PARENT ACCOUNTS OF:

ZEPHO ENTERPRISES LTD

07593168

Company Number: 05296742

Carte Blanche Group Limited

Annual Report and Financial Statements

For the year ended 30 June 2019

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CARTE BLANCHE GROUP LIMITED

Annual Report and Financial Statements for the year ended 30 June 2019

CONTENTS

CARTE BLANCHE GROUP LIMITED

General Information for the year ended 30 June 2019

DIRECTORS:	S W Haines (Chairman) A R Marchant D Spence W D Dodd R J Poerscout-Edgerton
REGISTERED OFFICE:	Unit 3 Chichester Business Park Tangmere Chichester West Sussex PO20 2FT
INDEPENDENT AUDITORS:	BDO LLP Chartered Accountants and Statutory Auditors Arcadia House Marine Walk - Ocean Village Southampton SO14 3TL
REGISTERED NUMBER:	05296742

CARTE BLANCHE GROUP LIMITED

Strategic Report
For the year ended 30 June 2019

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

Review of the business
The principal activity of the company continued to be that of a holding company.

The principal activity of the Group continued to be the design, sourcing and marketing of greeting cards and related giftware, stationery and soft toys.

Our results for the twelve months ending 30 June 2019 are a positive return following a recent challenging period for the business as we have adapted to the changing shape of the UK high street and the challenges our customers and consumers face. This has led us to continue to diversify and adapt our product and customer base to look to maximise our revenue opportunities, as well as working with our supply partners to meet industry changes in the use of plastics, especially reducing the use of single use plastics in the form of cello wrapping of cards.

During the financial year, we took the decision to close our retail shop in Worthing. This was a tough decision to make, however, the cost of operating on the high street demonstrated the challenges our independent customers face everyday of the week. The costs of closure are included within the exceptional costs of £238k shown on the face of the income statement.

As a board, we continue to strive to ensure our business is as efficient as possible, to ensure that we are able to provide excellent service to our customers and that we are positioned so as to be secure in the long-term profitability and sustainability of the business for years to come.

Product

Our core range, "Me to You", which incorporates the Tatty Teddy character, as well as its derivatives Tiny Tatty Teddy and My Dinky Bear, remains one of the most popular cute brands in the UK Greetings Cards and Licencing Market. "Me to You" celebrates its 25th birthday in 2020 and we look forward to the various activities we have planned throughout the calendar year to support this.

We continue to bring new and innovative products to market using the rest of our brand portfolio, including Hotchpotch, Wishing Well, Violent Veg, Blue Mountain Arts (under licence) and All Creatures

We also continue to collaborate with our existing partners in all of our markets to explore new channels to market as the retail environment evolves with the increasing popularity of discount stores and online retailers.

Operations - Covid-19

As with the majority of the businesses in the UK, since the balance sheet date, the largest factor impacting our business has been that of Covid-19, with the closure of the high street in March 2020 significantly impacting revenues and profits for the year ended June 2020 It is estimated to have cost the Company around £0.6m of profit, however the Company still remains profitable in the 2020 financial year.

Management have been and are continuing to work closely with customers and suppliers to ensure the integrity of the supply chain and that our product is available in as many outlets and online destinations as possible to ensure continuity of sales Costs have been reviewed on a regular basis with full use being made of the Government's schemes to support businesses, as well as restructuring the business to ensure cost bases into the 2021 financial year are in line with the anticipated revenues to be generated.

Dialogue with our lenders has been ongoing through-out the pandemic and they have remained supportive during this time. In September 2020, the Company secured a £2.3m Coronavirus Business Interruption Loan ("CBIL") through a separate third party lender, Thincats, which secures the Company's liquidity into the future. This facility is repayable over a three year period and is structured so that the majority of repayment is made at the end of the three year period of the debt facility. As part of this debt application process, detailed forecasting has been performed of a number of various scenarios, including further lockdowns in the future and management remain optimistic that this facility, alongside the adaptations to our ability to serve customers (including the relaunch of our customer branded website - www.metoyou.com - with full sales capability direct from our main warehouse) means that we will be able to continue to trade as normally as we can in the event of future outbreaks.

As Covid-19 is a non-adjusting balance sheet event, no adjustments have been made to any of the numbers reported in these accounts due to the impact of the pandemic.

Operations - ERP implementation

At the beginning of June 2019, we went live on our new Enterprise Management System - Dynamics365 for Finance and Operations. The cost of implementation is shown within Intangible Fixed Assets. We continue to invest in this capability to ensure that we are fully able to leverage the vast amount of data we hold about our product and performance in store in order to provide excellent product relevant to our markets. We would like to take the opportunity to thank our supply chain partners who support us in doing this and meeting our customers' needs.

Financial Overview

Group revenues have reduced from £31.3m for the period to 30 June 2018 to £18.6 for the year to 30 June 2019. Gross profit is higher at 39.1% vs 30.0% in the prior period at £7 3m (18 months to 30 June 2018: £9 4m). However, as noted earlier in this report, the two periods are not entirely comparable given one is 12 months and one is 18 months, plus we have ceased operations in Australia as well as our retail store.

The improvement in margin is in part due to natural movement back to a 12 month reporting period, but is also due to the impact of reduced operating costs through the changes that have been made to the business in the previous three years.

Gross Profit margin continues to be influenced by the impact of foreign currency movements (predominantly the US Dollar) which have settled around £1:$1 3. This will continue to have an impact in future periods given the levels of gift and plush products that are sourced in the Far East and paid for in US Dollars. Management closely review foreign exchange fluctuations and manage this via close monitoring of payments/receipts in foreign currency, to mitigate the adverse impact of foreign currency movements. Forward exchange contracts are considered but there are none in place at year end

The key measure of the Group's performance is considered by the Board to be Earnings before Interest, Tax, Depreciation, Amortisation and Exceptional Costs (EBITDA), which is monitored on a monthly basis.

Underlying EBITDA changed from an EBITDA loss of £1.0m to an EBITDA profit of £0.8m. This is partially due to the normalisation of period length, where last year's results were impacted by the seasonal nature of the business negatively impacting over the previous eighteen month period. The improvement of the result is also due to better margin through product engineering focusing on maximisation of profit and alignment of our cost base to the revenues being generated

The Group's operating loss decreased from £14.3m to £0.2m. This reduction is partly due to there being a lower amortisation charge on the Goodwill of the Group following the previous years' impairment of Goodwill.

In addition to this, exceptional costs of restructuring were incurred of £0.2m (18 months to 30 June 2019: £1.0m) relating to closure costs of our retail store in May 2019 and other exceptional redundancy costs incurred during the year

A reconciliation from operating loss to underlying EBITDA is as follows:

	Y/e 30 June 2019 (£k)	P/e 30 June 2018 (£k)
Operating loss	(210)	(14,334)
Depreciation	319	719
Goodwill Amortisation	456	5,400
Amortisation of other intangible assets	16	-
Exceptional Goodwill Impairment	-	6,171
Exceptional Costs of restructuring	238	929
Exceptional onerous lease provision	-	118
Underlying EBITDA	**819**	**(997)**

Operating cash flow generation remained positive, with the Group generating £37k from operating activities (2018: £1.3m) through the management and conversion of stock and debtors into cash receipts. This remains a core focus of the business in these times of change for the Group.

Overall group net assets reduced by £0.2m from £11.9m to £11.7m during the year, due to the operating loss of £0.2m for the year. Net current assets, which reflects the underlying trading activities of the business reduced from £6.9m to £6.4m, indicating that the Group still has sufficient net working capital to meet future demand and growth opportunities. This reduction is partly the result of the investment made in new systems and infrastructure as well as the decisions made to future proof the business.

Future developments

As previously stated, 2020 is the 25th anniversary of our "Me to You" brand, and we will continue to focus on all of our group's brands and key customers to ensure that customers continue to be provided with the products that the consumers will demand. Following the UK's exit from the European Union on 31 January 2020, we continue to monitor the uncertainty of the final trade negotiations and will work with our suppliers to ensure continuity of supply, without significant price/cost increases. We will also continue to monitor closely the impact of COVID-19 on the UK high street and broaden our reach to our end customer accordingly.

Strategic Report (continued)
For the year ended 30 June 2019

Principal risks and uncertainties

As with many businesses, the Group is subject to numerous risks which could impact on the Group's prospects. Many of these are general in nature and can affect all businesses. In this respect the board has established a system of internal controls and risk management to provide assurance regarding effective and efficient operations, internal control and compliance with appropriate laws and regulations.

The principal risk faced by the Group is continued economic retail uncertainty, coupled with the financial stability of our key customers and suppliers, in addition to the impact of competitor brands and products Policies are in place to mitigate this risk and can be found under the heading 'Financial risk and management objectives and policies' below.

Not only is the price of the product the Group purchases from suppliers fundamental to our continued success but so is the quality and adherence to all appropriate quality and health and safety standards. The Group has policies in place to ensure suppliers are audited periodically to ensure they meet the increasing requirements both in the UK and overseas. In addition continuity of supply is essential and the Group has policies to ensure that wherever possible we have alternative suppliers in place for all products.

Staff are key to all successful businesses and the loss of any key staff could impact on the Group's management and operational capabilities. The Group invests resources to ensure the selection of the right staff and in their retention through the working and cultural environment as well as through appropriate incentives.

Performance monitoring

Given the straightforward nature of the business, the Group's directors are of the opinion that an analysis using key performance indicators within this report is not necessary for an understanding of the development, performance or position of the business The key performance measure used by the Board is EBITDA which is commented on above

Financial risk management objectives and policies

The Group's operations expose it to a variety of financial risks the principal risks being foreign currency risk, interest rate risk, credit risk and liquidity risk. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. Policies are reviewed and agreed by the board of directors for managing each area of these risks and are implemented by the Group's finance department. The policies are summarised below and have remained unchanged from previous years

Foreign currency risk

The Group sources a significant quantity of its products from the Far East denominated in US$ The Group deals with the exposures arising out of the transactional foreign exchange risk by applying a natural hedging policy via monitoring of payments/receipts in foreign currency.

Interest rate risk

The Group finances its operations through a mixture of retained profits and a £2.5m invoice discounting facility, where interest rate risk exposure is caused by the link of the interest rate to the Bank of England exchange rate. The invoice discounting facility has been replaced since the year end by a £2.3m Coronavirus Business Interruption Loan

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers prior to any sales being made and the setting of credit limits (where appropriate) which are continually reassessed. Credit control procedures are in place to minimise the risk of bad and doubtful debts. Where possible the Group secures negotiated credit terms with its key suppliers

Liquidity risk

The Group assesses liquidity through annual forecasts of cash requirements and close monthly monitoring. If appropriate forecasts will be extended and revised having regard to the credit risks described above and planned operations and expansions. Since the year end, we have replaced our £2.5m invoice discounting facility with a £2.3m Coronavirus Business Interruption Loan, which supports the assessment that the directors are satisfied that the Group has in place adequate liquid cash resources to support the Group's strategy.

Approved by the board on 18 September 2020
and signed on its behalf by:

R J Poerscout-Edgerton, Director
Unit 3, Chichester Business Park
Tangmere, Chichester
West Sussex
PO20 2FT

CARTE BLANCHE GROUP LIMITED

Directors' Report
For the year ended 30 June 2019

The directors present their report and audited consolidated financial statements for Carte Blanche Group Limited (the "Group") for the year ended 30 June 2019

Directors

The directors set out below held office during the year from 1 July 2018 to the date of this report except as noted. The interests of the directors holding office on 30 June 2019 in the shares of the company were as follows:

	30-Jun-19 Ordinary £1 shares	30-Jun-19 Ordinary B £1 shares	30-Jun-19 Ordinary C £1 shares	30-Jun-18 Ordinary £1 shares	30-Jun-18 Ordinary B £1 shares	30-Jun-18 Ordinary C £1 shares
S W Haines	5,600	-	-	5,600	-	-
A R Marchant	-	800	267	-	800	267
D Spence (held through Matrix Property Ltd, a company registered in Guernsey)	2,400	-	-	2,400	-	-
W D Dodd	-	400	134	-	400	134
R J Poerscout-Edgerton	-	400	134	-	400	134

Results and dividends
The Group loss for the financial year after taxation and other comprehensive income was £235,004 (2018: £13,981,417). The company profit for the financial year after taxation was £5,079 (2018: £1,692,606), which included £nil (2018: £1,750,000) of exceptional items. The company profit for the financial year after taxation but excluding exceptional items was £5,079 (2018: Profit £57,394).

No dividends were declared in the year.

Financial risk management objectives and policies
Information on the financial risk management of the group can be found in the strategic report on pages 3 to 5.

Future developments
Information on the future developments of the group can be found in the strategic report on pages 3 to 5.

Going concern
The Group's business activities, together with the factors likely to affect its future development, financial position, financial risk management and objectives , and its exposure to foreign currency risk, interest rate risk, credit risk and liquidity risk are described in the Strategic Report on pages 3 to 5 The directors believe that the Group is well placed to manage its business risks successfully despite the uncertain economic outlook. They have concluded, after the receipt of the CBIL loan and reviewing the sensitivities applied to the cashfloew forecasts, there is a good expectation that the Group has adequate resources to continue in operation until at least 30th September 2021. Accordingly they continue to adopt the going concern basis in these financial statements. Further details of the impact of Covid-19 on going concern is given in the strategic report and in Note 1.

Directors' liabilities
The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions were in force during the financial year and remain in force as at the date of approving the directors' report.

Employees
Consultation with employees has continued at all levels with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the economic performance of the Group. The Group has always recognised the importance of effective employee communications. It also believes the prime responsibility for communications lies with management. Employees are involved in briefing meetings which is considered to be effective for communication. Forward plans and regular reports on progress are a feature of internal communications. The Directors of the company advocate an open style of management with the objective of encouraging innovation and of ensuring maximum internal understanding of the Group's objectives and progress.

Employment of disabled persons
Applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

CARTE BLANCHE GROUP LIMITED

Directors' Report (continued)
For the year ended 30 June 2019

Statement of disclosure of information to auditors
Each of the persons who are directors at the time when the report is approved, have confirmed that:

(a) as far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) each of the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of the relevant audit information and to establish that the company's auditors are aware of that information

Independent auditors
The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

Statement of directors' responsibilities
The directors are responsible for preparing the Annual 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 prepared the Group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standards 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland). 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 the company 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 company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Approved by the board on 18 September 2020
and signed on its behalf by

R J Poerscout-Edgerton - Director
Unit 3
Chichester Business Park
Tangmere
Chichester
West Sussex
PO20 2FT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARTE BLANCHE GROUP LIMITED

Opinion

We have audited the financial statements of Carte Blanche Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 June 2019 which comprise the consolidated Statement of Comprehensive Income, the consolidated and company Statement of Financial Position, the consolidated and company Statement of Changes in Equity and the consolidated Cash Flow Statement, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice)

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2019 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Malcolm Thixton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton, UK
18 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CARTE BLANCHE GROUP LIMITED

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2019

	Notes		12 months to 30 June 2019		18 months to 30 June 2018
		£	£	£	£
TURNOVER	3		18,595,304		31,331,129
Cost of sales			(11,325,896)		(21,915,184)
GROSS PROFIT			7,269,408		9,415,945
Distribution costs			(1,945,767)		(3,050,282)
Administrative expenses:					
Normal administrative expenses		(4,839,369)		(8,082,269)	
Goodwill amortisation	9	(456,472)		(5,399,571)	
Exceptional goodwill impairment	9	-		(6,171,150)	
Exceptional costs of restructuring continuing operations		(237,768)		(929,496)	
Exceptional onerous lease provision		-		(117,658)	
			(5,533,610)		(20,700,144)
OPERATING LOSS	4		(209,969)		(14,334,481)
Interest receivable and similar income			-		733
Interest payable and similar charges	7		(21,725)		(24,805)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(231,694)		(14,358,553)
Tax on loss on ordinary activities	8		(24,875)		
LOSS FOR THE FINANCIAL YEAR/PERIOD	21		(256,569)		(14,035,410)
Other comprehensive income					
Exchange differences on retranslation of net assets of subsidiary undertakings	21		21,566		53,993
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD			(235,004)		(13,981,417)

The Group's turnover and expenses all relate to continuing operations.

The notes on pages 16 to 28 form part of these financial statements.

CARTE BLANCHE GROUP LIMITED

Consolidated Statement of Financial Position at 30 June 2019

	Notes		2019		2018
		£	£	£	£
FIXED ASSETS					
Intangible assets	9		4,617,569		4,330,428
Tangible assets	10		659,924		971,915
			5,277,492		5,302,344
CURRENT ASSETS					
Stock	12	2,822,635		3,052,667	
Debtors	13	4,296,465		4,425,806	
Cash at bank and in hand		2,111,039		2,812,262	
		9,230,139		10,290,735	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(2,833,507)		(3,385,335)	
NET CURRENT ASSETS			6,396,632		6,905,300
TOTAL ASSETS LESS CURRENT LIABILITIES			11,674,124		12,207,743
CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15		-		*(805)*
PROVISION FOR LIABILITES	19		-		(297,812)
NET ASSETS			11,674,124		
CAPITAL AND RESERVES					
Called up share capital	20		10,669		10,669
Share premium	21		180,000		180,000
Profit and loss account	21		10,633,455		10,868,458
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY			10,824,124		11,059,127
Non-controlling interests	21		*850,000*		*850,000*
			11,674,124		11,909,127

The financial statements were approved by the board of directors on 18 September 2020 and were signed on its behalf by

R J Poerscout-Edgerton - Director

CARTE BLANCHE GROUP LIMITED
Company Registered Number 05296742

The notes on pages 16 to 28 form part of these financial statements

CARTE BLANCHE GROUP LIMITED

Consolidated Statement of Changes In Equity
For the year 30 June 2019

	Share Capital £	Share Premium account £	Profit and loss account £	Equity attributable to owners of the parent company £	Non-controlling interests £	Total equity £
As at 1 July 2018	10,669	180,000	10,868,458	11,059,127	850,000	11,909,127
Comprehensive loss for the year						
Loss for the year	-	-	(256,569)	(256,569)	-	(256,569)
Exchange differences on retranslation of net assets of subsidiary undertakings	-	-	21,566	21,566	-	21,566
Other comprehensive income for the year	-	-	21,566	21,566	-	21,566
Total comprehensive loss for the year	-	-	(235,003)	(235,003)	-	(235,003)
As at 30 June 2019	10,669	180,000	10,633,455	10,824,124	850,000	11,674,124

	Share Capital £	Share Premium account £	Profit and loss account £	Equity attributable to owners of the parent company £	Non-controlling interests £	Total equity £
As at 1 January 2017	10,000,000	-	14,857,875	24,857,875	850,000	25,707,875
Comprehensive loss for the period						
Loss for the period	-	-	(14,035,410)	(14,035,410)	-	(14,035,410)
Exchange differences on retranslation of net assets of subsidiary undertakings	-	-	53,993	53,993	-	53,993
Other comprehensive income for the period	-	-	53,993	53,993	-	53,993
Total comprehensive loss for the period	-	-	(13,981,417)	(13,981,417)	-	(13,981,417)
Contributions by and distributions to owners						
Issue of share capital	2,669	-	-	2,669	-	2,669
Capital reduction	(9,992,000)	-	9,992,000	-	-	-
Share premium account	-	180,000	-	180,000	-	180,000
Total contributions by and distributions to owners	(9,989,331)	180,000	9,992,000	182,669	-	182,669
As at 30 June 2018	10,669	180,000	10,868,458	11,059,127	850,000	11,909,127

The notes on pages 16 to 28 form part of these financial statements.

CARTE BLANCHE GROUP LIMITED

Consolidated Cash Flow Statement
For the Period Ended 30 June 2018

	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the financial year/period	(256,569)	(14,035,410)
Adjustments for:		
Depreciation, amortisation and impairment of fixed assets and goodwill	791,468	12,289,936
Profit on disposal of fixed assets	(16,605)	(50,267)
Net interest payable/(receivable)	21,725	24,072
Taxation charge / (credit)	24,875	(323,143)
Taxation refunded	37,530	80,017
Decrease in stocks	397,030	1,655,007
(Increase) / decrease in debtors	(813,852)	3,842,377
Onerous lease provision movement	(297,812)	(232,188)
Increase / (decrease) in creditors	149,332	(1,966,329)
NET CASH INFLOW FROM OPERATING ACTIVITIES	37,123	1,284,072
INVESTING ACTIVITIES		
Interest received	-	733
Payments to acquire intangible/tangible fixed assets	(851,114)	(1,298,446)
Receipts from sale of tangible fixed assets	101,101	292,398
Payments to acquire subsidiaries	-	(281,213)
Cash acquired with subsidiaries	-	63,134
Net cash outflow from investing activities	(750,013)	(1,223,394)
FINANCING ACTIVITIES		
Interest paid	(21,725)	(24,805)
Finance leases repaid	(64,480)	(311,221)
Net cash outflow from financing activities	(86,205)	(336,026)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(799,095)	(275,348)
Cash and cash equivalents at 1 July/1 January	2,812,262	3,033,617
Foreign exchange gains and losses	21,566	53,993
Cash and cash equivalents at 30 June	2,034,733	2,812,262
Cash and cash equivalents comprise:		
Cash at bank and in hand	2,111,039	2,812,262
Bank overdrafts	(81,612)	-
	2,029,427	2,812,262

The notes on pages 16 to 28 form part of these financial statements.

CARTE BLANCHE GROUP LIMITED

Company Statement of Financial Position at 30 June 2019

	Notes		2019		2018
		£	£	£	£
FIXED ASSETS					
Investments	11		11,660,041		11,660,041
			11,660,041		11,660,041
CURRENT ASSETS					
Debtors	13	444,882		437,337	
Cash at bank and in hand		2,498		2,528	
		447,380		439,865	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(9,580,827)		(9,578,391)	
NET CURRENT LIABILITIES			(9,133,447)		(9,138,526)
TOTAL ASSETS LESS CURRENT LIABILITIES			2,526,594		2,521,515
CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15		-		-
NET ASSETS			2,526,594		2,521,515
CAPITAL AND RESERVES					
Called up share capital	20		10,669		10,669
Share premium	21		180,000		180,000
Profit and loss account	21		2,335,925		2,330,846
			2,526,594		2,521,515

As permitted by Section 408 of the Companies Act 2006 the company has not presented its own statement of comprehensive income. The profit for the financial year of Carte Blanche Group Limited is £5,079 (2018: Loss £1,692,606).

The financial statements were approved by the board of directors on 18 September 2020 and were signed on its behalf by:

R J Poerscout-Edgerton - Director

CARTE BLANCHE GROUP LIMITED
Company Registered Number 05296742

The notes on pages 16 to 28 form part of these financial statements

CARTE BLANCHE GROUP LIMITED

Company Statement of Changes In Equity
For the year ended 30 June 2019

	Share Capital	Share Premium account	Profit and loss account	Total equity
	£	£	£	£
As at 1 July 2018	10,669	180,000	2,330,846	2,521,515
Comprehensive profit for the year				
Profit the year	-	-	5,079	5,079
Total comprehensive profit for the year	-	-	5,079	5,079
As at 30 June 2019	10,669	180,000	2,335,925	2,526,594

For the period ended 30 June 2018

	Share Capital	Share Premium account	Profit and loss account	Total equity
	£	£	£	£
As at 1 January 2017	10,000,000	-	(5,968,548)	4,031,452
Comprehensive loss for the period				
Loss of the period	-	-	(1,692,606)	(1,692,606)
Total comprehensive loss for the period	-	-	(1,692,606)	(1,692,606)
Contributions by and distributions to owners				
Issue of share capital	2,669	-	-	2,669
Capital reduction	(9,992,000)	-	9,992,000	-
Share premium account	-	180,000	-	180,000
	(9,989,331)	180,000	9,992,000	182,669
As at 30 June 2018	10,669.00	180,000	2,330,846	2,521,515

The notes on pages 16 to 28 form part of these financial statements.

1 ACCOUNTING POLICIES

Carte Blanche Group Limited is a private company, limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the strategic report.

Basis of preparation
The financial statements have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The Group has early adopted the December 2017 FRS 102 Amendments - Triennial Review 2017 (effective for periods beginning on or after 1 January 2019) in these financial statements for the period ended 30 June 2018. There have been no changes to accounting policies in the current or prior period, with the early adoption only impacting certain disclosures in the financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires company management to exercise judgement in applying the company's accounting policies (see Note 2).

The principal accounting policies, which have been applied consistently throughout the year, are set out below:

(a) Basis of consolidation
The consolidated financial statements present the results of Carte Blanche Group Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In respect of Zepho Enterprises Limited, the minority interest of 10% has not been accounted for in these financial statements given the directors consider this is not material. 100% of the post-acquisition results and year end net assets of this company have therefore been included in the consolidated financial statements of the group.

(b) Parent company disclosure exemptions
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv), reconciliation of the number of shares outstanding at the beginning and end of the period;

- the requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d), to include a cash flow statement in the financial statements;

- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A, disclosure of financial instruments; and

- the requirements of Section 33 Related Party Disclosures paragraph 33.7, the disclosure of key management personnel compensation.

(c) Turnover
Turnover represents the invoiced value of goods sold and services provided during the period stated net of discounts and value added tax. Turnover is recognised on despatch of goods or once the service has been provided. Turnover excludes the sales value of estimated returns.

Merchandise licensing advances and guarantee royalty payments are recognized based on the contractual royalty rate when the licensed product is sold by the licensee. Non-refundable advances and minimum guarantee royalty payments in excess of royalties earned are generally recognized as revenue at the end of the contract period.

1 ACCOUNTING POLICIES (continued)

(d) Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation.
Depreciation is calculated to write off the cost less estimated residual value of fixed assets on a straight line basis over their estimated useful lives as follows:

Motor vehicles	- Between 25% and 33% per annum
Plant and machinery	- Between 10% and 50% per annum
Leasehold improvements	- 10% per annum
Freehold Property	- 2% per annum

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

(e) Operating Leases

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

(f) Stock

Stock is valued at cost using a first in first out weighted average costing system. Where necessary, provision is made for slow moving and obsolete stock such that its value is recognised at the lower of cost and net realisable value.

(g) Current and deferred taxation

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

The current income charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where, they related to timing differences in respect of interest in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balances are not discounted.

1 ACCOUNTING POLICIES (continued)

(h) Foreign currencies
Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate in operation on the date of transaction or at contracted forward rates of exchange. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates or, if applicable, at contracted forward rates of exchange. All revaluation differences and realised foreign exchange differences are taken to the income statement.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

(i) Pension costs
Contributions payable to the Group's defined contribution pension scheme are charged to the profit and loss account in the period to which they relate.

(j) Intangible assets
Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 10 years. During the year, the decision was made to align all useful economic lines of goodwill so that these all end conterminously in 2024. This has accelerated the recognition of the later acquired goodwill, however this is considered to be immaterial.

Impairment reviews are carried out in the first full year following acquisition and when events dictate that an impairment review is necessary.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful economic lives. The estimated useful economic life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. During the year, a decision was taken to align all goodwill so that it is amortised in full by 2024, in line with that amortised for the main Group's subsidiary, Carte Blanche Greetings.
Software intangibles are amortised over 10 years from the date they are brought into use on a straight line basis.

(k) Investments
Investments held as fixed assets are stated at cost less any provisions for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are calculated such that the carrying value of the fixed asset investment is the lower of its cost or recoverable amount. Recoverable amount is the higher of its net realisable value and its value in use.

(l) Finance Leases
Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. The interest element is charged against profits so as to produce a constant periodic charge over the term of the finance lease. Depreciation is calculated to write the assets off over their expected useful lives.

1 ACCOUNTING POLICIES (continued)

(m) Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

(n) Going Concern

Since the balance sheet date, the consequences of the COVID-19 pandemic has materially impacted the demand for the Company's products due to the restrictions placed on non-essential retail opening on the UK high street for a number of weeks in 2020 and therefore its operating results have been negatively impacted. During the initial three week lockdown period, there were significant obstacles to the distribution of the Company's products, with retailers being closed to accept product, supermarkets being focused on the supply of food and other critical goods and our warehouse being closed for a three week period. As restrictions have been lifted, revenues have improved, with costs being helped by significant levels of staff being on furlough. It is expected that the Group will return back to profitability in the Autumn of 2020 where demand for the Company's Christmas product should lead to a more normal level of sales.

The Directors believe that the Group requires appropriate external funding in order to secure its future viability. In September 2020, it secured a £2.3m Coronavirus Business Interruption Loan, which is sufficient based on sensitised forecasts on revenue (including secondary lockdowns) to continue to adopt the going concern basis of accounting.

As part of the assessment of going concern and the CBIL application, the Directors performed a number of sensitivities to their base revenue forecast in order to assess the ability of the Company to absorb any future shocks and remain able to meet the covenants in place for the CBIL debt.
These sensitivities included:
1) The potential for a secondary lockdown through November 2020 to January 2021 or one in April to June 2022;
2) Reduction in revenues from the base case by 15% in Year 1, 10% in Year 2, 5% in Year 3

In each case, the actions able to be taken by Management were capable of continued repayment of debt with the proposed structure of the CBIL and meeting the financial covenants placed on the debt, which are based on the balance sheet.

The Board has concluded, after receipt of the CBIL loan and revieweing the sensitivities applied to the cashflow forecasts, there is a good expectation that the Group has adequate resources to continue to operate until at least 30th September 2021. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

2 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessees on a lease by lease basis.

-Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

2 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Provisions

The company has recognised provisions in relation to slow moving stock, trade receivables (doubtful debtors and credit notes) and sale or return obligations under contracts with certain customers. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and post balance sheet activity up to the date of signing.

The group also made a provision, in prior periods, in respect of an onerous lease. The lease has since been exited in August 2018, so there is no judgement involved at either balance sheet or prior period balance sheet date.

Impairment of goodwill and investments

An impairment review was undertaken during both the current and prior periods in relation to the Group goodwill and Company investments using a discounted cashflow model to generate a figure for value in use, which was then compared against the net assets of the underlying business. The key assumptions included in this review were the discount rate and growth rates. The discount rate is a pre-tax adjusted discount rate and reflects management's estimate of the Group's weighted average cost of capital. The management forecasts are extrapolated using a growth rate of 2.5%, with assumptions relevant for the business sector and are based on industry research.

The impairment review included the consideration of a number of scenarios, some of which included potential changes to the Group to reflect changes in the retail environment which the Group operates, that are currently being considered by the board. These different scenarios were each used to calculate a discounted cashflow model, given a probability factor and used to calculate a weighted average expected value in use for the impairment review. No impairment has been proposed for 2019.

3 TURNOVER

The turnover is attributable to the principal activity of the design and marketing of greeting cards and related giftware, stationery and soft toys, and associated royalty income. Analysis of turnover by segment has not been given as it considered this would be seriously prejudicial to the group.

The analysis of turnover by geographical market is as follows:	Year to 30 June 2019	18 months to 30 June 2018
	£	£
United Kingdom	17,000,797	25,864,408
Rest of EU	1,080,358	2,066,982
Rest of world	514,149	3,399,739
	18,595,304	31,331,129

4 OPERATING LOSS

	Year to 30 June 2019	18 months to 30 June 2018
Operating loss is stated after charging/(crediting) :	£	£
Hire of equipment	1,259	1,759
Operating lease rentals - land and buildings	377,500	681,372
Amortisation and Impairment of Goodwill	456,472	11,570,721
Amortisation of other intangible assets	15,796	-
Depreciation of owned tangible fixed assets	198,944	645,662
Depreciation of tangible fixed assets held under finance leases	120,256	73,553
Profit on disposal of tangible fixed assets	(16,605)	(50,267)
Foreign exchange differences	557,412	1,668,583
Defined contribution pension cost	288,770	506,586

During the period the Group obtained the following services from the Group's auditors and it's associates:

	Year to 30 June 2019	18 months to 30 June 2018
	£	£
Fees payable to the company auditors for the audit of the parent company and consolidated financial statements	3,100	3,000
Fees payable to the company's auditors and it's associates for other services:		
The audit of the company's subsidiaries pursuant to legislation	30,550	34,250
Tax services	16,125	18,200
Other services	2,000	2,500
	51,775	57,950

5 STAFF COSTS

The average monthly number of persons (including directors) employed by the Group during the period were:

	2019 Number	2018 Number
Selling	36	47
Production and warehousing	78	79
Office and management	21	45
	135	179

Their aggregate remuneration:	Year to 30 June 2019 £	18 months to 30 June 2018 £
Wages and salaries	4,313,016	8,188,480
Social security costs	379,510	681,555
Other pension costs	288,770	506,586
	4,981,296	9,376,621

The company has no employees and therefore no staff costs

6 DIRECTORS

	Year to 30 June 2019 £	18 months to 30 June 2018 £
Aggregate emoluments		
Emoluments	741,190	1,191,020
Contributions to defined contribution pension schemes	39,153	72,159
	780,343	1,263,179
Fees paid to directors' service companies	72,442	87,525

The emoluments of the directors disclosed above include the following amount paid to the highest paid director:

Emoluments	269,407	406,496
Contributions to defined contribution pension schemes	1,078	970

During the year 3 directors (2018: 5 directors) accrued benefits under the company's defined contribution pension scheme. The highest paid director received £1,078 (2018: £970) accrued benefits under a defined contribution pension scheme.

7 INTEREST PAYABLE AND SIMILAR CHARGES

	12 months to 30 June 2019 £	18 months to 30 June 2018 £
Finance lease interest	-	11,822
Bank loans and overdraft	4,804	12,983
Invoice discounting interest	16,921	-
	21,725	24,805

8 TAX ON LOSS ON ORDINARY ACTIVITIES

	Year to 30 June 2019	**18 months to 30 June 2018**
	£	**£**
Analysis of tax charge/(credit) for the period:		
Current tax:		
Foreign taxation	3,155	5,344
Total current tax charge	3,155	5,344
Deferred tax (note 18):		
Origination and reversal of timing differences	26,404	(403,976)
Adjustments in respect of prior periods	(4,684)	75,489
Total deferred tax charge / (credit)	21,720	(328,487)
Tax charge / (credit) on loss on ordinary activities	24,875	(323,143)

	Year to 30 June 2019	**18 months to 30 June 2018**
	£	**£**
Loss on ordinary activities before tax	(231,694)	(14,358,553)
Loss on ordinary activities multiplied by rate of corporation tax in the UK applicable to the Group of 19% (2018: 19.16%)	(44,022)	(2,751,099)
Effects of:		
Expenses not deductible for tax purposes (including goodwill amortisation and impairment)	15,497	2,234,591
Fixed assets differences	65,848	18,271
Income not taxable for tax purposes	(7,247)	-
Foreign tax credits	-	4,320
Adjustments in respect of prior periods (foreign tax)	3,155	-
Adjustment in respect of previous periods (deferred tax)	(4,684)	75,489
Adjust closing deferred tax to average rate of 19%	(2,880)	37,665
Deferred tax not recognised	(792)	57,620
Tax charge / (credit) for the period	24,875	(323,143)

Factors that may affect future tax charges

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the Group's future current tax charge accordingly. The deferred tax asset at 30 June 2019 has been calculated at 17% (2018: 17%)

9 INTANGIBLE FIXED ASSETS

	Software	*Goodwill*	*Total*
COST	**£**	**£**	**£**
At 1 July 2018	1,152,564	73,121,473	74,274,037
Additions	759,408	-	759,408
At 30 June 2019	1,911,972	73,121,473	75,033,445
ACCUMULATED AMORTISATION			
At 1 July 2018	-	69,943,608	69,943,608
Charge for the year	15,796	456,472	472,268
Goodwill impairment	-	-	-
At 30 June 2019	15,796	70,400,080	70,415,876
NET BOOK VALUE			
At 30 June 2019	1,896,176	2,721,393	4,617,569
At 30 June 2018	1,152,564	3,177,865	4,330,429

Software costs relate to a new Enterprise Management System which was brought into use in June 2019 and have been amortised over the expected useful economic life of 10 years on a straight line basis.

10 TANGIBLE FIXED ASSETS

	Leasehold *Improvements*		**Plant and** *Machinery*	**Total**
	£	£	£	£
COST				
At 1 July 2018	1,778,484	770,523	3,197,257	5,746,264
Additions	21,079	-	70,627	91,706
Disposals	(18,642)	(112,494)	(212,630)	(343,766)
At 30 June 2019	1,780,921	658,029	3,055,254	5,494,204
ACCUMULATED DEPRECIATION				
At 1 July 2018	1,422,926	380,572	2,970,851	4,774,349
Charge for the year	38,871	167,305	113,024	319,200
Disposals	(17,011)	(62,585)	(179,673)	(259,269)
At 30 June 2019	1,444,786	485,292	2,904,202	4,834,280
NET BOOK VALUE				
At 30 June 2019	336,135	172,737	151,052	659,924
At 30 June 2018	355,558	389,951	226,406	971,915

Assets held under finance leases and capitalised in motor vehicles had a cost of £18,686 (2018: £420,589) and accumulated depreciation of £9,987 (2018: £234,921).

11 FIXED ASSET - INVESTMENTS

COMPANY	Year to 30 June 2019
COST	£
At 1 January	83,780,872
At 30 June	83,780,872
PROVISION FOR IMPAIRMENT	
At 1 January	72,120,831
At 30 June	72,120,831
NET BOOK VALUE	
At 30 June 2019	11,660,041
At June 2018	11,660,041

The Company is the ultimate holding company for the following subsidiaries:

Name	Percentage of shares held by Company	Percentage of shares held by Subsidiary	Nature of business
Carte Blanche Greetings Limited	100%	-	Greetings cards and gifts publisher
Carte Blanche Limited	-	100%	Dormant
Gemini Toys Limited	-	100%	Dormant
Carte Blanche Greetings (Hong Kong) Limited	-	100%	Dormant
Brandmaster Limited	100%	-	Intellectual Property
Wishing Well Studios (Holdings) Ltd	100%	-	Dormant
Wishing Well Studios Limited	-	100%	Non-trading
Hotchpotch Publishing Limited	100%	-	Dormant
Lello Design Limited	100%	-	Non-trading
Carte Blanche Australia Pty Ltd	100%	-	Non-trading
Carte Blanche Retail Limited	100%	-	Greetings cards and gifts retailer
CBG Retail Limited *	100%	-	Dormant
Hob Holdings Limited	100%	-	Non-trading
Is It Art Limited	100%	-	Greetings cards and gifts publisher
Suppliers Web Shop Limited	100%	-	Non-trading
Blue Mountain Arts Limited *	100%	-	Dormant
Zepho Enterprises Limited	90%	-	Greetings cards and gifts retailer

The above non-dormant companies with the exception of Carte Blanche Greetings Limited, are all exempt from the requirments of the Companies Act relating to the audit of the accounts under section 479A of the Companies Act 2006.

The directors believe that the carrying value of the investments is supported by their underlying net assets or value in use

All subsidiary undertakings (see also note 1a) have been included in the consolidation. All have co-terminus year ends, with the exception of those marked * These undertaking have a 31 December year end, but this has no impact on the consolidation as they are dormant All subsidiary undertakings are incorporated in the United Kingdom except Carte Blanche Greetings (Hong Kong) Limited, which is incorporated in Hong Kong, and Carte Blanche Australia Pty Ltd which is incorporated in Australia.

In respect of Zepho Enterprises Limited, the minority interest of 10% has not been accounted for in these financial statements given the directors consider this is not material. 100% of the post-acquisition results and year end net assets of this company have therefore been included in the consolidated financial statements of the group.

The registered office for all of the above companies is Unit 3, Chichester Business Park, Tangmere, Chichester, PO20 2FT.

12 STOCK

	Group Year to 30 June 2019 £	Group 18 months to 30 June 2018 £	Company Year to 30 June 2019 £	Company 18 months to 30 June 2018 £
Finished goods and goods for resale	2,822,635	3,052,667	-	-

13 DEBTORS

	Group Year to 30 June 2019 £	Group 18 months to 30 June 2018 £	Company Year to 30 June 2019 £	Company 18 months to 30 June 2018 £
Trade debtors	2,695,624	2,462,481	-	-
Amounts owed by group undertakings	-	-	160,426	160,426
Other debtors	332,084	310,752	191,248	182,669
Corporation tax	7,374	42,750	-	-
Deferred tax (note 18)	448,798	470,518	93,208	94,242
Prepayments and accrued income	812,585	1,139,305	-	-
	4,296,465	4,425,806	444,882	437,337

Amounts above falling due after more than one year:

	Group *Year to* 30 June 2019 £	Group *18 months to* 30 June 2018 £	Company *Year to* 30 June 2019 £	Company *18 months to* 30 June 2018
Deferred tax (note 18)	448,798	470,518	-	-
	448,798	470,518	-	-

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group Year to 30 June 2019 £	Group 18 months to 30 June 2018 £	Company Year to 30 June 2019 £	Company 18 months to 30 June 2018 £
Invoice Discounting Facility	81,612	-	-	-
Trade creditors	1,511,370	1,469,491	-	-
Amounts owed to group undertakings	-	-	9,580,827	9,550,523
Other taxation and social security costs	447,223	225,696	-	-
Obligations under finance leases (note 17)	904	64,579	-	-
Other creditors	21,799	818,460	-	68
Accruals and deferred income	770,599	807,109	-	27,800
	2,833,507	3,385,335	9,580,827	9,578,391

The invoice discounting facility is secured by a mortgage debenture incorporating a fixed and floating charge over the debtors of the company

Amounts owed to group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

Obligations under finance leases are secured over the assets concerned.

15 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group Year to 30 June 2019	Group 18 months to 30 June 2018	Company Year to 30 June 2019	Company 18 months to 30 June 2018
	£	£	£	£
Obligations under finance leases (note 17)	-	805	-	-
	-	805	-	-

16 FINANCIAL INSTRUMENTS

	Group Year to 30 June 2019	Group 18 months to 30 June 2018	Company Year to 30 June 2019	Company 18 months to 30 June 2018
The group and company's financial instruments may be analysed as follows:	£	£	£	£
Financial assets				
Financial assets measured at amortised cost	5,333,300	5,663,980	162,924	162,954
Financial liabilities				
Financial liabilities measured at amortised cost	2,386,284	3,057,117	9,608,627	9,578,391

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, accrued income and amounts owed by other group undertakings

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, finance lease creditors, other creditors, accruals and amounts owed to group undertakings.

17 OBLIGATIONS UNDER FINANCE LEASES

The future minimum lease payments under finance leases fall due as follows:

	Group Year to 30 June 2019	Group 18 months to 30 June 2018	Company Year to 30 June 2019	Company 18 months to 30 June 2018
	£	£	£	£
Within one year	904	64,579	-	-
In more than one year but not more than five years	-	805	-	-
	904	65,384	-	-

18 DEFERRED TAX

	Year to 30 June 2019	18 months to 30 June 2018
	£	£
At 1 July	(470,518)	(142,032)
Deferred tax charge / (credit) in profit and loss account for the period	21,720	(328,486)
At 30 June	(448,798)	(470,518)

The deferred tax asset arises due to the following differences:	Year to 30 June 2019	18 months to 30 June 2018
	£	£
Short term timing differences	(25,167)	(24,686)
Losses and other deductions	(357,864)	(410,549)
Accelerated capital allowances	(65,767)	(35,283)
	(448,798)	(470,518)

19 PROVISION FOR LIABILITES

	Onerous lease
	£
At 1 July 2018	(297,812)
Utilised in the year	297,812
At 30 June 2019	-

The provision relates to an onerous lease which was exited in the year

20 CALLED UP SHARE CAPITAL

	Group 2019	Group 2018	Company 2019	Company 2018
	£	£	£	£
Allotted, issued and fully paid				
8,000 (2018: 8,000) ordinary shares of £1 each	8,000	8,000	8,000	8,000
2,000 (2018. 2,000) B ordinary shares of £1 each	2,000	2,000	2,000	2,000
669 (2018: 669) C ordinary shares of £1 each	669	669	669	669
	10,669	10,669	10,669	10,669

Called up share capital represents the nominal value of shares issued.

21 RESERVES

GROUP

	Profit and Loss Account	Total
	£	£
At 1 July 2018	10,868,458	10,868,458
Loss for the financial year	(256,569)	(256,569)
Exchange differences on retranslation of net assets of subsidiary undertakings	21,566	21,566
At 30 June 2019	10,633,455	10,633,455

COMPANY

	Profit and Loss Account	Total
	£	£
At 1 July 2018	2,330,846	2,330,846
Profit for the financial year	5,079	5,079
At 30 June 2019	2,335,925	2,335,925

Minority interest is represented by a holding of £850,000 (2018: £850,000) preference shares issued by Carte Blanche Greetings Limited to a director of Carte Blanche Group Limited. There are no rights to receive dividends nor voting rights with the preference shares. The holder of the preference shares has no redemption rights

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

22 PENSION COMMITMENTS

The Group operates a defined contribution money purchase scheme The assets of the scheme are held separately from those of the Group in an independently administered fund The pension cost charge represents contributions payable by the Group and amounted to £288,770 (2018 £506,587).

At 30 June 2019 contributions of £56,355 (2018, £26,156) due in respect of the current reporting year had not been paid over to the scheme.

23 OTHER FINANCIAL COMMITMENTS

The group had minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	Land and buildings
	2019	2018
	£	£
Operating leases which expire:		
Within one year	377,500	405,803
Between two and five years	849,375	1,338,957
	1,226,875	1,744,760

24 NET DEBT RECONCILIATION

	1 July 2018	Cash flows	30 June 2019
Cash at bank and in hand	2,812,262	(701,223)	2,111,039
Invoice Discounting facilities	-	(81,612)	(81,612)
Obligations under finance leases	(65,384)	64,480	(904)
	2,746,878	(718,355)	2,028,523

25 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by FRS102 not to disclose transactions with members of the group headed by Carte Blanche Group Limited on the grounds that 100% of the voting rights are controlled within that group and the company is included in consolidated financial statements.

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 30 June, are as follows:

	Sales to related party	Purchases / services received from related party	Amounts owed from related party	Amounts owed to related party
	£	£	£	£
Entities in which a director has a controlling interest				
2019	-	79,843	-	9,047
2018	-	154,125	-	10,755
Entities controlled by a close family member				
2019	-	85,988	-	3,900
2018	212,029	178,591	-	15,643
Entities over which the group has significant influence				
2019	28,427	-	102,443	-
2018	97,925	-	-	132,131

Sales, purchases and services between related parties are made at both normal market prices in addition to discounted goods being supplied at discounted rates. Outstanding balances with entities are unsecured and interest free.

26 ULTIMATE PARENT UNDERTAKING

Carte Blanche Group Limited is the ultimate parent undertaking of the Group, the controlling interest in which is held by S W Haines.

27 POST BALANCE SHEET EVENT

The emergence of COVID-19 is a non-adjusting post balance sheet event. The impact on the Group is described in note 1.