POTTER & MOORE INNOVATIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

COMPANY INFORMATION

Directors	W McIlroy B Johnson W Glencross N O'Shea P Clark M Stevens P Forster
Secretary	Saxon Coast Consultants Limited
Company number	04645119
Registered office	1210 Lincoln Road Werrington Peterborough PE4 6ND
Auditor	Mazars LLP The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF

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GROUP STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The Directors present the strategic report for the year ended 31 March 2022.

Fair review of the business

History

Potter & Moore Innovations Limited is a wholly owned subsidiary of Creightons PLC. The Group operates from leasehold premises in Peterborough. The principal activity of the Group is the development, marketing and manufacture of toiletries and fragrances, which includes the development of brands.

Acquisitions

During the year the Group completed two acquisitions – Emma Hardie and Brodie & Stone. These acquisitions significantly extend the branded offering of the business and provide opportunity for further growth in the UK and internationally. The acquisitions provide opportunities for manufacturing and other synergies (see Note 13 for further details).

Emma Hardie provides the opportunity to move into more premium skincare with a higher end group of consumers, retailers and digital platforms.

The Brodie & Stone acquisition included the T-Zone, Natural World and Janina brands. These brands complement our existing customer and product range and we see opportunities to drive growth through our existing customer network.

This is the first year that consolidated financial statements have been prepared for the Group. The Group constitutes Potter and Moore Innovations Limited, the parent Company, along with Emma Hardie Limited, Brodie and Stone Holdings and Brodie and Stone International Ltd along with the results of those entities post acquisition. As such, the comparative information is for Potter and Moore Innovations Limited only.

Operating Environment

The toiletries sector principally encompasses products for haircare, skincare, bath & body and male grooming. The market is relatively mature although it is constantly evolving as brands seek to differentiate their offering in order to generate sales opportunities. This has resulted in a fragmentation of different sectors, for example, with haircare products 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 internet 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, although increasing 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 to, or brands we have licensed. These sales are increasingly made direct to consumers. All stock is manufactured to forecast. Key brands include Feather and Down, Balance Active and The Curl Company.
- 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.

In general, markets have returned to their pre Covid-19 levels and we have seen increase across all areas of the business as customers return to pre Covid-19 behaviour. In the year to 31 March 2021 the Group generated significant one-off sales of hygiene related products which did not repeat in the year to 31 March 2022. However the Group has been successful in replacing this hygiene business by growth in its underlying core business and through acquisitions.

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.

The sales generated by each sales stream are;

	2021/22	2020/21	Movement
	£000's	£000's	
Branded core	17,438	12,089	Increase of 44.2%
Private label	24,908	22,751	Increase of 9.5%
Contract	15,866	12,275	Increase of 29.3%
Hygiene products *	256	14,587	Decrease of 98.2%
Branded acquisitions	2,447	-	Acquisitions in the year
Total	**60,915**	**61,702**	Decrease of 1.3%

* Hygiene products relate to the sales which increased in the prior year due to the Covid-19 pandemic and have not been repeated in the current year.

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.

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

The Group has continued its aggressive development programme of new ranges of branded toiletries, haircare and skincare products, with Feather & Down and Bambeautiful brands illustrating the potential that can be derived from this investment. The Group continues to extend and develop those recently acquired, such as Balance Active and T Zone, or developed internally and successfully launched such as 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 if forward looking to address future developments in what is a highly regulated market.

Key Performance Indicators

The Board monitors performance against several key financial indicators on a monthly basis, against both budget and prior year. The most relevant are:

	2022	2021 (Unaudited)	
	£000's	£000's	Movement
Revenue	60,915	61,702	Decrease of 1.3%
Gross profit margins	42.8%	40.5%	Improvement of 2.3%
Operating profit	4,596	5,549	Decrease of 17.2%
Inventories	12,425	8,094	Increase of 53.5%

Non-Financial Key Performance Indicators

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.

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 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.

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 Covid-19 business risks facing the business, the impact of Brexit, the economic situation and potential emerging risks, and their impact on costs and consumer purchases.

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.

Brexit

Whilst the Brexit outcome did not result in any increase in duty costs, the resulting increased paperwork associated with importing and exporting to the EU incurred, by ourselves and our partners, has increased costs but the impact has been minimal. We continue to monitor changes in legislation, trade agreements and working practices to take advantage of any opportunities that may arise and to mitigate any risks associated with Brexit. Brexit and trade barriers continue to be an integral part of the Group's ongoing risk management and review process, for which solutions to address the risks are identified and implemented.

Global economic environment

On 24 February 2022 Russian forces entered Ukraine, resulting in Western nations reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that the greatest impact on the business is expected to be from price increases.

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.

Covid – 19

Covid-19 had a reduced impact on the operations of the Group during the year ended 31 March 2022 compared to the previous year although we continued to take appropriate measures to protect the safety of all employees. Costs of Covid-19 defences were significantly reduced compared to previous year. We have now removed Covid-19 restrictions at both our manufacturing sites but remain vigilant in the face of the ongoing Covid-19 threat.

No further Government schemes were used in the year ended March 2022. During the previous year the Group utilised the Government's Furlough scheme for shielding employees. It also deferred paying approximately £990,000 of VAT in relation to March 2020, which has been repaid over the 10 months commencing March 2021. No further Government schemes were used.

Going concern assessment

The Directors are pleased to report that the Group continues to meet its debt obligations and expects to operate comfortably within its available borrowing facilities. The Group's cash on hand at 20 December 2022 is negative £1.8m. We have carried out a review of our cash requirements for the next 12 months and the Directors have from this, 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.

Section 172 statement

This section serves as our section 172 report. Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision-making. The Directors continue to have regard to the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, the environment and the Group's reputation, when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Group for its members in the long term. Below we have explained in more detail how the Board engages with our stakeholders to comply with the requirement to include a statement setting out how our Directors have discharged this duty.

The Directors are fully aware of their responsibilities to promote the success of the Group in accordance with section 172 of the Companies Act 2006.

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

The Group's principal means of communicating with Group shareholders is through the Group Annual Report and Financial Statements of which Potter and Moore Innovation Limited contributes the vast majority of trade. This is supported by the Groups bi-annual presentations to shareholders where attendees question the executive Directors on the Group's performance and direction, these sessions are available to view on the Ultimate Parent Company's website www.creightonsplc.com

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 range from high quality department stores to value-driven discounters, with the High Street supermarkets and drug stores in the middle together with brand owners within our contract division.

Employees

The Board continues to enhance its methods of engagement with the workforce. This being through regular briefings, direct communications through text messages and regular meetings with employee representatives through works councils. The Group has a profit related bonus system which ensures our employees participate in the ongoing success of the business.

Suppliers

We aim to work responsibly with our suppliers. During the year, the Board reviewed our arrangements and updated its Modern Slavery and Human Trafficking Statement that sets out the steps taken to prevent modern slavery in our business and supply chains. 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

We are aware of the impact the business can have on the quality of life, environment and economy of those in the location in which the Group operates.

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
Acquisition of Emma Hardie	• *The acquisition strengthens our brand portfolio and offering by moving the own brand business into a higher end group of consumers, retailers and digital platforms. This will drive an increased return for shareholders and secure employment for the Group's employees.*
Acquisition of Brodie & Stone	• *The acquisition enhances the current brand portfolio by strengthening the coverage and category presence with key mainstream retailers in the UK and international markets, in the core performing categories of both skincare and haircare and delivering an increased return for shareholders.*
Acquisitions of both Emma Hardie and Brodie & Stone	• *Opportunities for manufacturing and management synergies will drive a higher return in the brand, as well as significant opportunities for extending the distribution of the brands in the UK market and in international markets and will deliver an increased return for shareholders.* • *The investment in acquisitions increases gearing, although this reduces security for creditors this remains strong beforehand, and investment has been made to the benefit of the future strength of the Group and increasing security for creditors in the longer term.*
New loan & extended bank facilities	• *Provided ongoing funding to ensure continued adequate resources for the business to ensure the Group can continue to operate for the benefit all of stakeholders.*
Supply chain	• *In response to global supply chain pressures we have engaged collaboratively on a strategic level with a number of key suppliers to ensure ongoing continuity of supply for the business at competitive prices for the benefit of employees, customers, suppliers and shareholders.*
Customer price recovery	• *Established ongoing levels of communication with our customers to facilitate transparent dialogue in relation to the requirement for cost price increases and cost mitigation measures.*
Effective employee engagement	• *Conducted our first employee engagement survey and have committed to respond positively for the benefit of all employees.*
Investment in our online sales via own website and third party platforms	• *To maximise the sales opportunities as consumers moved to online purchasing to the benefit of all stakeholders.*
Continue to assess and mitigate the risks associated with Brexit and the potential impact on the business	• *Established a structure and procedures to mitigate the risks and manage the costs associated with imports from the EU.* • *Ensure all products and materials are registered in and meet the technical requirements of both the EU and UK to ensure all customers' needs are satisfied.* • *Re-organise sales to EU customers to minimise their risks and costs and ensure the smooth movement of goods and maximise sales opportunities for the benefit of all stakeholders.*
Ongoing operational impact of Covid-19	• *Continued to manage the risks to the Group by creating a safe and secure workplace for our employees so that the opportunities can be delivered.* • *Replaced the £14.6m of hygiene sales in the previous year for the benefit of all stakeholders.*
Sustainability	• *Introduced TCFD reporting for the first time as detailed in TCFD reporting on pages 14 to 16 of the Creightons PLC Group accounts.* • *Prepared for implementation of the Plastic packaging tax including measures to reduce plastic content in our componentry. This includes collaborative working with customers on product reengineering.*
Share Options issues during the year	• *Continue to incentivise the Group's employees, rewarding their loyalty and success, whilst also contributing to the growth of the business and thereby enhancing shareholder value over the long term.*

The Board ensures that items requiring Board approval highlight relevant stakeholder considerations to be considered 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.

Capital structure, cash flow and liquidity

The Group has a strong balance sheet. Acquisitions during the year were financed by internal cash resources and bank funding. The business is funded using; retained earnings, a term loan and sale and lease back arrangements to support investments in fixed assets, invoice financing and overdraft facilities for working capital.

On behalf of the board

bernard johnson
bernard johnson (Dec 21, 2022 13:28 GMT)

B Johnson
Director
21 December 2022

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The Directors present their annual report and financial statements for the year ended 31 March 2022.

Strategic Report
Business review and principal risks are presented within the strategic report on pages 1 to 7.

Directors
The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

W McIlroy
B Johnson
W Glencross
N O'Shea
P Clark
M Stevens
P Forster

During the year under review and as at the date of the Directors' report, appropriate Directors' insurance was in place.

Results and dividends
The trading results for the year and the Group's financial position at the end of the year are shown in the attached financial statements.

The Directors propose a final dividend of £Nil (2021: £324,000). A final dividend relating to the year ended 31 March 2021 of £324,000 and an interim dividend of £104,000 were paid during the year giving a total dividend payment of £428,000 (2021: £421,000).

Employee involvement
The Directors attach great importance to keeping employees fully informed of the Group's performance by holding Group meetings and awarding employee bonuses on the achievement of certain targets. Although there is no formal process where employees' views can be expressed, individual managers and supervisors hold informal meetings with their staff as well as there being the opportunity to speak at the Group meetings. The Group will participate in the share option schemes by Creightons PLC, its Ultimate parent Company, as a reward to staff that have contributed to the Group's performance and success.

Environmental and carbon reporting
The Group's energy and carbon use is included in the energy and carbon reporting of Creightons PLC's Group strategic report. Creightons PLC's accounts are publicly available.

Future developments
The Group's market remains highly competitive and future emphasis will continue on investing in existing and new products as well as expanding the Group's customer base.

Research and development
The Group undertakes significant research and development 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 £852,000 (2021: £832,000).

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.

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.

Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the Group's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Group's auditor is aware of that information.

On behalf of the board

bernard johnson

bernard johnson (Dec 21, 2022 13:28 GMT)

B Johnson

Director

21 December 2022

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- Select suitable accounting policies and then apply them consistently,
- Make judgements and accounting estimates that are reasonable and prudent,
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Ultimate parent Company's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POTTER & MOORE INNOVATIONS LIMITED FOR THE YEAR ENDED 31 MARCH 2022

Opinion

We have audited the financial statements of Potter & Moore Innovations Limited (the 'parent Company') for the year ended 31 March 2022 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and parent Company's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

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 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.

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 contained within the annual report. 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 the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POTTER & MOORE INNOVATIONS LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 10, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POTTER & MOORE INNOVATIONS LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

Based on our understanding of the Group and parent Company and its 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, GDPR, and EU Cosmetics Regulation EC 1223:2009 & UK Cosmetic Products Enforcement Regulations 2013.

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:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group and parent Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as UK tax legislation, FRS 101 "Reduced disclosure framework", 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 on the cut-off 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.

Our audit procedures in relation to fraud through revenue recognition specific to cut-off included, but were not limited to:

- Assessing management's revenue recognition policy; and
- Agreeing a sample of revenue transactions pre and post year end, to ensure they have been recognised in the appropriate period and in line with the Group accounting policy.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with 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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POTTER & MOORE INNOVATIONS LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

Other matter

Without qualifying our opinion we draw attention to the accounting policies on pages 19-26 to the financial statements and the fact that the comparative consolidated information in the accounts was unaudited.

Use of the audit report

This report is made solely to the Group'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 Group'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 Group and the Group's members as a body for our audit work, for this report, or for the opinions we have formed.

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

GROUP STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Group 2022 £'000	Group 2021 Unaudited £'000
Revenue	4	60,915	61,702
Cost of sales		(34,869)	(36,738)
Gross profit		26,046	24,964
Distribution costs		(3,429)	(3,300)
Administrative expenses		(18,021)	(16,115)
Operating profit		4,596	5,549
Exceptional items	9	(602)	-
Interest payable and similar charges	10	(536)	(458)
Profit before taxation		3,458	5,091
Income tax (charge)/credit	11	(264)	(756)
Profit for the year		3,194	4,335

There is no other comprehensive income and accordingly no statement of other comprehensive income is issued.

The notes on pages 19 to 45 form part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		2022		2021 Unaudited	
	Notes	£'000	£'000	£'000	£'000
ASSETS					
Non-current assets					
Goodwill	12		2,522		-
Intangible assets	13		10,867		818
Property, plant and equipment	14		2,544		2,126
Right-of-use assets	15		3,402		3,500
			19,335		6,444
Current assets					
Inventories	17	12,425		8,094	
Trade and other receivables	19	14,320		11,250	
Cash and cash equivalents		430		6,171	
Deferred tax	29	-		369	
			27,175		25,884
Total assets			46,510		32,328
LIABILITIES					
Current liabilities: falling due within one year	20		19,394		12,466
Non-current liabilities: falling due after more than one year	22		5,261		3,470
Deferred tax	29		2,579		-
Total liabilities			27,234		15,936
EQUITY					
Called up share capital	24		-		-
Retained earnings			19,276		16,392
Total equity			19,276		16,392
Total equity and liabilities			46,510		32,328

The financial statements were approved by the board of Directors and authorised for issue on 21 December 2022 and are signed on its behalf by:

bernard johnson

bernard johnson (Dec 21, 2022 13:28 GMT)

B Johnson

Director

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
ASSETS					
Non-current assets					
Investment in subsidiary	16		10,273		-
Intangible assets	13		724		818
Property, plant and equipment	14		2,544		2,126
Right-of-use assets	15		3,402		3,500
			16,943		6,444
Current assets					
Inventories	17	10,731		8,094	
Trade and other receivables	19	15,427		11,250	
Cash and cash equivalents		104		6,171	
Deferred tax	29	-		369	
			26,262		25,884
Total assets			43,205		32,328
LIABILITIES					
Current liabilities: falling due within one year	20		18,622		12,466
Non-current liabilities: falling due after more than one year	22		5,261		3,470
Deferred tax	29		57		-
Total liabilities			23,940		15,936
EQUITY					
Called up share capital	24		-		-
Retained earnings			19,265		16,392
Total equity			19,265		16,392
Total equity and liabilities			43,205		32,328

The financial statements were approved by the board of Directors and authorised for issue on 21 December 2022 and are signed on its behalf by:

bernard johnson

bernard johnson (Dec 21, 2022 13:28 GMT)

B Johnson

Director

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Share capital £000	Retained Earnings £000	Total £000
Balance at 1 April 2020 (Unaudited)	-	11,859	11,859
Total comprehensive income for the year (Unaudited)	-	4,335	4,335
Share-based payment charge (Unaudited)	-	195	195
Deferred tax through equity (Unaudited)	-	424	424
Dividends (Unaudited)	-	(421)	(421)
Balance at 31 March 2021 (Unaudited)	-	16,392	16,392
Total comprehensive income for the year	-	3,194	3,194
Share-based payment charge	-	330	330
Deferred tax through equity	-	(212)	(212)
Dividends	-	(428)	(428)
Balance at 31 March 2022	-	19,276	19,276

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Share capital £000	Retained Earnings £000	Total £000
Balance at 1 April 2020	-	11,859	11,859
Total comprehensive income for the year	-	4,335	4,335
Share-based payment charge	-	195	195
Deferred tax through equity	-	424	424
Dividends	-	(421)	(421)
Balance at 31 March 2021	-	16,392	16,392
Total comprehensive income for the year	-	3,183	3,183
Share-based payment charge	-	330	330
Deferred tax through equity	-	(212)	(212)
Dividends	-	(428)	(428)
Balance at 31 March 2022	-	19,265	19,265

1 Company information

Potter & Moore Innovations Limited is a private Company limited by shares domiciled in the United Kingdom and incorporated in England and Wales. The principal place of business of the Company is 1210 Lincoln Road, Peterborough, Cambridgeshire, PE4 6ND.

2 Significant accounting policies

Basis of accounting

The Group and parent Company financial statements have been prepared and approved in accordance with applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework".

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 financial statements are presented in sterling which is the functional currency of the Group. The amounts provided in the financial statements have been rounded to the nearest thousand (£000). The comparative information in unaudited.

The Group 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. The profit after tax of the parent Company was £3,183,000.

This is the first year that consolidated financial statements have been prepared for the Group. The Group constitutes Potter and Moore Innovations Limited, the parent Company, along with Emma Hardie Limited, Brodie and Stone Holdings and Brodie and Stone International Ltd which are included post acquisition. As such, the consolidated comparative information is for Potter and Moore Innovations Limited only and unaudited.

Adoption of new and revised accounting standards

No new standards impacting on the Group have been adopted in its financial statements for the year ended 31 March 2022.

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.

Going concern

Whilst the Group has faced a number of challenges due to raw material and input costs it has also successfully managed to deliver growth in all 3 core revenue streams through organic growth and has almost replaced the once-off hygiene sales of £14.6m in the prior year.

The Group continues to meet its debt obligations and expects to operate comfortably within its available borrowing facilities for the next 12 months from the date of signing the financial statements. This assessment is based on our ability to retain existing borrowing facilities and assuming moderate top line sales growth.

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

2 Significant accounting policies (continued)

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.

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:

- 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.

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 and intangible assets and brand value with indefinite lives

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.

These assets are not amortised but are reviewed for impairment at least annually, or more frequently when there is an indication that impairment may have occurred. If the recoverable amount is less than the carrying amount the impairment loss is first allocated to reduce the carrying amount of the goodwill and then to the other assets on a pro-rata basis of the carrying amount. An impairment loss recognised for goodwill is not reversible in subsequent periods.

2 Significant accounting policies (continued)

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

Revenue recognition – Group and Company

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 are recognised within revenue.

The recognition through revenue of royalties due to third parties, retrospective rebates and promotional support due to customers is recognised on an accruals basis in accordance with the actual revenue during the period and the agreed promotional mechanics with customers.

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.

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.

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 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.

2 **Significant accounting policies** (continued)

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.

Foreign currencies

The financial statements are prepared in the currency of the primary economic environment in which it operates (its functional currency).

In preparing the financial statements, 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.

Borrowing costs

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

Retirement benefit costs

The Group 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.

2 Significant accounting policies (continued)

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.

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.

Research and development expenditure

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

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

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

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

Intangible assets acquired separately

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

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

The acquired brand has been recognised as an intangible asset with an indefinite life, as has been acquired as a long-term investment. 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.

2 **Significant accounting policies** (continued)

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.

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.

Financial liabilities are classified as at fair value through profit and loss (FVTPL) when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL. Contingent consideration on the acquisition of Emma Hardie Limited in the year has been recognised at fair value through profit and loss. Contingent consideration on the acquisition of Emma Hardie Limited in the year has been recognised at fair value through profit and loss.

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.

2 Significant accounting policies (continued)

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.

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

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

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.

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.

3 Judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

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

Assessment of the value attributable to intangible brand value on the acquisition of Emma Hardie and Brodie & Stone – 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.

Inventory provision – A judgement 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. The inventory value is £12,425,000 including inventory of the acquired brands (2021: £8,094,000). This is net of provision for residual inventories, which has historically proved to be realistic.

Key sources of estimation uncertainty

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

Assessment of the useful lives of acquired brands - The Directors are required to assess whether the useful lives of brands are finite or indefinite. Under IAS 38 'intangible assets' an intangible asset should be regarded as having an indefinite useful life, when based on all of the relevant factors, there is no foreseeable limit over the period over which the asset is expected to generate net cash inflows for the entity. The carrying value of the brands at 31 March 2022 is £10,596,000 see note 13 for further details.

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. The value in use requires the entity to estimate the future economic benefit. No impairment provision was considered necessary against this carrying value.

Impairment of brand values – Determining whether brand values should be impaired requires an assessment of the value in use of the relevant brand. The value in use requires the entity to estimate the future economic benefit. No impairment provision was considered necessary against this carrying value, which is set out in note 13.

Key assumptions used in this assessment are as follows:-

Brand	Discount Rate	EBITDA Growth Rate
Emma Hardie	10.4%	286% in FY24, 5% in FY25 and FY26 and 3.50% in perpetuity
Brodie and Stone	10.4%	8.8% in FY24, 5% in FY25 and FY26 and 3.50% in perpetuity

3 Judgements and key sources of estimation uncertainty (continued)

EBITDA is based on detailed forecasts for the year ended 31 March 2023 and 2024 which includes top line growth and manufacturing synergies particularly in year ended March 2024. 5% EBITDA growth is assumed in future years which is managements best estimate of ongoing growth

Estimated value of the contingent consideration on acquisition – The contingent consideration on the share issue on the purchase of Emma Hardie Limited was calculated based on the difference between the agreed price of £1.25 and the market price of 84.8p on the date of issue. At the time of acquisition 84.8p represented our best estimate of the share price that would prevail on 28 July 2022 for the purpose of measuring the contingent consideration.

Estimated value of the contingent consideration at 31 March 2022 has been reassessed based on the market price at 31 March 2022 of 60.5p. The additional liability arising of £384,000 has been included as an exceptional cost in the profit and loss for the year ending 31 March 2022.

Impairment of product development costs - Management review the recoverability of capitalised product development costs throughout the year and will include an impairment charge to reflect any impairment arising from a reduction in the anticipated lifecycle of the products. Management assess the current and forecast sales for each product range to determine if any impairment is necessary. At the reporting date the value of capitalised product development costs for the Group was £206,000 (2021: £233,000) and the Company £151,000 (2021: £233,000) and all products were considered to have product lifecycles which were in line with the accounting policies noted in note 2 above and producing positive contributions to the Group.

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.

Loss given default 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.

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 £13,402,000 (2021: £9,831,000), net of provisions of £108,000 (2021: £81,000).

4 Revenues

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

The disaggregation of the Group's revenue for the year ended 31 March 2022 is as follows:

	Group	
	2022	**2021 Unaudited**
	£'000	**£'000**
Sales of goods	62,209	62,477
Settlement discounts	(95)	(139)
Contracted retailer commitments	(505)	(298)
Royalties & commissions	(11)	(8)
Retailer promotional support	(683)	(330)
Revenue	60,915	61,702

Revenues from external customers

	Group	
	2022	**2021 Unaudited**
	£'000	**£'000**
UK	51,755	55,033
Overseas	9,160	6,669
Total	60,915	61,702

5 Operating profit

	Group	
	2022	2021 Unaudited
Operating profit for the year is stated after charging/(crediting):	£'000	£'000
Net foreign exchange loss	142	414
Fees payable to the Group's auditor for the audit of the Group's financial statements	-	30
Externally provided research and development costs	529	483
Depreciation of owned tangible fixed assets	678	633
Depreciation on right-of-use assets	384	334
Amortisation of intangible assets included within administration costs	435	497
Cost of inventory recognised as an expense	34,727	36,324
Write downs of inventories recognised as an expense	317	728

6 Employees

The average monthly number of persons (including Directors) employed by the Group during the year was:

	Group	
	2022	2021 Unaudited
	Number	Number
Management	9	8
Administration	98	88
Production	431	441
	538	537

Their aggregate remuneration comprised:

	Group	
	2022	2021 Unaudited
	£'000	£'000
Wages and salaries	13,309	14,314
Social security costs	1,366	1,312
Pension costs	484	400
Share based payment charge	330	195
	15,489	16,221

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

7 Auditor's remuneration

	Group	
	2022	2021 Unaudited
	£'000	£'000
For audit services		
Audit of the Group's financial statements	58	30

8 Directors' remuneration

	Group	
	2022	2021 Unaudited
	£'000	£'000
Emoluments	538	852
Pension contributions	15	18
Benefits in kind	4	2
	557	872

	Group	
	2022	2021 Unaudited
	£'000	£'000
Highest paid Director:		
Emoluments	163	291
Pension contributions	-	-
	163	291

The number of Directors receiving pension contributions in 2022 was 3 (2021: 3).

9 Exceptional costs

Exceptional costs arising from the acquisitions total £602,000, Legal & Professional costs of £218,000 and a further £384,000 charge in relation to the additional liability in respect of the Emma Hardie share issue at a guaranteed price of £1.25 per share. The additional charge is based on the difference between the original recorded estimate of 84.8p, the market price on date of issue, and the share price of Creightons PLC at 31 March 2022 of 60.5p.

10 Interest payable and similar charges

	Group	
	2022	2021 Unaudited
	£'000	£'000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and short-term borrowings	108	62
Interest on lease liabilities	428	396
	536	458

11 Income tax expense

Taxes expense/(credit) included in the statement of comprehensive income:

	Group	
	2022	2021 Unaudited
	£'000	£'000
Current tax		
UK corporation tax	55	671
Adjustments in respect of prior periods	(4)	60
Total current tax	51	731
Deferred tax		
Origination and reversal of temporary differences	215	95
Adjustments in respect of prior periods	(2)	(70)
Effect of tax rate change on opening balance		
Total deferred tax	213	25
Total	264	756

The UK standard rate of corporation tax for the year is 19% (2020: 19%). The actual charge for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation

11 Income tax expense (continued)

	Group	
	2022	2021 Unaudited
	£'000	£'000
Profit before taxation	3,458	5,091
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00%	657	967
Fixed asset differences	(49)	6
Tax effect of expenses that are not deductible in determining taxable profit	140	43
Other adjustments	(16)	-
Tax relief on exercise of share options	(49)	-
Additional deduction for R&D expenditure	(213)	(206)
Adjustments in respect of prior year periods	(4)	60
Adjustments in respect of prior year periods (deferred tax)	(2)	(70)
Temporary differences not recognised in the computation	(2)	(468)
Effect of change in tax rates	14	-
Deferred tax credited directly to equity	(212)	424
Tax expense/(credit) for the year	264	756

Factors that may affect future tax charges

On 21 May 2021 it was substantively enacted that the rate of corporation tax would increase from 19% to 25% on 6 April 2023. This has therefore been considered when calculating deferred tax at the reporting date.

12 Goodwill

	Group	Company
	2022	2022
Cost	£'000	£'000
At 31 March 2021 – (Unaudited)	339	339
Additions	2,522	-
At 31 March 2022	2,861	339
Accumulated amortisation		
At 31 March 2021 – (Unaudited)	339	339
Amortisation for the year	-	-
At 31 March 2022	339	339
Carrying value		
At 31 March 2021 – (Unaudited)	-	-
At 31 March 2022	2,522	-

Goodwill additions in the year ended 31 March 2022 relate to the deferred tax in relation to the brand values acquired in the year.

13 Intangible fixed assets

	Group				
	Computer software	Intellectual property	Product Development costs	*Brand*	*Total*
	£'000	£'000	£'000	£'000	£'000
Cost					
At 31 March 2021 – (Unaudited)	262	10	3,180	508	3,960
Additions – internally developed	18	-	320	-	338
Acquired through business combination (See below)				10,088	10,088
Additions – Separately acquired	-	-	58	-	58
At 31 March 2022	280	10	3,558	10,596	14,444
Amortisation					
At 31 March 2021 – (Unaudited)	195	-	2,947	-	3,142
Amortisation charged for the year	30	-	405	-	435
At 31 March 2022	225	-	3,352	-	3,522
Carrying amount					
At 31 March 2021 – (Unaudited)	67	10	233	508	818
At 31 March 2022	55	10	206	10,596	10,867

Brand

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

Brand	Carrying amount
	£000
Balance Active	508
Emma Hardie	5,108
Brodie and Stone	4,980
Total	**10,596**

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. The Group has the intention and the ability to maintain the brand indefinitely. However this is subject to an annual impairment review. The key assumptions for this impairment testing are set out in Note 3 Key sources of estimation uncertainty.

13 Intangible fixed assets (continued)

On 21 June 2019, the Group acquired the skincare brand of Balance Active Formula for £508,000 as well as their existing stocks. The acquisition adds to the Group's growing range of beauty and well-being products contributing £4,257,000 to sales for this year (2021: £2,406,000).

			Company		
	Computer software	Intellectual property	Product Development costs	Brand	Total
	£'000	£'000	£000	£'000	£'000
Cost					
At 31 March 2021	262	10	3,180	508	3,960
Additions – internally developed	18	-	298	-	316
At 31 March 2022	280	10	3,478	508	4,276
Amortisation					
At 31 March 2021	195	-	2,947	-	3,142
Amortisation charged for the year	30	-	380	-	410
At 31 March 2022	225	-	3,327	-	3,522
Carrying amount					
At 31 March 2021	67	10	233	508	818
At 31 March 2022	55	10	151	508	724

14 Tangible fixed assets – Group and Company

Group comparative consolidated figures are unaudited

	Plant and machinery £'000	Fixture and fittings £'000	Computers £'000	Total £'000
Cost				
At 31 March 2021	5,036	1,136	242	6,414
Additions	1,125	128	62	1,315
Disposals	(22)	-	-	(22)
Reclassification to right-of-use assets	(199)	(10)	-	(209)
At 31 March 2022	5,940	1,254	304	7,498
Depreciation and impairment				
At 31 March 2021	3,524	587	177	4,288
Depreciation charged for the year	498	147	33	678
Disposals	(12)	-	-	(12)
At 31 March 2022	4,010	734	210	4,954
Carrying amount				
At 31 March 2021	1,512	549	65	2,126
At 31 March 2022	1,930	520	94	2,544

15 Right-of-use assets – Group and Company

Group comparative consolidated figures are unaudited

	Leasehold Properties	Plant and machinery	Total
	£'000	£'000	£'000
Cost			
At 31 March 2021	3,368	757	4,125
Additions	-	286	286
Disposals	-	-	-
At 31 March 2022	3,368	1,043	4,411
Depreciation and impairment			
At 31 March 2021	404	221	625
Depreciation charged for the year	234	150	384
Disposals	-	-	-
At 31 March 2022	638	371	1,009
Carrying amount			
At 31 March 2021	2,964	536	3,500
At 31 March 2022	2,730	672	3,402

16 Investments in subsidiaries

	Investments
	£'000
Cost	
At April 2021	-
Additions	10,273
At 31 March 2022	10,273
Impairment	
At April 2021	-
Impairment charge	-
At 31 March 2022	-
Carrying amount	
At 1 April 2021	-
At 31 March 2022	10,273

Details of the Group's subsidiaries at 31 March 2022 and 31 March 2021 are as follows:

Name	Place of incorporation, registration and operation	Note	Company registration number	Proportion of ownership, interest and voting power held
Brodie and Stone Holdings Ltd	England	a	03701192	100%
Brodie and Stone International Ltd	England	a	03701249	100%
Emma Hardie Limited	England	a	05495827	100%

The registered offices for the subsidiaries are:

a) 1210 Lincoln Road, Peterborough PE4 6ND

The above aforementioned Companies, all of which are 100% owned by Potter & Moore Innovations Limited, 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.

17 Inventories

	Group		Company	
	2022	2021 Unaudited	2022	2021
	£000	£000	£000	£000
Raw materials and consumables	4,544	3,860	3,887	3,860
Work in progress	913	882	865	882
Finished goods and goods for resale	6,968	3,352	5,979	3,352
	12,425	8,094	10,731	8,094

17 Inventories (continued)

Inventories with a carrying value of £12,425,000 (2021: £8,094,000) have been pledged as security for the bank overdrafts and borrowings. Directors believe that net realisable value approximates to fair value. Inventories are stated net of provisions of £1,261,000 (2021: £954,000).

18 Cash and Cash Equivalents

Included within cash and cash equivalents is a surplus invoice factoring balance of £Nil (2021: £1,232,000).

The invoice finance facility showed a positive figure due to cash received from customers immediately before the year and not yet transferred to the bank account.

19 Trade and other receivables

	Group		Company	
	2022	2021 Unaudited	2022	2021
Amounts falling due within one year:	£'000	£'000	£'000	£'000
Trade receivables	13,402	9,831	12,420	9,831
Amounts due from fellow Group undertakings	61	1,099	2,468	1,099
Prepayments and accrued income	670	320	410	320
Corporation tax	187	-	129	-
	14,320	11,250	15,427	11,250

Trade receivables are stated after provisions for impairment of £108,000 (2021: £81,000).

Amounts due from fellow Group undertakings are unsecured, interest free and repayable on demand.

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

20 Trade and other payables

Amounts falling due within one year:		Group		Company	
	Note	2022	2021 Unaudited	2022	2021
		£'000	£'000	£'000	£'000
Bank overdrafts and short-term borrowings		2,491	-	2,215	-
Trade payables		7,364	4,987	7,043	4,987
Amount due to other Group undertakings		4,314	2,837	5,015	2,837
Lease liabilities	23	348	239	348	239
Corporation tax		-	278	-	278
Other taxation and social security		872	1,682	734	1,682
Accruals and deferred income		2,818	2,443	2,080	2,443
Contingent and deferred consideration		1,187	-	1,187	-
		19,394	12,466	18,622	12,466

20 Trade and other payables (continued)

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 contingent consideration of £0.644m relates to the share issue on acquisition of Emma Hardie Limited. The Group has guaranteed to the sellers of Emma Hardie Limited a share price for Creightons PLC at £1.25 per share as at 28th July 2022. The contingent consideration was accrued based on the difference between £1.25 and £0.848, the market price on date of acquisition. The liability has been reassessed based on the share price at 31 March 2022 and the related liability has been recognised through exceptional items in the income statement for the period. The ultimate liability can only be assessed 12 months after the acquisition date on 28th July 2022.

21 Bank overdrafts and short-term financing – Group and Company
Group comparative consolidated figures are unaudited

	2022 £'000	2021 £'000
Bank overdraft	495	-
Short-term financing	1,267	-
Term loan due within one year	729	-
Payable within one year	2,491	-

The borrowings are repayable on demand or within one year.

Borrowings totalling of £22,000 (2021: £Nil) are denominated in US Dollars. The Directors estimate that the fair value of the Groups borrowings approximates to the carrying value.

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.
Amounts due to parent undertaking are unsecured, interest free and repayable on demand.

22 Non-current liabilities: falling due after more than one year – Group and Company
Group comparative consolidated figures are unaudited

	Note	2022 £'000	2021 £'000
Term loan payable after more than one year		1,916	-
Lease liabilities	23	3,345	3,470
		5,261	3,470

23 Lease liabilities – Group and Company

Group comparative consolidated figures are unaudited

	Leasehold Property £'000	Plant and machinery £'000	Total £'000
At 1 April 2021	3,181	528	3,709
Interest expense	381	46	427
Lease payments	(510)	(197)	(707)
New lease	-	264	264
At 31 March 2022	3,052	641	3,693

The additions, depreciation and the carrying values of right-of-use assets are shown in note 15.

The Group expensed £146,000 to the consolidated income statement for leases with a lease term of 12 months or less.

Lease liabilities (continued)

Amounts payable under leases

	Leasehold Property £'000	Plant and machinery £'000	Total £'000
Within one year	146	202	348
Between two to 5 years	180	928	1,108
After 5 years	2,237	-	2,237
At 31 March 2022	2,563	1,130	3,693

24 Share capital

	2022 £	2021 £
Authorised, issued and fully paid		
100 Ordinary of £1 each	100	100

Share capital represents the nominal value of equity shares.

The Group has one class of ordinary shares which carry no right to fixed income. All of the shares are issued and fully paid.

25 Dividends

The Directors propose a final dividend of £Nil (2021: £324,000). A final dividend relating to the year ended 31 March 2021 of £324,000 and an interim dividend of £104,000 were paid during the year giving a total dividend payment of £428,000 (2021: £421,000).

26 Retirement benefit schemes

Defined contribution schemes	2022 £'000	2021 £'000
Charge to the statement of comprehensive income in respect of defined contribution schemes	482	400

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

27 Capital commitments – Group and Company

Group comparative consolidated figures are unaudited

Amounts contracted for but not provided in the financial statements:

	2022 £'000	2021 £'000
Acquisition of property, plant and equipment	396	101

28 Related party transactions

No guarantees have been given or received.

The Group has taken advantage of the exemptions conferred by FRS101 from the requirement to make disclosures concerning members of the Creightons PLC Group, as the Group is a wholly owned subsidiary and consolidated accounts are publicly available.

The Group was charged £37,000 (2021: £30,000) by Carty Johnson Limited, a Group of which Mr Johnson is a Director and a controlling shareholder, in relation to internet support services. The amounts owed to Carty Johnson Limited at 31 March 2022 were £Nil (2021: £Nil).

In addition, the Group was charged £23,000 (2021: £10,000) by Saxon Coast Limited, a Company of which Mr O'Shea is a Director and controlling shareholder, for the provision of Company secretarial services. The amounts owed to Saxon Coast Limited at 31 March 2022 were £Nil (2021: £Nil)

29 Deferred tax

The movement in deferred tax provision is analysed as follows.

	Group		Company	
	2022	2021 unaudited	2022	2021
	£'000	£'000	£'000	£'000
At beginning of year	(369)	29	(369)	29
Recognised in the income statement	214	26	214	26
Recognised directly through retained earnings	212	(424)	212	(424)
Deferred tax on intangibles	2,522	-		-
At end of year	2,579	(369)	57	(369)

Deferred tax is represented by:

	Group		Company	
	2022	2021 unaudited	2022	2021
	£'000	£'000	£'000	£'000
Capital allowances in advance of depreciation	569	304	569	304
Share based payments	(497)	(663)	(497)	(663)
Acquisitions	2,522	-	-	-
Other temporary differences	(15)	(10)	(15)	(10)
	2,579	(369)	57	(369)

30 Controlling party

The parent Company of the largest and smallest Group undertaking for which Group accounts are drawn up and of which this Company is a member is Creightons PLC, a Company incorporated in England and Wales. A copy of the financial statements of Creightons PLC can be obtained on our website www.creightonsplc.com or by post, free of charge, by writing to Creightons PLC, 1210 Lincoln Road, Peterborough, Cambridgeshire PE4 6ND. The Directors regard Creightons PLC as being this Company's ultimate parent Company and controlling party.

31 Post balance sheet events

The Group had entered into a sale and purchase agreement ("SPA") relating to the acquisition of the entire share capital of Emma Hardie Limited on 28 July 2021. The Group has made the final payment due to be made under the SPA to the sellers and the Company and also entered a settlement and share buyback agreement with the sellers in respect of certain matters related to the acquisition.

The final payment amounted to £1,424,000. This consisted of two components. The first of which pertained to the SPA agreement. Under the SPA, if on the date of twelve months from completion the volume weighted average middle market quoted price of an Ordinary Share for the last 5 Business days prior to that date (as derived from the Daily Official List of London Stock Exchange PLC) were to be less than £1.25, then an additional amount would be payable to the sellers in cash equal to such difference in price multiplied by the number of Consideration Shares issued. This equated to £1,333,664. The second component was in relation to the adjustment payment and the deferred payment amounting in aggregate to £90,336. No further amount is due to be paid by the Group under the SPA.

Separately, it has been agreed with the two sellers that the Company buy back 800,000 Consideration Shares from each of them for a consideration of £288,000, being an aggregate consideration of £576,000 (together the "Buyback"). The consideration is 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.