined as Cash and cash equivalents less current lease liabilities and borrowings. This shows the immediately available cash for use in operating activities or available for investments.
- Stocking levels shows the working capital currently invested in inventory. High levels indicates lock up of working capital.

	2024	2023	Movement
	£000	£000	
Sales	53,194	58,567	Decrease of 9.2%
Gross Margin	42.9%	41.6%	Increase of 1.3%
(Loss) / Profit after tax for the year	(3,527)	514	Decrease of 786.2%
Operating profit before exceptional items	1,538	1,584	Decrease of 2.9%
Operating margin before exceptional items	2.9%	2.7%	Increase of 0.2%
EBITDA before exceptional item - impairment	3,239	3,001	Increase of 7.9%
Return on capital employed	5.9%	4.3%	Increase of 1.6%
Net gearing (including obligations under leases)	3.5%	22.1%	Decrease of 18.6%
Net cash on hand	2,167	(1,222)	Increase of 277.3%
Stocking levels	8,225	10,228	Decrease of 19.6%

Group strategic report (continued)

Key performance indicators (continued)

EBITDA is calculated by adjusting the operating profit for depreciation and amortised development costs as detailed below.

	2024	2023	Movement
	£000	£000	
Operating Profit	(2,928)	1,419	Decrease of 306.3%
Depreciation	1,360	1,294	Increase of 5.1%
Amortisation	358	288	Increase of 24.3%
Exceptional items – Impairment	4,449	-	Increase of 100%
EBITDA	3,239	3,001	Increase of 7.9%

Net Gearing is calculated by taking the total net borrowings over the total equity as detailed below.

	2024	2023	Movement
	£000	£000	
Total Lease liabilities	984	1,290	Decrease of 23.7%
Total Borrowings	2,935	5,990	Decrease of 51.0%
Less cash on hand	3,138	1,653	Increase of 89.8%
Total net borrowings	781	5,627	Decrease of 86.1%
Net equity attributable to the equity shareholders of the parent Company	22,055	25,479	Decrease of 13.4%
Net gearing %	3.5%	22.1%	Decrease of 18.6%

Return on Capital Employed is calculated by dividing operating profit by net equity plus lease liabilities and borrowings. See below.

	2024	2023
	£000	£000
Operating Profit before exceptional items	1,538	1,584
Net Equity	22,055	25,479
Total Lease liabilities	984	1,290
Total Borrowings	2,935	5,990
Return on Capital Employed	5.9%	4.8%

Health and Safety

This Non-financial key performance indicators is a metric that reflects the operational health and commitment to the well-being of employees. A culture of safety reduces workplace accidents and injuries which would ultimately impact the productivity of the business. There was 1 incident involving an employee which required reporting to the HSE. This did not result in adverse HSE reports or recommendations. In the previous year there were 5 reported incidents. The individuals involved have fully recovered and were able to return to work with no long-term effects after their incident. The Group continuously monitors and revises its operating, training and monitoring procedures as appropriate to ensure that the safety of employees and contractors is maintained to a high standard and ensures there is no deterioration in compliance with these standards.

Principal risks and uncertainties

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 risks facing the business from the challenging economic environment including inflationary pressures, higher interest rates and their impact on consumer demand. Further details of mitigating measures taken by management are set out on page 2.

It also monitors risks not directly or specifically financial, but capable of having a major impact on the business's financial performance if there is any failure. The key risks and the measures taken to manage these risks are noted below.

Capital structure, cash flow and liquidity

The Group has a strong balance sheet. The business is funded using; retained earnings, a long term mortgage, term loan and sale and lease back arrangements to support investments in fixed assets, invoice financing and overdraft facilities for working capital. Further details are set out in notes 23 and 24.

At 31 March 2024 the invoicing financing is in a surplus position of £6,100 as the facility is not being utilised. The operations have generated sufficient cash to improve its liquidity. In the year to 31 March 2023 the facility was utilised to fund the activities during the year (2023: £1,557,000). At 31 March 2024 the Group has utilised its overdraft facility by £37,000 (2023: £26,000). Further details are set out in note 21 in relation to cashflow and liquidity risk.

Group strategic report (continued)

Competitive environment

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

Quality and Safety

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

Global economic environment

The cost-of-living crisis in the U.K. continues to abate consumer demand. The Group strategy of pursuing a multi-channel approach to the market and a broad multi-category product offering continues to serve us well during times when consumer demand is impacted by a cost-of-living crisis.

The BOE base interest rates have increased by 1.25% to 5.25% in response to inflationary pressures. This has had a negative impact on consumer demand and the viability of many businesses. The rate of increase in commodities has eased in the second half of the current financial year but core domestic inflation and the prospect of prolonged higher interest rates remains a cause for concern. The rate of domestic inflation has reduced but not to the levels expected which has meant the BOE have held their base rate. Please see note 21 for impact of interest sensitivity on our current level of gearing.

The global supply chain continues to be impacted by the war in Ukraine and the Red Sea issues due to the ongoing conflict in the Middle East. The cost of importation of goods has increased as well as delivery lead times. These continue to be closely managed by working collaboratively with our supply base.

The Group monitors C.P.I's across all categories of supply. Mitigation measures included product re-engineering, re-formulating, and increasing customer selling prices where appropriate.

The Directors have taken account of these potential impacts in their going concern assessments and have concluded that the direct impact is not significant to the business, with the indirect impact of price increases being reviewed on a regular basis. In the face of these challenges the focus of the business will be on positive cash generation and restoration of profitability.

Credit risk

Our credit risk is that our customers are unable to pay, and we believe this risk is elevated currently due to the current global economic climate. We proactively manage the risks faced by our customers by working closely with them and by increasing debtor management and expanding our credit insurance. All customers' debtor balances, are within insured credit limits or they pay on a pro-forma basis. Credit control processes are in place to manage credit risk including setting appropriate credit limits and the enforcement of credit terms and ongoing dialogue with all customers. We minimise the risk from concentration of customers through implementation of these credit processes and this risk is mitigated through the diversity of our customer base both by channel and geography. We remain vigilant to the credit risks in light of the challenging economic environment.

Supplier sourcing and costs

Cost increases as a result of inflation together with pressures on supply of materials globally are our key supplier-related risks. The pressure on global supply chains has eased but there remains uncertainty around future commodity pricing. We continue to work closely with suppliers and have used our improved sourcing capabilities to expand our supply base to ensure that we can meet the demand from our existing and new customers and minimise the impact of cost price increases. We have an ongoing dialogue and communication with our customers to mitigate the impact on the business.

Group strategic report (continued)

Environmental protection standards and sustainability

The Group's technical department continues to monitor all relevant environmental regulations that the Group must adhere to, to ensure continued compliance. We have successfully operated at both manufacturing sites without a cessation in production due to an environmental incident. The risk of cessation of production from an environmental breach is considered to be low but in such an event we would be able to move production to the other site or to outsource to third party manufacturers in the short term.

The Group's objective is to keep ahead of the move towards more sustainable products and processes. There is a risk that if we do not take action we will be left behind and unable to meet our customers' requirements. However, the Group sees the move towards sustainability as an opportunity for business growth.

Cyber security

Cyber Security remains a significant threat to all businesses. The Group is exposed to the risk of sophisticated cyber-attacks aimed at causing direct financial loss from theft of funds, ransom payments, and costs associated with system recovery and data restoration. Such attacks also lead to business interruption, causing lost productivity and revenue. There is also a heightened risk of theft and encryption of confidential data for financial gain and reputational damage.

The Group has continued to invest in new software and resources to minimise the risk of anyone accessing our systems and information. We have enhanced our ongoing training programme for employees to ensure that they are constantly aware of their role in protecting the business from all cyber security threats. The Group has an insurance policy in place to minimise its exposure to cybercrime.

Group strategic report (continued)

Section 172 statement

In accordance with the requirements of Section 172 of the Companies Act 2006 the Directors are aware of their duty to act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefits of its members in the long term and in doing so have regard to:

- the likely consequences of any decisions in the long term;
- the interests of the Group's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the reputation for a high standard of business conduct; and
- the need to act fairly between members of the Company.

Whilst the importance of giving due consideration to our stakeholders is not new, we are explaining in more detail how the Board engages with our stakeholders to comply with the Section 172 requirement to include a statement setting out how our Directors have discharged this duty.

The Board regularly reviews our principal stakeholders and how we engage with them. The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and by direct engagement with stakeholders where appropriate. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision-making. Details of our principal stakeholders, how and why we engage with them is detailed below;

Shareholders
A key objective of the Board is to deliver long term sustainable growth for our shareholders and to maintain effective communication with our shareholders to explain business performance and strategy. The Group's principal means of communicating with shareholders is through the Annual Report and Financial Statements. The AGM also provides an opportunity for shareholders to ask questions of the Directors.

Customers
The Directors believe that good relationships with our customers are a key component in the long term success of the Group. These relationships are based on our commitment to provide our customers with quality, service and innovation. We engage with a diverse range of customers from high quality department stores to value-driven discounters and also brand owners within our contract division. Through the combined efforts of our specialist commercial and technical teams we aim to provide a product offering suited to the needs of our customers. We work closely with all of our customers to ensure fair trading agreements are in place and we strive to work closely to identify shared opportunities to increase sales to ensure mutual growth in sales and profits. Our customers include consumers who purchase through a variety of digital platforms and we recognise the increasing importance of effective communication with this expanding customer group.

Employees
The Directors recognise the crucial role of all our employees in the success of the Group and are committed to enhancing its methods of engagement with the workforce with thorough regular briefings, direct communications through text messages and regular meetings with employee representatives through works councils. The Group offers an open and inclusive culture where employees are offered the opportunity to progress within the business.

Suppliers
Raw material and component prices constitute the significant proportion of the Cost of Goods Sold (COGS) and supply chain issues in terms of pricing and delays have a major impact on business performance and continuity. We aim to work responsibly with our suppliers and seek to maintain mutually beneficial and strategic relationships over the long term. A due diligence exercise is carried out with new suppliers and ongoing suppliers' performance is monitored including adherence to our Modern Slavery and Human Trafficking Statement. We ensure all suppliers are treated fairly when negotiating trading terms, including prompt payment for goods and services. We work proactively with our suppliers to support our vegan and cruelty-free claims on our products and to ensure we are up to date with the latest technology and market trends.

Community
The Directors recognise the importance of having no detrimental effect on the local communities in which the business operates. To support the local community wherever possible, we engage local contractors and suppliers. We also contribute to local charities by supplying product free of charge. The Directors are aware of the challenges of climate change and have put in place mechanisms to ensure climate change considerations are incorporated into the strategic decisions of the business. These are fully more fully described in the TCFD report on pages 24 to 32.

Group strategic report (continued)

Section 172 statement (continued)

Key decisions made during the year, all of which have long-term implications for the ultimate success of the Group and the section 172 and stakeholder considerations are set out below.

Key Board Decision	Section 172 and Stakeholder Consideration
Changes to Board structure • Appointment of new Managing Director • Appointment of new non-Executive Directors	• These appointments and amendments to the Board supplement the wide experience of the existing Directors, thereby enhancing the quality of decision making at board level, for the benefit of all stakeholders in the long-term.
Full integration of Emma Hardie into the Groups' operations	• In December 2023 the decision was made to integrate the operations of Emma Hardie within the main operating business in Peterborough. This has reduced the costs attributable to the brand for the longer term and will ensure the same rigorous control environment will be applied to this business for the benefit of shareholders, employees, customers and suppliers.
Impairment of Emma Hardie Brand	• As required by IAS 36, the Group reassesses its capitalised intangible assets for impairment on an annual basis. Following the difficult trading years of the Emma Hardie subsidiary, the Board have assessed that the brand value acquired on acquisition in relation to Emma Hardie has been impaired by £4.4m. • This is shown as a separate line item in the consolidated profit and loss account as it is an expense that is not in line with the normal trading operations of the Group.
Dividend policy	• Having faced the challenging and volatile economic conditions over the past couple of years the Directors now consider it appropriate to reward shareholders with a prudent final dividend payment for the year ended 31 March 2024. This is consistent with the Directors' objective to align future dividend payments to the future underlying earnings and cash requirements of the business and the need to be prudent about utilisation of cash resources.
Reducing Net Gearing	• Given the improved operating profit of the Group and its ability to generate positive cash, the Board deemed it appropriate to reduce the level of borrowing within the Group. Specifically, loans that attracted a high rate of interest. As a result, the Board made a decision to repay 50% of the remaining Term loan balance.
Renewal of Bank Facilities	• Bank facilities were renewed which provided adequate resources for the business to ensure the Group can continue to operate for the benefit of all stakeholders.

The Board ensures that items requiring Board approval highlight relevant stakeholder considerations to be reviewed when making decisions. As required, the Company Secretary will provide support to the Board to help ensure that sufficient consideration is given to stakeholder issues.

Group strategic report (continued)

Corporate and social responsibility

The Group is mindful of its wider responsibilities as a significant local employer in both its principal locations and of the contribution it makes to the local economy both where it and its suppliers are based. The Group adheres to Modern Slavery and Human Trafficking Policies and adheres to best practice with regard to employment practices.

The Group is committed to operating in an honest way and without the use of corrupt practices or acts of bribery to obtain an unfair advantage. The Group has an Anti-bribery policy which prohibits bribes, gifts, inappropriate entertainment and hospitality as well as the avoidance of conflict of interest through personal or other relationships.

We value and respect our employees and endeavour to engage their talent and ability fully. Whilst the Group does not operate a formal personal performance appraisal process, 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.

The Group has formally adopted an Environmental Policy, which requires management to work closely with local environmental protection authorities and agencies, and as a minimum, meet all environmental legislation. The Group uses significant amounts of plastics, cardboard packaging and chemicals in its products. It ensures it meets all regulations covering their use and has specific programmes covering;

- Sustainable palm oil; we are a member of Roundtable for Sustainable Palm Oil, holding their supply chain accreditation. 99.9% of palm oil derivatives purchased by the Group are sustainably sourced.
- Packaging waste; all plastic and cardboard waste generated by the Group is recycled.
- Post-Consumer Recycled materials; we have an active development programme to use 'post-consumer recycled' materials in the manufacture of our products where practicable.
- Progress on TCFD measures reporting was made during the year. We have continued to engage with consultants to assist in the formulation of a strategy and science-based targets.

The tables below show the number of employees by gender in the Group as at 31 March 2024 and 31 March 2023.

	Group 2024		**Company 2024**	
	Female	**Male**	**Female**	**Male**
Directors, including Non-Executive Directors	1	6	1	6
Senior Managers	2	5	-	-
Other employees	235	141	-	-

	Group 2023		**Company 2023**	
	Female	**Male**	**Female**	**Male**
Directors, including Non-Executive Directors	1	6	1	6
Senior Managers	3	5	-	-
Other employees	260	146	-	-

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

Disabled persons

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

Group strategic report (continued)

Task Force on Climate-Related Financial disclosures (TCFD) reporting

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board to improve reporting of climate-related risks and opportunities (CROs). Creightons PLC has structured its climate disclosures according to the TCFD recommendations.

According to the Financial Conduct Authority listing rule LR 9.8.6 R(8), reporting is on a 'comply or explain' basis. Creightons PLC is consistent with the TCFD recommendations and recommended disclosures, with the exception of Strategy 2c.

Pages 24 to 32 covers the work completed to ensure consistency with the TCFD recommendations and sets out the activities Creightons PLC has planned during the financial year ending 31st March 2025.

Governance

<u>The Board's oversight of climate-related risks and opportunities</u>

The Board

The Board is responsible for providing strategic guidance in respect of Creightons PLC's Environmental, Social and Governance (ESG) programme, including actions to address climate-related matters and consider potential CROs. It reviews climate-related reporting as part of the overall assessment of the Annual Report. An update on ESG related topics is presented to the board on a six-monthly basis by the chair of the ESG Committee, the Group Deputy Managing Director.

The Board considers climate-related risks and opportunities when setting strategy, budgets (including capex) and presently the Board does not yet see significant climate-related impacts on budgets, financial planning, and capex within the timescale of the planning and budgeting process.

Creightons PLC has delayed setting more detailed emissions targets which were originally planned to be set by October 2023. This decision was taken to allow the onboarding of Qonstrue (third party consultants) and their sustainability platform which is giving a more structured approach to climate related risks and GHG targets. Also working with Qonstrue the Group is committing to participate in the Carbon Disclosure Project (CDP) by completing the climate module in the FY2024/25 disclosure cycle. The Group has committed to set a near term Science Based Targets initiative (SBTi) validated emissions reduction target. We commit to reduce scope 1 and 2 emissions by 42% by 2030 from a 2022 base year. In addition, we commit to reduce Scope 3 emissions by 25% by 2030 from a 2022 base year.

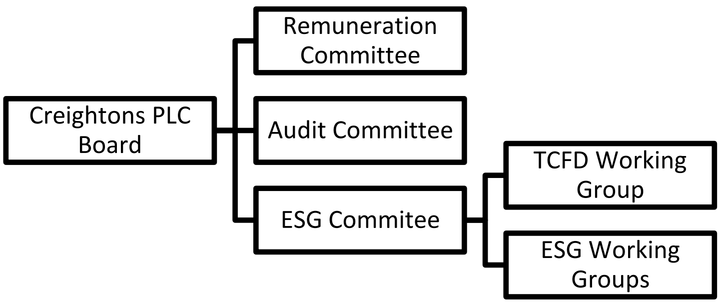
Governance Framework

The governance structure provides updates and information to the Board to ensure it can make informed decisions. The Board is also responsible for overseeing and monitoring the management of all business risks and opportunities, including CROs.

In terms of reporting lines, the TCFD Working Group identifies CROs and develops climate-related financial disclosures, which are reported to the Environmental, Social and Governance Committee which has direct responsibility for principal risks and uncertainties as well as challenging the outputs of the TCFD Working Group. This committee is led by the Group Deputy Managing Director, who is a Creightons PLC board member with direct influence at board level.

The governance of climate-related issues is set out in the graphic below.

TCFD Governance Structure



Group strategic report (continued)

Task Force on Climate-Related Financial disclosures (TCFD) reporting (continued)

Role of Senior Management

ESG Committee

The ESG Committee is responsible for all matters pertaining to environmental, social and governance issues. Each committee member is responsible for the execution of an action plan within a key business area. The key responsibilities of the ESG Committee are:

- Delivery of the ESG action plan and monitoring progress.
- Developing and adhering to a board-approved roadmap of emissions reduction opportunities and developing and monitoring progress.
- Collaborating with subject matter experts within the business to deliver objectives around responsible sourcing, waste, plastics, and packaging.
- The ESG committee adopted the Qonstrue platform to build on, record and monitor the ESG action plan and net zero commitment and use this platform to provide structure to a board approved roadmap of emissions reduction opportunities and developing and monitoring progress.

TCFD Working Group

Reporting to the ESG Committee is a TCFD Working Group which is responsible for the development of climate-related financial disclosures including identifying climate-related risks and opportunities and assessing their business and financial impacts, identifying potential responses, and ensuring appropriate stakeholder input.

The TCFD Working Group works in collaboration with the ESG Committee in developing and adhering to emission reduction opportunities and developing and monitoring progress for the purposes of consistency with the TCFD recommendations.

External Advice

Creightons PLC engaged third party consultants for expert external advice to supplement the capabilities within the Group and assist in establishing initial data systems and reporting frameworks for our Scope 1, 2 and 3 emissions, as well as, assisting in identifying and analysing CROs and to understand the potential impacts from physical climate change risks and risks associated with the transition to a decarbonised economy.

Key Activities

Board Level

Key Activities Financial year ended 31 March 2024

- The Board reviewed the CROs identified by the TCFD Working Group.
- The Board, having reviewed progress has decided to on-board Qonstrue and their sustainability platform to allow setting of accurate targets.
- The TCFD statement, including CRO and climate related activities are reviewed as part of the annual report.

Focus Financial year ending 31 March 2025

- Due to the volatility in energy markets over the past few years the Group has been in an energy contract with a specific supplier. Contract ends in October 2024, and we will review options for certified green energy.
- The Group is evaluating a capex plan to start installation of solar power from 2025 with the programme to continue to 2030.

Senior Level

Key Activities Financial year ended 31 March 2024

- Completed the Envantage Carbon Roadmap programme to provide training and remain up to date.
- Annual review of climate related risks and opportunities.
- The board commissioned an Earth Scan analysis to determine the physical climate related risks associated with both manufacturing sites.

Focus Financial year ending 31 March 2025

- We have decided to take a very structured approach to sustainability and our understanding and improving our carbon footprint. Hence the onboarding Qonstrue's net zero platform to add focus to our journey.
- Prepare SBTi data for validation in FYE 31 March 2026.
- Complete CDP climate module in the FY2024/25 disclosure
- Continually review CRO where required.
- Maintain transparency with customers on climate related matters by continuing to complete their questionnaires and answer their queries.
- Preparation for ISO14001 for May 2025 integrated with the renewal of ISO9001.

Group strategic report (continued)

Task Force on Climate-Related Financial disclosures (TCFD) reporting (continued)

Operational Level

Key Activities Financial year ended 31 March 2024

- Continued energy savings and education initiatives throughout the business
- Top 200 suppliers across raw material and packaging have been surveyed in relation to their GHG emissions across scope 1, 2 and 3 as well as their approach to climate related risks.

Focus Financial year ending 31 March 2025

- Analysis of all data from the top 200 suppliers by including supplier specific data into our sustainability platform and then using this to set a possible action plan.
- ESOS phase 3 report was finalised ready for submission by the required deadline.
- Continue to maintain energy monitoring across production sites.
- Reviewing GHG emissions from upstream and downstream transportation and working on initiatives to reduce these.
- Using Qonstrue platform to establish a revised environmental manual and associated polices and standard operating procedures.

Strategy

The climate-related risks and opportunities the organisation has identified over the short, medium and long-term

Creightons PLC conducts an annual review of climate related risks and opportunities under the below categories, evaluating their short, medium and long-term likelihood, along with their financial, operational, and reputational impacts.

A comprehensive risk analysis has taken place looking at the following risk categories: Current regulations, future regulations, legal, technology, market, reputation, physical risk (acute and chronic) as well as these opportunities categories: resource efficiency, energy source, products and service, market, and resilience.

These risks and opportunities have been identified over short (before 2025), medium (2030) and long-term (post 2030 - 2050) time horizons.

Consideration was given to the likelihood (time horizon) of the risk impacting Creightons PLC. A risk score was generated (impact x likelihood) and those scoring greater than 12 were classed as substantive (indicated in table below).

A summary of the substantive risks and their primary financial impacts are in the table below and remain unchanged from the previous financial year.

Risk Category	Risk Type	Primary Financial impacts	Impact	Likelihood	Time Horizon	Score
Technology	Substitution of existing products and services with lower emissions options	Increased direct costs	3	5	Short-term	15
Market	Changing customer behaviour	Decreased revenues due to reduced demand for products and services	4	3	Medium-term	12
	Increased cost of raw materials	Increased indirect (operating) costs	4	4	Short-term	16
Reputation	Increased stakeholder concern or negative stakeholder feedback	Decreased revenues due to reduced demand for products and services	4	3	Medium-term	12

Group strategic report (continued)

Task Force on Climate-Related Financial disclosures (TCFD) reporting (continued)

A summary of the substantive opportunity and its primary financial impact are in the table below.

Opportunity Category	Opportunity Type	Primary Financial impacts	Impact	Likelihood	Time Horizon	Score
Energy Source	Use of lower-emission sources of energy	Reduced indirect (operating) costs	3	5	Medium-term	15

Risk Category - Regulatory and Legal

Impact Assessment

- Short Term
  - Developing a transition plan in-line with the potential Mandatory Climate Transition Plan for businesses.
  - Creightons is within the scope of packaging waste, EPR and plastic tax commitments.
- Medium Term
  - Based on our Scope 1 and 2 emissions, the impact on Creightons PLC caused by carbon taxation or changes in carbon pricing mechanisms would be minor as this would be offset by future investment in solar power and anticipated recovery by price increases where required.
  - Following our scope 3 emissions screening, the indirect cost of carbon taxation through the wider supply chain both within the UK and abroad would materially impact Creightons PLC.
  - The Group are under increased reporting obligations as a premium listed Group. Implementation of the TCFD recommendations is supported by external consultants and takes internal resources to deliver this.
- Long Term
  - Creighton's PLC has taken steps to minimise its exposure to greenwashing claims. It has controls in place to ensure it does not overstate its environmental claims on products and is working with industry experts on ensuring the quality of its climate related data.
  - Creighton's PLC provides guidance for its customers and is well prepared for mitigating this risk and avoiding potential reputational exposure.

Risk Category – Technological, Market and Reputational

Impact Assessment

- Short Term
  - Increased expenditure around the replacement of energy inefficient production and office equipment.
  - As customers look to become more sustainable and address climate change, it is likely that demand for products with lower emissions and more sustainably sourced raw materials could increase. There can be challenges with some of the 'more sustainable' raw material substitutions.
- Medium Term
  - Several key customers have signed up to the British Retail Consortium Climate Action Roadmap. This sets an ambition for them to achieve Net Zero emissions by 2040. If we do not work in conjunction with them, there is a risk that they may choose to work with other suppliers that match their ambition.
  - Increased requests for information from customers around climate action and its impact on internal resources.
  - Increased demand for sustainable materials affecting availability in the supply chain.
- Long Term
  - Creightons PLC has a robust capital expenditure review process; however, there is a longer-term risk of installing a technology that is quickly overtaken by newer advancements in low emission technology.

Risk Category – Physical (Acute and Chronic)

Impact Assessment

- Medium Term
  - Impact to raw material availability and delays in supply chain and distribution.
  - Heat stress caused by the rise in mean temperatures may lead to increased capital expenditure may be required to provide safe and comfortable working environments for employees.
- Long Term
  - Reduced labour and equipment productivity due to extremes in temperature.
  - Disruption due to potable and process water supply reduction could impact manufacturing and commercial operations, coupled with high water costs.
  - Factory and infrastructure damage.
  - The operating risk have low to medium risk scores in terms of flooding, with procedures in place to minimise risks.

Group strategic report (continued)

Task Force on Climate-Related Financial disclosures (TCFD) reporting (continued)

Opportunity Category – Resource Efficiency and Energy Source

- Short Term
  - Reviewing low-emission technologies such as solar panels, fitting air source heat pumps, installing LED lighting / PIR's and efficient compressed air use will require upfront capex costs but could develop cost savings through operating efficiencies over time.
  - Developing products with more Post Consumer Regrind (PCR) recycled content could develop cost savings through operating efficiencies over time.
  - Better pallet utilisation to reduce transportation emissions.
  - To develop transportation efficiencies and reduce costs.
  - Continual training of staff on energy saving opportunities.
  - Re-organisation of internal warehousing to reduce transport costs and usage of third-party warehousing across both manufacturing sites.
- Medium Term
  - Reviewing opportunities to reduce wastewater by improving process department cooling system.

Opportunity Category – Products and Services, Market and Resilience

Impact Assessment

- Medium Term
  - Increasing consumer demand for sustainable products could enable Creightons PLC to increase its market share.
  - Having Creightons PLC be at the forefront of sustainable formulations, products and packaging design as well as providing good quality accurate sustainability data could help us gain new customers and retain current ones.
  - This opportunity will be maximised if sustainable products are affordable to consumers, otherwise consumers may choose more affordable less sustainable products due to budget constraints.

The resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

We continue to review and identify the CROs we could be exposed to over different time horizons and described the impact of these CROs on our business. This helps to integrate our management risk response and potential adaptations to strategy and financial planning.

- The board has put in procedures to assess the impact of climate related issues and all its impacts. We have employed consultants to assist in the formulation of a holistic climate related strategy.
- The board recognises the increasing importance of climate related issues on our business and all points in our supply chain. We recognise that climate related issues are not a standalone activity and we have taken measures to ensure that climate related processes are integrated into the financial planning and manufacturing processes.
- Following the scope 3 and CRO analysis our substantive risks revolve around changing customer behaviour and requests for information from suppliers. The ESG committee has worked extremely hard to respond to all customer requests for information regarding climate change and climate related issues. Expertise within the committee is expanding due to continued collaboration with our consultants as well as involvement in industry seminars / webinars and close working with our trade association.
- The ESG committee has started sending out scope 3 questionnaires to our supply base, as well as, looking at the emissions associated with up and downstream transportation and how this can be reduced.

Creightons PLC conducted an EarthScan review to look at the physical risks associated with its main manufacturing sites. These included: coastal and riverine flooding risk, wind risk, precipitation risk, heat stress, drought, and wildfire danger.

Assets are given a EarthScan Rating™, from A (very low climate-related risk) to F (extremely high climate-related risk) and are based on the following scenarios, 2°C or lower, business as usual and peak 2040 and includes visualisations of the groups short- (2025), medium- (2030), and long-term (2050) physical risks.

Creightons PLC has two United Kingdom based manufacturing assets that have been assessed for their physical climate risk exposure over the period of 1970 to 2050. Both assets are already rated C or lower in the combined physical hazards category. Currently heat stress is highlighting a risk across this portfolio, rating as a C for both sites. Historically, these assets would have been rated B across combined hazards. Projecting future changes under all the scenarios, the portfolio combined risk score is expected to stay as a C by 2050. However, the Devon site physical risk score is expected to rise to a D due to the increased heat stress score. The combined physical risk score for Peterborough will remain as a C by the mid-century.

Based on the main physical risk being heat stress to both employees and infrastructure, we believe we have assessed these risks addressed these by improving cooling in the factories.

Group strategic report (continued)

Task Force on Climate-Related Financial disclosures (TCFD) reporting (continued)

Presently we have only looked at scenario analysis relating to physical risks, this will be expanded into the key areas identified as having substantive risks in our CRO matrix, which come under the risk category 'Technological, Market and Reputational'.

Our assessment is that climate related issues will not have a long-term impact on the viability of the business, however we are committed to acting in a responsible manner to meet all our obligations.

Risk Management

Processes for identifying and assessing climate related risks

To assess the identified risks and opportunities, a CRO matrix was completed and considered the following areas:

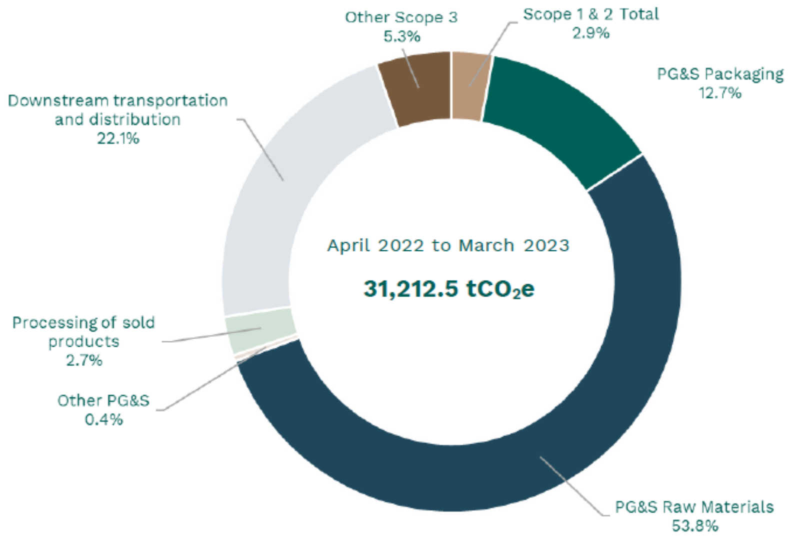
Risk categories: Current regulations, future regulations, legal, technology, market, reputation, Physical risk (acute and chronic)
Opportunities categories: Resource efficiency, energy source, products and service, market, and resilience.

Substantive risks were highlighted along with the management / mitigation methods, as well as the financial impact. A detailed explanation of this can be found in sections 2a and 2b. These are reviewed at least annually, or as new or emerging climate risks are identified.

Scope 1 and 2 emissions have reduced from 1076.6 tonnes CO2e (FY22) to 909.4 tonnes CO2e in FY23.

Presently scope 3 emissions are calculated a year in lieu. They were screened using a hybrid model using a combination of financial data and actual weights for packaging materials for the financial year ending 31st March 2023. This is an inherently difficult and time-consuming process, and we are constantly striving to improve the quality and accuracy of the data used to generate the report. For FY23 the data used for packaging has transcended from a mixture of weight and financial screening to one based on actual packaging weight purchased. Packaging has been the initial focus on weight as it was also required to be compliant with UK plastic tax. The remaining scope 3 categories are based on financial spend. Moving forward we anticipate transcending raw material purchases from financial spend to weight in FY2024/25 which contributes the largest proportion of scope 3 emissions.

Total emissions in FY23 totalled 31,215.5 tonnes CO2e. Scope 3 emissions total 30,306.1 tonnes CO2e, accounting for 97.1%. The most impactful areas of Creightons PLC's value chain are, purchased goods and services, accounting for 20,890.6 tCO_2e and services including emissions from packaging and raw materials, and the downstream transportation and distribution of finished products accounting for 6,904.3 tCO_2e. These key areas account for almost 90% of the inventory total.



Group strategic report (continued)

Task Force on Climate-Related Financial disclosures (TCFD) reporting (continued)

This is a major decrease in our overall GHG emissions compared to the previous base line financial year (ending 31 March 2022), where total emissions were 45,369.6. tonnes CO_2e with scope 3 emissions of 44,293.0 tonnes CO2e, accounting for 97.6%. See breakdown below.

Scope	Category	Emissions (tCO2e) FY23	FY22	YOY %
Scope 1	Natural gas	534.2	629.0	(15%)
	Gas Oil	1.0	-	100%
	HFCs	12.3	12.5	(1%)
	Company Vehicles	0.2		100%
Scope 2	Electricity (LB)	361.6	435.1	(17%)
Scope 1 & 2 Total		**909.3**	**1,076.6**	**(16%)**
Scope 3	Purchased goods and services	20,890.7	35,225.8	(41%)
	Raw Materials	*16,798.5*	*30,235.8*	*(44%)*
	Packaging	*3,966.0*	*4,861.7*	*(18%)*
	Other PG&S	*126.2*	*128.3*	*(2%)*
	Downstream transportation and distribution	6,904.3	6,739.3	2%
	Customer Retailing	*4,778.4*	*4,947.6*	*(3%)*
	Client Distribution	*2,125.9*	*1,791.6*	*19%*
	Third party upstream transportation	638.2	1,010.9	(37%)
	Capital goods	215.0	321.3	(33%)
	Employee commuting	334.1	310.7	8%
	End of life treatment of sold products	54.8	67.6	(19%)
	Processing of sold products	857.5	342.1	151%
	Fuel- & energy-related activities	218.8	152.1	44%
	Waste generated in operations	155.9	111.7	40%
	Business Travel	37.0	11.5	222%
Scope 3 Total		**30,306.2**	**44,293.0**	**(32%)**
Total GHG Emissions		**31,215.5**	**45,369.6**	**(31%)**

It is important to note that the Scope 3 Assessment has been done in line with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Standard. The original Scope 3 emissions figures for our base year ending 31 March 2022 were originally calculated using the Quantis Scope 3 Evaluator. This tool has now been retired. The new emission factors for FY23 have been provided by Exiobase. This tool has also been used to recalculate the base year FY22, so comparisons above remain valid.

Processes for identifying, assessing, and managing climate related risks

Risk Category - Regulatory and Legal

Risk Response

- Short Term
  - We work with government bodies and external consultants to ensure we are fully compliant with our plastic tax, EPR and packaging waste obligations.
  - Developing and refining Net Zero and science-based targets, along with a detailed action plan in conjunction with Qonstrue.
  - Continue to monitor new and amended legislation via working with industry groups and external consultants.
  - The business is aware of UK Deforestation and EU deforestation legislation.

- Medium Term
  - To mitigate carbon pricing mechanisms, we will be evaluating renewable energy alternatives to natural gas and procure energy from renewable sources.

Group strategic report (continued)

Task Force on Climate-Related Financial disclosures (TCFD) reporting (continued)

Risk Category – Technological, Market and Reputational

Risk Response

- Short Term
    - Continue to review the available lower emission technologies appropriate to our production requirements and build this into the capital expenditure plan.
    - Creightons PLC have been members of the Roundtable of Sustainable Palm Oil (RSPO) since 2014. Currently 99.9% of the palm oil derivatives (which are key in many personal care products) we purchase are from RSPO sources, decreasing their environmental impact.
    - The Group is also actively involved with EFECA. EFECA facilitates the UK sustainable commodities initiative (UK SCI), a pre-competitive, cross supply chain group convened by UK government, with the collective goal of achieving sustainable, resilient forest risk commodity supply chains to the UK market.
    - We will continue to work with industry experts on the packaging materials that currently are unable to contain PCR (further information on PCR can be found in section 3c).
    - Continue to work with consultants, in particularly Qonstrue, to develop a carbon management strategy aligned with the TCFD recommendations and evaluating setting science-based emission reduction targets, with the involvement of SBTi.
    - We will be completing the climate module of the Carbon Disclosure Project (CDP), in the 2024 disclosure cycle.
    - There continues to be an increased number of requests from customers on climate related information, coupled with the demands of quantifying our scope 3 emissions. We continually reviewing our internal resource and consultancy to meet these demands.
- Medium Term
    - Continue to build sustainability and carbon impact into new product development processes.

Risk Category – Physical (Acute and Chronic)

Risk Response

- Short Term
    - Continue to encourage energy and water saving by employees.
    - South West Water has reviewed and installed water saving devices around the Devon factory.
    - Continually review business continuity plan in relation to wind, drought, heat stress, flooding, and sea level rise risks.
- Medium Term
    - Understand suppliers' preparedness for future wind, drought, heat stress, flooding, and sea level rise risks.
    - Explore options for water saving in the manufacturing process.
    - Exploring specific cooling and ventilation in process areas.
- Long Term
    - Consider introduction of natural cooling and ventilation solutions.

Opportunity Category – Resource Efficiency and Energy Source

Opportunities Response

- Closely monitor technological developments and major brand behaviour to be able to act as an innovator and a fast follower.
- Phased investment in on-site solar, coupled with the purchase of certified renewable electricity to counter reliance on non-renewable energy and volatility in the market.

Opportunity Category – Products and Services, Market and Resilience

Opportunities Response

- Short Term
    - Continue monitoring consumer demand for sustainable products.
    - Ensure continued capex investment in sustainable technology to ensure readiness to meet rising demand.
    - To be able to retain current customers and gain new ones with the quality of our sustainable formulations and the accuracy of our climate data we are:
        - Continuing climate related education activities in conjunction with external consultants for all staff to ensure they remain at the forefront of this topic.
        - R&D researching all manner of green technologies, formulation design and packaging types.

Group strategic report (continued)

Task Force on Climate-Related Financial disclosures (TCFD) reporting (continued)

Processes for identifying, assessing, and managing climate related risks are integrated into the organization's overall risk management.

Creightons PLC has detailed and robust risk management processes around the design, procurement, and safety of all personal care products it manufactures. As previously mentioned, these would currently cover sustainability and legislative topics relating to the use of:

- The Qonstrue platform is being populated and will be actively used from July 2024.
- RSPO palm oil. Creightons PLC holds the RSPO chain of custody accreditation which is completely integrated into the Group's quality management system and is independently audited on an annual basis. Presently 99.9% of palm derivatives used are from an RSPO sustainable source.
- UK Deforestation and EU Deforestation legislations – regarding the EU deforestation regulation, based on the advice from the CTPA our products are exempt. Regarding the UK Deforestation regulation, the Group believes we are in a strong position to be compliant with this regulatory framework by December 2024 regarding palm and cocoa derivatives, the other commodities covered in this legislation are not relevant to our Group.
- Prohibiting or restricting materials derived from species on the IUCN Red List. All materials are reviewed as part of our R&D development process to ensure there are no sustainability issues with ingredients used in formulations.
- We are actively involved in increasing the amount of PCR inclusion within our products. At the end of the financial year ending 31 March 2023, 34% of plastic components contained PCR (equivalent to 139.5 tonnes of PCR plastic, out of a total of 983.8 tonnes – 14.2%). After evaluation, moving forward we believe the best way to record the amount of PCR used by the business is by weight. In the financial year ending 31 March 2024, we use 203.9 tonnes of total PCR plastic out of a total of 1046.3 tonnes – 19.5%, an increase in actual PCR of 5.3%.
- In other areas, the business continuity plans include extreme weather and climate events, and our capital expenditure review process considers the energy efficiency savings on new equipment.

We continue to use the CRO matrix, scenarios, resilience, and emissions screening data to further integrate climate related risks into the organisations overall risk management strategies or add additional process where required.

Metrics and Targets

Creightons PLC measure several sustainability metrics, energy usage, sourcing of renewable electricity, the use of responsibly sourced palm oil and tracking the use of post-consumer resin. This information is reported to the board and is linked into the strategy and risk management processes. A summary is in the table below.

Metric	Target	Link to identified Substantive CRO	Performance FYE2024	Performance FYE2023	Performance FYE2022
Reduction of Scope 1 and 2 emissions	Reduce tonne CO_2e scope 1 and 2 emissions by 42% by 2030 from the 2022 base year	Reputation / Energy Source	838.4	909.4	1,076.6
Reduction of Scope 3 emissions	Reduce tonne CO_2e scope 3 emissions by 25% by 2030 from the 2022 base year	Reputation	Calculated a year in lieu	30,306.1	44,293.0
Renewable electricity	100% renewably sourced by 2025	Technology / Energy Source	0%	0%	0%
Use of RSPO palm	100% from RSPO sustainable sources by 2025	Reputation	99.9%	99.9%	99.6%
Recycled plastic content	25% recycled plastic (tonne) by FY 2026/27	Technology / Reputation	19.5%	14.2%	9.8%

We calculate our Scope 1 and Scope 2 GHG emissions annually as part of the Streamlined Energy and Carbon reporting requirements, these are calculated in accordance with the GHG Protocol and the SECR guidelines. Details of the Group's Scope 1 and 2 carbon emissions for the financial year ending 31 March 2024 are set out on page 34. Details on of scope 3 GHG emissions are reported in section 3a of the TCFD statement, this was screened using a hybrid model using a combination of financial data and actual weights for packaging materials and are calculated a year in lieu.

Following commitment to SBTi targets and the validation of our data in FYE 31 March 2026, we will then be able to set and report metrics based on scope 1,2 and 3 reductions. We will carry out an impact assessment in FY 2024/25 which will compare these figures to tonnage of product produced.

Group strategic report (continued)

Non-financial and Sustainability information statement

This Annual Report and in particular this Strategic Report, contains the information required to comply with the Companies, Partnerships and Groups (and Non-Financial Reporting) Regulations 2016, as contained in sections 414CA and 414CB of the Companies Act 2006.

The table below provides key references to information that, in conjunction with the TCFD Report, comprises the Non-Financial Information Statement for the year ended March 2024.

Reporting requirement	Group Policies that guide our approach	Information and risk management, with page references
Environmental matters	Group Environmental, Health, Safety, Energy and Sustainability Policy	• TCFD report on pages 24 – 32 • Section 172 statement on pages 21 - 22 • Strategy, objectives and future developments on page 16
Employees	Group Environmental, Health, Safety, Energy and Sustainability Policy	• Section 172 statement on pages 21 - 22 • Disabled persons on page 23 • Health and Safety on page 18 • Diversity policy on page 41
Social matters	Corporate and social responsibility policy	• Corporate and social responsibility on page 23
Respect for human rights	Modern Slavery and Human Trafficking Policies	• Corporate and social responsibility on page 23 • Suppliers on page 21
Anti-corruption and anti-bribery matters	Group Anti-Bribery and Corruption Policy	• Corporate and social responsibility on page 23
Description of the business model	Environmental As a manufacturing business we understand that we must continue to evolve in order to meet the needs of our stakeholders. The Group continues to improve its environmental credentials in a commercially viable manner. We are taking proactive steps to build on this as set out in our third report under the TCFD framework on pages 24 – 32. Social The foundation of the Group's strength is its people. The Group's policy is to employ people who embody its core values of quality, service and innovation. These values apply to all employees regardless of position. Governance The Group's arrangements are set out in the Corporate Governance section on pages 40 – 43.	
Description of the principal risks in relation to the above matters, including business relationships, products and services likely to affect those areas of risk, and how the Group manages the risks		• Principal risks and uncertainties on pages 18
Non-financial key performance indicators		• TCFD report on pages 24 - 32

The Modern Slavery policy can be located at www.creightonsplc.com

Going concern

The Directors are pleased to report that the Group has renewed its bank facilities and continues to meet its debt obligations and expects to operate comfortably within its available borrowing facilities. The Group's cash on hand at 30 June 2024 is positive £2.9m. We have carried out a review of our cash requirements for the next 12 months. Scenarios modelled included the removal of the Group's largest customer and increases of 20% in costs of raw materials or overheads. These models are more extreme than the conditions prevailing during the last 12 months but demonstrate that even without management tackling current overhead levels or increasing prices to customers, the Group would not fully utilise available bank facilities over the next 12 months. 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 16 July 2024 and signed on its behalf by:

P Clark
P Clark (Jul 16, 2024 16:09 GMT+1)

Philippa Clark
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 2024. The corporate governance statement set out on pages 40 to 43 forms part of this report.

The Strategic Report on pages 3 to 33 provides a fair review of the Group's business for the year ended 31 March 2024 as well as explaining the Group's strategy, objectives, future developments, its key performance indicators for monitoring the business and the Group's principal risks and uncertainties that could impact on the Group.

The Strategic Report on page 14 covers the Group's Research and Development activities and on page 23 covers Disabled Persons practice.

The Strategic Report on page 33 covers the Going concern policy.

Dividends

The Directors propose a final dividend for the year ended 31 March 2024 of 0.45 pence per ordinary share (2023: Nil). No dividends were paid during the year.

Annual UK energy consumption and Greenhouse Gas (GHG) emissions

The Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2018 requires Creightons PLC to disclose annual group energy consumption and Greenhouse Gas (GHG) emissions from SECR regulated sources. Energy and GHG emissions have been independently calculated by third party consultants for the 12-month period ending 31 March 2024.

Reported energy and GHG emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol and SECR guidelines. Energy and GHG emissions are reported from buildings and transport where operational control is held – this includes electricity, gaseous fuels such as natural gas and LPG, and business travel in company-owned vehicles. The table below details the SECR-regulated energy and GHG emission sources from the current and previous reporting periods. The only positive percentage change is in relation to company vehicles and relates to more van journeys between Tiverton manufacturing sites and 3PL which has offset HGV journeys for smaller loads.

		Year ended 31 March 2024	Year ended 31 March 2023	% change
Energy (kWh)				
	Natural gas	2,726,673	2,926,451	(6.8)
	Other fuels	1,261	3,963	(68.2)
	Company Vehicles	1,303	878	48.4
	Electricity	1,617,292	1,869,902	(13.5)
	Total energy	**4,346,529**	**4,801,194**	**(9.5)**
Emissions (tCO_2e)				
Scope 1	Natural gas	498.8	534.2	(6.6)
Scope 1	Other fuels	0.3	1.0	(70.0)
Scope 1	Refrigerant gases	4.1	12.3	(66.7)
Scope 1	Company Vehicles	0.3	0.2	50.0
Scope 2 (LB)	Electricity	334.9	361.6	(7.4)
*Scope 2 (MB)**	*Electricity*	410.1	488.4	(16.0)
	Total SECR emissions	**838.4**	**909.3**	**(7.8)**
Emission intensity ratio				
	Intensity metric (costs of sales)	30,364	34,219	(11.3)
	Emissions intensity (tCO_2e / unit)	**0.028**	**0.027**	**(3.7)**

**Included for comparison only.*

Creightons PLC is committed to reducing its environmental impact and contribution to climate change through continuous improvement procedures. We have continued with investment in LED lighting throughout the factories, more efficient use of compressed air and rationalised the use of steam boilers by compressing the processing time into shorter periods. We have implemented several initiatives within the reporting period, primarily focused on energy efficiency:

- Continued to optimise production time into a more compressed shift pattern, with a resultant shorter manufacturing time.
- Across both sites, over 95% of all factory and office lighting changed to energy efficient LEDs, with occupancy sensors installed where suitable.
- More efficient running of compressors and air leak checks control.
- More efficient use of timers installed on warm rooms.
- New lagging of chiller pipes to reduce amount of energy consumed.

Directors' report (continued)

- Improved timer and photocell control on all outdoor lighting.
- Continue to monitor and replace all steam pipework lagging where required.
- Re-programmed all heaters to turn off when not needed and set up to show running time and cost per month.
- Improved processes for shutting down machinery when not being used.
- Dedicated energy monitoring and tracking of high usage machinery.
- Working with the energy companies to collate and access more accurate real time usage data.
- On-going education programme on energy saving measures.

These initiatives have allowed for a 13.5% reduction in electricity usage and 6.8% in gas usage compared to the previous financial year.

Methodology

Activity data have been converted into equivalent energy and GHG emissions using factors published by the UK Government in 2023. Electricity and natural gas disclosures have been calculated based on metered kWh consumption taken from supplier fiscal invoices.

GHG emissions associated with Scope 2 purchased electricity have been reported using both location-based (LB) and market-based (MB) methods. The location-based method reflects the average emissions intensity of a company's region of operations, mostly by application of grid-average emissions factor data. The market-based method reflects the contractual instruments in place between a company and its energy provider(s). Markets vary in terms of what contractual instruments are available – they can include energy attribute certificates (REGOs, RECs etc.), direct contracts (low-carbon or renewable), supplier-specific fuel mix factors and residual fuel mix factors where no contractual information is available.

Creightons PLC did not utilise any low or zero-carbon contractual instruments during the reporting period, therefore the location-based method will be adopted for the purposes of SECR reporting. Emissions calculated using the market-based method have been disclosed for comparison only.

Where there is limited visibility of site energy consumption, electricity and natural gas consumption has been estimated based on floor area and CIBSE industry benchmarks. Refrigerant gas emissions were calculated using data taken from heating, ventilation and air conditioning (HVAC) servicing records in FY24. Where service records and HVAC specification was unavailable, sampled site data has been used as a proxy.

Capital structure

The issued share capital is detailed in note 25. Creightons PLC has one class of ordinary shares, which carry no rights to fixed income. Each share carries one vote at general meetings of the Company.

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

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

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

Directors' report (continued)

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the UK Corporate Governance Code, the Companies Act and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of the Directors are governed by the Companies Act 2006, the Articles of the Company and are detailed in the Corporate Governance statement on pages 40 to 43. Directors are required to retire upon the third anniversary of their last election.

Under the terms of resolution 6 at the 2023 AGM, the Company has the authority to issue without pre-emption rights 3,501,479 ordinary shares, being 5% of the issued share capital at that time. This authority expires after 15 months from its date of adoption (13 December 2024) or until the next AGM if sooner unless renewed. The Directors will propose a resolution renewing this power based upon the new issued share capital.

Under the terms of resolution 7 at the 2023 AGM, the Company has the authority to purchase 1p ordinary shares up to a maximum aggregate nominal value of £35,014.79, being 5% of the issued share capital at that time, 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 the purchase and the minimum price of 1p. This authority expires after 15 months from its date of adoption (13 December 2024) or until the next AGM if sooner unless renewed. The Directors will propose a resolution renewing this power based upon the new issued share capital.

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

Business Relationships

Our Directors and employees foster great business relationships with all of our external stakeholders. Further information on the matter is included in the section 172 Statement on pages 21-22.

Employees

The Group places significant importance on the contributions of its employees and aims to keep them informed of developments in the Group through a combination of Teams briefings and electronic communication, which has increased significantly in recent years. There are Works Councils on both of the Group's sites where employee concerns are raised. Employee input is encouraged and Directors and senior management regularly tour the facilities and engage with employees.

A large number of employees are members of the Group's Share Option scheme and can participate in the Group's success. All employees can earn up to 7.5% of their basic earnings in a Group wide bonus scheme as long as the Group has met its profit targets. This discretionary Bonus would be paid twice per year and had been paid regularly until 2022 due to the challenging trading conditions no profit-related bonus was paid in the current financial year.

The Strategic Report on page 21 covers how the Directors have had regard to employee interests, including the effect of principal decisions taken by the Group during the financial year.

Directors

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

William O McIlroy (Non- Executive Director from 7 March 2024 following his retirement as Executive Chairman and Chief Executive Officer)
Bernard JM Johnson (Managing Director - ceased Directorship 24 November 2023)
Philippa Clark (Group Managing Director from 7 March 2024, previously Deputy Managing Director)
Martin Stevens (Deputy Group Managing Director)
Paul Forster (Non-Executive Chair from 07 March 2024, previously Non-Executive Director)
William T Glencross (Non-Executive Director)
Nicholas DJ O'Shea (Non-Executive Director and Group Company Secretary)
Brian Geary (appointed Non Executive Director on 7 March 2024)

William McIlroy – Non- Executive Director
Mr McIlroy was appointed a Non-Executive Director on 07 March 2024 after retiring from his full-time Executive role as Chairman and Chief Executive since 2001. Mr McIlroy is a major shareholder and has served on the Company's Board since 2000. He has extensive knowledge and experience of the personal care industry. Since his appointment to the Board, he has provided invaluable strategic direction and guidance to the Company, which has resulted in its recovery from a historically poor trading and funding position, leading to the delivery of sustained profit and earnings growth for over a decade.

Directors' report (continued)

Philippa Clark – Group Managing Director – appointed 07 March 2024
Ms Clark was appointed a Group Managing Director on 07 March 2024. She has worked within the industry for more than 20 years in a wide and extensive range of sales, marketing and commercial roles across private label, branded and contract businesses. In recent years she has headed up the development of the Creightons branded portfolio, growing and extending the reach of the Group's award-winning brands into multiple channels and international markets whilst also overseeing the development of the strengthening private label division of the business. She has held the position of Global Marketing Director since her appointment to the Board in 2015 and Deputy Managing Director since 8 July 2020.

Martin Stevens – Deputy Group Managing Director
Mr Stevens is a Chartered Chemist and has worked in the cosmetics industry for more than 30 years with extensive experience across the personal care and household sector in Research & Development, Quality Assurance, Production and Procurement. Martin has been Technical Director at Potter & Moore Innovations Ltd (the Group's principal trading business) and Creightons PLC for the past 17 years. He was appointed Group Managing Director of Manufacturing in March 2022 including responsibility for climate-related risks and opportunities. He has previously been Technical Director of Norit Body Care Toiletries, Technical Director at the manufacturing division of AAH Pharmaceuticals Ltd, Chief Chemist at Columbia Products Co Ltd after initially entering the industry with L'Oreal working with brands such as Lancôme and Cacharel. Martin was appointed as Group Deputy Managing Director when he joined the Board in 2015.

Paul Forster – Non-Executive Chair of the Board Director – appointed 07 March 2024
Mr Forster was appointed Non-Executive Chair of the Board Director on 07 March 2024. He was previously made a Non-Executive Director on 01 April 2021 after retiring from his full-time Executive role as Group Finance & Commercial Director. Paul has been with the Potter & Moore Innovations business for more than 30 years, primarily working as Chief Financial Officer but also including spells overseeing manufacturing. Previously he was Finance Director of Beauty International Fragrance Ltd (BIF), who distributed the Coty fragrance range throughout Europe and the Far East. Prior to joining BIF Paul qualified as a Chartered Accountant with Touche Ross.

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

Nicholas O'Shea – Non-Executive Director & Group Company Secretary
Mr O'Shea has been the Company secretary for most group companies for over 25 years and a Director since 2001. A maths & chemistry graduate, he has a background in the toiletries and chemicals sectors having held senior financial positions in a number of world-wide businesses including Proctor & Gamble, Scott Paper and Omya Pluss-Stauffer. Mr O'Shea is a CIMA qualified management accountant, and he is currently CFO or Finance Director with several privately-owned SMEs as well as an investment management Company in the City.

Brian Geary - Non-Executive Director
Mr Geary was appointed to the Creightons PLC Board as a Non-executive Director in March 2024. A graduate in Electrical & Electronic Engineering from Manchester University, he has held various positions as an MIEE/MIET Chartered Engineer. He specialized in power electronics, motor, and embedded control systems within the oil & gas exploration, marine propulsion, and Formula 1 motorsport sectors. Mr Geary is also an experienced debt and equity investor in listed and private entities. He is the Managing Director and Chairman of Antrim Hills Spring Water, a branded and contract manufacturing business in soft drinks and sports nutrition.

Director indemnities
There are no Director indemnities.

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

Directors standing for re-election
Under the terms of the Articles, Directors are required to retire on the third anniversary of their last election. Mr William McIlroy, Mr Paul Forster, Ms Philippa Clark, Mr Martin Stevens are due for election under Article 76 of the articles of Association. Mr Brian Geary who was appointed by Board as a Non-Executive director on 7 March 2024, will retire at the AGM and will offer himself for re-election under Article 74 of the Articles of Association.

Directors' report (continued)

Substantial shareholdings
At 31 March 2024 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	23.16%
Mr & Mrs B Geary	7,043,259	10.06%
Mr BJM Johnson	5,245,844	7.49%
Messrs S & A Chandaria	3,500,000	5.00%
The Estate of Mr T Amies	2,580,000	3.68%
Mr B Dale	2,451,740	3.50%

No notifiable share transactions by any of the above shareholders have been advised to the Company.
There have been no notified sales of ordinary shares during the period between 31 March 2024 and 30 June 2024.

The Company has received no other information requiring such notifications under chapter 5 of the Disclosure and Transparency Rules during the year. The above table shows the percentages held revised for share issues subsequent to the latest notification from the relevant shareholder.

Financial instruments
The Group's financial risk management objectives and policies are discussed in note 21 to the Consolidated Financial Statements .

Resolutions to be proposed at the Annual General Meeting to be updated

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 chair 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 2024.

2. To receive and approve the Directors' remuneration report for the year ended 31 March 2024.

3. To approve the Directors' remuneration policy as detailed in pages 44 to 50 of the Directors' remuneration report.

4. To-re-elect Mr William McIlroy, who is retiring by rotation under the provisions of Article 76 of the Articles of Association, who, being eligible, offers himself for re-election as a director of the Company.

5. To-re-elect Mr Paul Forster, who is retiring by rotation under the provisions of Article 76 of the Articles of Association, who, being eligible, offers himself for re-election as a director of the Company.

6. To-re-elect Ms Philippa Clark, who is retiring by rotation under the provisions of Article 76 of the Articles of Association, who, being eligible, offers herself for re-election as a director of the Company.

7. To-re-elect Mr Martin Stevens, who is retiring by rotation under the provisions of Article 76 of the Articles of Association, who, being eligible, offers himself for re-election as a director of the Company.

8. To elect Mr Brian Geary, who retires following his appointment by the Board on 7 March 2024 under the provisions of Article 74 of the Articles of Association, who, being eligible, offers himself for re-election as a director of the Company.

9. To approve the proposed dividend of 0.45 pence per ordinary share.

10. To re-appoint Forvis Mazars LLP as auditors and to authorise the Directors to determine their remuneration.

11. To give authority to the Directors to allot shares pursuant to Section 551 of the Companies Act 2006. This authorises the Company for a period of up to 15 months, or until the next AGM if sooner, to allot 1p Ordinary Shares up to an aggregate nominal value of £233,451.28 being a further one third of the Company's present issued share capital as a rights issue.

12. As a special resolution, to grant a limited disapplication of the statutory pre-emption rights contained in Section 570 of the Companies Act 2006. This authorises the Company for a period of up to 15 months, or until the next AGM if sooner, to allot 1p ordinary shares up to an aggregate nominal value of £35,017.69 being 5% of the Company's present issued share capital, without first offering them as a rights issue to existing shareholders.

Directors' report (continued)

13. As a special resolution, to give a limited power to the Company to purchase its own shares. This authorises the Company for a period of up to 15 months, or until the next AGM if sooner, to purchase 1p ordinary shares up to a maximum aggregate nominal value of £35,017.69 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.

The resolution approved at the AGM on 13 September 2023 relating to the authorisation of the Company to purchase 1p ordinary shares up to a maximum 5% of the Company's issued share capital at that date remains in place and is unused.

Directors' confirmations

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

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

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

Viability statement

In accordance with the UK Corporate Governance Code 2018, the Directors have assessed the viability of the Group over a longer period than the 12 months required by the 'Going Concern' provision. The Board conducted this review for a period of 3 years. A 3 year period is appropriate for assessing the viability of a company because it strikes a balance between providing meaningful insight into future prospects and maintaining the accuracy and manageability of forecasts. It supports strategic planning, financial forecasting, risk management, regulatory and market changes as well as stakeholder confidence.

In making this statement, the Directors have carried out a robust assessment of the Group's current position and prospects, the principal risks facing the business, the impact of sensitivity analysis, together with the Group's principal risks and uncertainties (outlined in the Strategic Report on pages 18 to 20).

The scenarios modelled included varying levels of sales revenue, including cautious growth for 2024 and 2025 and more extreme losses in revenue as a result of a loss of key customer, up to 20%, without mitigating actions within the control of management have been modelled. Additional sensitivity analysis included varying scenarios in increased costs. The Group has sufficient liquidity and financing arrangements to meet its liabilities as they fall due and consequently, the directors believe that the Group has sufficient financial strength to withstand the possible disruption to its activities.

The Group continues to take advantage of opportunities as evidenced by the two business acquisitions in the previous years. The Group has flexible manufacturing capabilities at both sites and has the ability to respond to changes in consumer and market trends as appropriate.

The Group continues to be able to successfully manage employees, the supply chain and customers, and considers the managing of all three relationships key in the medium term particularly due to the challenges presented by the current economic climate. This assessment is based on our ability to retain existing borrowing facilities and to continue to sell our products and brands to existing and new customers. The borrowing facilities have been agreed with the Groups bankers for a period of 12 months from March 2024. As part of the going concern assessment the covenants have been reviewed against the future forecast of the business, confirming adequate headroom for the next 12 months. Given the long standing relation with the Group's bankers and willingness to support the business, the current borrowing facilities are expected to remain in place for the next 3 years.

During the year to March 2024 the Group has significantly reduced its net borrowings and generated positive cash from operations. As a result the Group was able to reduce its debt obligations by making a significant early repayment of the term loan. The Group continues to meet its debt obligations and expects to operate comfortably within its available borrowing facilities going forward. This provides a stable platform and increased headroom on existing financing facilities upon which to continue its growth.

Based on the above, the Board confirms it has a reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due over the 3 year period of assessment on a going concern basis.

Auditor

A resolution to re-appoint Forvis Mazars LLP as auditors is being proposed at the forthcoming Annual General Meeting.
By order of the Board

P Clark
P Clark (Jul 16, 2024 16:09 GMT+1)

Philippa Clark
Managing Director
16 July 2024

Corporate governance statement

Introduction

The Board of Directors is responsible for the long-term success of the Group, through the sustainability of the Group's business model and showing leadership and drive to ensure the Group delivers on its strategies. The Board identifies opportunities to maintain the long-term success of the Group and devises strategies and actions to take advantage of these opportunities. The strategy will always consider the costs and commitments associated with the opportunities and will ensure the risks are managed to reduce the short-term risks. The Board is conscious of all stakeholders when making decisions, with particular focus on protecting and respecting the interest of its employees.

Compliance

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

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

- No formal training programme is in place specifically for Non-Executive Directors.
- The Non-Executive Directors are not limited to a period of office.
- There is no Director considered by the Board to be independent.
- There are no independent Directors on either the Remuneration or Audit Committees.
- The share options granted to Directors have a vesting period of less than 5 years.

Regarding division of responsibilities The Code recommends that the Chairman of a listed Company should not hold Executive powers, and should be 'independent upon appointment' (provision 9). Paul Forster is a Non-Executive Chairman he is also a shareholder and was an Executive Director prior to his retirement and appointment as a non-Executive director from 01 April 2021. The Board continues to believe that it is appropriate for Paul Forster to be Chairman even though his previous role means he cannot be considered independent. The independent judgement of the Non-Executive Directors, effective functioning committees and robust internal controls ensure that that proper process and controls are followed. The Board also operates a formal process of performance evaluation with the Chairman and Remuneration Committee regularly reviewing the performance of all members of the Board.

With regard to the issue of share options to Directors with a vesting period of less than 5 years, options have been issued with a vesting period of 3 years in line with options issued to other group employees. These options are issued under the Company Share Option Plan which was approved by shareholders in 2018.

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

The Group has an Equal Opportunities policy which encompasses our commitment to diversity. Under this policy the aim is to ensure that all employees are treated equally, irrespective of sex, sexual orientation, marital status, age, disability, race, colour, religion, ethnic or national origin and places an obligation upon all staff to respect and act in accordance with this policy. The open management style ensures that everyone is given opportunities to progress.

The Composition of the Board

Details of all the Directors are set out below:

Paul Forster	Non-Executive Chair of the Board
Philippa Clark	Group Managing Director
Martin Stevens	Group Deputy Managing Director
William McIlroy	Non-Executive Director
Nicholas O'Shea	Group Company Secretary and Non-Executive Director
William Glencross	Non-Executive Director
Brian Geary	Non-Executive Director Appointed 07 March 2024

Corporate governance statement (continued)

Board diversity

Creightons PLC has not complied with the requirements of LR 9.8.6R(9) as the targets set by the Listing Rules as at 31 March 2024 have not been met as follows:

- At least 40% of the Board are women;
- At least one member of the Board is from a minority ethnic background.

The Board has been established for a significant period and naturally lacks diversity due to historical circumstances and limited turnover. However, this represents a unique opportunity for the board to evolve through meaningful appointments that promote diversity and inclusivity.

By recognising the need for greater diversity, we can actively seek out and welcome qualified individuals from a broader range of backgrounds, experiences, and perspectives through fair and transparent selection processes. Embracing diversity fosters creativity, innovation, and a richer decision-making process, ultimately benefiting the entire Group and ensuring a more inclusive and equitable future. Whist it may require time, this commitment to change will contribute to the Boards long term success and enable it to better reflect the diverse world in which we operate.

Details of the Board gender diversity are set out below:

	No. of Board members	**% of the Board**	**No. of senior positions on the Board**	**No. in Executive management**	**% of Executive management**
Men	6	86%	6	1	50%
Women	1	14%	1	1	50%
Other categories	-	-	-	-	-
Not specified/prefer not to say	-	-	-	-	-

Details of the Board gender diversity are set out below:

	No. of Board members	**% of the Board**	**No. of senior positions on the Board**	**No. in Executive management**	**% of Executive management**
White British or other White (Including minority-white groups)	7	100%	7	2	100%
Mixed/multiple ethnic groups	-	-	-	-	-
Asian/Asian British	-	-	-	-	-
Black/African Caribbean/Black British	-	-	-	-	-
Other ethnic group, including Arab	-	-	-	-	-
Not specified / prefer not to say	-	-	-	-	-

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 recognises the lack of independent Directors, however the existing Non-Executive Directors provide extensive industry, market and business knowledge which benefits the strategic decisions of the Group. The Board considers this expertise is considered more beneficial than the cost of appointing independent Directors. Consequently, it feels that it remains appropriate for the existing Non-Executive Directors to be nominated for re-election when their terms expire under the Company's articles. However, as noted above, the Board is committed to introduce more independent directors over the coming years.

Corporate governance statement (continued)

The Board reviews the risks that arise and continually reviews any emerging and ongoing risks and the outcomes are noted in the Strategic Report on pages 18 to 20. This includes the management of the risk from cost increases due to global supply chain pressures and the corresponding mitigation measures. A senior management team hold regular ongoing meetings to measure the extent of the cost price increase and to determine the appropriate commercial and operational response.

The Directors have met as a full Board on 6 occasions during the year, including meetings by telephone. The attendance at meetings held during the year to 31 March 2024 for each of the Directors is as follows:

Director	Board meetings	Remuneration Committee	Audit Committee	Nomination Committee
Paul Forster	6	4	2	4
Philippa Clark	6	-	-	-
Martin Stevens	6	-	-	-
William McIlroy	6	-	-	-
Nicholas O'Shea	6	4	2	4
William Glencross	6	4	2	4
Brian Geary	1	-	-	-

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

Board Committees

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

Nomination Committee

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

The Group has an Equal Opportunities and Diversity policy which aims to ensure that all employees are treated equally, irrespective of sex, sexual orientation, marital status, age, disability, race, colour, religion, ethnic or national origin and places an obligation upon all staff to respect and act in accordance with this policy. This policy is applied to the Company's administrative, management and supervisory bodies and the remuneration, audit and nomination committees of those bodies.

The Group has a whistle-blowing policy which aligns with its objective of maintaining the highest standards of integrity, transparency, and accountability. This policy is designed to encourage and protect employees who report any concerns related to fraud, corruption, or other threats to the organisation. The policy ensures all reports are handled confidentially and are thoroughly investigated.

Remuneration Committee

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

Directors' remuneration

The Executive Directors are salaried in their capacity as Directors in addition they are entitled to a benefits package including, pensions, private healthcare and life insurance. They are incentivised through a bonus scheme linked to the profit performance of the Group and through options issued under the Group Share Options scheme. The Board believes that in accordance with the best practice provisions, this approach aligns the interests of shareholders and Directors.

Full details of Directors' remuneration, shareholdings and share options are noted in the Directors' Remuneration Report on pages 44 to 56.

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. The Group's system of internal control is designed to manage rather than eliminate risk of failure to achieve the Group's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Corporate governance statement (continued)

The Board has established a process for managing the significant risks faced by the Group. This ongoing process is reviewed regularly by the Board and accords with the internal control guidance issued by the FRC.

The key procedures designed to provide effective internal controls are:

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

The Group does not have an internal audit function. However, the Board periodically reviews the need for such a function. The current conclusion is that this is not necessary given the scale and complexity of the Group's activities.
The Board has reviewed and is satisfied with the effectiveness of the internal controls in operation and this process will continue.

Audit Committee Report

The Audit Committee consisted of Nicholas O'Shea (ACMA CGMA), acting as chair, William Glencross and Paul Forster (ACA). 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.
- Recommend the appointment and removal, approve the terms and remuneration, and assess the independence and performance of the External Auditor. Review the scope, findings, cost effectiveness and quality of the audit.
- Advise the Board on whether the annual report is fair, balanced and understandable and provides information necessary for the users to assess the Group's position and performance, business model and strategy.
- Report to the Board on how it has discharged its responsibility.

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

The Audit Committee pays particular attention to matters it considers to be important by virtue of their size, complexity, level of judgement and potential impact on the financial statements and wider business model.

During the year to 31 March 2024, the Audit Committee reviewed:

- The significant reporting matters and judgments identified by the finance team and Forvis Mazars through the external audit.
- The management accounts and internal management reports on a regular basis.
- Decided that the scale and complexity of the business did not warrant the introduction of a separate internal audit function.
- Reviewed the audit plan for the year ended 31 March 2024, which included an assessment of the audit risks and testing procedures.

The significant issue relating to reporting matters and judgements that the Audit committee reviewed with Forvis Mazars and management teams included the:

- Impact of external risks, such as, economic uncertainty, geopolitical uncertainty, supply chain disruption and climate change.
- Risk of fraud.
- Risk of management override of controls.
- Adequacy of inventory provisions.
- Impairment of Brand and Goodwill values.
- Expected credit losses.
- Adequacy of TCFD reporting.

The Audit Committee approved the implementation of the audit plan following discussions with management and Forvis Mazars.

During the coming year, the Audit Committee will meet a minimum of three times to:

- To review the outcome from the 2024 audit and the plan for the 2025 audit.
- Oversee and assess managements review of the Group's internal controls in the absence of an Internal Audit function
- Review financial accounting and reporting.
- Review the outcomes from the Group's review of Cyber risks and plans to mitigate those risks.
- Review the adequacy of the Group's whistleblowing arrangements and procedures for identifying fraud.

Directors' remuneration report

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 William Glencross, who is the Chair of the Committee, Nicholas O'Shea who is a Non-Executive Director, and acts as secretary to the committee and Paul Forster.

The report is divided into three sections as set out below
- The Remuneration Committee Chair Statement providing a summary of key reward activity during the year.
- The proposed new Directors Remuneration policy (the Policy) setting out proposals for the new Policy following a review after the Board Changes during the year. The policy will be subject to a binding vote at our 2024 Annual General Meeting.
- The Report of Directors remuneration setting out the remuneration during the year ended 31 March 2024 and how our new Policy will be applied for the year ended 31 March 2025.

Remuneration Committee Chair Statement

Role of the Committee

The role of the Committee is to.
- set and review the implementation of the Director' Remuneration Policy for the Executive Directors and senior Executives, having regard to the remuneration principles of the Group and the remuneration of the wider employee population.
- Evaluate the performance packages for each Executive Director, the Chair, the Company Secretary and other senior Executives.
- Maintain a dialogue with shareholders when setting the remuneration of senior Executives and Board members.

Business Context

The Group is coming to the end of a programme of significant change following two years of disruption caused by economic weakness together with high inflationary pressures. This has been successful in delivering a business that has reduced its cost base to match a fall in revenue, recovered gross margins, reduced overheads and rationalised our distribution operations. The impact is improved operating profits and cash generation over the period and places the Group in a strong position to generate profitable growth as revenues increase. The departure of the previous Managing Director resulted in an opportunity for the Board to overhaul the existing structure.

Remuneration committee decisions in the year ended 31 March 2024.

The three key decisions made during the year ended 31 March 2024 were:

- To approve the bonus payments of £39,000 to Mr McIlroy and Mr Johnson in respect of the year ended 31 March 2023.
- To assess the performance of Philippa Clark and Martin Stevens as they managed the business in the period following the departure of Bernard Johnson.
- To review the structure of the Board following the departure of Mr Johnson as Managing Director and the decision of Mr McIlroy to retire from his Executive positions as Chairman and Chief Executive Officer. The outcome of the decision to review the Board structure was announce on 7 March 2024 and included the appointments of:
    - Mr William McIlroy as a Non-Executive Director following his retirement as Executive Chairman and Chief Executive Officer
    - Mr Paul Forster, previously Non-Executive Director, as Non-Executive Chair of the Board.
    - Ms Philippa Clark as Group Managing Director
    - Mr Martin Stevens as Deputy Group Managing Director
    - Mr Brian Geary as a Non-Executive Director
- To update the Remuneration Policy following the re-organisation of the Board.

Review of the Remuneration Policy

The existing Remuneration Policy, which was approved at last year's Annual General Meeting, has not been significantly reviewed for several years. The Committee decided to undertake a more thorough review of the Remuneration Policy.

The members of the Committee during the year were Nicholas O'Shea, William Glencross and Paul Forster. In determining the Directors' remuneration, the Committee consulted the Chairman, Mr McIlroy. The Committee reviewed the remuneration for the Executive Directors and Non-Executive Director and considered:
- market rates in similar businesses
- the performance of the directors
- the increased responsibility for any new roles, and
- increases awarded to all employees.

Directors' remuneration report (continued)

In determining the remuneration for the Executive Directors the Committee has not sought advice from any consultants during the period.

The key elements of the new Remuneration policy, applicable to Executive Directors are:

- Increased base salary to recognise the role and responsibility undertaken by the Executive Directors.
- The maintenance of existing benefits which includes, pension contribution, Private Healthcare and Group life Insurance.
- Introduction of a new profit related bonus scheme for the Executive directors, with bonus of £30,000 payable on achieving the budgeted profit for the current year and a further £30,000 payable on achieving profits more than the budget up to a maximum of £60,000. The payment of these bonuses is conditional on the Group having a positive operational cash flow.
- Continue to utilise the existing 2018 Share Option Scheme, to issue Options over shares in the Company as part of a Long Term Incentive Programme to align Executives with shareholder interests.

The Committee determined that Non-Executive Director Fees should be increased to reflect the changing structure of the Board and higher level of fees required to attract new non-Executive directors. The existing share options held by Non-Executive directors, arising largely from their previous roles as Executives, will be retained. Mr Paul Forster and William Glencross will also retain their current benefits under the Group Health Care Scheme. The Committee will review the application of this Policy to ensure it is achieving its aims and propose change next year, if appropriate.

In conclusion, our approach in developing this new Policy is to ensure the Policy facilitates the recruitment and retention of talent and to align remuneration with our shareholder and wider stakeholder requirements. I look forward to your support at the upcoming AGM.

WtGlencross

WtGlencross (Jul 16, 2024 16:25 GMT+1)

William Glencross
Chair of Remuneration Committee

16 July 2024

Directors' remuneration report (continued)

Summary of changes to Directors' Remuneration

Following the Board changes announced on 7 March 2024 the Committee undertook a review of the Directors' remuneration Policy. No Executive Director was present when their remuneration was discussed.

The Committee considered changes in responsibilities, data from similar sized businesses with similar levels of complexity and data on remuneration and employment conditions within the Group. The aim was to ensure that the employees are fairly rewarded for their role. The Committee was mindful of the need to not inadvertently encourage risky or irresponsible behaviour, including behaviour that could raise environmental, social or governance issues. The Committee considered the balance of the remuneration package between, fixed and variable remuneration and the need to incorporate Long-Term Incentives to align performance with improvements in shareholder value.

Under the previous Remuneration Policy, a significant portion of the remuneration was variable for the CEO and Managing Director who had relatively low base salaries with a high uncapped bonus based on the level of pre-tax profit. The other Executive Directors had higher base salaries with a much lower bonus entitlement, limited to 7.5% of base salary. The new Remuneration Policy introduces higher base salaries and a variable capped bonus scheme for Executive Directors which is directly linked to the profit of the Group.

The following table sets out a summary of the key changes to the Remuneration Policy and how they will be implemented for the current directors during the year to 31 March 2025.

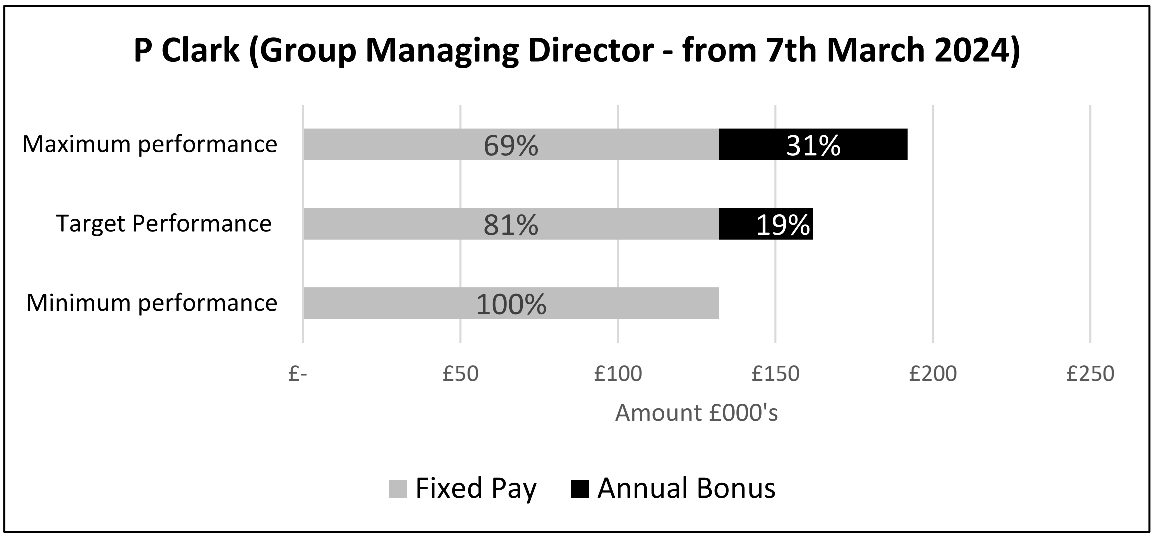
Key Policy Feature	Approach for 2024	Proposed approach for 2025 and key changes
Salary		
The Executive Directors base salaries are normally raised annually taking into account the nature of the role and performance and experience of the individual director and the pay increase across the wider workforce	Salaries from 01 April 2023 Group MD - £126,000 Deputy Group MD £120,000	Salaries from 01 April 2024 Group MD - £150,000 Deputy Group MD £130,000 These changes reflect the changes in roles and responsibilities.
Pension benefits		
The Executive Directors receive a pension contribution in addition to pension contributions to the Groups Workplace Pension Scheme	Group MD – Fixed Pension Contribution of £2,000 plus an additional 3% of salary in line with all employees of the Group. Deputy Group MD - Fixed Pension Contribution of £6,000 plus 3% of salary in line with all employees of the Group.	There are no changes for the year to 31 March 2025.
Other benefits		
Both Executive Directors are members of private healthcare and group life insurance schemes.		There are no changes for the year to 31 March 2025.
Annual Bonus		
The annual bonus is focused on the delivery of improvements in profits in line with the longer term aims of improving shareholder value.	Bonus schemes applicable up to 31 March 2024 for both Group MD and the Deputy Group MD – 7.5% base salary on achieving a set pre-tax profit.	The opportunity under the new bonus scheme for the year to 31 March 2025 for both the Group MD and the Deputy Group MD is an initial payment of £30,000 and an additional payment of up to a further £30,000 on achieving a set pre-tax profit target.
Long Term Incentive Plans (LTIP)		
The LTIP focuses on generating sustained shareholder value over the longer term and aligning Directors' interests with those of the Company's shareholders. The Groups Share Option Scheme approved by Shareholders in 2018, remains the best method of achieving this aim.	No share options were issued in the year to March 2024.	The opportunity in the year to March 2025 is to review the existing options granted to the Executive Directors and members of the Senior Management Team to ensure they are realistic and will motivate directors' performance in line with growing shareholder value.

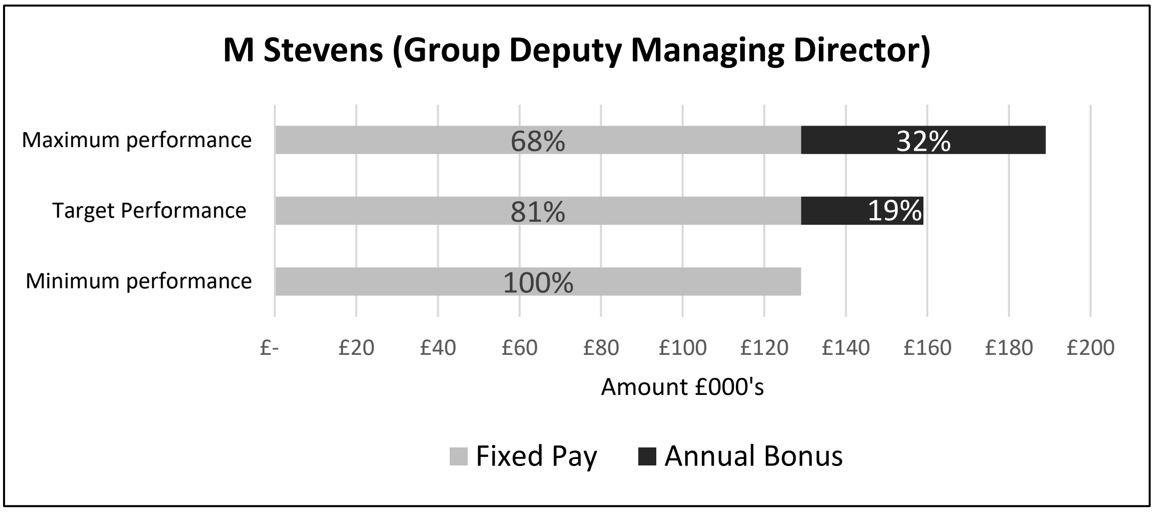
Directors' remuneration report (continued)

Directors Remuneration Policy

Illustrations of application of the Remuneration Policy

The charts below indicate the level of remuneration that could be received by each Executive Director in accordance with the updated Directors' Remuneration Policy. This is based on the level of profit as at 31 March 2024 and an increase in profit of 50% from this level. These bonuses are not impacted by any changes in the share price.





In illustrating the above, the following assumptions have been made:

Scenario	**Description**	**Assumptions**
Minimum Performance	Minimum remuneration receivable	Fixed elements of remuneration only – Salary, benefits and pension
Target Performance	Remuneration receivable for achieving performance in line with expectations	Fixed elements of remuneration (as above), 50% of maximum annual bonus earned
Maximum performance	Remuneration receivable at maximum performance targets	Fixed elements of remuneration (as above), 100% of maximum annual bonus earned

Directors' remuneration report (continued)

Statement of implementation of remuneration policy in the following financial year

The remuneration under the new Remuneration Policy is effective from 01 April 2024.

Policy on Directors' remuneration

This report sets out the Directors' Remuneration Policy and complies with relevant provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (accounts and Reports) Regulations. It has been prepared taking into account the 2018 UK Corporate Governance Code (the 2018 Code) and the requirements of the UK Listing Rules.

The remunerations have clear defined parameters which are communicated to shareholders and other stakeholders. The remuneration framework incentivises short term objectives through the annual bonus and long-term objective of shareholder value creation though the LTIP.

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 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 fee. The Committee has reviewed the policy for the year ahead and has concluded that the key features of the remuneration policy remain appropriate.

In setting Executive Directors' remuneration, the Committee is mindful of the pay and conditions enjoyed by other employees. It considers revisions to their arrangements only when other employees' pay and conditions are also reviewed, and this is always done in the light of market conditions and overall Group performance.

The component of the Executive Directors Remuneration fixed remuneration is described below:

Element	Purpose	Operation
Fixed remuneration		
Base Salary	To provide an appropriate level of fixed income to recruit and retain talent	Base salaries are reviewed annually considering: • The cope of the role and the markets the Group operates in • The performance and experience of the individual • Pay levels in other comparable organisations • Pay increases with in the Group
Benefits	Recruitment and retention of Executives through the provision of cost-effective benefits package	Benefits that may be provided include, health insurance, life assurance for the Executive and family members.
Provision for retirement	Designed to enable an Executive Director to generate an income in retirement and to provide a competitive remuneration package.	Participation in the Group defined contribution scheme supported by fixed payments to an Executive Pension Scheme.

Pensions

Ms Clark and Mr Stevens pension contributions include contributions to an auto-enrolment pension in line with the wider workforce and fixed defined contributions to Company pension schemes. Pension contributions for the year ended 31 March 2024 were as follows; Ms Clark £6,000 and Mr Stevens £9,000.

Directors' remuneration report (continued)

The component of the Executive Directors variable remuneration is noted below:

Element	Purpose	Operation
Variable remuneration		
Annual bonus	Designed to motivate Executive Directors to focus on annual goals that are consistent with the longer-term strategic aim to improve shareholder value.	Measures and targets are set at the beginning of each financial year and pay out levels are determined by the Committee after approval of the annual financial report based on performance against those targets. The Committee may apply discretion to amend the bonus pay out should this not, in the view of the Committee, reflect the underlying business performance or individual contribution
Share Options	The current Share Option scheme is designed to incentivise and align Executive Directors and employees with the delivery of shareholder value through sustainable share growth and dividend payments.	Annually the Committee will review the Share Options held by the Executive Directors and will decide whether the options remain at levels appropriate to motivate the Executive to meet the long-term growth aspirations of shareholders. This review may include the cancelation and re-issue of options that align with the purpose. Share options have a vesting period of three years following the date of grant and are typically granted at the closing mid-market price immediately prior to the date of grant. The Committee does have the option to issue options at a discount to the market price

Remuneration should support and align with shareholders long term interests by linking the annual performance to growing shareholder value. It is the intention of the Committee to cascade the New Policy to the Senior Executive Team to ensure they are supporting the Executive Directors in shared goals and outcomes.

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' bonuses

The Executive contract for Mr McIlroy's services as an Executive Director, who retired from his Executive roles on 6 March 2024, provided for a bonus to be paid after the deduction of tax and National Insurance by the Company to Oratorio Developments Ltd in respect of the Group's net profits before tax at the rate of 12.5% in respect of net profits up to £50,000, 7.5% of net profits between £50,001 and £100,000, and 5% of net profits in excess of £100,000. During the year no bonus is payable (2023: £39,000) to Mr McIlroy for the period he was an Executive Director.

The new bonus Policy for Ms Clark and Mr Stevens include Executive bonus scheme, where senior Executives are entitled to a maximum bonus, in the case of Ms Clark and Mr Stevens this is £60,000, based on hitting certain Group pre-tax profit targets. Previously the bonus scheme was 7.5% of basic pay if the Group hits the profit target for the period and additional payments of up to 14% of earnings (10% for other employees) in relation to key performance indicator targets which were not achieved during the year. No bonus was payable to either Ms Clark or Mr Stevens in respect of the years ended 31 March 2024 or 31 March 2023.

None of the Executive Directors remuneration is paid or payable in shares, therefore a 50% increase in share price would have a nil effect on remuneration.

Recruitment

On appointment or promotion, base salary levels will be set taking into account a range of factors including market levels, experience, internal relativities and cost. If an individual is appointed on a base salary below the desired market positioning, the Committee retains the discretion to re-align the base salary, contingent on individual performance, which may result in a higher rate of annualised increase above ordinary levels.

Loss of office

Any loss of office payment will be approved by the Remuneration Committee. Any payment will be made at the discretion of the remuneration committee and on a case-by-case basis. Any payments made beyond contractual and statutory obligations would be exceptional in nature either due to additional obligations taken on by the departing Director or due to specific circumstances and always benchmarked against market practice.

Directors' remuneration report (continued)

The components of the Non-Executive Directors Remuneration are described below:

Element	Purpose	Operation
Non-Executive Director Fees	To reflect the time commitment in preparing for and attending meetings, the duties and responsibilities of the role and the contribution expected from Non-Executives Directors.	Fees are reviewed annually and may be amended to reflect changes in the market and in responsibilities. Any additional time commitments in excess of the contracted time will be paid pro-rata on a per diem basis. The Committee recommends the remuneration of the Chair to the Board. Fees paid to Non-Executive Directors are determined and approved by the Board as a whole. The Company covers the cost of attending meetings and Non-Executive Directors may be re-imbursed for any business expenses incurred in fulfilling their duties.
Benefits		Mr Forster ad Mr Glencross receive group Health Insurance cover as a legacy from their former roles as Executive Directors.
Share Options	To encourage Non-Executive Directors to align interests with those of Shareholder value.	Expectation that Non-Executive Directors build an interest in the Company's shares.

Service contracts

All contracts were revised to be effective from 7 March 2024 to reflect the new roles and responsibilities of the directors.

Name of Director	Date of service contract effective	Notice period
Executive Director		
P Clark (Group Managing Director)	7 March 2024	6 months
M Stevens (Deputy Group Managing Director)	7 March 2024	6 months
Non-Executive Director		
P Forster (Non-Executive Chair)	7 March 2024	6 months
WO McIlroy	7 March 2024	6 months
NDJ O'Shea	7 March 2024	6 months
WT Glencross	7 March 2024	6 months
B Geary (from 7 March 2024)	7 March 2024	6 months

Mr Geary was appointed as a Non-Executive Director by the Board on 7 March 2024 and in accordance with the Articles of Association intends to retire and offer himself for re-election at the forthcoming Annual General Meeting.

Executive Directors contracts are for an indefinite period, terminable by either party with a maximum period of notice of 6 months. Any payments in lieu of notice should not exceed the Director's fixed remuneration for the unexpired term of the notice period.

Non-Executive Directors will retire and stand for re-election at each Annual General Meeting in accordance with the requirements of UK Corporate Governance Code 2024, which comes into effect from 01 January 2025.

Approval

The Directors' Remuneration Report was approved by the Board of Directors on 16 July 2024 and signed on its behalf by:

WtGlencross
WtGlencross (Jul 16, 2024 16:25 GMT+1)

Willam Glencross
Non-Executive Director

Directors' remuneration report (continued)

Annual report on Directors' remuneration

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

The tables below represent the Directors' remuneration for the years ended 31 March 2024 and 31 March 2023. 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

	2024					
		WO McIlroy	**BJM Johnson**	**P Clark**	**M Stevens**	**Total**
		£000	**£000**	**£000**	**£000**	**£000**
		Note 2	**Note 3**			
Salary		25	66	126	120	337
Pension		-	-	6	9	15
Benefits		-	-	-	2	2
Total fixed		**25**	**66**	**132**	**131**	**354**
Total variable	**Note 1**	**-**	**-**	**-**	**-**	**-**
Total		**25**	**66**	**132**	**131**	**354**

	2023					
		WO McIlroy	**BJM Johnson**	**P Clark**	**M Stevens**	**Total**
		£000	**£000**	**£000**	**£000**	**£000**
Salary		27	92	119	116	354
Pension		-	-	6	9	15
Benefits		-	-	-	2	2
Total fixed		**27**	**92**	**125**	**127**	**371**
Total variable	**Note 1**	**39**	**39**	**-**	**-**	**78**
Total		**66**	**131**	**125**	**127**	**449**

Note

1 No bonuses were earned in the year ended 31 March 2024. In the year ended 31 March 2023 Mr McIlroy and Mr Johnson both earned bonuses of £39,000. A provision of £45,000 was made in the prior year.

2 Mr McIlroy's salary covers the period to 6 March 2024, when he resigned from his Executive roles.

3 Mr BJM Johnson's salary covers the period to 23 November 2023 when he ceased to be a director of the Company.

4 Equity settled share-based payments would be included within the bonus figure, calculated as their intrinsic value as at the date of grant. No grants in the year ended 31 March 2024 or 31 March 2023.

Directors' remuneration report (continued)

Annual report on Directors' remuneration (continued)

Non-Executive Directors' remuneration as a single figure

		2024					
		P Forster Note 2	WO McIlroy Note 3	ND O'Shea	WTG Glencross	B Geary	Total
		£000's	£000's	£000's	£000's	£000's	£000's
Fees		20	2	19	19	2	62
Pension	Note 6	1	-	-	-	-	1
Benefits	Note 5	2	-	-	2	-	4
Total fixed		**23**	**2**	**19**	**21**	**2**	**67**

		2023			
		P Forster	ND O'Shea	WTG Glencross	Total
		£000's	£000's	£000's	£000's
Fees		18	18	18	54
Pension	Note 6	1	-	-	1
Benefits	Note 5	2	-	2	4
Total fixed		**21**	**18**	**20**	**59**

Notes

1 The Non-Executive Directors received no variable remuneration in the years ended 31 March 2024 or 31 March 2023.

2 Mr Forster's Fees includes an increase following his appointment as Non-Executive Chair from 7 March 2024.

3 Mr McIlroy's Fees include those earned as a Non-Executive Director from 7 March 2024, following his retirement from his Executive roles.

4 Mr Geary's Fees include those he received following his appointment as a Non-Executive Director from 7 March 2024.

5 The benefits earned by Mr Forster and Mr Glencross relate to their membership of the Group Private health insurance scheme, which continued following their retirement as Executives.

6 The pension earned by Mr Forster relates to his membership of the Group Pension scheme, which continued following his retirement as an Executive.

Payments for loss of office

A single Director left the Company during the year ended 31 March 2024 and no payments in respect of compensation for loss of office were paid or payable to any Director (2023: £Nil).

Share options

No share options were exercised by Directors during the year ended 31 March 2024 (2023: Nil).

There is a vesting period of 3 years for all share options. The share options were awarded to the Directors as part of the Company's ongoing compensation and remunerations plans as a motivation for continuing to deliver success to the Group, its shareholders and employees. There are no service conditions associated with the award of the share options.

Directors' remuneration report (continued)

Directors' shareholdings

The Directors who held office at 31 March 2024 had the following beneficial interests in the 1p ordinary shares of the Company:

At 31 March 2024						
	Shares	Share Options				
Director	Number of shares	Exercise period of 2017 -2024 price 5.50p Vested	Exercise period of 2021 -2028 price 26.80p Vested	Exercise period of 2023 -2030 price 36.00p Vested	Exercise period of 2024 -2031 price 97.73p Not vested	Total Options held
Mr W O McIlroy	16,219,275	1,300,000	900,000	-	225,000	2,425,000
Mr N DJ O'Shea	115,000	-	135,000	-	-	135,000
Mr W T Glencross	86,000	-	131,500	-	-	131,500
Ms P Clark	851,818	-	500,000	200,000	-	700,000
Mr M Stevens	993,758	-	218,060	100,000	-	318,060
Mr P Forster	951,318	-	300,000	100,000	-	400,000
Mr B Geary	7,403,259	-	-	-	-	-
Mr B Johnson	5,245,844	-	-	-	-	-

There are no performance measures attributable to the share options. There are no requirements for a Director to own shares.

Mr Forster disposed of 36,000 shares on 23 August 2023 and 45,000 shares on 22 September 2023. There have been no other sales of ordinary shares during the period between 31 March 2024 and 30 June 2024.

At 31 March 2023						
	Shares	Share Options				
Director	Number of shares	Exercise period of 2017 -2024 price 5.50p Vested	Exercise period of 2021 -2028 price 26.80p Vested	Exercise period of 2023 -2030 price 36.00p Not vested	Exercise period of 2024 -2031 price 97.73p Not vested	Total Options held
Mr W O McIlroy	16,219,275	1,300,000	900,000	-	225,000	2,425,000
Mr B JM Johnson	5,245,844	-	700,000	-	225,000	925,000
Mr N DJ O'Shea	115,000	-	135,000	-	-	135,000
Mr W T Glencross	86,000	-	131,500	-	-	131,500
Ms P Clark	851,818	-	500,000	200,000	-	700,000
Mr M Stevens	993,758	-	218,060	100,000	-	318,060
Mr P Forster	1,032,318	-	300,000	100,000	-	400,000

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

Market price		
At 31 March 2024	Lowest during period	Highest during period
25.0p	18.0p	37.0p

Mr McIlroy's holding noted above includes 14,450,000 (2023: 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.

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.

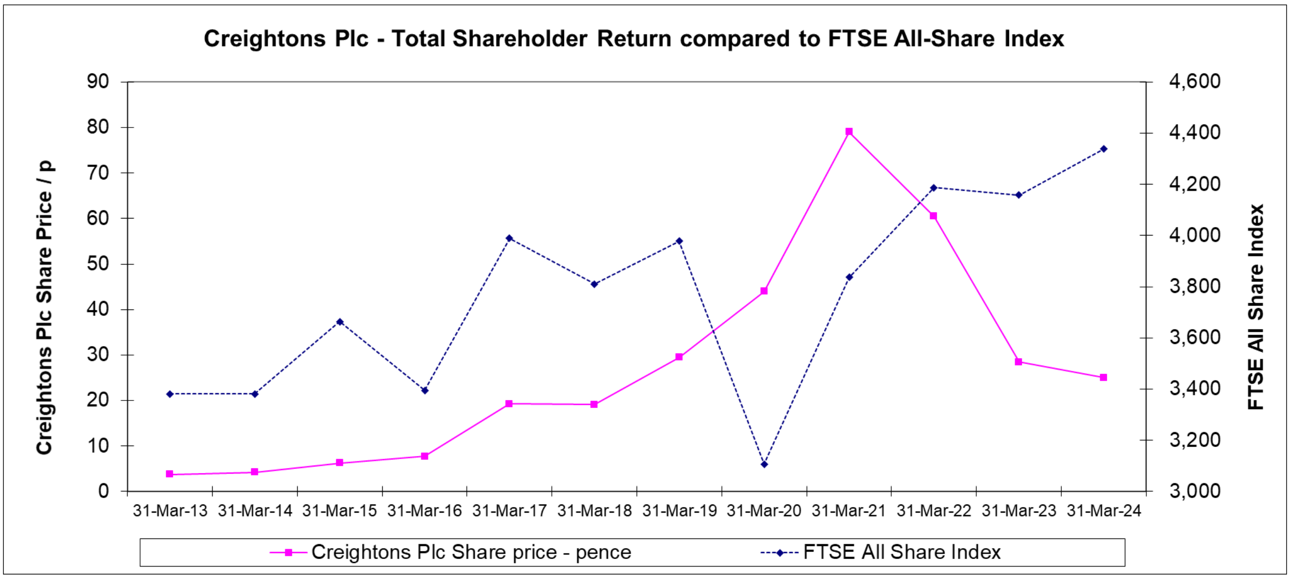


Table of Historical Data

The Group does not currently have a CEO. The table below sets out the remuneration of the highest paid Director for the previous ten years.

Year	Single figure of total remuneration	Annual bonus pay-out against maximum %	Share option scheme exercised against maximum %
	£000's		
2024	132	n/a	n/a
2023	137	100%	n/a
2022	163	40% after waiver	22%
2021	291	100%	n/a
2020	291	100%	100%
2019	301	100%	0%
2018	177	100%	n/a
2017	170	100%	n/a
2016	156	100%	n/a
2015	47	100%	n/a

Directors' remuneration report (continued)

Percentage change in remuneration of the Directors and employees

The table below shows the percentage increase in remuneration of the Directors and the Group's employees as a whole between the years ended 31 March 2021 and 31 March 2024.

	2024				2023			
	Salary and fees	All taxable benefits	Annual bonus	**Total**	Salary and fees	All taxable benefits	Annual bonus	**Total**
W McIlroy	0.0%	-	(100%)	**(62.5%)**	0.0%	-	(36.6%)	**(26.5%)**
B Johnson	(28.3%)	-	(100%)	**(51.8%)**	0.0%	-	(36.6%)	**(16.0%)**
P Clark	5.9%	-	-	**5.6%**	4.4%	-	(100%)	**1.6%**
M Stevens	3.4%	-	-	**3.2%**	17.2%	-	(100%)	**12.6%**
P Forster	11.1%	-	-	**10.5%**	(10.0%)	-	(100%)	**(13.6%)**
N O'Shea	5.6%	-	-	**5.6%**	0.0%	-	(100%)	**(5.3%)**
W Glencross	5.6%	-	-	**5.6%**	5.6%	-	(100%)	**0%**
B Geary	100%	-	-	**100%**	-	-	-	**-**
Average Employee	7.5%	7.5%	(62.5%)	**6.5%**	11.7%	-	(50.2%)	**6.2%**

	2022				2021			
	Salary and fees	All taxable benefits	Annual bonus	**Total**	Salary and fees	All taxable benefits	Annual bonus	**Total**
W McIlroy	3.8%	-	(73.2%)	**(66.3%)**	4.0%	-	33.2%	**29.9%**
B Johnson	0.0%	-	(46.6%)	**(27.6%)**	0.0%	-	(33.2%)	**(22.7%)**
P Clark	4.6%	-	(91.9%)	**(19.1%)**	18.5%	50.0%	362.5%	**46.2%**
M Stevens	3.1%	-	(87.0%)	**(13.3%)**	11.6%	-	187.5%	**24.3%**
P Forster	(71.4%)	(66.7%)	(95.7%)	**(77.1%)**	(16.7%)	(62.5%)	228.6%	**(3.0%)**
N O'Shea	5.9%	-	-	**11.8%**	(22.7%)	-	-	**(22.7%)**
W Glencross	(10.5%)	-	-	**(5.3%)**	5.6%	-	-	**5.6%**
Average Employee	6.7%	0.0%	14.3%	**7.3%**	6.5%	-	(1.8%)	**5.8%**

Pay ratios

The table below sets out the ratio of the highest paid Director to the median, 25th and 75th percentile full-time equivalent remuneration of the Groups employees.

Year	**Method**	**25th percentile pay ratio**	**Median pay ratio**	**75th percentile pay ratio**
2024	Option B	6:1	5:1	4:1
2023	Option B	6:1	5:1	4:1
2022	Option B	8:1	7:1	6:1
2021	Option B	14:1	14:1	12:1
2020	Option B	15:1	13:1	11:1

The pay ratio has reduced slightly from previous years due to the reduction in the profit related bonus of the Directors.

Option B under the reporting requirements has been chosen to identify the employees at the median, 25th and 75th percentiles as it provides the most effective method to identify the reference employees for calculation purposes. The reference employees pay has been calculated from their annual salary, bonuses and pension at the close of the financial year.

In line with the regulations, the following table sets out the total pay and benefits, and the salary element for the highest paid Director and employees at each percentile. The Group does not currently have a CEO.

	Base salary	**Total pay and benefits**
	£000's	**£000's**
Highest paid Director	126	132
75th percentile employee	31	33
50th percentile employee	26	27
25th percentile employee	23	24

Directors' remuneration report (continued)

Relative importance of spend on pay

The table below shows the total expenditure of the Group for all employees compared to retained profits and distributions to shareholders for the years ended 31 March 2024 and 31 March 2023 and the year on year change.

	Year ended 31 March 2024	Year ended 31 March 2023	Change
	£000's	£000's	%
Employee costs	14,414	15,173	(5%)
(Loss) / Profit after tax for the year	(3,527)	514	(786%)
Dividends paid	-	-	-
Dividends proposed (2024: 0.45p per share)	315	-	100%

Voting at general meeting

The Group is committed to ongoing 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 and policy in respect of the year ended 31 March 2023:

Resolution	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
Directors' Remuneration Report	25,805,686	96.11%	1,040,484	3.88%	26,846,170	58,548
Directors' Remuneration Policy	25,692,226	99.45%	134,752	0.52%	25,826,978	1,076,490

WtGlencross
WtGlencross (Jul 16, 2024 16:25 GMT+1)

Mr WT Glencross
Remuneration Committee

16 July 2024

Directors' responsibilities statement

The Directors whose names and functions are set out on page 112 of this document are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and parent Company's position and performance, business model and strategy. Each of the Directors, whose names and functions are listed in Directors and Advisers on page 112 confirm that to the best of their knowledge:

1. the parent Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
2. the group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the group; and
3. 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
4. the report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Independent auditor's report to the members of Creightons PLC

Opinion

We have audited the financial statements of Creightons Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated cash flow statement, the Company cash flow statement, and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2024 and the group's loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the group's and the parent company's future financial performance;
- Challenging the appropriateness of the directors' key assumptions in their cash flow forecasts, by reviewing supporting evidence in relation to these key assumptions and assessing the directors' consideration of severe but plausible scenarios. This included assessing the viability of mitigating actions within the directors' control;
- Testing the accuracy and functionality of the model used to prepare the directors' forecasts;
- Assessing the historical accuracy of forecasts prepared by the directors;
- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit;
- Inspecting the terms of loan agreements and financing facilities for covenants, and assessing the extent to which they are restrictive and have been accurately included in severe but plausible scenarios;
- Inspecting the changes in the terms and conditions of financing facilities and covenants, and any changes in the terms that may impact conclusions in relation to material uncertainties; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

In relation to Creightons Plc's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the director's considered it appropriate to adopt the going concern basis of accounting.

Key audit matters

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

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Revenue recognition – Potter & Moore Innovations Limited note 4 The Group's accounting policy for revenue recognition is set out in the accounting policy notes on pages 78. Revenue is material for the Group and represents the largest figure in the Consolidated statement of comprehensive income. An error in this balance could significantly affect a user's interpretation of the financial statements. For the Group, we identify the risk around revenue recognition as being in relation to occurrence due to the potential to inappropriately record revenue in the year in order to inflate the results of the Group. Due to revenue being a key benchmark in a user's assessment of the performance of the Group, we consider revenue recognition to be a key audit matter.	We confirmed our understanding of the processes and controls relevant to the revenue recognition policy of the subsidiary by performing walkthrough procedures. We evaluated the design and implementation of the controls and concluded that a substantive audit approach supported by test of controls should be adopted. Our procedures included, but were not limited to: • documented and assessed the key business processes; • performed design and implementation work over revenue recognition controls in accordance with ISA 315R; • obtained and inspected the revenue recognition policy to ensure that it complied with the requirements of IFRS 15; including IFRS 15 variable consideration; • utilised the data analytics team to reconcile revenue through to debtors then cash, identifying revenue transactions which did not flow through via the expected process for individual testing; • tested controls over sales invoices in the year by matching a sample of sales to inventory movements; • substantively tested cash receipts from the bank statements to ensure the classification of revenue transactions is correct; • tested controls over the bank reconciliation process; • substantively tested opening and closing debtors through to cash receipt.

	Our observations: Based on the results of our procedures performed, we consider revenue recognition is appropriate, and in line with the Group accounting policy per pages 78.
Inventory provision valuation – Potter & Moore Innovations Limited note 18 There is a risk that inventory is overstated due to management's judgement on potentially obsolete, damaged and slow-moving items in determining the net realisable value. The value of the provision as at 31 March 2024 is £982k (31 March 2022: £1,014k). Refer to page 84 (note 3 Critical accounting judgements and sources of estimation uncertainty) and note 18 (Inventories) for financial disclosures. Due to inventory being a material balance, and the judgement used in calculating the inventory provision, we consider this to be a key audit matter.	We confirmed our understanding of the processes and controls relevant to the inventory provision of the subsidiary by performing walkthrough procedures. We evaluated the design and implementation of the controls and concluded that a substantive audit approach should be adopted. Consequently, we did not test the operating effectiveness of the controls identified. Our procedures included, but were not limited to: • documented and assessed the key business processes; • performed design and implementation work over revenue recognition controls in accordance with ISA 315R; • obtained and inspected the inventory provision policy implemented, and assessed compliance with the policy; • tested the NRV of the gross inventory balance by comparing samples to the subsequent sales made to obtain assurance that inventories are held at the lower of cost and NRV; • during our attendance of stock takes, we documented our review of any obsolete, slow-moving or damaged inventory items; • we obtained an understanding and challenged the assumptions used in the provisioning process; • performed testing over the sales forecasts used in calculating the stock provision to ensure they are supported and accurate; • tested the accuracy of the inventory provision by recalculating the provided amount based on the audit team's understanding of the provision process; • inspected inventory items not fully provided for at year end in line with the Group's accounting policy, to corroborate management's rationale of the year end value; • completed a review of slow-moving stock from the prior year stock listing and assessed that identified items had been provided for appropriately; • performed a stand-back review considering relevant internal and external factors in our assessment of the appropriateness of the methodology and valuation of the inventory provision. **Our observations:** We considered management's judgement on the level of provisioning to be reasonable and in line with the Group accounting policy as described on page 84.
Brand Valuation and goodwill valuation – Consolidation note 13 <u>Emma Hardie:</u> Brand Value: £0.7m Goodwill - Deferred tax: £nil	We confirmed our understanding of the processes and controls relevant to the goodwill and brand valuation of Emma Hardie and Brodie & Stone CGUs in the group by performing walkthrough procedures. We evaluated the design and implementation of the controls and concluded that a substantive audit approach should be adopted.

<u>Brodie and Stone:</u> Brand Value: £4.9m Goodwill - Deferred tax: £1.2m The group's accounting policy for goodwill and impairment is set out in the accounting policies noted to the financial statements (pages 84 - 85). Non-amortising intangibles are subject to annual impairment review, to assess whether the value in use (VIU) is in excess or equal to the carrying value of assets, or whether any impairment is required. Significant assumptions are made in the VIU model, as an individual cash-generating unit (CGU), prepared by management for the basis of their assessment. There is inherent uncertainty involved in forecasting and discounting future cash flows. There may be significantly different outcomes of the assessment if different assumptions were applied in the model, therefore greater level of management judgement is involved in determining the appropriateness of assumptions. This is considered to be a significant risk given the material value of non-amortising intangibles in the Group financial statements. Due to the brand and goodwill value being a material balance in the Group, and the judgement used within the impairment calculation, we consider this to be a Key Audit Matter.	Consequently, we did not test the operating effectiveness of the controls identified. The Audit Engagement Team engaged the internal impairment team as auditor's specialists and the internal valuation team as auditor's experts. Our procedures included, but were not limited to: • documented and assessed the key business processes; • performed design and implementation work over controls in accordance with ISA 315R; • assessed the relevant knowledge and sector experience of our auditor's specialists and auditor's experts; • critically assessed management's formal assessment paper and value in use ('VIU') models in detail to consider whether these are prepared in accordance with the relevant accounting framework (including IAS 36) and are mathematically accurate;; • challenged management's assessment of CGUs; • assessed the VIU model by looking for any disconfirming evidence in post year end data and market information; • performed sensitivity analysis on the key assumptions and cash flows used within the VIU model to assess scenarios that would trigger an impairment; • evaluated the WACC used by management in the impairment model; • for forecasting accuracy – compared the historical accuracy of forecasting to actual results; • critically assessed the forecast information included in the impairment calculation for inconsistencies with other information provided in other areas of the audit; and • performed a stand back review considering relevant internal and external factors including disconfirming information and any indicators of management bias and any implications of the audit in our assessment of the appropriateness of the methodology and valuation of the brand. **Our observations** We consider management's assessment on the impairment of the brand value to be reasonable in line with the Group accounting policy described on pages 84 - 85, and the value in use model assumptions to be fairly reflected in the Critical accounting judgements and sources of estimation uncertainty note 3.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality

Overall materiality	£319,000(2023: £351,000).
How we determined it	0.6% of Revenue (2023: 0.6%).
Rationale for benchmark applied	Revenue was used as the benchmark for materiality in the current year as lower profits were made due to inflationary pressures on the group, however revenue has remained consistent year on year and therefore the revenue benchmark was selected to reflect this.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £223,000 (2023: £246,000) which represents 70% of overall materiality.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £9,600 (2023: £11,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Parent company materiality

Overall materiality	£192,000 (2023: £188,000).
How we determined it	Materiality has been determined with reference to a benchmark of total equity, of which it represents 3% (2023: 3%).
Rationale for benchmark applied	We used total equity to calculate our materiality as, in our review, this is the most relevant measure of the underlying financial position of the parent company for this year end as a holding company.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £134,000 (2023: £132,000) which represents 70% of overall materiality.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £5,700 (2023: £5,600) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our Group audit scope included an audit of the group and parent company financial statements. Based on our risk assessment, Creightons Plc and Potter & Moore Innovations Limited within the group were subject to full scope audit, which was performed by the group audit team. The group audit team obtained external bank confirmations for all bank accounts held within the group regardless if the entity was subject to a full scope audit to gain necessary assurance over the consolidated cash position as at 31 March 2024.

At the parent company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

At the parent company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the:

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to Creightons Plc's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 33;
- Directors’ explanation as to its assessment of the entity’s prospects, the period this assessment covers and why they period is appropriate, set out on page 39;
- Directors' statement on fair, balanced and understandable, set out on page 43;
- Board’s confirmation that it has carried out a robust assessment of the e-merging and principal risks, set out on page 18 - 20;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 43; and;
- The section describing the work of the audit committee, set out on page 43.

Responsibilities of Directors

As explained more fully in the directors’ responsibilities statement set out on page 57, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: the Bribery Act 2010, General Data Protection Regulation ‘GDPR’, EU Cosmetics Regulation EC 1223:2009 & UK Cosmetic Products Enforcement Regulations 2013 and Taskforce on Climate-related Financial Disclosures ‘TCFD’.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the group and the parent company, the industry in which they operate, and the structure of the group, and considering the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities;
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as UK tax legislation, UK-adopted international accounting standards, FRS 101 "Reduced disclosure framework", Rules of the London Stock Exchange, and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the occurrence assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

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

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 24 November 2020 to audit the financial statements for the year ending 31 March 2021 and subsequent financial periods. The period of total uninterrupted engagement is 4 years, covering the years ending 31 March 2021 to date.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with our additional report to the Audit Committee.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required

to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Stephen Brown (Jul 16, 2024 16:41 GMT+1)

Stephen Brown (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1FF
Date

Date **16 July 2024**

Consolidated income statement

	Note	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Revenue	4,5	53,194	58,567
Cost of sales		(30,364)	(34,219)
Gross profit		22,830	24,348
Distribution costs		(3,488)	(3,902)
Administrative expenses		(17,804)	(18,862)
Operating profit before exceptional items		1,538	1,584
Exceptional items - Redundancy costs	7	(17)	(165)
Exceptional items – Impairment	8, 14	(4,449)	-
Operating profit		(2,928)	1,419
Exceptional items - Acquisition costs	8	-	(312)
Finance costs	9	(349)	(420)
Profit before tax		(3,277)	687
Taxation	10	(250)	(173)
(Loss) / Profit for the year attributable to the equity shareholders		(3,527)	514

Consolidated statement of comprehensive income

		Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
(Loss) / Profit for the year		(3,527)	514
Items that may be subsequently reclassified to profit and loss:			
Exchange differences on translating foreign operations		13	(9)
Other comprehensive income for the year		13	(9)
Total comprehensive income for the year attributable to the equity shareholders		(3,514)	505

Earnings per share

	Note	Year ended 31 March 2024	Year ended 31 March 2023
Basic	12	(5.15p)	0.74p
Diluted *	12	(5.15p)	0.65p

* Share options are excluded from the earnings per share calculation for the year ended 31 March 2024 due to their anti-dilutive effect on the loss after tax attributable to equity holders.

Adjusted Earnings per share – alternate performance measure

The following calculation of the basic and diluted earnings per share excluding exceptional items has been calculated based on adding back the following deductions from (loss) / profit after tax:

	Note	Year ended 31-Mar 2024 £000	Year ended 31-Mar 2023 £000
(Loss) / Profit for the period from operations attributable to the equity shareholders of the parent Company		(3,527)	514
Exceptional items – Impairment	8,13,14	4,449	-
Exceptional items – Deferred tax charge not previously recognised	31	165	-
Exceptional items – Acquisition costs (disallowed for tax provision)	8	-	312
Adjusted Earnings excluding exceptional items	12	1,087	826

Adjusted Basic earnings per share – excluding exceptional items	12	1.59p	1.19p
Adjusted Diluted earnings per share – excluding exceptional items	12	1.42p	1.05p

Consolidated balance sheet

		31 March 2024	31 March 2023
	Note	£000	£000
Non-current assets			
Goodwill	13	1,575	2,857
Other intangible assets	14	6,374	10,894
Property, plant and equipment	15	5,219	5,890
Right-of-use assets	16	1,093	1,285
		14,261	**20,926**
Current assets			
Inventories	18	8,225	10,228
Trade and other receivables	19	10,518	12,733
Cash and cash equivalents	20	3,138	1,653
		21,881	**24,614**
Total assets		**36,142**	**45,540**
Current liabilities			
Trade and other payables	22	8,265	9,836
Corporation tax payable	22	105	3
Lease liabilities	23	351	373
Borrowings	24	620	2,502
		9,341	**12,714**
Net current assets		**12,540**	**11,900**
Non-current liabilities			
Deferred tax liability	31	1,798	2,942
Lease liabilities	23	633	917
Borrowings	24	2,315	3,488
		4,746	**7,347**
Total liabilities		**14,087**	**20,061**
Net assets		**22,055**	**25,479**
Equity			
Share capital	25	700	700
Share premium account		2,024	2,022
Merger reserve		2,476	2,476
Treasury shares	8	(576)	(576)
Other reserves		(211)	(211)
Translation reserve		27	14
Retained earnings		17,615	21,054
Total equity attributable to the equity shareholders of the parent Company		**22,055**	**25,479**

These financial statements were approved by the Board of Directors and authorised for issue on 16 July 2024. They were signed on its behalf by:

P Clark

P Clark (Jul 16, 2024 16:09 GMT+1)

Philippa Clark
Managing Director

Company balance sheet

	Note	31 March 2024 £000	31 March 2023 £000
Non-current assets			
Investment in subsidiaries	17	1,310	1,199
Investment property	15	3,100	3,310
		4,410	**4,509**
Current assets			
Trade and other receivables	19	4,374	4,256
Cash and cash equivalents	20	20	26
		4,394	**4,282**
Total assets		**8,804**	**8,791**
Current liabilities			
Trade and other payables	22	125	53
Borrowings	24	185	178
		310	**231**
Net current assets		**4,084**	**4,051**
Non-current liabilities			
Borrowings	24	2,102	2,289
		2,102	**2,289**
Total liabilities		**2,412**	**2,520**
Net assets		**6,392**	**6,271**
Equity			
Share capital	25	700	700
Share premium account		2,024	2,022
Merger reserve		2,476	2,476
Treasury shares	8	(576)	(576)
Capital redemption reserve		18	18
Other reserves		(236)	(236)
Retained earnings brought forward		1,978	1,802
Profit for the year		8	65
Total equity attributable to the equity shareholders		**6,392**	**6,271**

The Company's profit after tax for the year was £8,000 (2023: £65,000). The Company has elected to take the exemption permitted under Section 408 of the companies Act 2006 not to present the Company's individual income statement and related notes.

These financial statements were approved by the Board of Directors and authorised for issue on 16 July 2024. They were signed on its behalf by:

P Clark
P Clark (Jul 16, 2024 16:09 GMT+1)

Philippa Clark
Managing Director

Company registration number 01227964

Consolidated statement of changes in equity

	Share capital (note 25)	Share premium account	Merger reserve	Treasury Shares	Other reserves	Translation reserve	Retained earnings	Total equity
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2022	697	1,951	2,476	-	(211)	23	20,742	25,678
Comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	514	514
Exchange differences on translation of foreign operations	-	-	-	-	-	(9)	-	(9)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(9)**	**514**	**505**
Contributions by and distributions to owners								
Exercise of options	3	71	-	-	-	-	-	74
Purchase of own shares (Note 8)	-	-	-	(576)	-	-	-	(576)
Share-based payment charge (note 26)	-	-	-	-	-	-	101	101
Deferred tax through Equity (note 31)	-	-	-	-	-	-	(303)	(303)
Total contributions by and distributions to owners	**3**	**71**	**-**	**(576)**	**-**	**-**	**(202)**	**(704)**
At 31 March 2023	**700**	**2,022**	**2,476**	**(576)**	**(211)**	**14**	**21,054**	**25,479**
Comprehensive income for the year								
Loss for the year	-	-	-	-	-	-	(3,527)	(3,527)
Exchange differences on translation of foreign operations	-	-	-	-	-	13	-	13
Total comprehensive loss for the year	-	-	-	-	-	**13**	**(3,527)**	**(3,514)**
Contributions by and distributions to owners								
Exercise of options	-	2	-	-	-	-	-	2
Share-based payment charge (note 26)	-	-	-	-	-	-	111	111
Deferred tax through Equity (note 31)	-	-	-	-	-	-	(23)	(23)
Total contributions by and distributions to owners	**-**	**2**	**-**	**-**	**-**	**-**	**88**	**90**
At 31 March 2024	**700**	**2,024**	**2,476**	**(576)**	**(211)**	**27**	**17,615**	**22,055**

Consolidated statement of changes in equity (continued)

Share capital
The nominal value of allotted and fully paid up ordinary share capital in issue.

Share premium account
Amount subscribed for share capital in excess of nominal value.

Merger reserve
The excess of the nominal value of the shares issued to the shareholders upon the acquisition of Emma Hardie and Brodie & Stone businesses.

Treasury shares
Purchase of the Company's own shares.

Capital redemption reserve
Non-distributable reserves following the purchase of Company's own shares.

Other reserves
Purchase of the Company's shares by the EBT is shown as a negative movement through other reserves.

Translation reserve
Foreign currency differences arising from the translation of the financial statements of the overseas subsidiaries.

Retained earnings
Cumulative net gains and losses recognised in the statement of comprehensive income.

Company statement of changes in equity

	Share capital (note 25)	Share premium account	Merger reserve	Treasury shares	Capital redemption reserve	Other reserves	Retained earnings	Total equity
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
As at 1 April 2022	697	1,951	2,476	-	18	(236)	1,701	6,607
Comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	65	65
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**65**	**65**
Contributions by and distributions to owners								
Exercise of options	3	71	-	-	-	-	-	74
Share based payment charge	-	-	**-**	**-**	-	**-**	101	101
Purchase of own shares (note 8)	**-**	-	-	(576)		-	-	(576)
Total contributions by and distributions to owners	**3**	**71**	**-**	**(576)**	**-**	**-**	**101**	**(401)**
At 31 March 2023	**700**	**2,022**	**2,476**	**(576)**	**18**	**(236)**	**1,867**	**6,271**
Comprehensive income for the year								
Profit for the year	**-**	**-**		**-**	**-**	**-**	8	8
Total comprehensive income for the year	**-**	**-**		**-**	**-**	**-**	**8**	**8**
Contributions by and distributions to owners								
Exercise of options	-	2	-	-	-	-	-	2
Share based payment charge	-	-	-	-	-	-	111	111
Total contributions by and distributions to owners	**-**	**2**	**-**	**-**	**-**	**-**	**111**	**113**
At 31 March 2024	**700**	**2,024**	**2,476**	**(576)**	**18**	**(236)**	**1,986**	**6,392**

Consolidated cash flow statement

	Note	Year ended 31 March	Year ended 31 March
		2024	2023
		£000	£000
Profit from operations including redundancy costs		**1,521**	**1,419**
Adjustments for:			
Depreciation on property, plant and equipment	15	992	1,000
Depreciation on right of use assets	16	368	294
Amortisation of intangible assets	14	358	288
Loss/(Profit) on disposal of Right of Use assets	6	59	34
Share based payment charge	26	111	101
		3,409	**3,136**
Decrease in inventories	18	2,003	2,250
Decrease in trade and other receivables	19	2,215	776
(Decrease) in trade and other payables		(1,570)	(288)
Cash generated from operations		**6,057**	**5,874**
Taxation paid		(30)	(62)
Net cash generated from operating activities		**6,027**	**5,812**
Investing activities			
Purchase of property, plant and equipment	15	(321)	(825)
Purchase of intangible assets	14	(287)	(315)
Acquisition of Brodie & Stone	8	-	(75)
Acquisition of Emma Hardie	8	-	(1,424)
Net cash used in investing activities		**(608)**	**(2,639)**
Financing activities			
Proceeds on issue of shares	25	2	74
Cancellation of leases	23	(59)	(35)
Principal paid on lease liabilities	23	(568)	(436)
Utilisation of invoice financing facilities	30	-	290
Repayment of invoice financing facilities	30	(1,557)	-
Repayment of amounts borrowed	30	(61)	(600)
Repayment on term loan	30	(1,329)	(816)
Interest paid on term loan	30	(123)	-
Repayment on mortgage loan facility	30	(180)	(252)
Interest paid on mortgage loan facility	30	(72)	-
Purchase of shares - Share buy back	8	-	(576)
Net cash generated (used in) financing activities		**(3,947)**	**(2,351)**
Net increase in cash and cash equivalents		**1,472**	**822**
Cash and cash equivalents at start of year		**1,653**	840
Effect of foreign exchange rate changes		13	(9)
Cash and cash equivalents at end of year		**3,138**	**1,653**

Company cash flow statement

		Year ended 31 March	Year ended 31 March
		2024	2023
	Note	£000	£000
Profit from operations		152	142
		152	**142**
Adjustments for:			
Depreciation on property, plant and equipment	15	210	211
		362	**353**
(Increase)/decrease in trade and other receivables	19	(118)	220
(Increase) in trade and other payables		-	(3)
Cash generated from operations		**244**	**570**
Taxation paid		-	(45)
Net cash generated from operating activities		**244**	**525**
Investing activities			
Dividend received		-	-
Net cash (used in)/generated investing activities		**-**	**-**
Financing activities			
Proceeds of share issue	25	2	74
Repayment on loan facility		(252)	(252)
Purchase of shares - EH buy back	8	-	(576)
Net cash generated (used in) financing activities		**(250)**	**(754)**
Net change in cash and cash equivalents		**(6)**	**(229)**
Cash and cash equivalents at start of year		**26**	**255**
Cash and cash equivalents at end of year		**20**	**26**

Notes to the financial statements

1. General information

Creightons PLC (the Company) is incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 112. 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 33.

2 Material accounting policies

Basis of accounting

The Group financial statements have been prepared in accordance with UK-adopted international accounting standard in conformity with the requirements of the Companies Act 2006.

The IFRSs applied in the Group financial statements are subject to ongoing amendment by the IASB and therefore subject to possible change in the future. Further standards and interpretations may be issued that will be applicable for financial years beginning on or after 1 April 2024 or later accounting periods but may be adopted early.

The preparation of financial statements in accordance with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The primary statements within the financial information contained in this document have been presented in accordance with IAS1 Presentation of Financial Statements.

The financial statements have been prepared on the historical cost basis as modified for the fair value of business combinations. 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.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

Adoption of new and revised accounting standards

None of the standards adopted during the year had a material impact on the Group's financial statements for the year ended 31 March 2024.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The Group does not expect any of the standards issued by the IASB, but not yet effective, to have a material impact on the Group.

The following table summarises the impact of prior period disclosure reclassification on the financial statements of the Group. Further detail is provided in note 7. This does not impact the profit figure stated in the prior year accounts. As a result, this has no impact on the prior period basic and diluted earnings per share presented in note 12.

The aggregate remuneration of employees during the year was comprised:

	Year ended 31-Mar	Year ended 31-Mar	Year ended 31-Mar
	2024	2023	2023
	£000	£000	£000
		Reclassification	
Wages and salaries	12,753	13,288	12,831
Social security costs	1,219	1,346	1,346
Pension contributions	331	438	438
Share based payment charge	111	101	101
Total	**14,414**	**15,173**	**14,716**

The reclassification pertained to the non-productive direct labour which had been recharged to other Administrative costs in the previous year. For the current year these have been reclassified to wages and salaries within Administrative costs. The reclassification aims to provide a more accurate depiction of the total wages and salary cost for the Group.

Notes to the financial statements

2 Significant accounting policies (continued)

Basis of consolidation

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

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

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

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

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

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

Going concern

Whilst the Group has faced a number of challenges due to the current economic climate, it has exhibited improved performance for the second half of the year due to remedial actions taken by management as explained in the Chairman's statement and operational highlights on pages 2 to 6. The Groups gross margin is recovering after securing price increases from customers, improved production efficiencies and a stabilisation in the rate of cost increases. Processes are in place to continue to review customer margins and to recover any increases from customers through selling price increases, product reengineering and other cost mitigation measures. The benefit of the margin improvement and overhead reduction programme has been evident in the second half performance of the year to 31 March 2024.

The Group continues to meet its debt obligations and expects to operate comfortably within its available borrowing facilities for the next 3 years. This assessment is based on our ability to retain existing borrowing facilities and assuming moderate top line sales growth.

The going concern assessment included various sensitivity analyses including the loss of the Group's largest customer. In the unlikely event that all of this business was lost, this would be mitigated by reduced production and warehouse, stock holding and account management costs. The Group has a long standing relationship with its customer base and is actively working on new briefs in targeting growth. Additionally, other scenarios examined increasing cost of sales by 20% and separately increases in overhead costs by 20%.

The Group also has a disaster recovery plan and would be able to transfer part of its production between sites should the need arise. There are also good relationships with suppliers and customers to enable the business to mitigate any supply chain issues. The Group possesses adequate insurance cover to mitigate the impact of severe adverse scenarios on business interruption, plant and machinery, stock and buildings.

In the extreme scenario, should turnover reduce, the Group could consolidate production on to a single site providing an overhead cost reduction.

The Group continues to monitor the long term impacts of climate change and these are set out in the Task Force on Climate – related Financial disclosures (TCFD) report and Risk Management and Sustainability sections of the Strategic Report. The Group believes the impact of climate change will not have a material impact to long term viability of the business but rather an opportunity to provide our customers with sustainable solutions.

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.

Notes to the financial statements

2. Significant accounting policies (continued)

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 by the acquirer, less liabilities incurred in exchange for control of the entity acquired. Acquisition-related costs are recognised in profit or loss as incurred.

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

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date;
- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements that are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and
- assets that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquired entity, and the fair value of the acquirer's previously held equity interests in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the fair value of the acquirer's previously held interests in the acquired entity (if any), the excess is recognised immediately in profit or loss as a purchase gain. When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

On the acquisition date, the acquirer is required to recognise, separately from goodwill, the identifiable assets acquired and the liabilities assumed in a business combination. Upon the acquisition of Emma Hardie Limited and Brodie and Stone Holdings Limited (and its subsidiary), the Group recognised the associated brand value of Emma Hardie and Brodie and Stone as an identifiable asset to be recognised on acquisition. The Directors have assessed the key nature and attributes of the assets of the businesses acquired and in particular the value of the separable intangible assets. The Directors have concluded that there was no material value attributable to the intangible categories of customer relationships, employees and knowhow and are satisfied that it is appropriate to attribute the full value of the intangible asset acquired to brand value.

In forming their judgement that the acquired brands have an indefinite life, the Directors give consideration to factors such as the expected usage of the brands, typical product lifecycles, new product developments, market stability, competitive positioning and the level of marketing support required to maintain the brands.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Goodwill, intangible assets and brand value with indefinite lives

Goodwill and brand value is initially recognised and measured as set out above.

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

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

Notes to the financial statements

2. Significant accounting policies (continued)

Revenue recognition - Group

The Group's revenue is generated from selling goods and is recognised when control has been transferred to the customer including distributors. The passage of control to the customer occurs at point of collection for those customers arranging onward shipment (ex-works terms) or at point of delivery where transport is arranged by the Group. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession, has a right to payment on agreed terms and it is considered that the Group has satisfied the performance obligation.

Most of the Group's revenue is derived from fixed price agreements with customers and therefore the amount of revenue to be earned from each shipment is determined by reference to those fixed prices. Provisions for returns from customers, royalties, rebates and promotional support are deducted from revenue.

Returns from customers
Sale of goods are not subject to returns outside of delivery queries and quality defects. Any returns are recognised within revenue. A returns provision is not deemed necessary, due to the insignificant volume of returns. All deliveries are signed for upon receipt of goods and any discrepancies are notified immediately. Additionally, the business has robust quality control measures, limiting the potential of any significant returns of this nature.

Royalties and Rebates
The royalties and rebates relate to amounts payable to customers in respect of contracted agreements based on sales in the period at the agreed contracted rate. Where a royalty or rebate activity spans across the year end, an accrual is reflected in the Group accounts based on the agreed terms with the customer. This is recognised in revenue.

Promotional support
The Group provides for amounts payable to trade customers for promotional activities. Where a promotional activity spans across the year end, an accrual is reflected in the Group accounts based on our expectation of customer and consumer uptake during the promotional period and the extent to which temporary promotional activity has occurred. This is recognised in revenue.

Payment terms are based on market practice and commercial terms agreed with the individual customer.

Practical exemptions
The Group has taken advantage of the practical exemptions not to account for significant financing components as all customer payment terms mean the time difference between receiving consideration and transferring control of goods to its customer is one year or less.

Revenue recognition – Company

The Company's revenue represents rental income on its Investment Property. Revenue is recognised across the period of the agreements in place on a straight-line basis.

Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identifiable asset,
- The Group obtains substantially all of the economic benefits from the use of the asset, and
- The Group has the right to direct the use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not treated as giving rise to a lease.
In determining whether the Group obtains substantially all of the economic benefits from the use of the asset, the Group considers only the economic benefits that arise from the use of the assets, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct the use of the assets, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of the contract does not satisfy these criteria, the Group applies other applicable IFRS rather than IFRS 16.

All leases are accounted for by recognising a right of use asset and a lease liability except for;

- leases of low value assets; under £5,000, and
- leases with a duration of 12 months or less.

Notes to the financial statements

2. Significant accounting policies (continued)

Lease liabilities are measured at present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the rate implicit in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing on the commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes;

- amounts expected to be payable under any residual value guarantee,
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option,
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced by any lease incentives received and increased for;

- lease payments made at or before commencement of the lease,
- initial direct costs incurred, and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and reduced for lease payments made. Right of use assets are amortised on a straight-line basis over the remaining term of the lease or over the economic life of the asset if this is judged to be shorter than the lease term.

The Company has entered into a lease agreement as a lessor with respect to its investment property with its subsidiary undertaking, Potter and Moore Innovations Limited.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Foreign currencies

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

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

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 operation, or loss of significant influence over an associate that includes a foreign operation) all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

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

Borrowing costs

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

Notes to the financial statements

2 Significant accounting policies (continued)

Retirement benefit costs

The Group companies contribute to defined contribution retirement benefit schemes.

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

Taxation

The tax expense represents the sum of current tax and deferred tax.

Current tax

Current tax 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.

Property, plant and equipment

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

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

	% per annum
Freehold land and buildings	
• land	0
• buildings	5 - 20
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.

Notes to the financial statements

2 Significant accounting policies (continued)

An item of property, plant and equipment is de-recognised 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.

Depreciation and amortisation are included in the income statement under administration expenses.

Investment Property – Company only

Investment property is initially measured at cost, including transaction costs associated with the purchase. Subsequently, the asset is recognised at cost less accumulated depreciation and impairment.

Depreciation is charged so as to write off the cost of the Investment Property over its estimated useful life using the straight-line method. The useful economic life is considered to be 20 years.

Research and development expenditure

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

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

- the Group has adequate resources (both technical and financial) to complete the project
- undertake the technical feasibility of the project and ensure its commercial viability for the intended market
- where a project has entered the development phase and is sufficiently self-contained that the expected future economic benefits can be traced to those assets developed in the project
- it is probable that the future economic benefits that are attributable to those assets will flow to the Group in the form of sales of the developed product and
- the costs of the asset can be measured reliably.

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

Intangible assets acquired separately

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

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

Intellectual Property and brands are held with an indefinite useful life and are reviewed annually for any impairment.

The acquired brands have been recognised as an intangible asset with an indefinite life, as these brands have been acquired as a long-term investment. Please see note 3 for an explanation for the factors determining the indefinite useful life. An intangible asset with an indefinite life is not amortised, but its useful life is reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. The asset is assessed for impairment in accordance with IAS 36.

Impairment of tangible and other intangible assets

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

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

Investments

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

Notes to the financial statements

2 Significant accounting policies (continued)

Employee Benefit Trust (EBT)

The EBT is consolidated on the basis that the parent has control, thus the assets and liabilities of the EBT are included in the Statement of Financial Position and shares held by the EBT in the Company are presented as a deduction from equity.

Inventories

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

Financial assets

Financial assets principally relate to trade receivables. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are initially recognised at fair value. IFRS 9 requires the use of an expected credit loss model to recognise an impairment allowance. The simplified approach permitted by IFRS 9, requires expected lifetime losses to be recognised from initial recognition of the receivables, and this has been adopted by the Group. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being reported within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

For the Company, impairment provisions for receivables from Group companies are recognised, based on a forward looking expected credit loss method. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and surplus invoice financing amounts, and represent cash in the balance sheet and in the cashflow statement. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position and are treated as financing transactions.

Financial liabilities

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

Trade payables, overdrafts, invoice finance facilities and other short-term liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective rate method.

Bank Loans

Bank loans are initially recognised at fair value net of any transaction costs attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost ensuring the interest element of the borrowing is expensed over the repayment period at a constant rate.

Share-based payments

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

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

Notes to the financial statements

2 Significant accounting policies (**continued**)

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

Sale and leaseback

When the Group has undertaken a sale and lease back transaction, the Group must determine whether the transfer qualifies as a sale. This determination is based on the requirements for satisfying a performance obligation in IFRS 15 'Revenue from Contracts with Customers'. The leaseback is then accounted for under the lessee accounting model. The Group utilises sale and leaseback opportunities where appropriate to finance capital investment and reduce the impact on working capital. The lease period for these items is normally 5 years and the rate of interest is agreed upon each transaction.

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing the profit attributable to the ordinary shareholders of the parent Company by the weighted average number of ordinary shares during the year adjusted for the potentially dilutive ordinary shares.

Dividends

Dividends are recognised when they are legally payable. Interim dividends are recognised when declared by the Directors. Final dividends are disclosed when approved by the shareholders at the general meeting.

Share capital and share premium

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.
The Group's ordinary shares are classified as equity instruments.

Impact of climate change

Climate change is a global challenge and an emerging risk to businesses, people and the environment across the world. We have a role to play in limiting warming by improving our energy management, reducing our carbon emissions and by helping our customers do the same. Growing awareness of climate change and customer sustainability targets will provide impetus for business growth as we provide products, services and solutions that increase efficiency and reduce customers' energy use and carbon emissions. As a result, in our view climate change does not create any further key sources of estimation uncertainty. For further details see the Task Force on Climate – related Financial disclosures (TCFD) report and Risk Management and Sustainability sections of the Strategic Report on pages 24 to 32.

Exceptional items

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

Notes to the financial statements

3 Critical accounting judgements and sources of estimation uncertainty (continued)

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Inventory provision:

An estimate is required in determining the value of any provisions held against inventory. In determining this provision, the Directors have made an assessment based on the historic realisable value of finished products and made provision for all raw materials with no current demand based on orders and forecasts in the system at the year end, each item is assessed and reviewed for future usage as part of the inventory provision calculation. Future demand is based on forecast built up from product level demand by customer. This forecasted demand where possible is built on historic actual sales to end consumer based on the previous 3 months adjusted for seasonal trends and known new listings or discontinuations. The inventory value is £8,225,000 (2023: £10,228,000). This is net of provisions of £982,000 (2023: £1,014,000) for residual inventories per note 18, which has historically proved to be realistic. The Group inventory provision is derived from forecasted demand from customers. An inventory provision will only arise in the absence of ongoing demand. Therefore, a sensitivity analysis on inventory provision is not appropriate. The Group has agreements with its private label customers for forecasted demand, any discontinuation of product and or ranges is closely managed to ensure wherever possible raw materials are converted to finished goods and sold prior to exit. In regard to branded products, the Group has the capacity to manage any discontinuations. It is impracticable to disclose the extent of the possible effects of a change in forecast at the end of the reporting period. On the basis of existing knowledge there would be no material adjustment to the carrying amount of inventory.

Impairment of goodwill:

Determining whether goodwill is impaired requires an assessment of value in use based on the recoverable amount of the cash-generating unit to which goodwill is allocated. For goodwill, which is deemed to have an indefinite life, the recoverable amount is estimated at each reporting date. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. 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 assessments of the time value of money and the risks specific of the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash generating units that are expected to benefit from the synergies of the combination. Goodwill recognised on acquisition in relation to the deferred tax liability associated with the brand value will be reviewed on an annual basis for impairment in conjunction with the assessment of impairment of the brand value. Any impairment as a result of the annual review of the brand value will lead to a derecognition of the goodwill and the corresponding deferred tax liability.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the Consolidated Income Statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of other assets (e.g. Brand value) within the unit on a pro-rata basis.

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.

The cashflow projections cover a five year period based on detailed approved budget forecasts for the next year, Directors' projections of profits for years two to five and a value to perpetuity thereafter. It is prudent to take a long term view of profitability levels when considering potential impairments to Goodwill to minimise fluctuations between trading years.

The discount rate represents the best estimate of the Group's weighted average cost of capital, either reflecting past experience or is consistent with external sources of information. The calculation is based on the proportion of debt and equity in the Group's capital structure and adjusted for specific risks relating to the sector and country, as this is believed to be the most appropriate to be used.

The applied Growth rate is indicative of managements assumption that the long term growth rate in each of the CGU's from year five onwards will be 2% per annum when extrapolating future cash flows as part of the calculation to perpetuity. This is in line with historical growth rates for the business sector.

As a result of the annual review, the Emma Hardie Goodwill was impaired in full. Upon reflection of the historic operations of the business along with a conservative viewpoint of the future trading forecast of the brand, the Group has taken a prudent view in forecasting the future performance of the Brand. This approach has resulted in an

Notes to the financial statements

3 Critical accounting judgements and sources of estimation uncertainty (continued)

impairment of the Emma Hardie Goodwill and Brand Value. Please see below for the key assumptions used in the assessment. Further detail is set out in note 13. The Group has assessed the implication of climate change in the TCFD report on pages 24 to 32. The cashflows prepared for the value in use in the impairment review have regard to the impact of climate change which is not considered to be significant in these cashflows.

Key assumptions used in this assessment are as follows:

Brand	Discount Rate (Pre-tax)	Growth Rate
Emma Hardie	15.06%	(9%) in FY25, 0% in FY26 and 2% in perpetuity
Brodie and Stone	14.27%	15% in FY25, 5% in FY26 and 2% in perpetuity
Potter and Moore Innovations	23.02%	0% in FY25, 2% in FY26 and 2% in perpetuity

Impairment of brand values:

Determining whether an intangible asset is impaired requires an assessment of the value in use based on the recoverable amount of the cash-generating unit to which goodwill is allocated. For brand value, which is deemed to have an indefinite life, the recoverable amount is estimated at each reporting date. The value in use requires the entity to estimate the future economic benefit.

As a result of the annual review, the Emma Hardie brand was impaired. Please see above for the key assumptions used in the assessment. Further detail is set out in note 14.

The Group has assessed the implication of climate change in the TCFD report on pages 24 to 32. The cashflows prepared for the value in use in the impairment review have regard to the impact of climate change which is not considered to be significant in these cashflows.

Key assumptions used in this assessment are as follows:

Brand	Discount Rate (Pre-tax)	Growth Rate
Balance Active	14.19%	24% in FY25, 5% in FY26 and 2% in perpetuity

Other estimates

Expected credit losses (ECL):

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Expected credit loss calculated is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions, this is where the uncertainty lies.

The Group only trades on credit terms with customers where it holds sufficient credit insurance, all other customers pay on a proforma basis therefore reducing the ECL risk to a maximum of 10% of a customer's trade debtor balance. The value of trade receivables is £10,172,000 (2023: £12,220,000), net of provisions of £21,000 (2023: £45,000).

Expected credit losses on intercompany debt balances is deemed to be nil as the loans are repayable on demand. The expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. The borrower has sufficient accessible assets in order to repay the loan if demanded at the reporting date.

Deferred tax:

The calculation of the Group's total tax charge involves a degree of estimation in respect of the recoverability of tax losses. Deferred tax in relation to losses is recognised to the extent that it is probable that taxable profit will be available for which unused tax losses can be utilised. Please see note 2, Going concern, where management have assessed budgets, forecasts and conducted sensitivity analysis which conclude that as a result of future forecasted profits, the recognition of tax losses within the deferred tax balance is appropriate. Further detail is set out in note 31. Additionally, a deferred tax liability was recognised in relation to the acquisition of the brand values associated with Emma Hardie and Brodie and Stone. These are subject to impairment reviews as detailed above. Any impairment as a result of the annual review of the brand value will lead to a derecognition of the deferred tax liability and the corresponding goodwill.

Notes to the financial statements

4 Revenue

All of the Group's revenue is derived from the sale of goods. The following is a disaggregation of the Group's revenue.

	Year ended 31-Mar	Year ended 31-Mar
	2024	**2023**
	£000	**£000**
Sales of goods	55,999	60,713
Settlement discounts	(75)	(88)
Contracted retailer commitments	(1,368)	(935)
Royalties & commissions	-	(10)
Retailer promotional support	(1,362)	(1,113)
Revenue	**53,194**	**58,567**

5 Business and geographic segments

In the year ended 31 March 2024, the Group had one customer that exceeded 10% of total revenue, being £11.8m (2023: one customer being £10.3m).

The Group makes sales under its own branded ranges, private label and contract manufacturing. However, all return on investment and capital investment decisions are assessed at an overall business level only. Customers purchase from various brands across the business, using the same manufacturing facilities (other than a small number of products purchased from third parties), with the same employees working across all of the ranges in manufacturing and support services. The Group therefore considers there to be only one operating segment when providing information for management review.

Revenues from external customers

	Year ended 31-Mar	Year ended 31-Mar
	2024	**2023**
	£000	**£000**
UK	44,723	47,964
Overseas	8,471	10,603
Total	**53,194**	**58,567**

Notes to the financial statements

5 Business and geographic segments (continued)

The below table shows the split of overseas sales by country. There are no non-current assets held overseas.

	Year ended 31-Mar 2024 £000	Year ended 31-Mar 2023 £000
Denmark	2,724	2,158
Vietnam	114	1,902
Saudi Arabia	1,268	1,442
Chile	588	555
United States of America	539	839
Ireland	424	504
Australia	71	424
France	59	269
United Arab Emirates	163	254
Nigeria	384	196
Germany	307	181
China	287	166
Georgia	238	157
Pakistan	375	-
Oman	160	-
South Africa	197	129
New Zealand	56	22
Latvia	114	116
Ecuador	53	140
Other	350	1,149
Total	**8,471**	**10,603**

6 Operating profit

Operating profit for the Group is stated after charging:

	Note	Year ended 31-Mar 2024 £000	Year ended 31-Mar 2023 £000
Net foreign exchange (gain) / loss		(125)	(126)
Cost of inventories recognised as expense		30,489	34,093
Write downs of inventories recognised as an expense		1,421	798
External research and development costs		385	336
Depreciation of property plant and equipment			
Owned assets	15	992	1,000
Right-of-use assets	16	368	294
Loss on disposal of Right of Use assets		59	34
Amortisation of intangible assets (included in administrative expenses)	14	358	288
Staff costs	7	14,414	15,173
Auditor’s remuneration		250	170

Notes to the financial statements

6 Operating profit (continued)

The analysis of Group's auditor's remuneration is as follows:

		Year ended 31-Mar	Year ended 31-Mar
		2024	2023
		£000	£000
Audit services			
Fees payable to the Company's auditor for the audit of the parent Company and the consolidated financial statements		250	170
Fees payable to the Company's auditor for other services:		-	-
The audit of the Company's subsidiaries, pursuant to legislation		-	-

Operating profit for the Company is stated after charging:

	Note	Year ended 31-Mar	Year ended 31-Mar
		2024	2023
		£000	£000
Depreciation of property plant and equipment			
- Owned assets	15	210	211

7 Staff costs

The average number of employees (including Directors) was:

	Year ended 31-Mar	Year ended 31-Mar
	2024	2023
	Number	Number
Management	7	9
Administration	107	115
Production	293	348
Total	**407**	**472**

Their aggregate remuneration comprised:

	Year ended 31-Mar	Year ended 31-Mar
	2024	2023
	£000	£000
Wages and salaries	12,753	13,288
Social security costs	1,219	1,346
Pension contributions	331	438
Share based payment charge	111	101
Total	**14,414**	**15,173**

The disclosure for the prior period has been reclassified to include wages and salary costs incorrectly allocated within other administrative expenses. The reclassification aims to provide a more accurate depiction of the total wages and salary cost for the Group. This does not impact the prior period basic and diluted earnings per share presented in note 12 as it does not change the profit figure stated in the prior year accounts.

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

The parent Company had no staff costs or employees in the year ended 31 March 2024 (2023: nil).

Redundancy costs incurred of £17,000 (2023: £165,000) within exceptional costs as the transaction is not routine within business income and expenses. This ensures consistency between periods.

Notes to the financial statements

8. Business combinations

Emma Hardie

On 28th July 2021, the Group acquired 100% of the issued share capital of Emma Hardie Limited. Total consideration was £4.86m, of which £2.77m was paid in cash, £1.36m was settled by the issue of 1,600,000 shares in Creightons PLC at a price of £0.848 per share, and there was £0.084m of deferred consideration and a further £0.644m in contingent consideration. There was cash acquired of £0.08m and debt acquired at fair value of £2.20m.

The Company had guaranteed to the sellers of Emma Hardie Limited a share price for Creightons PLC at £1.25 per share as at 28th July 2022. On 28th July 2022, the actual volume weighted average middle market quoted price of an Ordinary Share for the last 5 business days prior was £0.416 per share. This equated to an additional payment of £1,333,664. As of the 31 March 2022 £1,027,500 had been accrued in anticipation of the final consideration paid to the Sellers under the SPA of Emma Hardie Limited.

A further £84,000 had been accrued in relation to the adjustment payment and the deferred consideration as part of the SPA of Emma Hardie Limited. The actual payment made during the year to 31 March 2023 was £90,336.

The total payment made for contingent and deferred consideration during the year to 31 March 2023 was £1,424,000. The shortfall in the amount provided at the end of 31 March 2022 had a P&L impact of £312,500. This amount is included within exceptional costs.

During the year to March 2023, the Company agreed a buy back of 1,600,000 Consideration Shares for an aggregate consideration of £576,000. The consideration was based on the price of 36p per ordinary share being the on-market price at the time of the transaction. The Buyback took place on 26 September 2022.

The Company holds the total of 1,600,000 re-purchased shares as treasury shares.

Brodie & Stone

On 24th September 2021, the Group acquired 100% of the issued share capital of Brodie and Stone Holdings Limited, and its wholly owned subsidiary Brodie and Stone International Limited. Total consideration was £4.85m, of which £2.81m was paid in cash, £1.15m was settled by the issue of 1,000,000 shares in Creightons PLC at a price of £1.146 per share, £0.70m in relation to a property retention payment paid in October 2021, and there was £0.20m of deferred consideration. There was no cash acquired and debt acquired at fair value of £0.71m.

The fair value of acquired intangible assets is £4.98m and relates to various brands acquired. The intangible asset is deemed to have an indefinite useful life so no amortisation is charged but will be subject to an annual impairment review.

Goodwill

The value of goodwill in relation to Emma Hardie of £1.28m and Brodie and Stone of £1.25m relates to the deferred tax, at a rate of 25%, on the brand values acquired in the year ended 31 March 2022. Goodwill is deemed to have an indefinite useful life so no amortisation is charged but will be subject to an annual impairment review.

As a result of the annual review, the Emma Hardie Goodwill was derecognised in full in the year to 31 March 2024. The Emma Hardie brand, which operated on a semi-autonomous basis from its original offices since acquisition, had experienced a challenging year. Cashflow projections and value in use calculations indicated that a total impairment charge of £4.45m should be recorded in relation to the Emma Hardie brand value.

No impairment charge was recorded in relation to the Brodie and Stone Goodwill or Brand value. Please refer to note 13 and note 14.

Notes to the financial statements

8. Business combinations

Brand value

The fair value of brand intangible assets acquired on acquisition of Emma Hardie Limited and Brodie and Stone International Limited amounted to £5.11m and £4.98m, respectively. The intangible asset is deemed to have an indefinite useful life so no amortisation is charged but will be subject to an annual impairment review.

As a result of the annual review, the Emma Hardie brand value was impaired (see note 14).

Exceptional costs

Exceptional costs in the year to 31 March 2024 of £4.45m pertained to the impairment of the Emma Hardie goodwill and brand.

Exceptional costs for the year to 31 March 2023 was £0.31m. This represented the excess over the amount accrued in relation to the deferred and contingent consideration as part of the Emma Hardie acquisition during 31 March 2022.

Deferred tax

The valuation of intangibles on acquisition gives rise to a deferred tax liability. The deferred tax liability is measured using the value of the intangible asset at the deferred tax rate. This deferred tax liability creates a corresponding asset which has been included in goodwill.

9. Finance costs

	Group		Company	
	Year ended 31-Mar	Year ended 31-Mar	Year ended 31-Mar	Year ended 31-Mar
	2024	2023	2024	2023
	£000	£000	£000	£000
Interest on bank overdrafts and loans	195	242	-	-
Interest on mortgage	72	77	72	77
Interest on lease liabilities	86	101	-	-
Other Interest	(4)	-	-	-
Total	**349**	**420**	**72**	**77**

Notes to the financial statements

10. Taxation

	Group		Company	
	Year ended 31-Mar	Year ended 31-Mar	Year ended 31-Mar	Year ended 31-Mar
	2024	2023	2024	2023
	£000	£000	£000	£000
Current tax				
Current tax on profit for the year	306	141	72	-
Adjustments in respect of prior years	(171)	37	-	-
Total current tax	**135**	**178**	**72**	**-**
Deferred tax (see note 31)				
Originations and reversal of temporary differences	(55)	83	-	-
Deferred tax not previously recognised	165	-	-	-
Adjustment in respect of prior years	5	(88)	-	-
Total deferred tax	**115**	**(5)**	**-**	**-**
Total	**250**	**173**	**72**	**-**

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

	Group		Company	
	Year ended 31-Mar	Year ended 31-Mar	Year ended 31-Mar	Year ended 31-Mar
	2024	2023	2024	2023
	£000	£000	£000	£000
(Loss) / Profit before taxation	(3,277)	687	80	65
Tax using the UK corporation tax rate of 25% (2023: 19%)	(819)	131	20	12
Fixed asset differences	63	7	53	40
Tax effect of expenses that are not deductible in determining taxable profit	30	121	-	-
Income not subject to tax	(1)	-	(1)	(52)
Additional deduction for R&D expenditure	(172)	(94)	-	-
Adjustments in respect of prior years	(171)	(51)	-	-
Adjustments in respect of prior years (deferred tax)	(15)	-	-	-
Deferred tax credited directly to equity	(23)	(19)	-	-
Adjust opening deferred tax to average rate	-	92		
Deferred tax not recognised	52	-	-	-
Tax relief on exercise of share options	24	-	-	-
Derecognition of goodwill	1,282	-	-	-
Other	-	(14)	-	-
Total expense	**250**	**173**	**72**	**-**

In addition to the Group's taxation charge to the income statement and other comprehensive income, the following amounts relating to tax have been recognised directly in equity. There were no such taxes in the Company.

	Year ended 31-Mar	Year ended 31-Mar
	2024	2023
	£000	£000
Deferred tax		
Excess tax deductions related to share-based payments on exercised options	(23)	(303)
Total	**(23)**	**(303)**

Notes to the financial statements

11 Payments to shareholders

	Year ended 31-Mar	Year ended 31-Mar
	2024	2023
	£000	£000
Final dividend paid – £Nil (2023: £Nil) per share	-	-
Interim dividend paid £Nil (2023: £Nil) per share	-	-
Total dividend paid in year – £Nil (2023: £Nil) per share	-	-
Proposed – 0.45 pence (2023: Nil) per share	315	-

12 Earnings per share

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

	Year ended 31-Mar	Year ended 31-Mar
	2024	2023
	£000	£000
Earnings		
(Loss) / profit attributable to the equity holders of the parent Company	(3,527)	514

	Year ended 31-Mar	Year ended 31-Mar
	2024	2023
	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	68,433,858	69,166,461
Effect of dilutive potential ordinary shares relating to share options *	8,310,548	9,534,475
Weighted average number of ordinary shares for the purposes of Adjusted Earnings per share (2023: for the purpose of Diluted Earnings per share)	76,744,406	78,700,936

Basic earnings per share – including exceptional items	(5.15p)	0.74p
Diluted earnings per share – including exceptional items *	(5.15p)	0.65p

* Share options are excluded from the earnings per share calculation for the year ended 31 March 2024 due to their anti-dilutive effect on the loss after tax attributable to equity holders.

Adjusted Earnings per share – alternate performance measure

The following calculation of the basic and diluted earnings per share excluding exceptional items has been calculated based on adding back the following deductions from (loss) / profit after tax:

	Year ended 31-Mar	Year ended 31-Mar
	2024	2023
	£000	£000
(Loss) / Profit for the period from operations attributable to the equity shareholders of the parent Company	(3,527)	514
Exceptional items – Impairment	4,449	-
Exceptional items – Deferred tax charge in relation to the Impairment	165	-
Exceptional items – Acquisition costs (disallowed for tax provision)	-	312
Adjusted Earnings excluding exceptional items	1,087	826

Adjusted Basic earnings per share – excluding exceptional items	1.59p	1.19p
Adjusted Diluted earnings per share – excluding exceptional items	1.42p	1.05p

Notes to the financial statements

13 Goodwill

	Goodwill
	£000
Cost	
At 1 April 2022	2,889
Additions	4
At 31 March 2023	2,893
Additions	-
At 31 March 2024	2,893
Accumulated Impairment/Derecognition	
At 31 March 2022	36
Impairment for the year	-
At 31 March 2023	36
Derecognition for the year	1,282
At 31 March 2024	1,318
Carrying value	
At 1 April 2022	2,853
At 31 March 2023	**2,857**
At 31 March 2024	**1,575**

Of the total Goodwill net book value, £1.245m arose as part of a business acquisition of Brodie and Stone International Limited and £1.282m arose as part of a business acquisition of Emma Hardie Limited. The remaining Goodwill carrying amount of £0.33m relates to the investment in Potter and Moore Innovations Limited in March 2003. The value of goodwill in relation to Emma Hardie and Brodie and Stone relates to the deferred tax, at a rate of 25%, on the brand values acquired in the year ended 31 March 2022.

Additions in the year ended 31 March 2023 relate to a small adjustment in relation to the deferred tax of the brand values acquired in the previous year.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Determining whether goodwill is impaired requires an assessment of value in use based on the recoverable amount of the cash-generating unit (CGU) to which goodwill is allocated. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount.

The key assumptions for this impairment testing are set out below. Using these assumptions, the Emma Hardie Goodwill is derecognised in its entirety at £1.282m. The impairment as a result of the annual review of the brand value led to a derecognition of the goodwill and the corresponding deferred tax liability.

The carrying value of goodwill in relation to Potter & Moore of £0.33m and Brodie and Stone of £1.245m has been assessed for impairment by reviewing forecasts and key assumptions. No impairment is required at this time.

The below summarises management's assessment as a 31 March 2024:

	Balance sheet Carrying Amount of CGU	Value in Use Amount	Impairment if VIU < Carrying amount of CGU
	£000	**£000**	**£000**
Emma Hardie	5,515	1,066	Impairment 4,449
Brodie & Stone	5,658	8,768	Headroom 3,110
PMI	12,921	20,930	Headroom 8,009

The key sensitivities in assessing the value in use of the Goodwill are forecast cash flows and the discount rate applied**:**

Emma Hardie Brand value:

- A 1% growth rate in forecast cash flows would increase the impairment by £25k
- A 11.98% discount rate applied would increase the impairment by £98k
- A nil terminal value growth rate would increase the impairment by £132k

Brodie and Stone Goodwill and Brand value:

- A negative 11% growth rate in forecast cash flows would reduce the headroom to nil.
- A 16% discount rate would reduce the headroom to nil.
- A terminal value growth rate of negative 6.5% would reduce the headroom to nil.

Notes to the financial statements

13 Goodwill (continued)

Potter and Moore Innovations Goodwill:

- A negative 3% growth rate in forecast cash flows would reduce the headroom to nil.
- A 16.5% discount rate would reduce the headroom to nil.
- A terminal value growth rate of negative 7.5% would reduce the headroom to nil.

14 Other intangible assets

Group

	Computer software	Intellectual property	Product development costs	Brands	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2022	280	10	3,558	10,596	14,444
Additions – internally developed	61	-	254	-	315
Disposal	-	-	(89)	-	(89)
At 31 March 2023	**341**	**10**	**3,723**	**10,596**	**14,670**
Additions – internally developed	16	-	271	-	287
At 31 March 2024	**357**	**10**	**3,994**	**10,596**	**14,957**
Accumulated amortisation					
At 1 April 2022	225	-	3,352	-	3,577
Amortisation for the year	32	-	256	-	288
Amortisation on disposal	-	-	(89)	-	(89)
At 31 March 2023	**257**	**-**	**3,519**	**-**	**3,776**
Amortisation for the year	34	-	324	-	358
Impairment	-	-	-	4,449	4,449
At 31 March 2024	**291**	**-**	**3,843**	**4,449**	**8,583**
Carrying value					
At 1 April 2022	**55**	**10**	**206**	**10,596**	**10,867**
At 31 March 2023	**84**	**10**	**204**	**10,596**	**10,894**
At 31 March 2024	**66**	**10**	**151**	**6,147**	**6,374**

Brand
The Group has acquired the following brands which have an indefinite useful life:

Brand value carrying amount	As at 01 April 2023	Impairment	As at 31 March 2024
	£000	£000	£000
Balance Active	508	-	508
Emma Hardie	5,108	4,449	659
Brodie and Stone	4,980	-	4,980
Total	**10,596**	**4,449**	**6,147**

The Emma Hardie brand, which possesses its own product lines, is defined as a separate cash generating unit and has a brand carrying amount allocated to the unit of £5.108m. The Brodie and Stone brand, which possesses its own product lines, is defined as a separate cash generating unit and has a brand carrying amount allocated to the unit of £4.980m. Please refer to note 13 for the corresponding Goodwill carrying value.

On 21 June 2019, the Company acquired a skincare brand, Balance Active, which possesses its own product lines, is defined as a separate cash generating unit and had a carrying amount allocated to the unit of £508,000. The acquisition adds to the Group's growing range of beauty and well-being products contributing £4.0m to sales for this year (2023: £5.3m).

These brands are deemed to have an indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. However, this is subject to an annual impairment review.

Notes to the financial statements

14 Other intangible assets (continued)

The key assumptions for this impairment testing are set out in note 13. Using these assumptions, the Emma Hardie Brand value is impaired by at £4.449m. This is included as an exceptional cost in the consolidated income statement.

Please see note 13 for the key sensitivities concerning the value in use calculations for cash generating units that contain Goodwill and Brand value.

Balance Active Brand value:

- A negative 61% growth rate in forecast cash flows would reduce the headroom to nil.
- The recoverable amount is not sensitive to the discount rate.
- The recoverable amount is not sensitive to the terminal value growth rate.

15 Property, plant and equipment and investment property

Group

	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Computers	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2022	4,038	5,940	1,254	304	11,536
Additions	-	549	152	124	825
At 31 March 2023	**4,038**	**6,489**	**1,406**	**428**	**12,361**
Additions	-	188	103	30	321
At 31 March 2024	**4,038**	**6,677**	**1,509**	**458**	**12,682**
Accumulated depreciation					
At 1 April 2022	517	4,010	734	210	5,471
Depreciation for the year	211	584	157	48	1,000
At 31 March 2023	**728**	**4,594**	**891**	**258**	**6,471**
Depreciation for the year	210	566	151	65	992
At 31 March 2024	**938**	**5,160**	**1,042**	**323**	**7,463**
Carrying value					
At 1 April 2022	**3,521**	**1,930**	**520**	**94**	**6,065**
At 31 March 2023	**3,310**	**1,895**	**515**	**170**	**5,890**
At 31 March 2024	**3,100**	**1,517**	**467**	**135**	**5,219**

Company

	Investment Property
	£000
Cost	
At 1 April 2022	4,038
Additions	-
At 31 March 2023 and 31 March 2024	**4,038**
Accumulated depreciation	
At 1 April 2022	517
Depreciation for the year	211
At 31 March 2023	**728**
Depreciation for the year	210
At 31 March 2024	**938**
Carrying value	
At 1 April 2022	**3,521**
At 31 March 2023	**3,310**
At 31 March 2024	**3,100**

Notes to the financial statements

15 Property, plant and equipment and investment property (continued)

On 16 October 2019, Creightons PLC acquired the freehold property at Peterborough having occupied the property as a tenant since March 2003 for £3.8m plus stamp duty and professional costs. Based on an up to date property valuation, provided by an independent valuer who holds a suitable professional qualification and has experience in the location and category of the investment property being valued, the fair value of the property of £4.6m exceeds the cost value and therefore no impairment is deemed necessary. The property has been pledged as security for the long term loan.

16 Right-of-use assets

Group

	Leasehold Property	Plant and machinery	Total
	£000	**£000**	**£000**
Cost			
At 1 April 2022	764	1,043	1,807
Additions	-	493	493
Disposals	-	(56)	(56)
At 31 March 2023	**764**	**1,480**	**2,244**
Additions	180	55	235
Disposals	-	(172)	(172)
At 31 March 2024	**944**	**1,363**	**2,307**
Depreciation			
At 1 April 2022	**315**	**372**	**687**
Depreciation for the year	105	189	294
Disposals	-	(22)	(22)
At 31 March 2023	**420**	**539**	**959**
Depreciation for the year	151	217	368
Disposals	-	(113)	(113)
At 31 March 2024	**571**	**643**	**1,214**
Carrying value			
At 1 April 2022	**449**	**671**	**1,120**
At 31 March 2023	**344**	**941**	**1,285**
At 31 March 2024	**373**	**720**	**1,093**

Notes to the financial statements

17 Investment in subsidiaries

Company

	Investments
	£000
Cost	
As at 1 April 2022	1,113
Additions	101
At 31 March 2023	**1,214**
Additions	111
At 31 March 2024	**1,325**
Impairment charge	
At 1 April 2022	15
Impairment for the year	-
At 31 March 2023	**15**
Impairment for the year	-
At 31 March 2024	**15**
Carrying value	
As at 1 April 2022	**1,098**
At 31 March 2023	**1,199**
At 31 March 2024	**1,310**

Creightons PLC the parent Company, issues share options to employees of the subsidiary companies. These options at a consolidated level have been accounted for in accordance with IFRS2 and valued using the Black-Scholes model.

The investment is increased by the share based payment expense recognised by the subsidiary Potter and Moore Innovations Limited during the year.

Notes to the financial statements

17 Investment in subsidiaries (continued)

Details of the Group's subsidiaries at 31 March 2024 and 31 March 2023 are as follows:

Name	Place of incorporation, registration and operation	Note	Proportion of ownership, interest and voting power held
Potter & Moore Innovations Limited	England	a	100%
Potter and Moore International Inc.	United States of America	b	100%
Emma Hardie GmbH	Germany	e	100%
Potter and Moore (Devon) Limited	England	a	100%
Potter and Moore Pty Limited	Australia	c	100%
Emma Hardie Limited	England	a	100%
Brodie & Stone International Limited	England	a	100%
Brodie & Stone Holdings Limited	England	a	100%
Potter and Moore Limited	Republic of Ireland	d	100%
The Natural Grooming Company Limited	England	a	100%
St James Perfumery Co Limited	England	a	100%
Ashworth & Claire Limited	England	a	100%
The Haircare Studio Limited	England	a	100%
The Real Shaving Company Limited	England	a	100%
The Hair Design Studio Limited	England	a	100%
Creightons Naturally Limited	England	a	100%
Groomed Limited	England	a	100%
Twisted Sista Limited	England	a	100%
Potter & Moore International Limited	England	a	100%
The Herbal Hair Company Limited	England	a	100%
Curl Therapy Limited	England	a	100%
Feather & Down Limited	England	a	100%
Creightons Services Limited	England	a	100%
The Curl Company Limited	England	a	100%
Creightons Direct Limited	England	a	100%
Emma Hardie China	China	f	100%

All companies listed above are subsidiaries of Creightons PLC Company with the exception of Emma Hardie Limited and Brodie & Stone Holdings Limited which are subsidiaries of Potter & Moore Innovations Limited and Brodie & Stone International Limited which is a subsidiary of Brodie & Stone Holdings Limited.

The registered offices for the subsidiaries are:

a.) 1210 Lincoln Road, Peterborough, PE4 6ND
b.) 1140 Bay Street Suite 2c, Staten Island, New York, NY10305
c.) RSM Level 12, 60 Castlereagh Street, Sydney, NSW 2000
d.) The Black Church, St Mary's Place, Dublin, DO7 P4AX
e.) Ulmenstr. 37-39, c/o RSM GmbH, 60325 Frankfurt a. Main, Germany
f.) Building 1, No. 5601 Yanqian Road, Fengxian District, Shanghai

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 Emma Hardie Limited is the creation and distribution of high end branded skincare products.
The activity of Brodie & Stone International Limited was the distribution of personal care products until trade was absorbed into the Potter & Moore Innovations business on 31 October 2021.
Brodie & Stone Holdings Limited is the holding Company of Brodie & Stone International Limited and is a non-trading Company.
The activity of Potter and Moore Pty Ltd is the distribution of personal care products.
The activity of Emma Hardie GmbH is the distribution of personal care products.
The activity of Potter and Moore International Inc. is the distribution of personal care products.
The activity of Potter & Moore (Devon) Limited, was the manufacture and distribution of premium contract brands until 31 December 2019 when it transferred its trade and net assets to Potter and Moore Innovations Limited and then ceased to trade. The range of products included toiletries, fragrances and soaps.

All other subsidiaries were dormant throughout the years ended 31 March 2024 and 31 March 2023.

Notes to the financial statements

17. Investment in subsidiaries (continued)

Potter & Moore Innovations Limited and its subsidiaries, Emma Hardie Limited, Potter and Moore (Devon) Limited, Brodie and Stone International Limited and Brodie and Stone Holdings Limited are 100% owned by the ultimate parent Company Creightons PLC. There are no significant restrictions on the entity's ability to access or use the assets and settle the liabilities of the group. These entities have taken advantage of the exemption from the requirement of the Companies Act 2006 relating to the audit of accounts under Section 479A of the Act.

18 Inventories

	Group		Company	
	2024	**2023**	**2024**	**2023**
	£000	**£000**	**£000**	**£000**
Raw materials	3,278	3,910	-	-
Work in progress	493	713	-	-
Finished goods	4,454	5,605	-	-
Total	**8,225**	**10,228**	**-**	**-**

Inventories with a carrying value of £8,225,000 (2023: £10,228,000) have been pledged as security for the Group's bank overdrafts. Directors believe that net realisable value approximates to fair value. Inventories are stated net of provisions of £982,000 (2023: £1,014,000).

19 Trade and other receivables

	Group		Company	
	2024	**2023**	**2024**	**2023**
	£000	**£000**	**£000**	**£000**
Trade receivables	10,172	12,220	-	-
Amounts receivable from subsidiaries	-	-	4,351	4,233
Prepayments and other receivables	346	513	23	23
Total	**10,518**	**12,733**	**4,374**	**4,256**

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

The carrying value of trade and other receivables represents their fair value. The Group assesses the credit risk for each individual customer and the value of debtors covered by credit insurance at 31 March 2024 was £10,172,000 (2023: £12,220,000). The Group took the decision to cover all customers as a result of the current economic climate. The credit insurance policy in place covers 90% of the trade receivables amount.

Amounts receivable from subsidiaries are unsecured, interest free and repayable on demand. The borrower has sufficient assets in order to repay the loan if demanded at the reporting date, the expected credit loss is therefore expected to be nil.

Notes to the financial statements

19 Trade and other receivables (continued)

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

	Group		Company	
	2024	**2023**	**2024**	**2023**
	£000	**£000**	**£000**	**£000**
Trade receivables:				
Current	9,715	10,902	-	-
1 -30 days	314	844	-	-
31 – 60 days	122	237	-	-
61 – 90 days	(30)	50	-	-
91 + days	72	232	-	-
Less impairment allowance	(21)	(45)	-	-
Total	**10,172**	**12,220**	**-**	**-**

	Group		Company	
	2024	**2023**	**2024**	**2023**
	£000	**£000**	**£000**	**£000**
Amount due from Group companies:				
Current	-	-	54	49
1 -30 days	-	-	72	49
31 – 60 days	-	-	29	29
61 – 90 days	-	-	50	672
91 + days	-	-	4,146	3,434
Less impairment allowance	-	-	-	-
Total	**-**	**-**	**4,351**	**4,233**

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

	Group		Company	
	2024	**2023**	**2024**	**2023**
	£000	**£000**	**£000**	**£000**
At 1 April	45	59	-	-
(Credit) in current year income statement	(24)	(14)	-	-
At 31 March	**21**	**45**	**-**	**-**

There were £457,000 (2023: £1,318,000) of trade receivables that were overdue at the balance sheet date that have not been provided against. The proportion of trade receivables at 31 March 2024 that were overdue for payment was 4.5% (2023: 10.8%).

The Group uses the simplified approach for trade accounts receivables. The Group considers a financial asset in default when it is unlikely to receive the outstanding contractual amounts in full. The probability of default takes into consideration financial information regarding the customer including credit reports and non-financial information including market developments and consumer trends. The consideration is forward-looking and verified using historical credit losses. Trade accounts receivable are assumed to be credit-impaired if it is unlikely that the customer will fulfil its obligations.

The impairment allowance for bad debts are calculated using a lifetime expected credit loss model, as set out below, in accordance with IFRS 9. Following a full review of customers at the year end, including ongoing business discussion with customers and market performance reviews there are no receivables subjected to a significant increase in credit loss. The provision for the year to March 2024 was £21,000 (2023: £45,000).

	Group			Group		
	2024			2023		
	£000	**%**	**£000**	**£000**	**%**	**£000**
Current	9,715			10,902	-	-
1 - 30 days	314			844	-	-
31 - 60 days	122			237	-	-
61 – 90 days	(30)			50	-	-
91 + days	72	29%	21	232	19%	45
At 31 March	10,193		21	12,265		45

Notes to the financial statements

20 Cash and cash equivalents

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

	Group		Company	
	2024	**2023**	**2024**	**2023**
	£000	**£000**	**£000**	**£000**
Cash at bank and in hand	3,033	769	20	26
Sterling equivalent of deposit denominated in Australian dollars	25	29	-	-
Sterling equivalent of deposit denominated in Euros	67	414	-	-
Sterling equivalent of deposit denominated in US dollars	13	441	-	-
Total	**3,138**	**1,653**	**20**	**26**

As at the 31 March 2024, the invoice finance facility has not been utilised to fund the on-going activities of the business.

21 Financial instruments and treasury risk management

Market risk

Market risk is the risk that arises from movements in stock prices, interest rates, exchange rates, and commodity prices.

Market risk for the 31 March 2024 year end is reflected within the interest rate and foreign currency risk which are discussed further below.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations.

Trading exposures are monitored by the operational companies against agreed policy levels. Credit insurance with a world leading insurer is employed across the majority of our trade debtors. At 31 March 2024 all trade debtors (2023: all) are covered by credit insurance with a cover of 90% of the debtor balances. Non-trading financial exposures are incurred only with the Group's bankers or other institutions with prior approval of the Board of Directors.

The majority of trade receivables are with retail customers. The maximum exposure to credit risk is represented by the carrying amount of those financial assets in the balance sheet.

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

The credit risk on liquid funds such as cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

All trade debtors are credit insured, therefore the maximum write off balance on any customer default would be 10% of the invoiced value (net of VAT).

Notes to the financial statements

21. Financial instruments and treasury risk management (continued)

Interest rate risk

The Group's interest rate exposure arises mainly from its interest-bearing borrowings.

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.

The Group also secured a fixed rate mortgage for a 15 year term, 10.5 years remaining, secured on the property with an interest rate of 3.04% fixed for the first 10 years, 5.5 years remaining, of the loan, therefore reducing the interest rate risk. The interest charge on the mortgage for the year ended 31 March 2024 was £72,000 (2023: £77,000).

On 3 September 2021, the Group took out a term loan of £3,000,000 to fund part of the purchase of the acquisitions in the prior year. The term loan is for a 4 year term secured on the assets of the Group with an interest rate of 2.70% above the Bank of England base rate. The interest charge on the term loan for the period to 31 March 2024 was £123,000 (2023: £111,000). A 1% increase in the interest rate would have resulted in an additional charge of £41,000 (2023: £22,000).

Interest rate sensitivity

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

A 1% increase in bank base rates would reduce Group pre-tax profits by £36,000 (2023: £114,000). A 1% decrease would have the opposite effect. The Group's sensitivity to interest rates has changed during the current year due to the current economic climate, which has had the impact of increasing BOE base rates.

Foreign currency risks

The Group operates in a number of markets across the world and is exposed to foreign currency transaction and translation risks arising on the purchase and sales of goods in particular with respect to the US dollar and Euro.

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 1% (2023: 0%) of the Group's income is denominated in US dollars and 4% (2023: 2%) in Euros. Approximately 7% (2023: 4%) of the Group's expenditure is denominated in US dollars and 8% (2023: 4%) in Euros.

Foreign currency sensitivity

A 5% strengthening of sterling would result in a £258,000 (2023: £145,000) increase in profits and equity. A 5% weakening in sterling would result in a £285,000 (2023: £161,000) reduction in profits and equity.

When appropriate the Group utilises currency derivatives to hedge against significant future transactions and cash flow. There were no outstanding contracts as at 31 March 2024 or 31 March 2023.

Cash flow and liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group manages its working capital requirements through overdrafts and invoice finance facilities. These facilities were renewed in March 2024 for a further 12 months. 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 the terms of these facilities. At 31 March 2024 the Group had available £5,616,000 (2023: £4,327,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The Group has a fixed rate mortgage for a 15 year term secured on the property with an interest rate of 3.04% fixed for the next 5.5 years of the loan. The Company also took out a term loan of £3,000,000 to fund part of the purchase of the acquisitions in the prior year. The term loan is for a 4 year term secured on the assets of the Group with an interest rate of 2.70% above the Bank of England base rate.

Notes to the financial statements

21. Financial instruments and treasury risk management (continued)

Financial assets

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

	Group		Company	
	2024	**2023**	**2024**	**2023**
	£000	**£000**	**£000**	**£000**
Trade and other receivables	10,172	12,220	4,351	4,233
Cash and cash equivalents	3,138	1,653	20	26
Total	**13,310**	**13,873**	**4,371**	**4,259**

Financial liabilities

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

At 31 March 2024

	Group				
	Less than 6 months	**Between 6 months and 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total**
	£000	**£000**	**£000**	**£000**	**£'000**
Trade payables	4,976	-	-	-	4,976
Accruals	2,235	-	-	-	2,235
Obligations under leases	182	169	633	-	984
Overdraft and invoice financing	37	-	-	-	37
Loan	286	297	1,017	1,298	2,898
Total	**7,716**	**466**	**1,650**	**1,298**	**11,130**

At 31 March 2023

	Group				
	Less than 6 months	**Between 6 months and 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total**
	£000	**£000**	**£000**	**£000**	**£'000**
Trade payables	5,974	-	-	-	5,974
Accruals	2,723	-	-	-	2,723
Obligations under leases	194	179	874	43	1,290
Overdraft and invoice financing	1,583	-	-	-	1,583
Loan	453	466	1,977	1,511	4,407
Total	**10,927**	**645**	**2,851**	**1,554**	**15,977**

Notes to the financial statements

21. Financial instruments and treasury risk management (continued)

The following is the maturity analysis of the undiscounted cash flows:

At 31 March 2024

	Group				
	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Total
	£000	£000	£000	£000	£'000
Trade payables	4,976	-	-	-	4,976
Accruals	2,235	-	-	-	2,235
Obligations under leases	216	195	713	-	1,124
Overdraft and invoice financing	37	-	-	-	37
Loan	344	344	1,228	1,405	3,321
Total	**7,808**	**539**	**1,941**	**1,405**	**11,693**

At 31 March 2023

	Group				
	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Total
	£000	£000	£000	£000	£'000
Trade payables	5,974	-	-	-	5,974
Accruals	2,723	-	-	-	2,723
Obligations under leases	237	214	963	43	1,457
Overdraft and invoice financing	1,583	-	-	-	1,583
Loan	544	544	2,264	1,658	5,010
Total	**11,061**	**758**	**3,227**	**1,701**	**16,747**

22 Trade and other payables and corporation tax

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Trade payables	4,976	5,974	-	-
Social security and other taxes	1,054	1,139	3	3
Accrued expenses	2,235	2,723	15	15
Amounts payable to subsidiary undertakings	-	-	35	35
Corporation tax payable	105	3	72	-
Total	**8,370**	**9,839**	**125**	**53**

The Directors consider the carrying amount of trade payables approximates to fair value. Amounts payable to subsidiary undertakings are unsecured, interest free and repayable on demand.

Notes to the financial statements

23 Lease liabilities

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Amounts payable under leases				
Within one year	351	373	-	-
Between two to five years	633	874	-	-
After five years	-	43	-	-
At 31 March	**984**	**1,290**	**-**	**-**

	Group
	£000
At 1 April 2023	1,290
New lease	235
Disposal	(59)
Interest expense	86
Lease payments	(568)
At 31 March 2024	**984**

The Group expensed to the consolidated income statement and incurred a cash outflow of £197,000 (2023: £216,000) for leases with a lease term of 12 months or less.

The additions, disposals, depreciation and the carrying values of right-of-use assets are shown in note 16.

24 Borrowings

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Bank overdraft	37	26	-	-
Borrowings under invoice finance facilities	-	1,557	-	-
Borrowings under mortgage and loan repayable within one year	583	919	185	178
Borrowings under mortgage and loan repayable between two to five years	1,017	1,977	804	778
Borrowings under mortgage repayable after more than five years	1,298	1,511	1,298	1,511
Total	**2,935**	**5,990**	**2,287**	**2,467**

The borrowings in relation to the bank overdrafts are repayable on demand or within one year.

All borrowings are denominated in Sterling. The Directors estimate that the fair value of the Group's borrowings approximates to the carrying value.

On 16 October 2019, the Company took out a mortgage of £3,040,000 to fund part of the purchase of the freehold property at Peterborough it previously occupied as a tenant. The mortgage is for a 15 year term secured on the property with an interest rate of 3.04% fixed for the first 10 years of the loan. Monthly repayment on the mortgage is £21,000 per month.

On 3 September 2021, the Company took out a term loan of £3,000,000 to fund part of the purchase of the acquisitions in the financial year ended 31 March 2022. The term loan is for a 4 year term secured on the assets of the Group with an interest rate of 2.70% above the Bank of England base rate. Monthly repayment on the loan is £36,000 per month. The Group made an early repayment of £600,000 of this loan on 27 March 2024.

Notes to the financial statements

24 Borrowings (continued)

The invoice finance facility permits the drawdown of 85% of eligible debts with an interest rate of 2.19% above the Bank of England base rate. The facility has been renewed for the year ended 31 March 2024 at the same level and rate as the prior year.

The bank holds a first legal charge dated 16 October 2019 over the freehold property at Peterborough and a debenture including fixed charge over all present and freehold lease property.

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.

25 Share capital

	Ordinary shares of 1p each	
	£000	Number
At 1 April 2022	697	69,756,183
Issued in the year	3	273,400
At 31 March 2023	700	70,029,583
Issued in the year	0	5,800
At 31 March 2024	700	70,035,383

The Company has one class of ordinary shares which carry no right to fixed income. All of the shares are issued and fully paid. The total proceeds from the issue of shares from the exercise of share options in the year was £2,000 (2023: £74,000).

During the prior year, the Company agreed a buy back of 1,600,000 Consideration Shares for an aggregate consideration of £576,000. The consideration was based on the price of 36p per ordinary share being the on-market price at the time of the transaction. All purchases are for the purpose of the finalisation of the Emma Hardie acquisition.

26 Equity settled share-based payments

The Company has a share option scheme which is open to any employee of the Group. Options granted under the scheme are for nil consideration and are exercisable at a price equal to the quoted market price of the Company's shares on the date of the grant except for the share options granted on 08 July 2020 which were issued at a discount of 14p to the market price on the date of issue. The vesting period is 3 years. If the options remain unexercised after a period of 10 years from the date of grant, the option expires. Options are forfeited if the employee leaves the Group before options vest.

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

	Ordinary shares of 1p each			
	2024		2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at the beginning of the period	9,265,560	30.62p	10,013,960	44.05p
Granted in the period	300,000	30.00p	300,000	30.17p
Exercised in the period	(5,800)	26.80p	(273,400)	26.80p
Lapsed in the period	(2,375,000)	47.04p	(775,000)	72.48p
Outstanding at the end of the period	7,184,760	39.70p	9,265,560	30.62p

Notes to the financial statements

26 Equity settled share-based payments (continued)

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

Granted	Exercise period	Number	Exercise price
Nov-14	2017 – 2024	1,300,000	5.50p
Sep-15	2019 – 2025	50,000	4.50p
Oct-18	2021 – 2028	2,862,260	26.80p
Jul-20	2023 – 2030	700,000	36.00p
Mar-21	2024 – 2031	1,115,000	74.50p
Nov-21	2024 - 2031	857,500	97.73p
Dec-22	2025 – 2032	300,000	30.17p
Outstanding at the end of the period		7,184,760	39.70p

The weighted average share price at the date of exercise for share options exercised during the period was 26.8p. The options outstanding at 31 March 2024 had a weighted average exercise price of 39.70p, and a weighted average remaining contractual life of 4.9 years.

The number of currently exercisable share options at 31 March 2024 is 6,027,260 (2023: 4,918,060). The weighted average exercise price of current exercisable options is 31.91p.

In the year ended 31 March 2024, options were granted on 21 July 2023. The aggregate of the estimated fair values of the options granted on those dates is £0.1m. This share issue also lapsed in the same period. In the year ended 31 March 2023, options were granted on 16 December 2022. The aggregate of the estimated fair values of the options granted on those dates is £0.1m.

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-Mar 2024							
Issue date	18-Oct-18	08-Jul-20	05-Nov-20	16-Mar-21	10-Nov-21	24-Mar-22	16-Dec-22	21-July-23
Weighted average share price (pence)	26.80p	50.00p	48.00p	74.50p	97.73p	61.67p	30.17p	30.00p
Weighted average exercise price (pence)	26.80p	36.00p	48.00p	74.50p	97.73p	61.67p	30.17p	30.00p
Expected volatility (%)	38.50%	49.67%	50.10%	40.20%	37.45%	42.11%	48.60%	46.50%
Expected life - years	3	3	3	3	3	3	3	3
Risk free rate (%)	0.75%	0.75%	0.75%	0.75%	0.32%	0.32%	5.80%	5.80%
Expected dividends (pence)	-	-	-	-	-	-	-	-

	Year ended 31-Mar 2023						
Issue date	18-Oct-18	08-Jul-20	05-Nov-20	16-Mar-21	10-Nov-21	24-Mar-22	16-Dec-22
Weighted average share price (pence)	26.80p	50.00p	48.00p	74.50p	97.73p	61.67p	30.00p
Weighted average exercise price (pence)	26.80p	36.00p	48.00p	74.50p	97.73p	61.67p	30.00p
Expected volatility (%)	38.50%	49.67%	50.10%	40.20%	37.45%	42.11%	48.60%
Expected life - years	3	3	3	3	3	3	3
Risk free rate (%)	0.75%	0.75%	0.75%	0.75%	0.32%	0.32%	5.80%
Expected dividends (pence)	-	-	-	-	-	-	-

Expected volatility was determined by calculating the historical volatility of the share price over a basket of similar businesses over the previous two years.

The Group recognised total expenses of £111,000 (2023: £101,000) related to share-based payments.

Notes to the financial statements

27 Retirement benefit scheme

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

The charge in the consolidated income statement in the year was £331,000 (2023: £438,000) and cash contributions were £332,000 (2023: £444,000). The amount outstanding at the year end was £70,000 (2023:£71,000)

28 Capital commitments

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Contracts placed for future capital expenditure not provided for in the financial statements	16	144	-	-

29 Related party transactions

Transactions between the parent Company and its subsidiaries

The amounts owed by and to subsidiary companies are:

	2024	2023
	£000	£000
Amounts receivable from subsidiary undertakings	4,351	4,233
Amounts payable to subsidiary undertakings	(35)	(35)

The Company received a dividend of £Nil (2023: £Nil) from Potter & Moore Innovations Limited.

During the year ended 31 March 2024 the Company charged rental charges of £350,000 (2023: £350,000) to Potter & Moore Innovations Limited.

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-Mar	Year ended 31-Mar
	2024	2023
	£000	£000
Charges for internet support services	58	58

Amounts owed to Carty Johnson Limited

	Year ended 31-Mar	Year ended 31-Mar
	2024	2023
	£000	£000
Amounts payable	-	-

Notes to the financial statements

29 Related party transactions (continued)

Saxon Coast Consultants Limited

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

	Year ended 31-Mar	Year ended 31-Mar
	2024	**2023**
	£000	**£000**
Charges for Company secretarial services	33	21

There were no amounts owed to Saxon Coast Consultants Limited at 31 March 2024 (2023: £Nil).

Details of the remuneration paid to related parties (as well as any salaries and bonuses waived) is included in the Directors Remuneration Report on pages 44 to 56.

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 44 to 56.

	Year ended 31-Mar	Year ended 31-Mar
	2024	**2023**
	£000	**£000**
Salaries and other short term benefits	421	508
Total	**421**	**508**

30 Notes supporting the cash flow statement

Group

Analysis of changes in net debt

	Overdraft	Invoice Financing	Mortgage	Loan	Total
	£000	**£000**	**£000**	**£000**	**£000**
At 1 April 2023	26	1,557	2,467	1,940	5,990
Cash outflow - principal	(61)	(1,557)	(180)	(1,329)	(3,127)
Cash outflow - interest	-	-	(72)	(123)	(195)
Interest accruing	72	-	72	123	267
At 31 March 2024	**37**	**-**	**2,287**	**611**	**2,935**

	Overdraft	Invoice Financing	Mortgage	Loan	Total
	£000	**£000**	**£000**	**£000**	**£000**
At 1 April 2022	495	1,267	2,642	2,645	7,049
Cash flows	(600)	290	(252)	(816)	(1,378)
Interest accruing	131	-	77	111	319
At 31 March 2023	**26**	**1,557**	**2,467**	**1,940**	**5,990**

The movement in lease liabilities in the year is analysed per note 23.

Notes to the financial statements

31 Deferred tax

The movement in deferred tax provision is analysed as follows.

	Group
	£000
At 1 April 2022	2,640
Recognised in the income statement	(5)
Recognised directly through equity	303
Deferred tax on intangibles	4
At 31 March 2023	**2,942**
Recognised in the income statement – impairment	165
Derecognised in goodwill	(1,282)
Recognised in the income statement - other	(50)
Recognised directly through equity	23
At 31 March 2024	**1,798**

Deferred tax is represented by:

	Year ended 31-Mar 2024	Year ended 31-Mar 2023
	£000	£000
Capital allowances in advance of depreciation	538	638
Share based payments	(60)	(112)
Acquisitions	1,409	2,526
Other temporary differences	(89)	(110)
Net deferred tax liability	**1,798**	**2,942**

The rate of corporation tax from 1 April 2023 was increased from 19% to 25%, and therefore this has been considered when calculating deferred tax at the reporting date. Deferred tax balances at the reporting date are measured at 25% (2023: 25%).

	Accelerated tax depreciation PPE	Provision	Share based payment	Acquisitions	Losses carried forward	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2023	638	16	(112)	2,526	(126)	**2,942**
Charged to profit	(100)	22	29	165	(1)	**115**
Credited directly through equity	-	-	23	-	-	**23**
Derecognised in goodwill	-	-	-	(1,282)		**(1,282)**
At 31 Mar 2024	**538**	**38**	**(60)**	**1,409**	**(127)**	**1,798**

Deferred tax on acquisitions relates to the deferred tax liability in relation to the valuation of brands acquired during the prior year. Brands of £10,088,000 were acquired during the year to 31 March 2022, see note 8 for further details. The deferred tax charged derecognised is in relation to the impairment of the Emma Hardie goodwill, see note 13 for further details.

The movement in the deferred tax assets and liabilities during the prior year is shown below:

	Accelerated tax depreciation PPE	Provision	Share based payment	Acquisitions	Losses carried forward	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2022	629	(14)	(497)	2,522	-	**2,640**
Charged to profit	9	30	82	-	(126)	**(5)**
Recognised in goodwill	-	-	-	4	-	**4**
Credited directly through equity	-	-	303	-	-	**303**
At 31 Mar 2023	**638**	**16**	**(112)**	**2,526**	**(126)**	**2,942**

Notes to the financial statements

32 Operating leases

Company

The Company has entered into an operating lease with its subsidiary Potter & Moore Innovations Ltd following the purchase of the Peterborough site in October 2019. The lease has a term of 20 years.

Future minimum rentals receivable under operating leases as at 31 March are as follows:

	2024	2023
Within one year	350	350
Between one and two years	350	350
Between two and three years	350	350
Between three and four years	350	350
Between four and five years	350	350
More than five years	3,700	4,050

33 Guarantees and other financial commitments

The Group has given a class guarantee facility with its bankers to HMRC in respect of import duties and VAT with a limit of £100,000 (2023: £100,000).

The Group has entered into two cross guarantees with various other Group companies to secure their banking facilities one dated 10 August 2016, and one dated 25 March 2004.

The Group has entered into a purchase credit card facility via its bankers with a limit of £70,000 (2023: £30,000)

34 Employee Beneficial Trust (EBT)

The Company created an Employee Beneficial Trust on 29 October 2021. The Trust was created to purchase and hold shares in Creightons PLC to satisfy share awards under the Groups share option scheme. There has been no movement in the EBT during the year ended 31 March 2024.

Directors and Advisers

Directors

Paul Forster	Non-Executive Chairman
Philippa Clark	Group Managing Director
Martin Stevens	Deputy Group Managing Director
William O McIlroy	Non-Executive Director
William T Glencross	Non-Executive Director
Nicholas DJ O'Shea	Non-Executive Director
Brian Geary	Non-Executive Director

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Auditor

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