

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2019



GLOBAL BRANDS (GBL) HOLDINGS LIMITED

COMPANY INFORMATION

Directors	MP James SJ Garcia Perez S Bacon
Registered number	08082265
Registered office	Casa Hotel 5th Floor Lockoford Lane Chesterfield Derbyshire S41 7JB
Independent auditor	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA
Bankers	Barclays Bank PLC 37 Rose Hill Chesterfield Derbyshire S40 1LS
Solicitors	Blakesley Rice MacDonald Gray Court Chesterfield Derbyshire S40 1LD

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

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GLOBAL BRANDS (GBL) HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

Introduction

The principal activities of the group are: wholesale of alcoholic and non-alcoholic drinks, owned brands e.g. VK, Franklins, Kick, Amigos and Jungfrau, licensed brands e.g. Hooch and Hooper's and third-party brands; the operation of 2 4* hotels, with restaurant and conference facilities at Casa Hotel, Chesterfield and Peak Edge Hotel on the outskirts of Chesterfield. The group also has a residential property development business.

Business review

Global Brands Limited

The principal activity of the company is the wholesale of alcoholic and non-alcoholic drinks. Our portfolio includes brands such as VK, Franklins, Kick, Amigos, Jungfrau, Hooch and Hooper's. The business is Sales and Marketing led which focuses its attention on building brands. We have seen a significant increase in canned cocktails and spirit and mixer volumes over the past year which we have developed across several different brand ranges. Our Export business continues to grow, we have increased our resource and new opportunities are beginning to opening up. The Pandemic has impacted on the On-trade side of the business in 2020 both in the UK and overseas which is over half of our volume. However, our Off-Trade business has seen significant growth, this coupled with support from the government has meant the business has remained profitable throughout this period. We have recently reshaped the business and we are now well placed to deal with the "new normal" over the coming months.

Casa Hotel

The hotel is now entering its tenth year of trading and we continue to deliver the high level of customer service that our clientele have become accustomed to. We took the decision to keep CASA open during the Covid 19 lock down period for key workers and front line NHS staff. We offered free accommodation and food and drink, we ran the business on minimal staff and also opened up a farm shop at the hotel and also provided a take away meal service to generate extra income. This put us in a good position to open up again in July and occupancy levels have continued to increase and all costs are now fully covered.

Casa Property

The business receives rents from Casa Hotel for the ground and first four floors; Global Brands Limited occupies the top two floors.

Peak Edge Hotel Limited

The Peak Edge Hotel has 26 bedrooms and is situated on the edge of Derbyshire's Peak District National Park. We took the decision to close the hotel during the Covid 19 lock down period, but we did continue with the construction of the extension to the restaurant. Since opening up in July the hotel has gone from strength to strength occupancy levels in the 90's and a packed restaurant.

Bradbury Hall Developments

The business mainly owns a property development to the south west of Chesterfield with 97 apartments in four blocks, all the apartments are for sale with just under half sold to date.

Principal risks and uncertainties

The full impact of the governments decision to cease the practice known as PDPD in April 2020 has yet to be fully realised in the on-trade due to the impact of Covid 19. We are working through this as the on-trade slowly opens up. Details of the governments review of "on time" plastics is yet to be fully clarified. We are working to reduce and eliminate plastic in the business. The implication of the proposed implementation of a returnable bottle scheme in Scotland and later in England still need to be understood.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**


Financial key performance indicators

The results are set out in the profit and loss account of the financial statements and the directors are satisfied with the progress in the year.

Other key performance indicators

VK remains the No1 RTD in the On trade and has shown significant growth in the Off Trade over the past 12 months. Our NPD, particularly in RTS canned cocktail and spirit and mixers has been a major driver of the business performance.

This report was approved by the board and signed on its behalf.

DocuSigned by:

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SJ Garcia Perez
Director

Date: 16 September 2020

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present their report and the financial statements for the year ended 30 September 2019.

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 company and the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements 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;
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to 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.

Principal activity

The principal activity of the company is to act as a holding company for the Global Brands and Casa Hotel group.

Results and dividends

The profit for the year, after taxation, amounted to £2,501,000 (2018: £1,827,000).

During the year dividends of £258,000 (2018: £195,000) were paid to the non-controlling interest.

Directors

The directors who served during the year are noted on the company information page.

Future developments

There are no significant future developments which require disclosure within this report.

Employee involvement

During the year the group has maintained and developed arrangements aimed at systematically providing employees with information on matters of concern to them as employees, consulting them or their representatives on a regular basis, so that their views may be taken into account in making decisions which are likely to affect their interests. The group encourages employee involvement and believes that achieving a common awareness on the part of all employees of the financial and economic factors affecting the performance of their employing company plays a major role in maintaining the success of the group.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

Disabled employees

The group offers equal opportunities to all applicants for employment whatever their sex, race or religion. Disabled persons are considered for employment, training, career development and promotion on the basis of their attitudes and abilities in common with all employees, providing the disability does not make the particular employment impractical or the employee unable to conform to the stringent regulations which apply to the operations of the group.

Disclosure of information to auditor


Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Post balance sheet events

At the date of signing these financial statements, the UK is in partial 'lockdown' as a result of the Covid-19 pandemic. The severity and length of economic downturn is unknown due to the uncertainty of the social distancing measures enforced by the UK government. The UK government has announced unprecedented levels of financial support for the economy in the form of grants to retain employees that are furloughed during this time, as well as extensions of time to pay certain taxes that are due, and the group have also taken advantage of capital repayment holidays on the bank loans. The directors have considered the effect on the company with the information available to it, and do not believe it will affect the company's ability to continue to trade for the foreseeable future. See note 1.3 for further details.

This report was approved by the board and signed on its behalf.

DocuSigned by:

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SJ Garcia Perez
Director

Date: 16 September 2020

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL BRANDS (GBL) HOLDINGS LIMITED

Opinion

We have audited the financial statements of Global Brands (GBL) Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2019, which comprise the group profit and loss account, the group and company balance sheets, the group statement of cash flows and the related notes, 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 September 2019 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 United Kingdom, including the Financial Reporting Council'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's or the 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.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL BRANDS (GBL) HOLDINGS LIMITED (CONTINUED)

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.

Opinion 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 group 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 group 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 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 group 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 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.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL BRANDS (GBL) HOLDINGS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 3, 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.

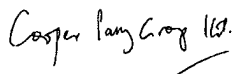
Auditor's responsibilities for the audit of the financial statements

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



Richard Jones (Senior Statutory Auditor)

for and on behalf of
Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: 16 September 2020

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 £000	As restated 2018 £000
Turnover	1,4,3	61,517	53,053
Cost of sales		(43,203)	(36,302)
Gross profit		18,314	16,751
Distribution costs		(2,006)	(1,770)
Administrative expenses		(13,434)	(12,959)
Other operating income	4	814	704
Operating profit	5	3,688	2,726
Interest receivable and similar income		-	1
Interest payable and expenses	9	(496)	(466)
Profit on ordinary activities before taxation		3,192	2,261
Taxation on ordinary activities	10	(712)	(434)
Profit for the financial year		2,480	1,827

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated profit and loss account.


The notes on pages 15 to 34 form part of these financial statements.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED
REGISTERED NUMBER: 08082265

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	11	2,953	3,347
Tangible assets	12	15,728	14,956
		<u>18,681</u>	<u>18,303</u>
Current assets			
Stocks	15	17,438	14,512
Debtors: amounts falling due within one year	16	16,084	13,663
Bank and cash balances		345	223
		<u>33,867</u>	<u>28,398</u>
Creditors: amounts falling due within one year	17	<u>(25,444)</u>	<u>(20,751)</u>
Net current assets		<u>8,423</u>	<u>7,647</u>
Total assets less current liabilities		<u>27,104</u>	<u>25,950</u>
Creditors: amounts falling due after more than one year	18	(11,347)	(12,483)
Provisions for liabilities			
Deferred tax		<u>(514)</u>	<u>(446)</u>
Net assets		<u><u>15,243</u></u>	<u><u>13,021</u></u>
Capital and reserves			
Called up share capital	20	11	11
Profit and loss account		<u>15,232</u>	<u>13,010</u>
Shareholders' funds		<u><u>15,243</u></u>	<u><u>13,021</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

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SJ Garcia Perez
 Director

Date: 16 September 2020


The notes on pages 15 to 34 form part of these financial statements.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED
REGISTERED NUMBER: 08082265

COMPANY BALANCE SHEET
AS AT 30 SEPTEMBER 2019

		2019	2018
		£000	£000
Fixed assets			
Investments	13	262	262
Current assets			
Debtors: amounts falling due within one year	16	9,917	9,703
Creditors: amounts falling due within one year	17	(1,806)	(1,078)
Net current assets		<u>8,111</u>	<u>8,625</u>
Total assets less current liabilities		<u>8,373</u>	<u>8,887</u>
Creditors: amounts falling due after more than one year	18	(8,194)	(8,669)
Net assets		<u><u>179</u></u>	<u><u>218</u></u>
Capital and reserves			
Called up share capital	20	11	11
Profit and loss account		<u>168</u>	<u>207</u>
Shareholders' funds		<u><u>179</u></u>	<u><u>218</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

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SJ Garcia Perez
 Director

Date: 16 September 2020

The notes on pages 15 to 34 form part of these financial statements.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Called up share capital	Profit and loss account	Non- controlling interests	Total equity
	£000	£000	£000	£000
At 1 October 2018	11	13,010	-	13,021
Profit for the year	-	2,480	-	2,480
Transfer of value	-	(258)	258	-
Dividends paid	-	-	(258)	(258)
At 30 September 2019	11	15,232	-	15,243

The notes on pages 15 to 34 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Called up share capital	Profit and loss account	Non- controlling interests	Total equity
	£000	£000	£000	£000
At 1 October 2017	11	11,378	-	11,389
Profit for the year	-	1,827	-	1,827
Transfer of value	-	(195)	195	-
Dividends paid	-	-	(195)	(195)
At 30 September 2018	11	13,010	-	13,021

The notes on pages 15 to 34 form part of these financial statements.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 October 2018	11	207	218
Loss for the year	-	(39)	(39)
At 30 September 2019	11	168	179

The notes on pages 15 to 34 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 October 2017	11	251	262
Loss for the year	-	(44)	(44)
At 30 September 2018	11	207	218

The notes on pages 15 to 34 form part of these financial statements.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	2019 £000	2018 £000
Cash flows from operating activities		
Profit for the financial year	2,480	1,827
Adjustments for:		
Amortisation of intangible assets	406	409
Depreciation of tangible assets	1,037	952
Gain on disposal of tangible assets	(59)	(6)
Interest charged	496	466
Interest received	-	(1)
Taxation charge	712	434
Increase in stocks	(2,926)	(1,563)
Increase in debtors	(2,461)	(1,617)
Increase in creditors	2,850	2,648
Corporation tax paid	(585)	(704)
Net cash generated from operating activities	1,950	2,845
Cash flows from investing activities		
Purchase of intangible fixed assets	(12)	(23)
Purchase of tangible fixed assets	(1,810)	(1,167)
Sale of tangible fixed assets	60	53
Purchase of fixed asset investments	-	(6,390)
Interest received	-	1
Cash acquired on acquisition of subsidiary	-	293
Net cash used in investing activities	(1,762)	(7,233)

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	2019 £000	2018 £000
Cash flows from financing activities		
New secured loans	1,000	7,075
Repayment of loans	(383)	(1,747)
Dividends paid	(258)	(195)
Interest paid	(496)	(465)
Net cash from/(used in) financing activities	(137)	4,668
Net increase in cash and cash equivalents	51	280
Cash and cash equivalents at the beginning of year	(3,151)	(3,430)
Cash and cash equivalents at the end of the year	(3,100)	(3,150)
Cash and cash equivalents at the end of the year comprise:		
Cash at bank and in hand	346	221
Bank overdrafts	(3,446)	(3,371)
	(3,100)	(3,150)

The notes on pages 15 to 34 form part of these financial statements.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. Accounting policies

1.1 Basis of preparation of financial statements

Global Brands (GBL) Holdings Limited (the 'company') is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is shown on the company information page.

The financial statements are prepared in Sterling (£000) which is the functional currency of the company and group. The financial statements are for the year ended 30 September 2019 (2018: year ended 30 September 2018).

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following principal accounting policies have been applied consistently throughout the year:

1.2 Basis of consolidation

The consolidated financial statements present the results of the parent company and its own subsidiaries ('the group') as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. All companies in the group have the same accounting reference date.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit after tax of the parent company for the year was £39,000 (2018: £44,000).

1.3 Going concern

At the balance sheet date the group was operating comfortably inside its overdraft facility and had net current assets of £8,423,000. At the time of signing these accounts, the directors have considered the effect of the Coronavirus on the going concern position, and consider that this does indicate that the company will continue to trade for a period of at least 12 months from the date of signing these accounts.

Although some companies in the group have made losses over the lockdown period in the UK, the main trading subsidiary Global Brands Limited, has continued to trade profitably and has exceeded expectations throughout the period of lockdown caused by the Coronavirus, achieving record sales and profits in June 2020. The group has made use of the UK Government support available to businesses during this difficult time under the Coronavirus Job Retention Scheme and deferring VAT payment and duty payments. The group has also agreed an additional facility with its bank but so far has not had to draw down on this, nor do they forecast they will need to in the next 12 months.

The directors have produced forecasts for the Global Brands (GBL) Holdings Limited group of companies for the period to September 2021. These forecasts demonstrate that the group will continue to be able to operate within the banking facilities available to it for a period of at least 12 months from the date of signing these accounts.

On that basis, the directors have prepared these financial statements on a going concern basis.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. Accounting policies (continued)

1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

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

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.5 Government grants

Grants are recognised in the consolidated profit and loss account on a systematic basis over the period in which the entity recognises expenses for the related costs for which the grants are intended to compensate.

Grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the asset concerned. In the case of the repayment of a grant, this is treated as a reduction to the deferred income balance and the cumulative income which would have been charged had the grant not been received will be charged as an expense.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. Accounting policies (continued)

1.6 Intangible fixed assets and amortisation

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated, using the straight line method, to allocate the depreciable amount of the assets to their residual value over their estimated useful lives.

The estimated useful lives range as follows:

Patents	- 20 years straight line
Trademarks	- 20 years straight line
Goodwill	- 10 years straight line

1.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2 - 10% straight line
Plant and machinery	- 25% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 25% straight line
Office equipment	- 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or 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 in the consolidated profit and loss account.

At each balance sheet date, the company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. Accounting policies (continued)

1.8 Valuation of investments

Investments in subsidiary undertakings are initially valued at cost and are reviewed annually for signs of impairment. If an impairment loss is identified this is recognised immediately in the profit and loss account and the value of the investment is reduced accordingly.

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the consolidated profit and loss account.

Stocks relating to properties developed for sale are stated at the lower of cost and net realisable value. All costs that relate to properties, including the interest accruing on related loans, are capitalised within work in progress.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

1.11 Rental income

Rental income is received from operating lease rental charges and released to the profit and loss account on a straight line basis over the life of the lease.

1.12 Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.13 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to and from related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an assets carrying amount and the best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

1. Accounting policies (continued)

1.14 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and are not retranslated.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account in the year to which they relate.

1.15 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

1.16 Dividends

Equity dividends are recognised when they become legally payable.

1.17 Pensions

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the consolidated profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

1.18 Provisions for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Legal advice is sought where appropriate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

1. Accounting policies (continued)

1.19 Current and deferred taxation

The tax charge for the year comprises of current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

1.20 Reclassification of expenses

Certain prior year administrative expenses have been reviewed in the year and reclassified to cost of sales, as the directors have concluded that this better reflects the true economic nature of the costs.

This has resulted in an increase in cost of sales of £1,358,000, and a subsequent decrease in administrative expenses of the same amount. There is no impact on net profit or net assets.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The directors make estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of non-current assets

The directors assess the impairment of tangible fixed assets and intangible assets subject to amortisation or depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

Depreciation, amortisation and residual values

The directors have reviewed the asset lives and associated residual values of all asset classes and have concluded that asset lives and residual values are 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.

Carrying value of stocks

The directors review the market value of and demand for its stocks on a periodic basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. The directors use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

Recoverability of trade debtors

Trade and other receivables are recognised to the extent that they are judged recoverable. The directors' reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

The directors make allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such a difference will impact the carrying value of debtors and the charge in the consolidated profit and loss account.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. Judgements in applying accounting policies (continued)

Provisions

A provision is recognised when the group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a rate that reflects the time value of money and the risks specific to the liability.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and director's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

Leases

The directors determine whether leases entered into by the group either as a lessor or a lessee are operating or 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 lessee on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Goodwill and amortisation

The directors made an estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

The directors assess the impairment of goodwill subject to amortisation, whenever events or changes in circumstances indicate the carrying value may not be recoverable. Factors considered that could trigger an impairment review include the following:

- Significant under-performance relative to historical or projected future operating results;
- Significant changes in the use of the acquired assets or the business strategy for the overall business and;
- Significant negative industry or economic trends.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. The group takes professional advice on its tax affairs and recognises liabilities for anticipated tax based on estimates of what taxation is likely to be due.

Management estimation is required to determine the amount of any deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**3. Turnover**

An analysis of turnover by class of business is as follows:

	2019 £000	2018 £000
Wholesale of alcohol and non-alcoholic drinks	54,717	44,724
Operation of hotel, restaurant and conference facilities	6,800	8,329
	<u>61,517</u>	<u>53,053</u>

Analysis of turnover by country of destination:

	2019 £000	2018 £000
United Kingdom	58,883	50,498
Rest of Europe	1,979	1,539
Rest of the World	655	1,016
	<u>61,517</u>	<u>53,053</u>

4. Other operating income

	2019 £000	2018 £000
Rental income	805	691
Government grants receivable	9	13
	<u>814</u>	<u>704</u>

Rental income is generated from the short term lease of properties held in stock.

5. Operating profit

The operating profit is stated after charging/(crediting):

	2019 £000	2018 £000
Depreciation of tangible fixed assets	1,037	952
Amortisation of intangible assets, including goodwill	406	409
Loss on exchange differences	10	10
Operating lease rentals	184	138
Gain on disposal of fixed assets	(60)	(6)
	<u></u>	<u></u>

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

6. Auditor's remuneration

	2019 £000	2018 £000
Fees payable to the group's auditor and its subsidiaries for the audit of the group's annual financial statements	42	38
Fees payable to the group's auditor and its subsidiaries in respect of:		
All other services	14	14

7. Staff costs

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Wages and salaries	7,566	7,083	-	-
Social security costs	734	676	-	-
Pension costs	555	503	-	-
	<u>8,855</u>	<u>8,262</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Directors	4	3
Sales	110	100
Administration	49	46
Distribution	99	99
Operations	99	99
	<u>361</u>	<u>347</u>

Global Brands (GBL) Holdings Limited has no employees other than its directors who were remunerated by other group companies.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

8. Directors' remuneration

	2019 £000	2018 £000
Directors' emoluments	237	212
Pension costs	35	29
	<u>272</u>	<u>241</u>

During the year retirement benefits were accruing to 3 directors (2018: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £158,000 (2018: £157,000).

9. Interest payable

	2019 £000	2018 £000
Bank interest payable	364	357
Other loan interest payable	108	109
Other interest payable	24	-
	<u>496</u>	<u>466</u>

10. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	627	523
Adjustments in respect of previous periods	16	12
Total current tax	<u>643</u>	<u>535</u>
Deferred tax		
Origination and reversal of timing differences	68	(29)
Adjustments in respect of prior periods	1	(72)
Taxation on profit on ordinary activities	<u>712</u>	<u>434</u>

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018: lower than) the standard rate of corporation tax in the UK of 19.0% (2018: 19.0%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	3,192	2,262
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2018: 19.0%)	606	446
Effects of:		
Fixed asset differences	52	54
Expenses not deductible for tax purposes	94	111
Adjustments to tax charge in respect of prior periods	12	12
Adjustments to tax charge in respect of prior periods (deferred tax)	1	(72)
Additional deduction for research and development expenditure	(47)	(59)
Deferred tax not recognised	(6)	(58)
Total tax charge for the year	712	434

Factors that may affect future tax charges

As at 30 September 2019 the substantively enacted rate for deferred tax calculation purposes was 17% and deferred taxation has been calculated at this rate.

On the 11 March 2020 the Chancellor of the exchequer announced that the tax rate reduction from 19% to 17% was no longer going to be implemented.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

11. Intangible fixed assets

Group

	Trademarks £000	Patents £000	Goodwill £000	Total £000
Cost				
At 1 October 2018	376	556	3,625	4,557
Additions	12	-	-	12
At 30 September 2019	388	556	3,625	4,569
Amortisation				
At 1 October 2018	343	505	362	1,210
Charge for the year	16	28	362	406
At 30 September 2019	359	533	724	1,616
Net book value				
At 30 September 2019	29	23	2,901	2,953
At 30 September 2018	33	51	3,263	3,347

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

12. Tangible fixed assets

Group

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Office equipment £000	Total £000
Cost						
At 1 October 2018	15,969	3,787	1,806	3,887	469	25,918
Additions	675	766	247	74	48	1,810
Disposals	-	(23)	(51)	-	-	(74)
At 30 September 2019	16,644	4,530	2,002	3,961	517	27,654
Depreciation						
At 1 October 2018	2,323	3,442	1,307	3,455	435	10,962
Charge for the year	440	174	244	160	19	1,037
Disposals	-	(23)	(50)	-	-	(73)
At 30 September 2019	2,763	3,593	1,501	3,615	454	11,926
Net book value						
At 30 September 2019	13,881	937	501	346	63	15,728
At 30 September 2018	13,646	345	499	432	34	14,956

Included in freehold property is freehold land at valuation of £1,200,000 (2018: £1,200,000) which is not depreciated.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

13. Fixed asset investments

Company

	Investments in subsidiary undertakings £000
Cost	
At 1 October 2018 and 30 September 2018	262
Net book value	
At 30 September 2019	262
At 30 September 2018	262

Details of the principal subsidiaries can be found under note 14.

14. Principal subsidiaries

The following were subsidiary undertakings of the company:

Direct subsidiary undertakings

Name	Country	Holding	Principal activity
Global Brands Limited	England	90 %	Wholesale of alcoholic and non-alcoholic drinks
Bradbury Hall Developments Limited	England	100 %	Residential property development
Casa Hotel Holdings Limited	England	100 %	Holding company

Indirect Subsidiary undertakings

Name	Country	Holding	Principal activity
Casa Hotel Limited	England	100 %	Operation of hotel, restaurant and conference facilities
Casa Property Limited	England	100 %	Hotel property rental
Peak Edge Hotel Limited	England	100 %	Operation of hotel, restaurant and conference facilities
Inspirit Drinks Limited	England	90 %	Dormant
VK Brands Limited	England	90 %	Dormant
Corky's Brands Limited	England	90 %	Dormant
Furnace Mill Management Services	England	90 %	Dormant

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**14. Principal subsidiaries (continued)**

The results of the above entities are included within these consolidated financial statements. All subsidiaries have the same registered office address, as disclosed on the company information page.

15. Stocks

	Group 2019 £000	Group 2018 £000
Raw materials	864	1,056
Work in progress	7,286	7,286
Finished goods and goods for resale	9,288	6,170
	<u>17,438</u>	<u>14,512</u>

Stock recognised in cost of sales during the year as an expense was £36,564,000 (2018: £30,170,000).

An impairment gain of £35,000 (2018: £105,000) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

16. Debtors

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Trade debtors	14,922	12,602	-	-
Amounts owed by group undertakings	-	-	9,915	9,700
Other debtors	241	495	-	-
Prepayments and accrued income	921	566	-	-
Deferred taxation	-	-	2	3
	<u>16,084</u>	<u>13,663</u>	<u>9,917</u>	<u>9,703</u>

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

17. Creditors: Amounts falling due within one year

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Bank overdrafts	3,446	3,371	-	-
Bank loans	3,176	1,432	475	475
Trade creditors	5,390	4,355	-	-
Amounts owed to group undertakings	-	-	1,282	554
Corporation tax	442	384	-	-
Other taxation and social security	1,229	1,550	-	-
Other creditors	3,522	3,080	-	-
Accruals and deferred income	8,239	6,579	49	49
	<u>25,444</u>	<u>20,751</u>	<u>1,806</u>	<u>1,078</u>

See note 18 for details of security.

18. Creditors: Amounts falling due after more than one year

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Bank loans	10,993	12,120	8,194	8,669
Government grants received	354	363	-	-
	<u>11,347</u>	<u>12,483</u>	<u>8,194</u>	<u>8,669</u>

The bank loans are secured on the property held by the group and interest is charged at 1.4% over base rate. Bank loans are underwritten by a director, SJ Garcia Perez.

The bank overdraft is secured by way of a fixed and floating charge over the assets of the group.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

19. Deferred taxation

Group

	2019 £000	2018 £000
At 1 October 2018	446	251
(Credit)/charge to profit and loss account	68	(101)
Arising on acquisition of subsidiary	-	296
At 30 September 2019	514	446

Company

	2019 £000	2018 £000
At 1 October 2018	(3)	-
Charge / (credit) to the profit and loss account	1	(3)
At 30 September 2019	(2)	(3)

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Accelerated capital allowances	292	189	-	-
Tax losses carried forward	-	-	(2)	(3)
Short term timing differences	(1)	(3)	-	-
Capital gains	221	254	-	-
	514	446	(2)	(3)

20. Share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
10,520 Ordinary shares of £1 each	11	11

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**21. Contingent liabilities**

The group has provided the bank with a guarantee in respect of bonds relating to HM Revenue & Customs of £280,000 (2018: £280,000).

The company is part of an unlimited cross company guarantee to secure the bank borrowings of the group. At the year end the aggregate borrowings of the group were £17,615,000 (2018: £16,800,000) and secured on the assets of the group.

22. Pension commitments

The group operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the company to the scheme and amounted to £555,000 (2018: £503,000). There were contributions outstanding to the scheme at year end of £42,000 (2018: £44,000).

23. Commitments under operating leases

At 30 September 2019 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £000	Group 2018 £000
Not later than 1 year	33	138
Later than 1 year and not later than 5 years	29	6
	<u>62</u>	<u>144</u>

24. Non-controlling interest

The non-controlling interest arising in Global Brands Limited entitles minority shareholders to a share of proceeds upon disposal once a base value is reached. At 30 September 2019 the base value has not been achieved and thus no non-controlling interest has been recognised.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

25. Related party transactions

Company

Loan accounts from fellow group companies at year end totalled £1,241,000 (2018: £513,000). Interest of £37,000 (2018: £7,000) has been charged during the year.

Group

Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £241,000 (2018: £241,000).

Directors loan accounts at the year end of £1,744,000 (2018: £1,421,000) are due to a director. During the year interest of £26,000 (2018: £23,000) was incurred on amounts due.

Sales were made to entities under control of an immediate family member of a director of £4,000 (2018: £5,000). At the year end, balance due from companies under common control of an immediate close family member were £8,000 (2018: £8,000).

Purchases were made to entities under control of an immediate family member of a director of £141,000 (2018: £59,000).

Sales were made to entities under common control of a director of £466,000 (2018: £569,000). At the year end balance due from entities under common control of a director were £107,000 (2018: £54,000). Interest of £3,000 (2018: £Nil) has been charged during the year.

Purchases were made from entities under common control of a director of £1,004,000 (2018: £1,419,000). At the year end balance due from entities under common control of a director were £1,585,000 (2018: £1,733,000). Interest of £34,000 (2018: £31,000) has been charged during the year.

Transactions with subsidiaries where 100% of the economic value are held within the group are excluded from the above disclosure, and are eliminated on consolidation.

26. Post balance sheet events

Subsequent to the year end, there has been an outbreak of Covid-19 which has developed into a global pandemic. Whilst there is a high level of uncertainty about the extent and the timeframe of the virus on the global economy, the directors believe the Global Brands (GBL) Holdings Limited group is strongly positioned to handle any downturn that may occur and are seeing significant demand in some areas of the business in which they operate.

27. Controlling party

Global Brands (GBL) Holdings Limited is controlled by SJ Garcia Perez.