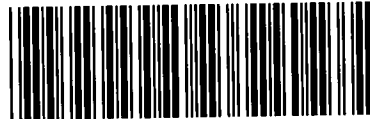


GLOBAL BRANDS (GBL) HOLDINGS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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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 2018

Introduction

The principal activities of the group are: wholesale of alcoholic and non-alcoholic drinks, owned brands e.g. VK, Franklins, Kick, Amigos, Jungfrau etc. 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 distribution 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, recent additions to the portfolio are premixed drinks based on the UK's most popular cocktails. Global Brands has experienced significant growth this financial year in what continues to be a very difficult and competitive market. We have continued to invest in our sales and marketing teams and also increased our marketing support for our brands. Our export business has continued to grow in the financial year and we now export to fifty-five countries. Increasing our export business continues to be a major focus. The increased range of our portfolio and opened up new markets and we have a product in our portfolio for all different types of venues.

Casa Hotel

The hotel is now entering its ninth year of trading and we continue to deliver the high level of customer service that our cliental have become accustomed to.

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 (previously Style Leisure Limited)

The Peak Edge Hotel has 26 bedrooms and is situated on the edge of Derbyshire's Peak District National Park.

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 major risk to the business is the threat by the government to increase duty on specific sectors of the drinks market. Whilst our business fully supports responsible drinking we firmly believe targeting specific sectors is not the answer and we continue to lobby against this potential change in duty categorisation's which would impact some specific product ranges. The recent introduction of the Sugar Tax has had little impact on our business, we did reduce sugar levels in some products but not at the expense of taste. We await further details on the government's announcement on "one time" used plastic containers and cans and we have several options available.

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.

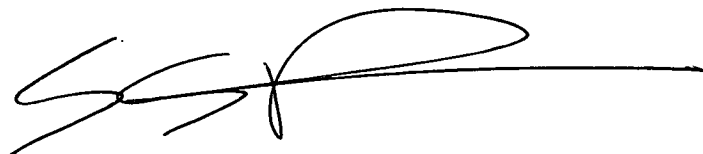
GLOBAL BRANDS (GBL) HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

Other key performance indicators

New product development is at the heart of the business and we continue to introduce innovative ideas and concepts. VK is now the No1 RTD in the On Trade which is a significant milestone for the brand and it continues to grow by over 23% MAT. We continue to invest in our commercial and marketing resource to drive the distribution of our diverse product portfolio.

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

A handwritten signature in black ink, consisting of a stylized 'S' followed by a large loop and a horizontal line extending to the right.

SJ Garcia Perez
Director

Date: 11/6/2019

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors present their report and the financial statements for the year ended 30 September 2018.

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 £1,827,000 (2017: £2,187,000).

During the year dividends of £195,000 (2017: £179,000) 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 period 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 2018**

Disabled employees

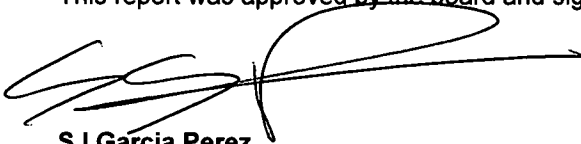
The group offers equal opportunities to all applicants for employment whatever their sex, race or religion. Disabled persons are considered for employment, training, career development and promotion on the basis of their attitudes and abilities in common with all employees, providing the disability does 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.

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



SJ Garcia Perez
Director

Date: 11/6/2019

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 2018, 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 2018 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: *20th June 2019*

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Note	2018 £000	2017 £000
Turnover	3	53,053	43,351
Cost of sales		(34,944)	(29,292)
Gross profit		18,109	14,059
Distribution costs		(1,770)	(1,462)
Administrative expenses		(14,317)	(9,916)
Other operating income	4	704	342
Operating profit	5	2,726	3,023
Interest receivable and similar income		1	-
Interest payable and expenses	9	(466)	(217)
Profit before taxation		2,261	2,806
Tax on profit	10	(434)	(619)
Profit for the financial year		1,827	2,187

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated statement of comprehensive income.

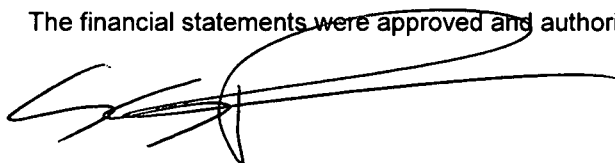
The notes on pages 15 to 34 form part of these financial statements.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED
REGISTERED NUMBER: 08082265

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	11	3,347	108
Tangible assets	12	14,956	9,837
		<u>18,303</u>	<u>9,945</u>
Current assets			
Stocks	14	14,512	12,933
Debtors: amounts falling due within one year	15	13,663	11,905
Cash at bank and in hand		223	142
		<u>28,398</u>	<u>24,980</u>
Creditors: amounts falling due within one year	16	<u>(20,751)</u>	<u>(16,989)</u>
Net current assets		<u>7,647</u>	<u>7,991</u>
Total assets less current liabilities		<u>25,950</u>	<u>17,936</u>
Creditors: amounts falling due after more than one year	17	(12,483)	(6,296)
Provisions for liabilities			
Deferred taxation	18	<u>(446)</u>	<u>(251)</u>
Net assets		<u><u>13,021</u></u>	<u><u>11,389</u></u>
Capital and reserves			
Called up share capital	19	11	11
Profit and loss account		<u>13,010</u>	<u>11,378</u>
Shareholders' funds		<u><u>13,021</u></u>	<u><u>11,389</u></u>

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



SJ Garcia Perez
Director

Date: 11/6/2019

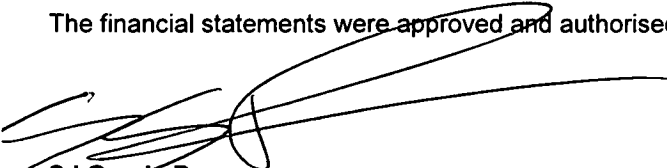
The notes on pages 15 to 33 form part of these financial statements.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED
REGISTERED NUMBER: 08082265

COMPANY BALANCE SHEET
AS AT 30 SEPTEMBER 2018

		2018 £000	2017 £000
Fixed assets			
Investments	13	262	262
Current assets			
Debtors: amounts falling due within one year	15	9,703	-
Creditors: amounts falling due within one year	16	(1,078)	-
		<u>8,625</u>	<u>-</u>
Net current assets		<u>8,625</u>	<u>-</u>
Total assets less current liabilities		<u>8,887</u>	<u>262</u>
 Creditors: amounts falling due after more than one year	 17	 (8,669)	 -
		<u>218</u>	<u>262</u>
Net assets		<u>218</u>	<u>262</u>
Capital and reserves			
Called up share capital	19	11	11
Profit and loss account		207	251
Shareholders' funds		<u>218</u>	<u>262</u>

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


SJ García Perez
 Director

Date: 11/6/2019

The notes on pages 15 to 33 form part of these financial statements.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

**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.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 October 2016	11	9,370	9,381
Profit for the year	-	2,187	2,187
Dividends	-	(179)	(179)
At 30 September 2017	11	11,378	11,389

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 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.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 October 2016	11	251	262
At 30 September 2017	11	251	262

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 2018**

	2018 £000	2017 £000
Cash flows from operating activities		
Profit for the financial year	1,827	2,187
Adjustments for:		
Amortisation of intangible assets	409	51
Depreciation of tangible assets	952	735
Gain on disposal of tangible assets	(6)	(46)
Interest charged	466	217
Interest received	(1)	-
Taxation charge	434	619
Increase in stocks	(1,563)	(739)
Increase in debtors	(1,617)	(2,570)
Increase in creditors	2,648	657
Corporation tax paid	(704)	(312)
Net cash generated from operating activities	<u>2,845</u>	<u>799</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(23)	(7)
Purchase of tangible fixed assets	(1,167)	(531)
Sale of tangible fixed assets	53	98
Purchase of fixed asset investments	(6,390)	-
Interest received	1	-
Cash acquired on acquisition of subsidiary	293	-
Net cash used in investing activities	<u>(7,233)</u>	<u>(440)</u>

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	2018 £000	2017 £000
Cash flows from financing activities		
New secured loans	7,075	-
Repayment of loans	(1,747)	(354)
Dividends paid	(195)	(179)
Interest paid	(465)	(217)
Net cash from/(used in) financing activities	<u>4,668</u>	<u>(750)</u>
Net increase/(decrease) in cash and cash equivalents	280	(391)
Cash and cash equivalents at the beginning of year	(3,430)	(3,039)
Cash and cash equivalents at the end of the year	<u>(3,150)</u>	<u>(3,430)</u>
Cash and cash equivalents at the end of the year comprise:		
Cash at bank and in hand	221	142
Bank overdrafts	(3,371)	(3,572)
	<u>(3,150)</u>	<u>(3,430)</u>

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 2018

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 (£) which is the functional currency of the group. The financial statements are for the year ended 30 September 2018 (2017: year ended 30 September 2017).

The financial statements have been prepared 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.

1.2 Basis of consolidation

The consolidated financial statements present the results of the group 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 £45,000 (2017: £Nil).

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 2018 the base value has not been achieved and thus no minority interest has been recognised.

1.3 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.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. Accounting policies (continued)

1.4 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.

1.5 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.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

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. Goodwill is amortised on a straight line basis to the consolidated profit and loss account over its useful economic life which the directors consider to be ten years.

1.6 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.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to consolidated profit and loss account during the period in which they are incurred.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

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. No depreciation is provided on freehold land.

Depreciation is provided on the following basis:

Freehold property	- 4 and 10%
Plant and machinery	- 25%
Motor vehicles	- 25%
Fixtures and fittings	- 25%
Office equipment	- 25%

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. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

1.7 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. Cost is based on the cost of purchase on a first in first out basis.

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 under construction 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.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. Accounting policies (continued)

1.8 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.

1.9 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 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 company's cash management.

1.10 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 period 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account in the period to which they relate.

1.11 Finance costs

Finance costs are charged to the consolidated 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.12 Dividends

Equity dividends are recognised when they become legally payable.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. Accounting policies (continued)

1.13 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.

1.14 Rental income

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

1.15 Operating leases

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

1.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated profit and loss account in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

1.17 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.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

The directors' makes 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 fixed assets

The directors' assesses 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 fixed 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 2018

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 make 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 2018

3. Turnover

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

	2018 £000	2017 £000
Wholesale of alcohol and non-alcoholic drinks	44,724	38,644
Operation of hotel, restaurant and conference facilities	8,329	4,707
	<u>53,053</u>	<u>43,351</u>

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	50,498	41,235
Rest of Europe	1,539	1,284
Rest of the World	1,016	832
	<u>53,053</u>	<u>43,351</u>

4. Other operating income

	2018 £000	2017 £000
Rental income	691	342
Government grants receivable	13	-
	<u>704</u>	<u>342</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):

	2018 £000	2017 £000
Depreciation of tangible fixed assets	952	735
Amortisation of intangible assets, including goodwill	409	51
Loss/(Gain) on exchange differences	10	(14)
Operating lease rentals	138	138
Profit on disposal of fixed assets	(6)	(46)
	<u></u>	<u></u>

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

6. Auditor's remuneration

	2018 £000	2017 £000
Fees payable to the group's auditor and its subsidiaries for the audit of the group's annual financial statements	38	33
Fees payable to the group's auditor and its subsidiaries in respect of:		
All other services	<u>14</u>	<u>9</u>

7. Staff costs

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

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Wages and salaries	7,065	5,369	-	-
Social security costs	695	549	-	-
Pension costs	503	432	-	-
	<u>8,263</u>	<u>6,350</u>	<u>-</u>	<u>-</u>

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

	2018 No.	2017 No.
Directors	3	3
Sales	75	60
Administration	45	41
Distribution	125	32
Operations	99	92
	<u>347</u>	<u>228</u>

There were no employees in Global Brands (GBL) Holdings Limited other than the directors who were remunerated by other group companies.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

8. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	212	199
Pension costs	29	26
	<u>241</u>	<u>225</u>

During the year retirement benefits were accruing to 2 directors (2017: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £157,000 (2017: £181,000).

9. Interest payable

	2018 £000	2017 £000
Bank interest payable	357	141
Other loan interest payable	109	68
Other interest payable	-	8
	<u>466</u>	<u>217</u>

10. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	523	515
Adjustments in respect of previous periods	12	(54)
Total current tax	<u>535</u>	<u>461</u>
Deferred tax		
Origination and reversal of timing differences	(29)	64
Adjustments in respect of prior periods	(72)	94
Taxation on profit on ordinary activities	<u>434</u>	<u>619</u>

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: higher than) the standard rate of corporation tax in the UK of 19.0% (2017: 19.5%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	2,262	2,807
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2017: 19.5%)	446	547
Effects of:		
Fixed asset differences	54	26
Expenses not deductible for tax purposes	111	154
Adjustments to tax charge in respect of prior periods	12	(54)
Adjustments to tax charge in respect of prior periods (deferred tax)	(72)	94
Additional deduction for reasearch and development expenditure	(59)	(45)
Non-taxable income	-	(93)
Adjust closing deferred tax to average rate of 19% (2017: 19.5%)	-	(10)
Deferred tax not recognised	(58)	-
Total tax charge for the year	434	619

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) were substantively enacted on 6 September 2016.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

11. Intangible fixed assets

Group

	Trademarks £000	Patents £000	Goodwill £000	Total £000
Cost				
At 1 October 2017	353	556	-	909
Additions	23	-	-	23
On acquisition of subsidiary	-	-	3,625	3,625
At 30 September 2018	<u>376</u>	<u>556</u>	<u>3,625</u>	<u>4,557</u>
Amortisation				
At 1 October 2017	324	477	-	801
Charge for the year	19	28	362	409
At 30 September 2018	<u>343</u>	<u>505</u>	<u>362</u>	<u>1,210</u>
Net book value				
At 30 September 2018	<u>33</u>	<u>51</u>	<u>3,263</u>	<u>3,347</u>
At 30 September 2017	<u>29</u>	<u>79</u>	<u>-</u>	<u>108</u>

See note 21 for additional information regarding the goodwill acquisition.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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 2017	10,975	3,687	1,504	3,946	453	20,565
Additions	248	278	388	237	16	1,167
Acquisition of subsidiary (note 21)	2,217	-	-	203	-	2,420
Disposals	(4)	(178)	(86)	(499)	-	(767)
Fair value uplift (note 21)	2,533	-	-	-	-	2,533
At 30 September 2018	<u>15,969</u>	<u>3,787</u>	<u>1,806</u>	<u>3,887</u>	<u>469</u>	<u>25,918</u>
Depreciation						
At 1 October 2017	1,890	3,496	1,116	3,806	420	10,728
Charge for the year	433	124	242	138	15	952
Disposals	-	(178)	(51)	(489)	-	(718)
At 30 September 2018	<u>2,323</u>	<u>3,442</u>	<u>1,307</u>	<u>3,455</u>	<u>435</u>	<u>10,962</u>
Net book value						
At 30 September 2018	<u>13,646</u>	<u>345</u>	<u>499</u>	<u>432</u>	<u>34</u>	<u>14,956</u>
At 30 September 2017	<u>9,085</u>	<u>191</u>	<u>388</u>	<u>140</u>	<u>33</u>	<u>9,837</u>

Included in freehold property is freehold land at valuation of £1,200,000 (2017: £1,000,000) which is not depreciated.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

13. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost	
At 1 October 2017 and 30 September 2018	262
Net book value	
At 30 September 2018	262
At 30 September 2017	262

Details of the principal subsidiaries can be found under note 20.

14. Stocks

	Group 2018 £000	Group 2017 £000
Raw materials	1,056	803
Work in progress	7,286	7,286
Finished goods and goods for resale	6,170	4,844
	14,512	12,933

Stock recognised in cost of sales during the year as an expense was £28,695,000 (2017: £24,468,000).

An impairment gain of £105,000 (2017: £133,000) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

15. Debtors

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Trade debtors	12,602	10,301	-	-
Amounts owed by group undertakings	-	-	9,700	-
Other debtors	495	1,061	-	-
Prepayments and accrued income	566	543	-	-
Deferred taxation	-	-	3	-
	<u>13,663</u>	<u>11,905</u>	<u>9,703</u>	<u>-</u>

16. Creditors: Amounts falling due within one year

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Bank overdrafts	3,371	3,572	-	-
Bank loans	1,432	380	475	-
Trade creditors	4,355	3,117	-	-
Amounts owed to group undertakings	-	-	554	-
Corporation tax	384	483	-	-
Other taxation and social security	1,550	1,417	-	-
Other creditors	3,080	2,611	-	-
Accruals and deferred income	6,579	5,409	49	-
	<u>20,751</u>	<u>16,989</u>	<u>1,078</u>	<u>-</u>

See note 17 for details of security.

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

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Bank loans	12,120	6,296	8,669	-
Other creditors	363	-	-	-
	<u>12,483</u>	<u>6,296</u>	<u>8,669</u>	<u>-</u>

The bank loans are secured on the property held by the group and interest is charged at 1.15% over base rate. Bank loans are underwritten by a director, SJ Garcia Perez.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

18. Deferred taxation

Group

	2018 £000	2017 £000
At beginning of the year	251	93
(Credit)/charge to profit and loss account	(101)	158
Arising on acquisition of subsidiary	296	-
At the end of the year	446	251

Company

	2018 £000
Credit to the profit and loss account	(3)
At the end of the year	(3)

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Accelerated capital allowances	189	251	-	-
Tax losses carried forward	-	-	(3)	-
Short term timing differences	(3)	-	-	-
Capital gains	254	-	-	-
	446	251	(3)	-

19. Share capital

	2018 £000	2017 £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 2018

20. 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 %	Sale and development of residential properties
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 development
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

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.

During the year, on 6 October 2017, Casa Hotel Holdings Holdings Limited acquired a 100% holding in Peak Edge Hotel Limited.

Please see note 21 for further information.

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

21. Business combinations

On 6 October 2017 Casa Hotel Holdings Limited purchased 100% of the share capital of Peak Edge Hotel Limited.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value adjustment £000	Fair value £000
Tangible	2,420	2,533	4,953
	<u>2,420</u>	<u>2,533</u>	<u>4,953</u>
Stocks	18	-	18
Debtors	140	-	140
Cash at bank and in hand	293	-	293
Total assets	<u>2,871</u>	<u>2,533</u>	<u>5,404</u>
Creditors	(795)	-	(795)
Long term loans	(1,548)	-	(1,548)
Deferred tax	(42)	(254)	(296)
Total identifiable net assets	<u>486</u>	<u>2,279</u>	<u>2,765</u>
Goodwill			3,625
Total purchase consideration			<u>6,390</u>

Consideration

	£000
Cash	6,284
Directly attributable costs	106
Total purchase consideration	<u>6,390</u>

Cash outflow on acquisition

	£000
Purchase consideration settled in cash, as above	6,284
Net cash outflow on acquisition	<u>6,284</u>

GLOBAL BRANDS (GBL) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

21. Business combinations (continued)

The results of Peak Edge Hotel Limited since its acquisition are as follows:

	Current period since acquisition £000
Turnover	2,428
Profit for the year	225

22. Contingent liabilities

The group has provided the bank with a guarantee in respect of bonds relating to HM Revenue & Customs of £280,000 (2017: £280,000). The company is part of a cross guarantee whereby liabilities are secured over assets of the group.

The group 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 £16,800,000 (2017: 10,250,000) and secured on the assets of the group.

23. 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 £503,000 (2017: £432,000). There were contributions outstanding to the scheme at year end of £44,000 (2017: £36,000).

24. Commitments under operating leases

At 30 September 2018 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £000	Group 2017 £000
Not later than 1 year	138,000	143,000
Later than 1 year and not later than 5 years	6,000	109,000
	<u>144,000</u>	<u>252,000</u>

25. 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 2018 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 2018

26. Related party transactions

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 (2017: £333,000).

The following transactions took place with companies under common control of a director:

Sales were made to entities under common control totaling £569,000 (2017: £19,000). Purchases were made to entities under common control totaling £1,419,000 (2017: £179,000).

At the year end, loan balances due from these entities is £54,000 (2017: £685,000) and loan balances due to these entities is £1,760,000 (2017: £1,364,000).

The following transactions took place with entities under control of an immediate family member of a director:

Sales were made to entities totaling £5,000 (2017: £2,000). At the year end, balance due from these entities is £8,000 (2017: £8,000).

Purchases were made from entities totaling £59,000 (2017: £117,000).

The following transactions took place with directors of the company:

Included within other creditors is a balance of £1,076,000 (2017: £2,409,000) due to a director of the company.

27. Controlling party

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