CUT FROM A DIFFERENT CLOTH

ANNUAL REPORT &
ACCOUNTS 2017/2018

a look behind the seams

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained in this document, including any information as to the Group's strategy, plans or future financial or operating performance, constitutes "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "projects", "expects", "intends", "aims", "plans", "predicts", "may", "will", "seeks", "could", "targets", "assumes", "positioned" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, among other things, the Group's results of operations, financial condition, prospects, growth, strategies and the industries in which the Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future or are beyond the Group's control. Forward-looking statements are not guarantees of future performance. Even if the Group's actual results of operations, financial condition and the development of the industries in which the Group operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Accordingly, undue reliance should not be placed on these statements.

The forward-looking statements contained in this document speak only as of the date of this document. The Group and its Directors expressly disclaim any obligation or undertaking to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable law, the AIM Rules for Companies or the Disclosure and Transparency Rules.

Note: The financial information contained in this document, including the financial information presented in a number of tables in this document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figures given for that column or row. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

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Joules Group plc - Registered in England and Wales number: 10164829. Website - www.joulesgroup.com

HIGHLIGHTS

- Revenue increased by 18.4% to £185.9 million - up 18.8% in constant currency to £186.0 million
- Underlying[1] Profit Before Tax increased by 28.5% to £13.0 million
- Statutory PBT increased by 25.6% to £11.2 million
- Underlying EBITDA[2] increased by 24.4% to £21.1 million
- Underlying basic EPS increased by 28.5% to 11.8 pence, with Statutory basic EPS up by 36% to 9.9 pence
- Gross margin increased by 25 basis points to 55.7%
- Active[3] customers increased by 23.4% to 1.15 million
- International revenue increased by 35.7% (40.4% constant currency) - now representing 13.1% of Group revenue
- Final dividend of 1.3 pence per share proposed

1. Underlying excludes exceptional items, primarily related to the costs of admission to AIM and the expense of share based compensation awards introduced following the IPO.

2. EBITDA is a non-GAAP measure, a reconciliation to operating profit is provided in the Financial Review.

3. Active customer is a customer registered on our database who has made a transaction in the last 12 months.

Reconciliation to statutory profit before tax:

£MILLION	FY18	FY17
Underlying profit before tax	**13.0**	**10.1**
IPO transaction costs	-	(0.3)
Share based compensation	(1.8)	(0.8)
Statutory profit before tax	**11.2**	**8.9**

OUR VISION

CONTEMPORARY COUNTRY LOVING

We celebrate our rural roots by designing clothing, accessories and homeware for today's family lifestyle.

INSPIRED BY NATURE

We take inspiration from all of the flora and fauna that can be found in the countryside and along the coasts of Britain.

RESPECT THE ENVIRONMENT

As a brand that was established in the countryside, we see it as our responsibility to look after the world around us.

CONNECT WITH LIFE'S HAPPY FEELINGS

Life is busy. We want to slow down, stop and take pleasure in the simple things that make us happy.

CLOTHES TO ENABLE YOUR LIFESTYLE

We blend style with practicality to create collections that are built to last.

COLOUR AND PRINT

Our Print Team are experts in colour. All of our prints are hand-drawn or hand-painted in-house, and the unique way we use colour and print makes us stand out from the crowd.

CAPTURING THE SEASONS

Spring, summer, autumn and winter. In Britain we're lucky to have four very different seasons. We always look to them for inspiration.

FUN

Our upbeat and positive outlook on life can be seen in everything we do – from the way we use colour and print to our tone of voice and packaging.

ATTENTION TO DETAIL

Our designs capture not only the eye but the imagination. Hidden details are set to surprise and delight people of all ages.

QUALITY

It can be seen in the way we work and felt in what we create.

A CLASSIC WITH A TWIST

Our much-loved Harbour Top first burst onto the scene in 2006. Inspired by the classic Breton – it quickly became a best-seller. Since then we've added twists to the traditional navy stripes by adding eye-catching colours, hand-painted prints and embroidery detail.

CHAPTER

1

STRATEGIC REPORT

earning our stripes

CHAIRMAN'S STATEMENT

JOULES GROUP PLC

INTRODUCTION

I am very pleased to update the Group's stakeholders on what has been another outstanding year of progress. We have continued to expand Joules as a premium lifestyle brand across distribution channels, product categories and geographic markets and, I am delighted to say, delivered a profit performance for the year that exceeded the Board's initial expectations.

Group revenues increased by 18.4% year on year, reflecting strong growth across both our Retail and Wholesale segments. This momentum, in combination with improved Group gross margin and disciplined cost management, has resulted in a 28.5% increase in underlying profit before tax with statutory profit before tax up 25.6%. This very pleasing outcome reflects the strength and appeal of the Joules brand and the quality of product offering as well as our loyal and growing customer base.

STRATEGIC PROGRESS

The Group has a clear growth strategy which Colin Porter expands upon in the Chief Executive's review of this Annual Report. This focused strategy is built on four key pillars: increasing customer value; expanding brand sales in the UK market through appropriate channels; developing the brand in targeted international markets, primarily the US and Germany; and expanding the product range into new areas that are appropriate for Joules.

At the core of this growth strategy, and indeed everything we do, is our much-loved and special brand. The Joules brand is strong, distinctive and offers a unique product proposition that supports our customers' lifestyles. We continue to nurture and develop the brand by ensuring that our entire proposition continually meets and exceeds our loyal customers' expectations for the quality and values that collectively make Joules stand out from the crowd.

The Group's resolute attention to carefully nurturing the brand has never been more important. The retail landscape is changing globally as technology provides customers with new ways to buy their favourite products. We are investing in and developing the channels through which we engage with our customers to ensure that their experience is as great online, on social media or through one of our partners as it is in our own stores.

FINANCIAL RESULTS & DIVIDEND

Group revenue of £185.9 million increased by 18.4% compared to the prior period (FY17: £157.0m). This reflects strong growth in both the Retail and Wholesale segments. Joules delivered growth across all product categories with a strong performance in the core Womenswear category – with outerwear, dresses and tops continuing to prove particularly popular with our customers. Further development of our Accessories, Footwear and Childrenswear categories also contributed to the strong revenue growth.

On a geographic basis, UK sales increased 16.2% and international sales increased 40.4% on a constant currency basis, now representing 13.1% of Group revenue (FY17: 11.5%).

Underlying profit before tax increased by 28.5%, and basic underlying EPS was 11.8 pence per share (FY17: 9.2 pence). Statutory profit before tax increased by 25.6% and statutory EPS was 9.9 pence per share (FY17: 7.2 pence).

The Board has proposed a final dividend of 1.3 pence per share, which, if approved at the shareholders AGM, will take the dividend for the full year to 2.0 pence per share (FY17: 1.8 pence).

The Strategic Report and Financial Review that follow provide a more in-depth analysis of the trading performance and financial results of the Group.

BOARD CHANGES

As announced on 18 May 2018, I will step down as Non-Executive Chairman of Joules on 31 July 2018 having completed more than five years in the role. It has been a great pleasure to Chair the Joules Board throughout a period of such strong growth and transformation, including our successful IPO in 2016. I am confident that Joules is in a tremendous position to continue to deliver its growth strategy and look forward to following the brand's journey as it goes from strength to strength.

The Group has identified and secured a fantastic replacement Non-Executive Chairman in Ian Filby. Ian has extensive public company and retail experience and I am sure he will contribute a huge amount to the Board over the coming years.

OUR TEAM

The creativity, energy and talent of our entire team remains critical to driving the business forward. I would like to take this opportunity to thank all colleagues across the world for their outstanding efforts throughout the year, and indeed throughout my entire time with Joules. The passion and dedication of our team, from management in head office through to our stores and those in other markets, creates a true competitive advantage for our business.

OUTLOOK

The brand has strong momentum and we have seen good growth in the first few weeks of our new financial year with positive early feedback on our Spring/Summer 2019 ranges from our wholesale customers.

The challenges facing the wider UK retail sector are well documented. The shift towards online shopping in combination with sector discounting, cost and consumer spending pressures is making life incredibly challenging for some retail businesses.

However, Joules is a distinctive brand with a strong connection with its customers and we have a flexible business model and multiple routes to market supported by a well invested infrastructure and a committed and enterprising team. I therefore believe that Joules remains very well positioned to continue to grow and flourish in the UK and internationally despite the uncertain and changing nature of the retail sector.

NEIL MCCAUSLAND
Chairman

CHIEF EXECUTIVE'S STRATEGIC REPORT

BUSINESS MODEL

CHIEF EXECUTIVE'S STRATEGIC REPORT

I am very pleased with the strategic progress achieved by the Group in FY18 as the brand continued to grow across distribution channels and product categories both in the UK and internationally. Our performance continues to reflect the strength of the Joules brand, the appeal of our products and our flexible multi-channel business model.

THE JOULES BRAND

Joules is a brand with authentic heritage and strong brand values that underpin the Group's exciting growth potential. Ever since Tom Joule established the brand nearly three decades ago, Joules has been committed to surprising and delighting its growing community of customers with a sense of fun and quirky Britishness.

Maintaining and developing a strong brand that has real affinity and connection with its customers has never been more important than when market conditions are challenging across the retail sector. During the year, we have taken steps to invest further in the development of the Joules brand to reinforce what it stands for and ensure consistency of how it is conveyed across all customer touch points.

"Contemporary country loving" is at the heart of the Joules brand and provides the vision we all work towards. Our in-house creative team take inspiration from nature and the changing British seasons to design clothing that enables our customers' lifestyles, come rain or shine. We stand out with our unique use of colour and print – all of which are hand drawn by our in-house team – as well as unexpected details. The Joules brand is all about connecting with life's happy feelings and embracing quality time, doing the things we love with the people who matter.

We were pleased that the brand's continued success was recognised at the 2017 Drapers Awards where the business won *Fashion Retail Business of the Year (between £101m-£500m turnover)*, as well as at this year's Retail Week Awards, where Joules received a Mark of Excellence within *The Best Fashion Retailer* category, demonstrating an industry-wide recognition of our distinctive brand, quality products and outstanding customer engagement. What's most important is what our customers say about our brand, so we are very proud of our 9.3/10 Trust Pilot rating from more than 2,000 customer reviews.

OUR BUSINESS MODEL – A TRULY MULTI-CHANNEL LIFESTYLE BRAND

Joules was established as a multi-channel brand with a vision of being available to our customers whenever and wherever they choose to spend their time. We distribute the brand through what we call our "Total Retail" platform. A platform that provides a fully Joules-branded customer experience across our portfolio of stores and concessions; our fast-growing e-commerce platform; country shows and events; and, more recently, across a range of selected online marketplaces.

In addition, and to further support our goal of ensuring the brand is present wherever our customers spend their time, we have a large network of wholesale customers in the UK and internationally. The Joules brand is also increasingly available through the retail channels of our brand licence partners.

This flexible and adaptable approach to distributing the brand enables our customers to engage with Joules in a way, and at a time, that works for them, and means that the Group is not reliant on any single route to market. This is reflected in the Group's balanced revenue mix across these complementary distribution channels.

CHIEF EXECUTIVE'S STRATEGIC REPORT
STRATEGY

OUR GROWTH STRATEGY

We have a clear strategy for the long-term development of Joules as a premium lifestyle brand, both in the UK and internationally. This strategy is built on the following key pillars and is continuously underpinned by our distinctive brand, unique products and unwavering customer focus. This strategy is delivered by our exceptional team of people and supported by well-invested systems and infrastructure.

1. INCREASING CUSTOMER VALUE - For Joules, 'Customer Value' means increasing our base of active customers and their frequency of interaction with and spend with the brand. Our goal is for customers who are actively engaging with and amplifying our brand, to ultimately choose to allocate more of their clothing, footwear and accessories spend on our unique Joules products. This is achieved through delivering relevant, consistent and increasingly tailored, cross-channel experiences and communications, for both new and existing customers.

2. DRIVE TOTAL UK BRAND SALES - As a multi-channel brand, we seek to grow total UK brand sales within our target customer segments by increasing the availability and accessibility of our products across existing and emerging distribution channels. Our goal is to make it easy for our customers to discover, be inspired by, purchase, receive and, if necessary, return or exchange, our products. We achieve this by being located where our customers choose to spend their time.
Our priorities are:

TOTAL RETAIL

Our Joules branded retail proposition spans stores & concessions, e-commerce and online marketplaces. The in-store and e-commerce proposition are increasingly converging and the development of these channels as part of an integrated and consistent, customer focused, proposition is central to our growth strategy and reflected in our infrastructure investments.

– **E-COMMERCE**: is a fast-growing and evolving channel. We expect to continue to increase the mix of e-commerce sales as a proportion of our total retail sales through ongoing enhancements to our e-commerce platform, the customer proposition and our customer relationship management capability.

– **STORES & CONCESSIONS**: there is further potential for the brand to increase its physical retail space in the UK and ROI. This will be achieved through opening new stores in attractive locations, opening concessions with carefully selected partners, and selected relocations of existing stores to larger sites that better reflect our brand and product range. Concession openings can include the conversion of existing wholesale accounts where there is an opportunity to improve the brand presence and customer experience.

– **MARKETPLACES**: we will leverage our wholesale capabilities and relationships to support emerging new retail channels such as online marketplaces and 'fulfilled by' models that offer new routes to reach our target customer base in the UK and internationally.

WHOLESALE

We broaden the reach of the Joules brand through selected wholesale partners that are closely aligned with our brand values and product categories - including specialist independents, department stores and online retailers.

3. INTERNATIONAL EXPANSION - The Joules brand and products resonate well in international markets. We develop international markets via a wholesale model supported by e-commerce, leveraging our investment in our central creative and design functions, supply chain and infrastructure. Our priority markets are the US and Germany, where our brand and products are resonating well with our growing customer following.

4. PRODUCT EXTENSION - The Joules product offer extends to meet many of the lifestyle needs of our customers. Joules has had success extending the product offer within existing categories and into new categories; we will continue to expand into new product categories that are appropriate for the development of the Joules brand both organically and by working with carefully selected licence partners.

CHIEF EXECUTIVE'S STRATEGIC REPORT
STRATEGIC PRIORITIES AND DEVELOPMENTS

INCREASING CUSTOMER VALUE

- Active customer numbers passed one million in the year with continued growth in new customers and increased retention and reactivation of the existing base
- 17 customer events held in stores through the year
- Trust Pilot rating 9.3/10 – over 2,000 responses
- Over 475,000 Facebook followers and over 160,000 Instagram followers with high levels of monthly engagement

DRIVE TOTAL UK BRAND SALES

- E-commerce now over 38% of retail sales
- 15 net new stores opened during the period
- Six stores relocated
- John Lewis womenswear to be converted from wholesale to retail-concession model for the Autumn/Winter 2018 season
- Continued strong wholesale growth within both larger and independent accounts
- Strong growth in Spring/Summer 2018 order book

INTERNATIONAL EXTENSION

- In the US, Dillard's department store launched Joules Womenswear in 100 stores from Spring/Summer 2018
- Completed transition of US independent stockist accounts from third-party distributor to in-house management
- Germany wholesale continues to grow through independent accounts
- Dedicated US and German websites delivered very strong e-commerce sales growth with increased marketing support
- Significantly improved international wholesale Gross margin

PRODUCT EXTENSION

- Launch of Joules sofa collections in partnership with DFS. Extended from initial 10 DFS stores to 40 stores and online
- New colourful umbrella range launched in partnership with Fulton
- Continued expansion of women's footwear category and product development within childrenswear and accessories
- Licensing revenue growth of 82%

CHIEF EXECUTIVE’S STRATEGIC REPORT

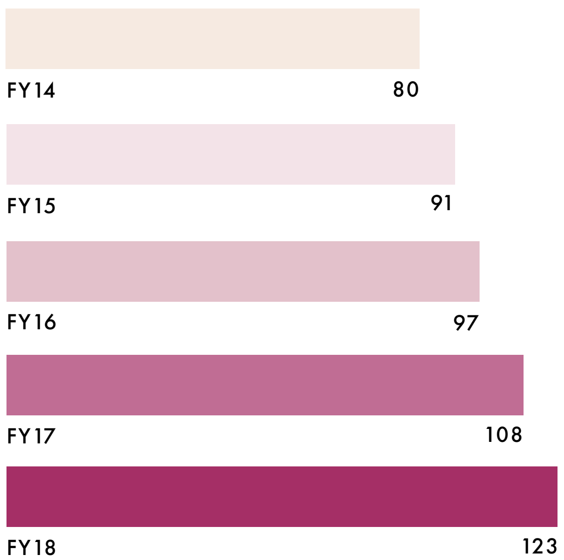
KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATORS

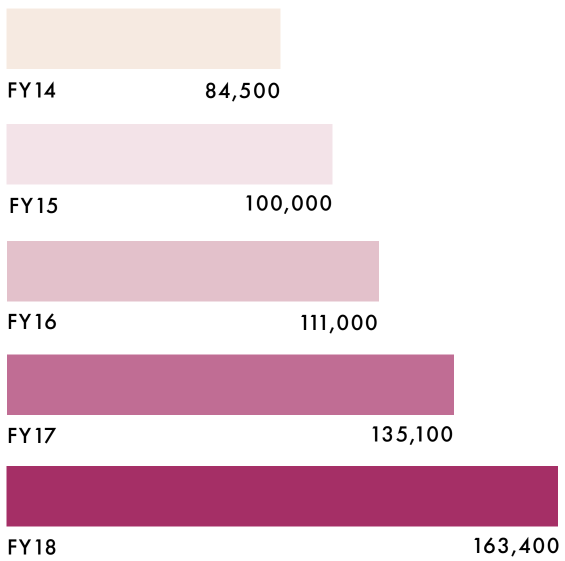
Our KPIs have been selected based on their link to the successful delivery of our strategy. They are monitored by the Board on a regular basis.

STRATEGIC KPIS

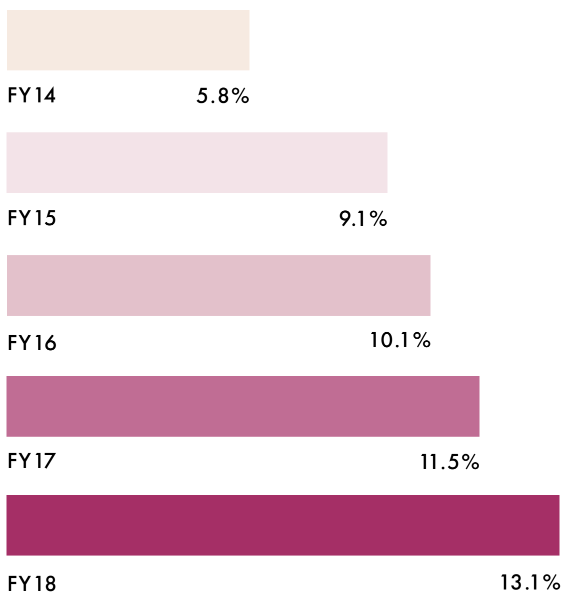
NUMBER OF STORES



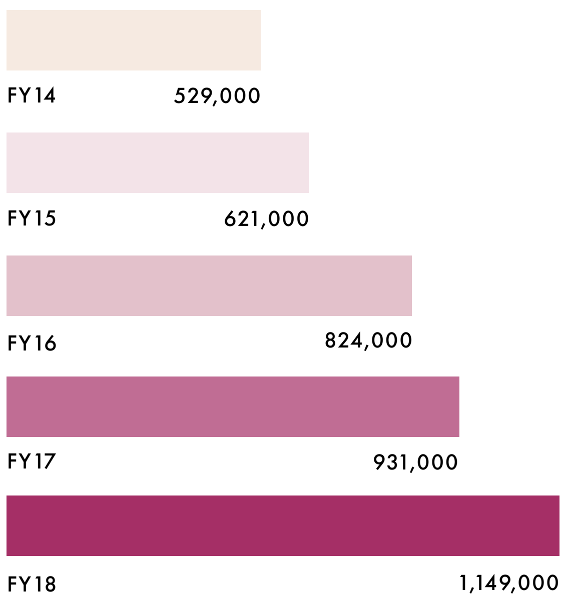
TOTAL SELLING SPACE (SQ FT)



INTERNATIONAL AS % OF TOTAL REVENUE



ACTIVE CUSTOMER NUMBERS[1]



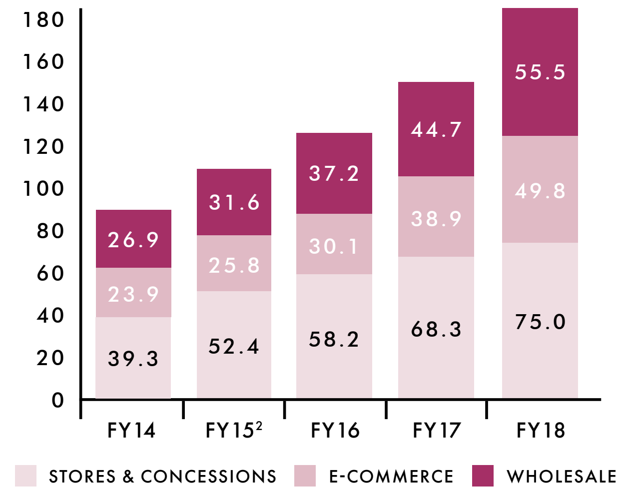
OUR FINANCIAL KPIS

Our financial KPIs are:

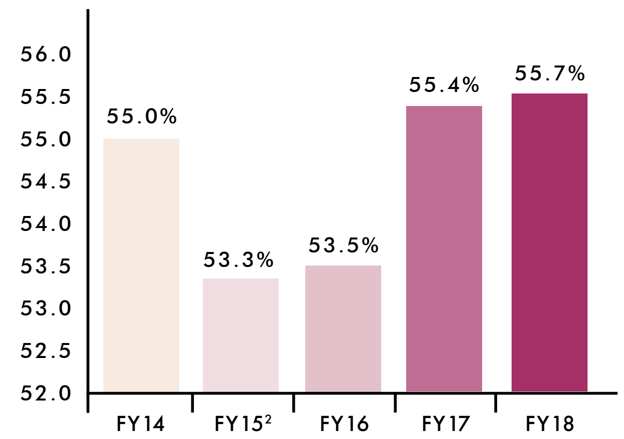
- Revenue by channel - delivering balanced growth across our core-sales channels
- Group Gross margin - maintaining overall product level profitability whilst developing the different channels to market
- Underlying EBITDA margin – how we are effectively leveraging our cost base and infrastructure
- Return on Capital Employed (‘ROCE’) – how we are managing working capital and growth capital investments

FINANCIAL KPIS

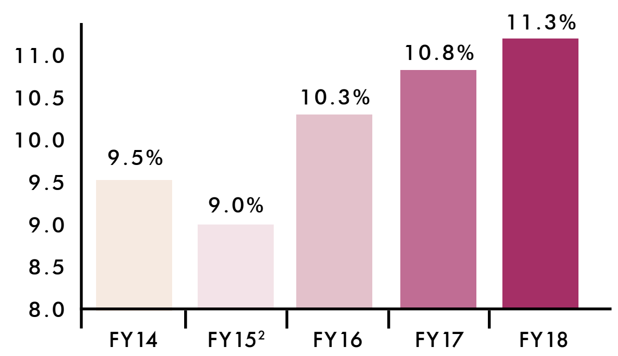
REVENUE BY CHANNEL[3] £M



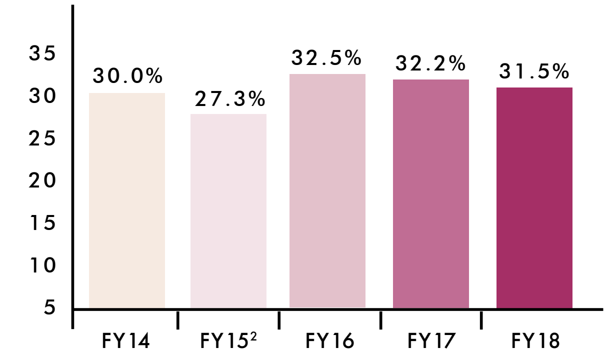
GROUP GROSS MARGIN



UNDERLYING EBITDA MARGIN



ROCE[4] %



[1]Active customer defined as a customer who is registered on our database and has transacted within the last 12 months.

[2]FY15 was a 53-week period.

[3]Revenue by Channel excludes Shows and Licensing.

[4]Return on Capital employed (‘ROCE’) is calculated as Underlying Operating Profit after Tax divided by Average Capital employed (Capital employed defined as Underlying Net Assets adjusted for excess cash balances). FY14, FY15 and FY16 restated for consistency.

CHIEF EXECUTIVE'S STRATEGIC REPORT

BUSINESS REVIEW

RETAIL: MULTI-CHANNEL PROGRESS

Retail revenue, which includes stores and concessions, e-commerce and shows, continued to increase impressively, up by 15.9% during the year to £129.7 million (FY17: £111.9m). This reflected growth from stores and very strong e-commerce growth, with e-commerce revenue increasing by 28.0% to represent 38.4% of total retail revenue (FY17: 34.8%).

The Group's store coverage across the UK and ROI increased to 123 stores at the end of the Period (FY17: 108 stores), with 17 new openings and two closures (15 net new stores). We also relocated six stores in the year (FY17: 3), typically this was to larger sites that better reflect our brand and product range. This expansion increased our total selling space to 163,400 square feet (FY17: 135,100 square feet) at the Period end. The average payback on new stores, opened for more than one year, continues to be well within our appraisal threshold of 24 months, and all but two of our stores deliver a positive profit contribution, with plans in place to achieve positive contribution in the two marginally negative contribution stores.

The new openings were spread across our different store location types reflecting the breadth of appeal of the Joules brand, including:

- *Lifestyle* - Abersoch, Ambleside, Holt (2nd store), Salcombe (2nd store), Lyme Regis, St Ives (2nd store), Alnwick;
- *Local* - Nantwich;
- *High Street* - Bracknell, Ipswich, Perth, Salisbury;
- *Metro* - Oxford, Peterborough, Southampton;
- *Regional Shopping Centre* - Rushden Lakes;
- *Premium Outlet* - Gloucester Quays.

Our UK store presence continues to play an important role in building brand awareness and driving new customer acquisition and retention. In FY19, we anticipate opening 29 concessions, as we transition our existing wholesale partnership with John Lewis to a retail concession model for the womenswear category, and around six new stores.

E-commerce continued to achieve strong growth, increasing by 28.0% to represent 38.4% of total retail sales (FY17: 34.8%). We have continued to invest in our e-commerce platform including enhancements to digital content, payment and delivery propositions, as well as in targeted customer marketing which has helped us to grow visitor numbers and improve conversion rates. Mobile is now the most important e-commerce channel for our customers, with traffic from a mobile device (including tablets) representing around three quarters of total traffic.

Our 'Total Retail' approach allows us to adapt to meet evolving customer expectations and behaviours – this includes offering an increasingly seamless in-store/online experience including services such as Click & Collect and Order-in-Store fulfilment options, seamless in-store returns and exchanges for e-commerce orders and consistent cross-channel communications and promotions.

WHOLESALE: UK AND INTERNATIONAL EXPANSION

Wholesale continued to deliver strong revenue growth, up by 24.1% year on year to £55.5 million (FY17: £44.7m). This reflects the differentiation and appeal of the Joules brand amongst wholesale customers both in the UK and our target international markets of the US and Germany.

In the UK, we continued to see good growth in both our 'house account' channel (which consists of multi-site retailers and large online players) and from the 'field account' channel where we have over 500 independent stockists. The house account channel saw growth with existing customers and from new customers as we continue to develop new partnerships across lifestyle sectors. During FY19 our existing wholesale activity with John Lewis womenswear and with Next Label will be transitioned to the retail concession model.

INTERNATIONAL

Total international sales increased by 40.4% (in constant currency) to £24.6 million (FY17: £17.5m), now representing 13.1% of total Group revenue (FY17: 11.5%). Strong international wholesale growth was supported by good performance in our international e-commerce activity where an increase in digital marketing drove strong revenue growth across both our US and German websites.

In the US, we continued to progress with our proven expansion strategy, which consists of extending both our brand presence with new wholesale partners as well as expanding our category penetration and developing new categories with existing partners. During the year we expanded our presence in leading department stores with Nordstrom increasing the range of Joules products in response to their customers' appetite and demand for the brand. In addition, Dillard's launched Joules womenswear across 100 of their stores for the Spring/Summer 2018 season following the launch of childrenswear in Dillard's in the Autumn/Winter 2016 season. We are pleased with the customer reactions and the brand's momentum so far and we see significant further potential for Joules across the US market.

During the year, we also took the important step of bringing the management of our US independent stockist accounts in-house, to be managed by our New York-based sales and marketing team rather than through a third-party distributor. The transition completed in the second half of the year and we anticipate future benefits of having full control over the long-term growth of the brand within the US.

In Germany we continued to perform in line with expectations and have good momentum, particularly within the independent stockist channels.

DEVELOPMENT AS A LIFESTYLE BRAND

Joules delivered sales growth across all product categories with a particularly good performance in the core Womenswear category – outerwear. This includes our colourful "Right as Rain" ranges, which proved particularly popular with our customers as did our core jersey top ranges. Our famous, colourful and functional wellington boots ranges continued to be well received by our customers, whilst our broader footwear range was also expanded in the year, following positive customer feedback and demand, with our Chelsea Boot range featuring new colourways and embroidered styles, as well as a new slipper collection and expanded summer sandal range.

Our accessories offer continued to develop in the year, with notable successes including handbags, purses and hats.

We will continue to expand our product offer into core categories where the brand is relevant to our customer base. In the year we saw developments within women's nightwear and knitwear and in our baby category with an increased range of baby outfits, hats and socks.

We will also build the brand through entering new product categories that are relevant to our customers' lifestyles by partnering, typically on a licence basis, with carefully selected businesses that align with Joules' values. In December 2017 we launched the Joules sofa range in partnership with DFS. Working closely with DFS, we created four sofa collections, all of which showcase elements of Joules' unique prints, design features and colour. Following a positive customer response to the range in the initial 10 stores, the collections were rolled out to 40 DFS stores and online via the DFS website.

We also expanded the brand through a partnership with Fulton for Joules umbrellas and further expanded the Joules-branded toiletries and gift range in Boots.

CUSTOMER COMMUNITY

Joules has a loyal and highly engaged customer community. Active customers - customers registered on our database who have purchased in the last twelve months increased by 23.4% over the year, to stand at 1.15 million (FY17: 931,000). This growth was supported by effective new customer acquisition activity, both in-store and through primarily digital marketing, as well as improved retention of existing customers. Our average customer acquisition cost remained in line with the prior year.

Our customers engage with, and amplify, our distinctive brand across their social media platforms. Our Facebook and Instagram followers both increased in the year - to more than 475,000 and 160,000 followers respectively with both platforms having high levels of monthly engagement.

We ran several brand relevant campaigns during the year including a 'Design a Lunchbox' competition, which was launched during the September back to school period and gave our customers the opportunity to win a family holiday. The winning print was also applied to product that was available to buy online. Our social media and digital campaigns have also worked well internationally.

In the US our launch of womenswear at Dillard's department stores was supported by a range of social media activity including a "win a Joules Mini" competition, that reached nearly 300,000 people.

The year also saw us increasing our focus to 'surprise and delight' our most valuable customers including exclusive offers and invitations to in-store events, such as our very successful Christmas wreath making evenings.

INVESTING IN LONG TERM GROWTH

The Group's strategy and focus is aimed towards the long term and sustainable development of the Joules brand. We continue to invest in our e-commerce proposition, stores, infrastructure, systems and people to deliver this.

In the second half of the year, we completed the implementation and migration to our new group-wide ERP system, Microsoft Dynamics AX. We anticipate that, following a period of transition, this investment will bring benefits including enhanced stock management across channels, process efficiencies and simplification of the IT environment over the coming years.

At the beginning of the financial year we acquired the freehold for a new head office premises located very close to our existing head office in Market Harborough. The site includes an existing office building and development land to support future growth. The design phase for the new head office facility is now complete and we anticipate that work will start on the development early in the second half of FY19. This important investment will further strengthen our brand values and culture and create a more flexible, modern working environment for our head office teams.

PEOPLE

The creativity, skill and commitment of the Joules team are key to the brand's continued success and I would like to take this opportunity to thank all colleagues across the Group for their hard work throughout the year.

We remain committed to investing in the skills and development of our people across the business, with the aim of making our customers' experiences with Joules the very best they can be.

In May 2018 the Company announced that Neil McCausland will step down as Non-Executive Chairman of Joules on 31 July 2018 having completed more than five years of service on the Board. Neil has made a fantastic contribution to Joules' development and he leaves the business in great health and with multiple growth opportunities ahead.

At the same time, we look forward to welcoming Ian Filby into the role of Non-Executive Chairman from 1 August 2018. Ian is a highly respected retail executive and I am delighted that he is joining Joules.

COLIN PORTER
Chief Executive Officer

FINANCIAL REVIEW

JOULES GROUP PLC

PROFIT BEFORE TAX – UNDERLYING AND STATUTORY

Underlying profit before tax ('PBT') was £13.0 million for the 52 weeks to 27 May 2018, an increase of 28.5% on the prior period (FY17: £10.1m). Statutory PBT including share-based compensation and exceptional IPO transaction costs was £11.2 million (FY17: £8.9m), an increase of 25.6%.

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & AMORTISATION - UNDERLYING ('EBITDA')

Underlying EBITDA increased by 24.4% to £21.1 million (FY17: £16.9m) and the underlying EBITDA margin increased by 55 basis points from 10.8% to 11.3%.

UNDERLYING AND STATUTORY RESULTS

Certain items have been excluded from the underlying results reported in the front section of this Annual Report. In the Period these solely relate to non-cash share-based compensation plan expense. The prior period also included IPO transaction costs. These adjustments are intended to provide the reader with a more meaningful year-on-year comparison.

Executive and employee share-based compensation plans were established at the time of the IPO, in May 2016. In accordance with IFRS 2, the non-cash expense related to awards under the share plans is accounted for within administrative expenses over the period until the shares are exercised, typically assumed as three years. The first awards under these plans were made in FY17 and the second awards were made in FY18. As the share plan award cycle matures over the first three years, the related expense is anticipated to increase each year. At maturity, the annual share-based compensation charge is anticipated to be approximately £2.0 million per year on achieving the target performance, rising to approximately £2.8 million per year on achieving maximum performance. During this maturity phase of the new share plans, the expense is treated as 'non-underlying'.

Further detail on the share plans is contained within the Director's Remuneration Report and the Consolidated Financial Statements. A reconciliation between Underlying and Statutory (GAAP) results is provided below:

	52 WEEKS ENDED 27 MAY 2018			52 WEEKS ENDED 27 MAY 2017			
£MILLION	UNDERLYING	SHARE BASED COMPENSATION	STATUTORY	UNDERLYING	SHARE BASED COMPENSATION	IPO COSTS	STATUTORY
Revenue	185.9		185.9	157.0			157.0
Gross profit	103.5		103.5	87.1			87.1
Admin expenses	(90.2)	(1.8)	(92.0)	(76.7)	(0.8)	(0.3)	(77.9)
Operating profit	**13.3**	**(1.8)**	**(11.5)**	**10.3**	**(0.8)**	**(0.3)**	**9.2**
Net finance costs	(0.3)		(0.3)	(0.2)			(0.2)
Profit before tax	**13.0**	**(1.8)**	**11.2**	**10.1**	**(0.8)**	**(0.3)**	**8.9**
Operating profit	13.3			10.3			
Depreciation & amortisation	7.8			6.6			
EBITDA	**21.1**			**16.9**			

REVENUE

Group revenue increased by 18.4% to £185.9 million from £157.0 million in FY17 (up 18.8% on a constant currency basis), with Retail revenue increasing by 15.9% to £129.7m (FY17: £111.9m) and Wholesale revenue increasing by 24.1% to £55.5m (FY17: £44.7m) (up 25.8% on a constant currency basis). Sales in international markets, which are predominantly wholesale, increased by 35.7% (40.4% on a constant currency basis) and now represent 13.1% of Group revenues (FY17: 11.5%).

RETAIL - STORES AND CONSESSIONS

Store revenue at £75.0 million increased by 9.8% in the year. During the year we opened 17 new stores and closed two stores, resulting in an increase in owned store numbers from 108 to 123. We also relocated six stores during the year, to increase selling space or improve location. We had three franchise stores at the end of FY18 (FY17: 3).

RETAIL – E-COMMERCE

E-commerce revenue at £49.8 million increased by 28.0% and represented 38.4% of total Retail revenue (FY17: 34.8%). The e-commerce channel continued to benefit from higher visitor numbers and improved conversion which was supported by our ongoing new customer acquisition and retention activity as well as enhancements to the customer experience and e-commerce platform.

WHOLESALE

Wholesale revenue at £55.5 million increased by 24.1% (25.8% on a constant currency basis). Good revenue growth was seen in the UK and in international markets and across both larger 'house account' and smaller 'field account' customers. For independent stockists in the US, we successfully completed the transition from the third-party distributor to an in-house distribution model during the second half of the Period.

LICENSING

Although still a relatively small contribution to Group revenue, revenue from licensing activity increased by 81.7% in the year to £0.7 million. The increase follows the successful launch of the Joules sofa range in partnership with DFS and an increased focus on existing brand licence partnerships that include toiletries, bedding and eyewear.

GROSS MARGIN

Gross margin at 55.7% was 25 basis points higher than the prior year. The Retail segment gross margin improved by 40 basis points, despite a challenging UK retail sector environment, as a result of a disciplined approach to promotional activity and our strong product offering. Gross margin in the Wholesale segment improved by 90 basis points with improvements in the US wholesale channel more than offsetting its dilutive impact to the overall segment and Group Gross margin. US gross margins benefited from a favourable product mix, with a higher proportion of clothing sales, and the initial benefit of transitioning the independent stockist channel to an in-house distribution model in the second half of the Period.

ADMINISTRATIVE EXPENSES - UNDERLYING

Underlying administrative expenses increased by 17.6% from £76.7 million to £90.2 million and now represent 48.5% of revenue (FY17: 48.9%).

Sales & Marketing costs increased by 21.4% in the year to £13.7 million. During the year we increased marketing investment to support the growth of our US wholesale business and to increase customer acquisition and digital marketing in the UK and our target international markets, the results of which are reflected in the strong e-commerce channel performance and our active customer numbers at the year-end which increased by 23.4% to 1.15 million.

Store costs increased by 22.9% in the year to £30.4 million. This increase was ahead of the growth of store revenues reflecting the increases in National Living Wage and the 2017 Business Rates revaluation as well as the higher than typical number of new store openings and relocations in the year.

Distribution costs increased by 22.2% in the year to £6.9 million, this increase is in line with volume growth.

Head office costs increased by 10.6% in the year to £31.5 million. We continue to invest in support of the areas of strategic growth including further expansion of our US wholesale team and showroom based in New York and the creative and design teams based at our head office in the UK. During the year we saw the benefit from historic investments in head office functions and teams.

Depreciation and amortisation increased to £7.8 million (FY17: £6.6m), the increase mainly being due to our new store opening and relocation programme and IT investments in the current and prior period.

The total rental expense, including service charges, for the period was £13.4 million (FY17: £11.7m) with the increase due to new store openings and rent reviews in the Period.

Business rates expense increased from £3.7 million to £4.8 million in the year reflecting the growth in store numbers and the impact of the Business Rates revaluation undertaken at the end of the prior year.

FINANCIAL REVIEW
CONTINUED

ADMINISTRATIVE EXPENSES – NON-UNDERLYING

Non-underlying administrative expenses totalled £1.8 million (FY17: £1.2m). In the year, this all related to non-cash share-based compensation expense of £1.8 million (FY17: £0.8m). In the prior year, exceptional IPO transaction costs of £0.3 million were also incurred.

Share-based compensation plans are accounted for in accordance with IFRS 2, with the total fair value of each share plan award being amortised to administrative expenses over the period between grant of the award and the expected exercise date, typically three years. FY18 includes the expense for the first and second cycle of the Group's share plans. The share plans are detailed more fully in the Directors' Remuneration Report and the fair value calculation and annual expense within the Consolidated Financial Statements.

NET FINANCE COSTS

Net finance costs of £0.3 million (FY17: £0.2m) related to interest and facility charges on the Group's revolving credit facility and term loan with Barclays Bank Plc.

TAXATION

The tax charge for the period was £2.6 million (FY17: £2.6m). The effective tax rate for the Period was 22.9% (FY17: 28.8%).

The effective tax rate was higher than the applicable UK corporation tax rate of 19.8% for the period, due to the impact of non-deductible expenses including certain professional fees and non-deductible expenses incurred in the fit-out and refurbishment of new and relocated stores. The FY17 effective tax rate was further impacted by non-deductible fees in relation to the IPO.

EARNINGS PER SHARE

Statutory basic earnings per share for the period were 9.9 pence per share (FY17: 7.2 pence per share). Statutory diluted earnings per share for the period were 9.7 pence per share (FY17: 7.2 pence per share).

On an underlying, pro forma basis the FY18 basic earnings per share were 11.8 pence (FY17: 9.2 pence).

To facilitate meaningful comparison of earnings per share, earnings are adjusted for the non-underlying items detailed above, to reflect a consistent tax rate across the periods and on the basis of a consistent number of shares in issue for the periods prior to the IPO.

UNDERLYING, PRO FORMA EPS	FY18	FY17
PBT – Underlying £m	**13.0**	**10.1**
Tax rate	20%	20%
Tax – underlying £m	(2.6)	(2.0)
Earnings – Underlying £m	**10.4**	**8.1**
Shares (million)	87.5	87.5
Underlying Basic EPS - Pence	11.8	9.2
Shares – diluted (million)	88.5	88.5
Underlying diluted EPS - Pence	11.7	9.1

DIVIDEND

The Board is recommending a final dividend of 1.3 pence per share in respect of FY18 (FY17: 1.2 pence per share). This brings the total dividend for FY18 to 2.0 pence per share (FY17: 1.8 pence per share). Following approval by shareholders at the AGM on 27 September 2018, the dividend is expected to be paid on 15 November 2018 to shareholders on the register at 26 October 2018.

CASH FLOW AND NET CASH / (DEBT)

Free cash flow, excluding expenditure on our new head office development, was £0.1 million in the Period (FY17: £3.7m). Growth in the Group's EBITDA was offset by a higher net working capital outflow of £5.9 million (FY17: £1.0m outflow) and higher core capital expenditure of £12.5 million (FY17: £10.7m) as explained more fully below.

The Group ended the period with net cash of £nil (FY17: £6.3m), a decrease of £6.3 million in the period.

£MILLION	FY18	FY17
EBITDA	**21.1**	**16.9**
Exceptional items - IPO fees	-	(0.3)
Net working capital cash flow	(5.9)	(1.0)
Operating cash flow	**15.1**	**15.6**
Interest - net	(0.3)	(0.2)
Tax paid	(2.2)	(1.0)
Capital expenditure - core	(12.5)	(10.7)
Free cash flow (core capex)	**0.1**	**3.7**
Capital expenditure - new Head Office	(4.7)	-
Cash flow before financing	**(4.6)**	**3.7**

INVENTORY

Inventory at year end, including inbound goods-in-transit was £32.8 million (FY17: £21.2m). The increase in inventory reflects the growth of the business in the UK and internationally, and the timing of seasonal stock deliveries relative to the prior year.

CAPITAL EXPENDITURE

Investment in property, plant, equipment and intangible assets totalled £17.3 million in FY18 (FY17: £10.7m). The increase in the year was due to a higher number of new store openings and relocations, the completion of our Microsoft Dynamics AX ERP implementation and the acquisition of the site for our new head office development.

At the start of the year we acquired the freehold interest in a plot of land and an existing office facility for £4.5 million. This site will be the location for our new head office facility. After a period of development including construction of a new building and refurbishment of the existing building we anticipate that the capital expenditure on this development will be in the range of £16 million to £18 million over the next two to three years.

BORROWINGS

Group borrowings were £8.5 million at the year-end (FY17: £0.6m). During the year, the Group entered into a five-year term loan agreement with Barclays Bank Plc for £3.5 million (the Term Loan) to part fund the acquisition of the site for development of our new head office facility in Market Harborough.

The Group has a £25 million revolving credit facility provided by Barclays Bank Plc to fund seasonal working capital requirements (the RCF). This facility matures in July 2021.

At the year-end the total Group borrowings comprised of the RCF £5.0 million (FY17: £nil); the Term Loan £3.2 million (FY17: £nil), and legacy asset finance loans £0.3 million (FY17: £0.6m).

PRINCIPAL RISKS AND UNCERTAINTIES

JOULES GROUP PLC

Set out below are the principal risks and uncertainties that the Directors consider could impact the business. The Board regularly reviews the potential risks facing the Group and the controls in place to mitigate any potential adverse impacts. The Board also recognises that the nature and scope of risks can change and that there may be other risks to which the Group is exposed and so the list is not intended to be exhaustive.

The Corporate Governance Report includes an overview of our approach to risk management and internal control systems and processes.

EXTERNAL RISKS

External risks reflect those risks where we are unable to influence the likelihood of the risk arising and therefore focus is on minimising the impact should the risk arise.

RISK AND IMPACT	MITIGATING FACTORS
Economy	
The majority of the Group's revenue is generated from sales in the UK to UK customers. A deterioration in the UK economy may adversely impact consumer confidence and spending on discretionary items. A reduction in consumer expenditure could materially and adversely affect the Group's financial condition, operations and business prospects. Brexit has increased the likelihood and potential impact of this risk.	As a premium lifestyle brand with a geographically disperse retail store portfolio, a strong e-commerce channel and long-standing wholesale customer accounts, the Directors consider that the UK business would be less affected by a reduction in consumer expenditure than many other clothing retailers. In addition, the property portfolio has short lease terms, providing relative flexibility to close or relocate stores should it become necessary.
Brexit	
The anticipated exit of the UK from the EU in March 2019 adds complexity and uncertainty across many areas of the Group's operations that could impact on; our ability to get products to customers in a timely manner and; on product profit margins. Specific risks impacted are higlighted in this table.	A Brexit 'task force' has been established to monitor and evaluate the potential impacts of different scenarios and to implement mitigations. An option for an EU based distribution arrangement has been established to mitigate potential supply chain disruption and adverse duty impacts. The lack of clarity on the nature and timing of the post-Brexit arrangements make it challenging to plan mitigation strategies effectively.
Competitor Actions	
New competitors or existing clothing retailers or lifestyle brands may target our segment of the market. Existing competitors may increase their level of discounting or promotions and/or expand their presence in new channels. These actions could adversely impact our sales and profits.	Joules differentiates from competitors through its strong brand and products that are known for their quality, details, colour and prints. Our large customer database allows the Group to communicate effectively with customers, developing customer engagement and loyalty.
Foreign Exchange	
The Group purchases the majority of its product stock from overseas and is therefore exposed to foreign currency risk, primarily the US Dollar. Without mitigation, input costs may fluctuate in the short term, creating uncertainty as to profits and cash flows. Brexit has increased the volatility in this area that may be sustained or worsen going forward.	The Group's Treasury Policy sets out the parameters and procedures relating to foreign currency hedging. We currently seek to hedge a material proportion of forecasted US Dollar requirement 12-24 months ahead using forward contracts. The Group's US wholesale business generates US Dollar cash flows which provide a degree of natural hedging.
Regulatory and Political	
New regulations or compliance requirements may be introduced from time to time. These may have a material impact on the cost base or operational complexity of the business. Non-compliance with the regulation could result in financial penalties. Brexit has increased uncertainty in this area. The General Data Protection Regulation (GDPR) is a specific example of a new, complex regulation with significant financial penalties for non-compliance.	The Group has processes in place to monitor and report to the Board on new regulations and compliance requirements that could have an impact on the business. The impact of any new regulation is evaluated and reflected in the Group's financial forecasts and planning. In relation to GDPR, the Board established a steering group, 12 months ahead of the implementation date, to identify any compliance gaps and monitor progress to achieve compliance by the deadline.

INTERNAL RISKS

Internal risks reflect those where we can influence the likelihood of the risk arising and the impact if the risk should arise.

RISK AND IMPACT	MITIGATING FACTORS
Brand and Reputation	
The strength of our brand and its reputation are very important to the success of the Group. Failure to protect and manage this could reduce the confidence and trust that customers place in the business, which could have a detrimental impact on sales, profits and business prospects. Our brand may be undermined or damaged by our actions or those of our wholesale partners or through infringement of our intellectual property (IP).	Brand and reputation are monitored closely by senior management and the Board. The Group's public relations are actively managed and customer feedback, both direct and indirect, is carefully monitored. We carefully consider each new trade customer with whom we do business and monitor on an ongoing basis. We actively monitor for potential IP infringements and have a process to determine the appropriate course of action to protect our brand and IP vigorously.
Product Sourcing	
The Group's products are predominantly manufactured overseas. Failure to carry out sufficient due diligence and to act in the event of any negative findings, especially in relation to ethical or quality related issues, could adversely impact our brand and reputation.	The Group has a policy and process for the selection of new suppliers. This includes a review of compliance with laws and regulations and that suppliers meet generally accepted standards of good practice. In addition, suppliers are required to sign up to the Joules code of conduct. The Group operates a programme of ethical audits across the product supply base supported by a third-party agency.
Design	
As with all clothing and lifestyle brands there is a risk that our offer will not satisfy the needs of our customers or that we fail to correctly identify trends that are important to our customer base. These outcomes may result in lower sales, excess inventories and/or higher markdowns.	Joules has a long established in-house creative and design team who have a high level of awareness and understanding of our target customer segment. A large proportion of our product range is anchored in classic products that are evolved season to season. Early feedback from our trade customers can allow us to further refine our product range ahead of significant purchase commitments.
Key Management	
Our performance is linked to the performance of our people and to the leadership of key individuals. The loss of a key individual whether at management level or within a specialist skill set could have a detrimental effect on our operations and, in some cases, the creative vision for the brand.	The Group's remuneration policy, which includes a long-term incentive scheme and performance-related pay, is designed to attract and retain key management. The Group operates learning and development initiatives to increase the opportunities for internal succession.
ERP System	
In the second half of FY18 we went live across the Group with a new IT platform, Microsoft Dynamics AX. With any system and process change of this scale, there is a risk that it could result in business disruption.	The implementation was planned over a two year period with the first phase going live in November 2015. A dedicated programme team with significant experience of our processes and ERP implementation led the implementation and a business wide training programme. This team has remained in place post-implementation, reporting regularly to the Group's senior management.
IT Security and Systems Availability	
Non-availability of the Group's IT systems, including the website, for a prolonged period could result in business disruption, loss of sales and reputational damage. Malicious attacks, data breaches or viruses could lead to business interruption and reputational damage.	A Business Continuity Plan exists to minimise the impact of a loss of key systems and to recover the use of the system and associated data. A regular assessment of vulnerability to malicious attacks is performed and any weaknesses rectified. All Group employees are made aware of the Group's IT security policies and we deploy a suite of tools (email filtering, antivirus etc.) to protect against such events.
Supply Chain	
The disruption to any material element of the Group's supply chain, in particular the UK central distribution centre, could impact sales and impact on our ability to supply our wholesale customers, stores and consumers.	The business continuity plan includes an established procedure in the event of the loss of the UK distribution centre. In addition, the Group maintains insurance cover at an appropriate level to protect against the impact of such an interruption.

SOCIAL RESPONSIBILITY

RESPONSIBLY JOULES

OUR STRATEGY

Our Responsibly Joules framework sets out our approach to corporate social responsibility and reflects how we want our business to operate fairly, responsibly and sustainably. We believe that this approach is not only the right thing to do, but also drives value for our stakeholders including our customers, employees, investors, local communities and suppliers.

RESPONSIBLY JOULES

- **SOURCING WITH INTEGRITY** – Partnering with our suppliers to create distinctive products made with care, consideration and respect
- **RESPECTING OUR ENVIRONMENT** – Respecting the environment for the shire to shore
- **CHARITABLY JOULES** – Inspiring and generating positive change
- **OUR JOULES FAMILY** – Creating and nurturing a vibrant and supportive team which our direct and indirect employees are proud to belong to

We are committed to looking proactively at ways to reduce our environmental impacts and contribute positively to the world around us. As we grow and operate across more categories and territories, our supply chain and wider business operations become more complex. We recognise the increased challenges and we know that we are not perfect in everything we do or how we do it, but we will endeavour to improve our performance and are fully committed to this continual improvement journey.

We have made good progress on the Responsibly Joules agenda during the year, more details of which are provided below.

GOVERNANCE

This year was the second year of the Responsibly Joules Steering Group, chaired by the Group CFO and comprising Operating Board members, each with accountability for one of the four pillars of the Responsibly Joules framework with the support of functional experts from across the business.

This approach ensures that each pillar is directed by a senior executive and obtains the right level of buy-in, employee engagement and support from across the business.

The Responsibly Joules Steering Group provides regular updates to the Joules Group plc Board with a formal annual review of strategy and progress.

OUR CHARTER

This year we developed the Responsibly Joules Charter, a statement which sets out our values and commitments in relation to our environmental and social responsibilities. It has been signed by every member of the Operating Board to confirm their personal commitment and it will be prominently displayed across the Group.

The Responsibly Joules Charter provides a way to clearly and consistently communicate our values and expectations, enabling suppliers and employees to identify ways that they can contribute and to empower them to ensure that these principles are considered in all of our activities.
The Responsibly Joules Charter is available on our Group website www.joulesgroup.com

SOURCING WITH INTEGRITY

Sourcing our products in a responsible manner is central to our business. 'Sourcing with Integrity' includes considering the raw materials we use, how and where our products are manufactured, and the transportation of products through our supply chain.

We strive for best practice in every area and have established high standards which govern how we manage our supply chain and partners. We regularly review our product supply chain to ensure our suppliers meet these requirements.

HOW WE SOURCE OUR PRODUCTS

Strong relationships with trusted suppliers that share our values and principles are essential. Our Code of Conduct supplier manual sets out the procedures with which all our product suppliers must comply. These include standards in relation to work and labour practices, environmental performance, raw materials and restricted substances and animal welfare practices. All our direct suppliers have signed up to these standards.

We engage an independent compliance organisation to regularly audit our suppliers using the SMETA audit process, to ensure that they are meeting or exceeding our standards for labour and working practices and the best practice set out by the Ethical Trade Initiative (ETI). New product suppliers are thoroughly assessed and evaluated as part of an onboarding process.

We don't stop there. We have also run a supplier training programme in the year to help our suppliers drive continued improvement in their performance and standards. This included our third-party compliance partner providing a training session on some of the more challenging areas of compliance and showing our suppliers how to achieve them.

Achievements this year include:

- All of our direct suppliers have signed up to our responsible sourcing standards
- All 'Tier 1' suppliers (which include those making our end product) were independently audited in the year. We continue to roll out our audit process across our remaining, smaller component suppliers
- We have replaced feather and down with a new corn-fill material which we are now using across our full product range
- We are actively increasing the amount of sustainable cotton used across our product range

Industry bodies

During the year we increased our interaction and dialogue with several industry bodies that are implementing programmes or setting standards to drive improvements in ethical practices and developing sustainable production of clothing and footwear.

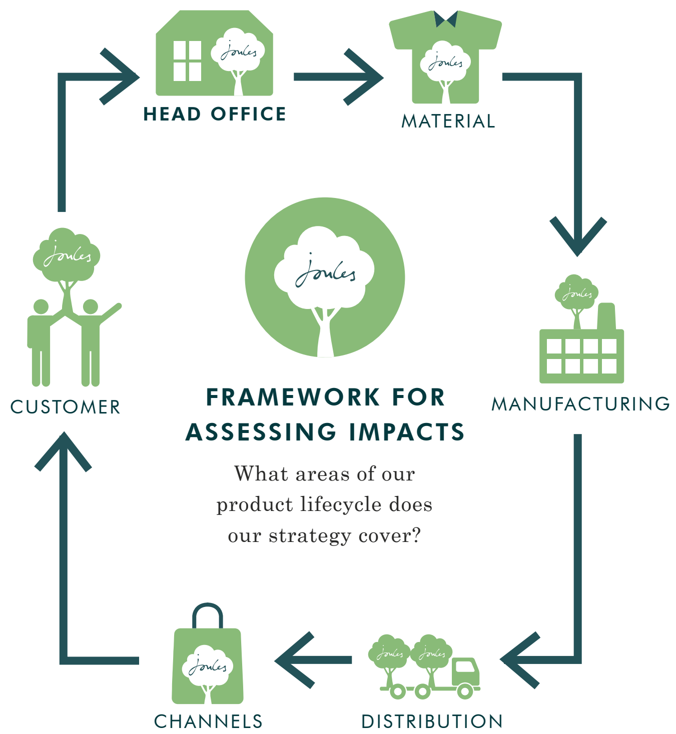
We intend to build on this in the coming year, with initial priorities being: increasing the proportion of sustainable cotton used in our products; and the leather goods supply chain. We are really pleased that, since the year end, we have commenced our membership process with the Better Cotton Initiative (BCI), the Leather Working Group, and the Ethical Trade Initiative (ETI). Working closely with these organisations over the coming years will be an important focus area.

RESPECTING OUR ENVIRONMENT

A love of the countryside is, and always has been, at the heart of the Joules brand; creating meaningful products inspired by nature and the changing seasons, all perfect for enjoying the great outdoors or cosy indoors. Respecting and considering the environment from which we constantly draw inspiration is fundamental to our business.

We are proud that Joules clothes are known for their high durability and quality, providing many years of use and often being passed on or handed down. This is particularly relevant when some reports suggest that nearly two-thirds of clothing created by the retail industry overall ends up in incinerators or landfill within a year of being produced.

To provide us with a comprehensive understanding of our environmental impacts across our full product lifecycle - from the sourcing of raw materials, through to the way our customer ultimately uses our products - we have developed the following framework.



SOCIAL RESPONSIBILITY
CONTINUED

We invested time during the year to identify and map our environmental impacts across each of these areas and to identify, evaluate and prioritise potential actions to reduce and/or mitigate the impacts. Our current priorities include:

- Reviewing each element of our packaging to minimise total packaging, reduce use of plastics and increase the levels of recycled and recyclable packaging across our supply chain
- Working with industry bodies such as the Better Cotton Initiative and Leather Working Group to ensure that our raw materials are sourced in an environmentally responsible manner
- Measuring, reporting and identifying initiatives to minimise the environmental impact of our head office, stores and distribution process wherever possible

This is a significant and ongoing task and we have made great progress this year. We recognise we still have a long way to go but we look forward driving further improvements in the coming years.

Achievements this year include:
- We have replaced plastic bags in store with a fully recyclable paper twist bag, in addition to our existing beautiful Joules re-usable bags
- More than one million annual e-commerce / mail-order plastic mail sacks are being replaced with a sustainably produced sugarcane bag that is also fully recyclable
- Our volunteering efforts have had a significant environmental impact with initiatives including beach cleans, tree planting and canal clean ups
- 70% of our stores our now fitted with the more energy efficient LED lighting
- All of our waste from head office and stores is now either recycled or taken to a recovery/transfer centre where the waste is sorted to minimise the proportion that ends up in landfill
- Several successful head office initiatives to reduce
- waste through a reduction of printing and use of single use plastics

CASE STUDY: BEACH CLEAN - 2018

RESPECTING OUR ENVIRONMENT ... ACTING LOCALLY

Joules has sponsored the Coast Beach Clean for over ten years and this year, partnering with Coast Magazine and Marine Conservation Society, we went bigger and better, adding five additional beach cleans along the coast. In April 2018 over 160 Joules customers and employee volunteers took part in six beach cleans across the country, removing a staggering 15,433 pieces of litter weighing 128kg.

Lauren Eyles, Beach Watch programme manager from the Marine Conservation Society was thrilled with the effort; *"Thank you Joules! We are so grateful for your support of our beach clean work and to extending our one beach clean with Coast Magazine to an additional five across the UK. You have all showed so much enthusiasm during the events and the impact has been amazing. We now have lots more data to stop litter from reaching our beaches and causing so much devastation".*

Charitably
JOULES

Our Joules stores sit at the heart of local communities across the country and, as such, we believe we have an important role to play in supporting those communities to thrive. Our Charitably Joules strategy does just this, supporting charities which play crucial roles in the lives of children, young adults and families across the country. Our Charitably Joules family is made up of four core charities that we support throughout the year:

THE PRINCES TRUST supports young people across the country who are unemployed or struggling at school to transform their lives. We help to fund their Enterprise programme in Leicester and Kettering which supports 18-30 year olds to re-focus their lives through exploring the opportunity of setting up their own business, thereby creating a long-term sustainable future.

NUZZLETS is a fantastic grassroots charity that not only provides a loving home for unwanted animals, but also provides free access for young people with disabilities, special needs and life-threatening illnesses to visit the centre for animal assisted therapy and education.

FARMS FOR CITY CHILDREN offers city children the opportunity to experience life on a working farm in the heart of the countryside. Through its amazing work, it supports children's learning, raises self-esteem and enriches young lives, providing a safe and welcoming setting where children and their teachers together get involved for a whole week in the working life of a real farm.

HOSPICE UK is the national voice of hospice care in the UK. By supporting hospices all around the country, they help them to deliver the very best service possible for the local communities within which they work. As a part of those local communities, we were very excited to add Hospice UK as a new Charity Partner to our family in the year.

THE PRINCE'S TRUST | NUZZLETS | FARMS FOR CITY CHILDREN | HOSPICE UK

CASE STUDY: JOULES CHARITY WEEK

This year saw us launch our first ever Joules Charity Week. Suppliers, customers and employees from across the business took part in a wide range of activities to raise money for our four Charitably Joules charities. From a business wide fancy-dress day, bake sales and various local store initiatives to our Bolt-to-Holt team - who ran and cycled 118 miles overnight from our Head Office to the grand opening of our new Holt store - we raised an amazing £30,000 for our charities in just one week. We can't wait to see what our 2019 Charity Week has in store.

CASE STUDY: THE PRINCES TRUST FUTURE STEPS CHALLENGE

In February 2018, 480 of our employees took part in The Princes Trust Future Steps challenge. Competing in teams of six, the challenge was to walk as many steps as possible for The Princes Trust, raising money as we went.

Over the course of the month, our amazing teams clocked up more than 125 million steps and raised over £14,000 for The Princes Trust ... and had a huge amount of fun doing it!

CASE STUDY: SUPPORTING HOSPICE UK THROUGH OUR STORES

Our newest Charitably Joules Partner is Hospice UK. Each of our stores across the country is now linked in with its local hospice and stores are already getting involved in supporting on a local level, whether through taking part in their sponsored Moonlight Walk, or donating product.

In May, we supported their annual Retail Conference for the hospice charity stores all around the country. We aim to provide some of our retail experience and advice to help Hospice UK and local hospice stores around the country to thrive. At this year's conference, we ran an interactive social media workshop to support the hospice shops in developing their social media activities.

Our Achievements in the year include;
- In total, we raised over £140,000 for our Charitably Joules charities, as well as local charities and community groups, including £7,600 contributions in kind, including stock donations and £6,750 of company matching for our employees' fund-raising activities
- Joules Charity Week saw our staff and customers raise £30,000 for our Charitably Joules charities
- We have shared our skills with our charity partners to support them in their work. This includes running workshops for Hospice UK, supporting Farms for City Children in developing their newsletter and supporting Nuzzlets in the development of an animal therapy book
- We took part in The Princes Trust Future Steps challenge in a big way, with 80 teams of six employees, walking 125 million steps over a month to raise over £14,000 for The Princes Trust

SOCIAL RESPONSIBILITY
CONTINUED

OUR JOULES FAMILY

Our Joules family continues to grow and with it, so does our focus on recruiting, retaining and developing the best possible people, as well as maintaining and enhancing the working environment and culture which we are so proud of at Joules.

We continue to develop our employee offering, expanding existing areas as well as launching several new programmes. During the year we:

- Improved the maternity/paternity/adoption benefits for our people
- Increased the employer pension contribution rate from 1% to 3% for all eligible employees
- Introduced some further new benefits to our colleagues including a holiday purchase scheme, an additional "family day" days holiday and the cycle to work scheme
- Increased the number of employee volunteering days to two days per year
- Continued the Management Development and Leadership Development programme launched in the prior year
- Launched a store assistant manager development programme for 77 of our assistant managers and a successful apprenticeship programme for store supervisors
- Offered the second Save as You Earn (SAYE) share scheme to all employees … with strong uptake of over a fifth of eligible employees

Volunteering is encouraged across all our employees as it plays an important role in supporting our charity partners and local communities and is valuable experience for the individual or teams that volunteer. We continued to work with Leicestershire Cares on a range of local volunteering initiatives during the year and to further our commitment in this area we added an additional volunteering day for all employees.

During the year over 100 employees took part in volunteering activity through individual and team initiatives and we were proud to win the Leicestershire Cares 'Outstanding Contribution to Community Development' award for our work volunteering in the local community.

Employee engagement and communications is achieved through regular 'Directors briefings' to all head office and warehouse employees, a weekly newsletter and the Group intranet. We hold a store manager conference twice per year and issue a weekly newsletter for all store based employees. The communications aim to keep employees up to date on Group initiatives and financial performance. We encourage employee feedback through formal and informal channels. During the year we:

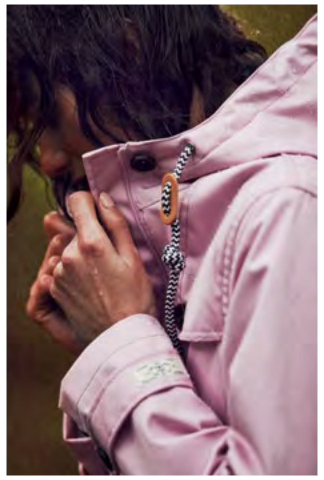
- Held our first combined head office and store manager communications day in August 2017 to update on the annual results and business strategy
- Launched an internal social media platform for employees based on Microsoft's Yammer application
- Relaunched the Joules Intranet as the central information and resource portal for all employees across the Group
- Held over 20 listening groups with colleagues across the business to obtain feedback and ideas from a wide range of areas including the requirements for the new head office development, as well as additional briefing sessions on a variety of topics including Gender Pay Gap Reporting, Pensions and GDPR

We are an equal opportunities employer and give full and fair consideration to employment applications regardless of race, gender and/or disability, having regard to an applicant's aptitudes and abilities. We also strive to provide ongoing training, career development and promotion opportunities for all employees. In the unfortunate event that an employee should become disabled we are committed to continuing their employment and for arranging appropriate training.

Here at Joules we have a family of incredibly valued colleagues. We are committed to ensuring that all our team members, regardless of gender, receive the same support and opportunities to progress, develop and enjoy a rewarding career with us. We recently published our gender pay gap information (gender pay gap is the difference between our male and female mean and median salaries across the whole organisation) and we were encouraged to see that at 15% our median pay gap is below the UK National Average (18.4%). The fact that a gender pay gap exists at Joules is, we believe, due to the structure of our business rather than any inequality in how we pay men and women for doing the same role. We are proud that 64% of our Operating Board, 70% of our Senior Management Team and 72% of our upper quartile employees are female, against a UK average of 23% (Operating Board) and 46% (SMT (CIPD, 2016)). We continue to look at ways that we can evolve and improve these results.

The table below summarises employee gender diversity across the business as at 27 May 2018:

	FEMALE	MALE
Directors of the Group	1	5
Directors of the Operating Board (including three male Group Directors)	7	4
Senior Managers other than Directors of the Group or Operating Board	75	30
Other employees of the Group	1,361	236
Total employees of the Group	1,444	272



GREY DAYS CALL FOR COLOURFUL CLOTHES

Part of our Right as Rain collection the Coast waterproof jacket is our most sought after piece of outerwear. Good looking and packed with functional features – it's perfect for the predictably unpredictable British weather.

CHAPTER

2

CORPORATE GOVERNANCE

we've got
you covered

BOARD OF DIRECTORS

JOULES GROUP PLC

NEIL MCCAUSLAND

Non-Executive Chairman

Neil joined Joules in 2013. He also chairs Karen Millen, Create Fertility and Skin Ltd. Neil was the Senior Independent Director of the Post Office Limited for four years until September 2015, where he chaired the remuneration committee and served on both the audit and nominations committees. Prior to that he was a Non-Executive Director of Nuffield Health. Over the last 15 years he has chaired a number of companies, including six years as chairman of Kurt Geiger.

TOM JOULE

Founder & Chief Brand Officer

Tom founded Joules in 1989 selling practical, high quality garments at shows and events around the U.K. Tom's entrepreneurial spirit, and flair in giving products personality to match those of Joules customers' colourful and uplifting outlook, has been central to the brand's continued success and expansion. Now a global lifestyle brand, in his current role, Tom is focused on connecting with the Joules customer and category product direction. Since 2010, Tom has featured regularly in Drapers 100 Most Influential people in Fashion Retail. In 2015 he was a finalist in the Fashion Entrepreneur of the Year category at the Great British Entrepreneur Awards.

COLIN PORTER

Chief Executive Officer

Colin joined Joules in 2010 from Crombie, where he was Joint Managing Director. Prior to this Colin spent over 10 years at House of Fraser, becoming Commercial Director on the main board. Colin has also held a number of senior positions within the retail sector including at Etam, Laura Ashley and Arcadia.

MARC DENCH

Chief Financial Officer

Marc joined Joules in 2015 from Walgreens Boots Alliance, where he was Chief Financial Officer of its International Retail & Global Consumer Brands division. Marc has previously held a number of senior financial and corporate development positions at Alliance Boots, Homeserve, Experian and Freeserve plc. Whilst at Freeserve, he was involved in the successful IPO process and the subsequent merger with Wanadoo. Marc is a chartered accountant and has an MBA from Sauder Business School.

DAVID STEAD

Senior Independent Non-Executive Director

David joined the Board in April 2016. David is currently on the board of Card Factory plc and Majestic Wine plc as an Independent Non-Executive Director and is a member of the Council at the University of Birmingham. He has many years' experience as a director of companies in the UK retail sector. David was the CFO of Dunelm Group plc for 12 years from 2003 to 2015. Prior to this, David served as Finance Director for Boots The Chemists and Boots Healthcare International between 1991 and 2003. David is a chartered accountant, having spent the early part of his career with KPMG.

JILL LITTLE

Independent Non-Executive Director

Jill joined the Board in April 2016. Jill is currently the Senior Non-Executive Director of Shaftesbury plc and previously chaired their remuneration committee. Jill has spent the majority of her career in the retail industry, firstly at Simpsons of Piccadilly and then at the John Lewis Partnership (1975 to 2012). Jill became Merchandise Director on the board of John Lewis, moving roles to become the Strategy and International Director where she was responsible for developing the long-term strategy and international expansion of John Lewis. Thereafter Jill became Business Development Director of the John Lewis Partnership. Jill is also Chairman of National Trust Enterprises Ltd, National Trust Renewable Energy Ltd and their advisory Commercial Group. Since March 2017, Jill has also sat on the board of Nobia AB, as a non-executive Director.

GOVERNANCE FRAMEWORK

JOULES GROUP PLC

CHAIRMAN'S INTRODUCTION

I have pleasure in introducing the Joules Group plc Corporate Governance Statement, our third since our admittance to trading on AIM on 26 May 2016. The Board is committed to supporting high standards of corporate governance and, for this reason, we have continued to operate appropriate measures to comply, as far as is practicable, with the April 2016 UK Corporate Governance Code (the "Code"). In this section of the Annual Report we set out our governance framework and describe the work we have done to ensure good corporate governance throughout Joules Group plc and its subsidiaries ('the Group').

NEIL MCCAUSLAND
Non-Executive Chairman.

BOARD SIZE AND COMPOSITION

For the financial year ended 27 May 2018, the Board has continued to comprise of six Directors: a Non-Executive Chairman, two further Non-Executive Directors and three Executive Directors.

ROLE OF THE BOARD

The Board is collectively responsible for the long term success of the Group. It provides entrepreneurial leadership, sets Group strategy, upholds the Group's culture and values, reviews management performance and ensures that the Group's obligations to shareholders are understood and met.

HOW THE BOARD OPERATES

The Executive Directors are responsible for business operations and for ensuring that the necessary financial and human resources are in place to carry out the Group's strategic aims. The Non-Executive Directors' role is to provide an independent view of the Group's business and to constructively challenge management and help develop proposals on strategy. The Board as a whole reviews all strategic issues and key strategic decisions on a regular basis. Control over the performance of the Group is maintained through evaluation of financial information; the monitoring of performance against key budgetary targets; and by monitoring the return on strategic investments.

The Chairman takes responsibility for ensuring that the Directors receive accurate, timely and clear information.

Directors are aware of their right to have any concerns recorded in the Board minutes.

The Board is satisfied that all Directors are able to allocate sufficient time to the company to discharge their responsibilities effectively.

MATTERS RESERVED FOR THE BOARD

Certain matters are reserved for approval by the Board, these include:

- Strategy and business plans – including annual budget
- Acquisitions and disposals of businesses (including minority interests)
- Changes in share capital and dividends
- Board membership and Committees and delegation of authority
- Remuneration and employment benefits
- Corporate statutory reporting
- Appointment of auditors
- New debt facilities
- Major capital and revenue commitments
- Corporate governance, policy approval, internal control and risk management
- Certain litigation matters in line with the Joules litigation reporting policy
- Corporate social responsibilities

BOARD MEETINGS

The Board has met eleven times in the reporting period. For all Board meetings an agenda is established and a Board pack is circulated at least 48 hours ahead of the meeting. As a minimum, the items covered include:

- Financial performance review
- Management accounts and KPIs
- Update on governance, finance, legal & risk matters
- Updates on significant business initiatives
- Proposals on any major items of capital expenditure
- Health and Safety
- Compliance with banking covenants and cash flow forecast

The Board receives reports from the Executive Directors to enable it to be informed of and supervise the matters within its remit. The Board considers at least annually the Group's strategic plan and, on a regular rolling basis, the Board receives presentations from management on key areas of the Group's operations.

GOVERNANCE FRAMEWORK
CONTINUED

BOARD MEETINGS

The following table shows Directors' attendance at scheduled Board and Committee meetings in the period under review:

	BOARD	AUDIT	REMUNERATION	NOMINATION
NEIL MCCAUSLAND	11/11	3/3	3/3	4/4
TOM JOULE	9/11	-	-	-
COLIN PORTER	11/11	-	-	-
MARC DENCH	11/11	-	-	-
DAVID STEAD	11/11	3/3	3/3	4/4
JILL LITTLE	11/11	3/3	3/3	4/4

BOARD DECISIONS AND ACTIVITY DURING THE YEAR

The Board has a schedule of regular business, financial and operational matters, and each Board Committee has compiled a schedule of work, to ensure that all areas for which the Board has responsibility are addressed and reviewed during the course of the year. The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information to enable the Board to discharge its duties. The Company Secretary compiles the Board and Committee papers which are circulated to Directors at least 48 hours prior to meetings. The Company Secretary also ensures that any feedback or suggestions for improvement on Board papers is fed back to management. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted.

BOARD COMMITTEES

The Board has delegated specific responsibilities to the Audit, Remuneration and Nomination Committees. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities, with copies available on the Company's website (www.joulesgroup.com) or on request from the Company Secretary. The terms of reference of each Committee were put in place at the time of the Company's admission to AIM on 26 May 2016 and they are kept under review to ensure they remain appropriate and reflect any changes in legislation, regulation or best-practice. Each Committee comprises Non-Executive Directors of the Company. The Company Secretary is the secretary of the Audit and Nomination Committees and the Group Legal Counsel is secretary for the Remuneration Committee.

BOARD EFFECTIVENESS

The skills and experience of the Board are set out in their biographical details on page 34. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance.

SEPARATION OF DUTIES

There is a clear division of responsibilities between the Chairman and Chief Executive Officer. Neil McCausland, the Chairman, leads the Board and is responsible for its effectiveness and governance. He sets the Board agenda and ensures that sufficient time is allocated to important matters, in particular strategic issues. Colin Porter, the Chief Executive Officer, is responsible for the day-to-day management of Joules' operations and for recommending strategy to the Board. Colin is then responsible for implementing that strategy supported by the wider management team.

The Non-Executive Directors have responsibility for determining the remuneration of Executive Directors and have a prime role in appointing and, where necessary, removing Executive Directors, and in succession planning.

INDUCTION OF NEW DIRECTORS

No new Directors were appointed during the year and there were no resignations. It is intended that, in the future, on joining the Board, new Directors will undergo an induction programme which will be tailored to the existing knowledge and experience of the Director concerned, including store and office visits; meetings with key employees; and presentations from management on topics such as strategy, finance and risk. The Chairman will be responsible for this process.

TIME COMMITMENTS

The Board is satisfied that the Chairman and each of the Non-Executive and Executive Directors continue to be able to devote sufficient time to the Company's business. There has been no change in the Chairman's other time commitments since his appointment.

EVALUATION

The Board conducted a thorough and formal Board review at the end of the prior financial year. This was led by the Chairman and consisted of interviews; the completion of a questionnaire; and in-depth discussions between the Executive and Non-Executive Directors.

No major changes to the function and focus of the Board arose from this evaluation, however, the findings were used by the Board, and the Nomination Committee, when considering short and long-term succession planning.

Following the announcement on 22 May 2018, that Ian Filby will be taking over the role of Chairman on 1 August 2018, it was determined by the Board that the next formal Board evaluation should take place when Ian has been in the role for an appropriate period of time.

The Chairman will continue to meet regularly with the Non-Executive Directors without the Executive Directors being present and the Senior Independent Non-Executive Director will also meet with his fellow Non-Executive Director, at least annually, to appraise the Chairman's performance and on such other occasions as are deemed appropriate.

DEVELOPMENT

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Group's advisers where appropriate. Executive Directors are subject to the Group's performance development review process through which their performance against objectives is reviewed and their personal and professional development needs considered.

EXTERNAL APPOINTMENTS

In the appropriate circumstances, the Board may authorise Executive Directors to take non-executive positions in other companies and organisations provided the time commitment does not conflict with the Director's duties to the Company. The appointment to such positions is subject to Board approval.

CONFLICTS OF INTEREST

At each meeting the Board considers Directors' conflicts of interest. The Company's Articles of Association ('Articles') provide for the Board to authorise any actual or potential conflicts of interest.

INDEPENDENT PROFESSIONAL ADVICE

Directors have access to independent professional advice at the Company's expense. In addition, they have access to the advice and services of the Company Secretary who is responsible for advice on corporate governance matters to the Board.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has purchased directors' and officers' liability insurance during the year as allowed by the Company's Articles.

ELECTION OF DIRECTORS

In accordance with the Code all Directors will offer themselves for election at each AGM.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group. The principal elements of the Group's internal control system include:

- Day to day management of the activities of the Group by the Executive Directors
- A detailed annual budget is prepared including an integrated profit and loss, balance sheet and cash flow. The budget is approved by the Board
- Monthly reporting of performance against the budget is prepared and reviewed by the Board
- A schedule of delegated authority is maintained which defines levels of approval authority over such items as capital expenditure, commercial contracts, litigation and treasury matters
- Maintenance of a risk register which is reviewed at least annually by the Board

The Group continues to review its system of internal control to ensure compliance with best practice, whilst also having regard to its size and the resources available.

BOARD DIVERSITY

The Board does not have a formal Board diversity policy but plans to continue to review the need for such a policy annually, taking into account the size of the Board and skills required.

RELATIONS WITH SHAREHOLDERS

The Group maintains communication with institutional shareholders through individual meetings with Executive Directors, particularly following publication of the Group's interim and full year preliminary results. All shareholders are encouraged to attend the Annual General Meeting at which the Group's activities will be considered and questions answered. General information about the Group is also available on the Group's website: www.joulesgroup.com. This includes an overview of activities of the Group and details of all recent Group announcements. The Non-Executive Directors are available to discuss any matters stakeholders might wish to raise, and the Chairman and Non-Executive Directors will attend meetings with investors and analysts as required. Investor relations activity and a review of the share register are standing items on the Board's agenda and the Chairman ensures ongoing, effective communication with shareholders.

The Senior Independent Non-Executive Director is available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive or other Executive Directors fails to resolve or for which such contact is inappropriate.

ANNUAL GENERAL MEETING ('AGM')

The Company's AGM will take place on 27 September 2018. The Annual Report and Accounts and Notice of the AGM will be sent to shareholders at least 20 working days prior to this date.

AUDIT COMMITTEE REPORT
JOULES GROUP PLC

On behalf of the Board, I am pleased to present the Audit Committee report for the 52 weeks ended 27 May 2018.

The Audit Committee has responsibility for, amongst other things, the monitoring of the financial integrity of the financial statements of the Group and the involvement of the Group's external auditors in the external audit process, together with providing oversight and advice to the Board in relation to current and potential future risk exposures of the Group, reviewing and approving various formal reporting requirements and promoting a risk awareness culture within the Group. The Audit Committee also provides advice to the Board as to whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

MEMBERS OF THE AUDIT COMMITTEE

The Committee consists of three Non-Executive Directors: David Stead (Chair), Neil McCausland and Jill Little. The external auditor (Deloitte LLP), the Chief Executive Officer and Chief Financial Officer also attend Committee meetings by invitation. The Committee has met three times since 24 July 2017 being the date the Group's last Annual Report was approved.

The Board is satisfied that I, as Chairman of the Committee, have recent and relevant financial experience. I am a chartered accountant and I have served as Finance Director in a number of companies including Dunelm Group plc. I report formally to the Board, as appropriate, on issues discussed by the Audit Committee and I present the Committee's recommendations.

The Committee also takes time to meet with the external auditors without any Executive Directors or senior management present.

DUTIES

The duties of the Audit Committee are set out in its Terms of Reference, which are available on the Company website (www.joulesgroup.com) and are also available on request from the Company Secretary.

The Committee meets a minimum of twice per year.

The main items of business considered by the Audit Committee during the year have included:

- Review of the financial statements and Annual Report
- Consideration of the external audit report and management representation letter
- Going concern review
- Review of the risk management and internal control systems, and of the Company's risk register
- Review of the need for an internal audit function
- Review of whistleblowing reports
- Review of the implications of forthcoming updates or changes to accounting standards

ROLE OF THE EXTERNAL AUDITOR

The Audit Committee monitors the Company's relationship with the external auditor, Deloitte LLP, to ensure that external auditor independence and objectivity are maintained. As part of its review the Committee monitors the provision of non-audit services by the external auditor. The breakdown of fees between audit and non-audit services is provided in note 5 of the Group's financial statements. The non-audit fees related to Remuneration Committee advice. The Committee also assesses the external auditor's performance. Having reviewed the external auditor's independence and performance, the Audit Committee recommends that Deloitte LLP be re-appointed as the Company's external auditor at the next AGM.

AUDIT PROCESS

The external auditor prepares an audit plan that sets out the scope of the audit, key areas of audit focus, audit materiality and the audit timetable for audit work. This plan is reviewed and agreed in advance by the Audit Committee. Following the completion of its work, the external auditor presents its findings to the Audit Committee for discussion.

INTERNAL AUDIT

At present the Group does not have an internal audit function. In view of the size and nature of the Group's business, the Committee believes that management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without a formal internal audit function. This will be kept under review as the business evolves.

AUDIT COMMITTEE REPORT
JOULES GROUP PLC

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group has a framework of risk management and internal control systems, policies and procedures. The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. The Committee has reviewed the framework and is satisfied that the internal control systems in place are currently operating effectively.

WHISTLEBLOWING

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. Whistleblowing is a standing item on the Committee's agenda, and updates will be provided at each meeting. During the period, there were no incidents for consideration.

GOING CONCERN

The Directors have prepared a detailed financial forecast with a supporting business plan covering the medium term future. The forecast indicates that the Group will remain in compliance with covenants throughout the forecast period. As such, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing financial statements.

DAVID STEAD
Audit Committee Chairman

NOMINATION COMMITTEE REPORT

JOULES GROUP PLC

On behalf of the Board I am pleased to present the Nomination Committee Report for the 52 weeks ended 27 May 2018 (FY18).

MEMBERS OF THE NOMINATION COMMITTEE

The Nomination Committee consists of three Non-Executive Directors; Neil McCausland (Chair), David Stead and Jill Little. Executive Directors attend by invitation.

DUTIES

In carrying out its duties, the Nomination Committee is primarily responsible for:

- Identifying and nominating candidates to fill Board vacancies
- Evaluating the structure and composition of the Board with regard to the balance of skills, knowledge and experience and making recommendations accordingly
- Drafting the job descriptions of all Board members
- Reviewing the time requirements of Non-Executive Directors
- Giving full consideration to succession planning
- Reviewing the leadership of the Group

The Committee is scheduled to meet once a year but it will meet more frequently if required.

The Committee reports to the Board on how it has discharged its responsibilities. The Committee's written Terms of Reference are available on the Group's website (www.joulesgroup.com).

ACTIVITY DURING THE YEAR

The Committee has met formally four times during the year, the additional meetings being convened to support the successful recruitment of a replacement Non-Executive Chairman for the Group. The search was led by David Stead, the Senior Independent Non-Executive Director, and involved an extensive selection process. An appropriate external recruitment agency was engaged to assist with the process and a pool of suitably qualified and experienced candidates was prepared as an initial step.

A multi stage assessment and interview process was then undertaken with input from other Non-Executive and Executive Directors as appropriate to ensure that the correct candidate was identified. The outcome of the process was the announcement on 22 May 2018 that Ian Filby will become the Group's next Non-Executive Chairman on 1 August 2018.

In addition to this recruitment activity, during the year the Committee has continued to focus its work on the following:

- The structure and composition of the Board and its Committees. The Committee discussed the skills, experience and diversity of the current Board and committee members taking into account the current and future needs of the Group, its culture and strategic objectives. The Committee believes that the Board has the necessary balance of skills, knowledge and experience for its current needs. The Committee believes that the Directors are able to devote sufficient time to the Group, taking into account their other Directorships
- The structure of the Operating Board. The Committee reviewed the current management structure of the Group and options for the future. In particular, the membership and work of the Operating Board, which consists of senior management of the Group and meets monthly to review performance and progress against strategic objectives are responsible for the implementation of the Group's strategy
- Succession planning. The Committee discussed long term succession planning and emergency cover, and the need to identify and develop talent both within the Group and from the wider market. In its discussions the Committee recognised the importance of looking at a diverse range of candidates when considering future appointments

TERMS OF REFERENCE

The committee will keep its terms of reference under review with the main objective of ensuring that an appropriate management framework and governance structure is in place.

NEIL MCCAUSLAND

Nomination Committee Chairman

DIRECTORS' REMUNERATION REPORT

JOULES GROUP PLC

On behalf of the Board I am pleased to present the Directors' Remuneration Report for the 52 weeks ended 27 May 2018 (FY18). Although not subject to the reporting regulations of fully listed companies in the UK, the Remuneration Committee has taken account of these regulations in the preparation of the FY18 Directors' Remuneration Report as a matter of best practice. Therefore, this report is presented as:

- A Directors' Remuneration Policy Report – setting out the parameters within which the remuneration arrangements for Directors operate; and
- An Annual Report on Remuneration – setting out the remuneration earned by Directors in respect of FY18 and how we intend to apply the policy for FY19

This Directors' Remuneration Report will be put to an advisory shareholder vote at the forthcoming annual general meeting on 27 September 2018.

OUR APPROACH TO REMUNERATION – KEY PRINCIPLES

Our policy on executive remuneration is designed to:

- Include a competitive mix of base salary and short and long-term incentives, with an appropriate proportion of the package determined by stretching targets linked to the Group's performance
- Promote the long-term success of the Group, in line with our strategy and focus on profitability and growth; and
- Provide appropriate alignment between the interests of shareholders and executives, which is further enhanced through shareholding guidelines and the deferral of a proportion of the annual bonus as shares

FY18 PERFORMANCE AND ANNUAL BONUS OUTCOME

As detailed in the Strategic Report and Financial Review, Joules has delivered strong results and made continued progress against its stated strategic priorities. Good growth was delivered across distribution channels and geographic markets, reflecting the growing appeal of the Joules brand and the quality and design of our products, both in the UK and internationally. Based on FY18 PBT of £13.0 million the Executive Directors will receive 99.5% of their maximum annual bonus opportunity. Half the bonus earned being paid in cash and half as a share award deferred over three years, except for Marc Dench, for whom one third of the bonus earned will be paid in cash and two thirds as a share award being deferred over three years. Further details are set out herein.

The Company's first long-term incentive awards were granted under the LTIP in July 2016 ('LTIP 2016') and therefore there were no LTIP awards due to vest in respect of the year ended 27 May 2018. Marc Dench's IPO Admission Awards were subject to continued employment to 26 May 2018 and consequently vested on this date.

EXECUTIVE DIRECTOR SALARIES AND NON-EXECUTIVE DIRECTOR FEES

Executive Directors' base salaries were reviewed in December 2017, in line with the salary review timetable for other head office employees. The base salary for Colin Porter and Tom Joule was unchanged at £345,000 and £335,000 respectively. The base salary for Marc Dench was increased from £250,000 to £265,000 with effect from 1 December 2017 taking into account his performance, development in role and contribution since he joined the business in 2015 and the competitiveness of his package against the market. During the year the Chairman's fee, which includes the fee for chairing the Nomination Committee, was reviewed and increased from £75,000 to £85,000, taking into account there being no increase in fees since the IPO.

REMUNERATION FOR THE YEAR COMMENCING 28 MAY 2018

A summary of the proposed application of our remuneration policy for FY19 is set out below:

- It is intended that Executive Directors' base salaries will be reviewed annually in December, at the same time as the pay review for the wider head office workforce
- The maximum annual bonus opportunity for FY19 will be 100% of salary. The annual bonus is subject to the achievement of stretching profit before tax ('PBT') performance targets
- The third awards under the LTIP ('LTIP 2018') will be granted following the announcement of the FY18 full year results. The maximum LTIP opportunity is 100% of salary. These awards are subject to stretching targets with 80% of the award linked to an EPS target and 20% of the award linked to a strategic target of international revenue. Reflecting best practice, the vesting of the awards will also be subject to a further underpin, that the vesting reflects the underlying financial performance of the Group over the performance period

Following the appointment of Ian Filby as Non-Executive Chairman, commencing 1 August 2018, the Chairman's fee will be increased to £120,000.

The Committee will continue to monitor our remuneration policy to ensure it remains aligned to the business strategy and the delivery of shareholder value.

We remain committed to a responsible approach to executive pay as I trust that this Remuneration Report demonstrates and hope that we can rely on your continued support at our AGM.

JILL LITTLE

Remuneration Committee Chairman

DIRECTORS' REMUNERATION REPORT
CONTINUED

EXECUTIVE DIRECTORS' REMUNERATION - AT A GLANCE

We take a rigorous and disciplined approach to ensure that the remuneration package for Executive Directors rewards the delivery of both short and long-term financial and strategic business goals, that are consistent with creation of shareholder value. The table below provides a summary of the key elements of the policy and its application for FY18 and FY19.

BASE SALARY	Base salary and benefits are set at a level that is competitive with reference to the market and companies of a similar size and level of complexity.
PENSION	Pension contribution rate of 5%. The company contribution rate for the all employee defined contribution pension scheme was increased to 3% in April 2018.
ANNUAL BONUS	Maximum opportunity of 100% of salary*. Underlying profit before tax (PBT) target selected to best represent alignment with shareholders. PBT targets for the FY18 award were: Threshold (25% pay-out) £11.21 million; Target (50% pay-out); £11.80 million; Maximum (100% pay-out) £12.98m. The maximum payout target represented a year-on-year growth rate of 28.5%.
ANNUAL BONUS DEFERRAL	Executive Directors will receive 99.5% of their maximum annual bonus opportunity for 2018, based on FY18 PBT of £12.968 million. Half of the annual bonus award is paid in the form of shares (two thirds for Marc Dench in FY18), deferred over three years. Deferral provides alignment with shareholder value creation objectives.
LTIPS	The LTIP is designed to encourage sustainable development of the Group and creation of significant shareholder value. The maximum LTIP opportunity is 100% of salary* vesting over a three-year period FY19 LTIP targets are: 1) FY21 EPS (80% weighting), and 2) FY21 International revenue (20% weighting). • EPS target: Threshold 16.5p to Maximum 21.5p. Achievement of the Maximum would represent an annualised EPS growth rate of 21.5% from FY18 (assuming constant fully diluted shares) • International Revenue target: Threshold £46m to Maximum £66 million • Pay-out levels: below Threshold no pay-out; at Threshold 25% pay-out; at Maximum 100% pay-out • The vesting of the awards will also be subject to a further underpin, that the vesting reflects the underlying financial performance of the Group over the performing period.
SHAREHOLDER ALIGNMENT AND RISK	A shareholding requirement of 200% of salary. Malus and claw-back provisions.
MODIFICATIONS OR CHANGES TO REMUNERATION OR POLICY	No other changes to the policy as set-out in the FY17 Annual Report have been made or are proposed to be made in the forthcoming FY19 period.

**In FY18 Marc Dench's maximum annual bonus opportunity and LTIP award was 150% of salary. Two thirds of the annual bonus being awarded as shares deferred over three years. In FY19 his maximum annual bonus and LTIP award is 100% of salary.*

DIRECTORS' REMUNERATION REPORT
CONTINUED

DIRECTORS' REMUNERATION POLICY REPORT

The following section sets out our Directors' Remuneration Policy (the "Policy").
The aim of the Policy is to align the interests of Executive Directors with the Group's strategic vision and the long-term creation of shareholder value. The Policy is intended to remunerate Executive Directors competitively and appropriately for effective delivery and allows them to share in this success and the value delivered to shareholders.

EXECUTIVE DIRECTORS' REMUNERATION POLICY

The table below sets out the elements of Executive Directors' compensation and how each element operates, as well as the maximum opportunity of each element and any applicable performance measures.

FIXED REMUNERATION

ELEMENT, PURPOSE & STRATEGIC LINK	OPERATION	MAXIMUM OPPORTUNITY
BASIC SALARY To provide a competitive base salary for the market in which the Group operates to attract and retain Executive Directors of a suitable calibre.	Usually reviewed annually taking account of: • Group performance • Role, experience and individual performance • Competitive salary levels and market forces • Pay and conditions elsewhere in the Group	Increases will normally be in line with the range of salary increases awarded (in percentage terms) to other Group employees. Increases above this level may be awarded to take account of individual circumstances, such as: • Promotion • Change in scope or increase in responsibilities • An individual's development or performance in role • Alignment with the market over time • A change in the size or complexity of the business
BENEFITS To provide market competitive benefits as part of the total remuneration package.	Executive Directors currently receive private medical insurance, company car or allowance, staff discounts and the right to participate in the Save As You Earn (SAYE) scheme. Other benefits may be provided based on individual circumstances. For example, relocation or travel expenses.	Whilst the Committee has not set a maximum level of benefits that Executive Directors may receive, the value of benefits is set at a level which the Committee considers appropriate, taking into account market practice and individual circumstances.
RETIREMENT BENEFITS To provide an appropriate level of retirement benefit (or cash allowance equivalent).	Executive Directors are eligible to participate in the Group defined contribution pension plan. In appropriate circumstances (e.g. if contributions exceed the annual or lifetime pension allowance in the UK), Executive Directors may be permitted to take the benefit as additional salary instead of contributions.	The contribution level for FY19 is set at 5% of salary (there is an overall limit of up to 10% of salary).

VARIABLE REMUNERATION

ELEMENT, PURPOSE & STRATEGIC LINK	OPERATION	MAXIMUM OPPORTUNITY AND PERFORMANCE METRICS
ANNUAL BONUS Rewards performance against targets which support the strategic direction of the Group. Deferral provides a retention element through share ownership and direct alignment to shareholders' interests.	Awards are based on performance (typically measured over one year) against targets determined by the Committee at the start of the period. Pay-out levels are determined by the Committee after the year end. The Committee has discretion to amend pay-outs should any formulaic output not reflect their assessment of performance. A proportion (normally 50%) of any bonus is paid in cash with the balance paid in the form of shares (subject to a de-minimis amount	Overall maximum is up to 150% of base salary under the Policy. However, the maximum bonus opportunity for FY19 is capped at 100% of salary. Performance measure: Targets are set annually and aligned with key financial, strategic and/or individual targets with the weightings between these measures determined by the Committee each year considering the Group's priorities at the time. The FY19 bonus is based on a PBT target.

DIRECTORS' REMUNERATION REPORT
CONTINUED

VARIABLE REMUNERATION CONTINUED

ELEMENT, PURPOSE & STRATEGIC LINK	OPERATION	MAXIMUM OPPORTUNITY AND PERFORMANCE METRICS
	of £10,000) usually deferred for three years. Awards may include dividend equivalents earned between the grant and vesting date.	
LONG-TERM INCENTIVE ('LTIP') To create alignment between the interests of Executive Directors and shareholders through the delivery of performance-based awards in Group shares.	Awards can be made over conditional shares or nil cost options (or cash equivalent). Vesting is subject to the achievement of specified performance conditions normally over three years. Awards may include dividend equivalents earned between grant and vesting date. Awards may be structured as Qualifying LTIP awards comprising of a HMRC tax-qualifying option and an LTIP award, with the vesting of the LTIP award scaled back to take account of any gain made on the exercise of the tax-qualifying option.	Overall maximum is up to 150% of base salary under the Policy. However, the maximum LTIP 2018 award is capped at 100% of salary. Where an award is structured as a Qualifying LTIP, the shares subject to the tax-qualifying option element are excluded for the purposes of this limit, reflecting the scale back. Performance measure: Set to reflect longer term strategy and business performance. Performance measures and their weighting are reviewed annually to maintain appropriateness and relevance. For threshold levels of performance 25% of the award will vest rising to 100% for maximum performance. Below threshold the award will not vest. The LTIP 2018 awards are subject to stretching targets with 80% of award based on EPS and 20% based on international revenue, with an additional underpin applying to the whole award.

INFORMATION SUPPORTING THE POLICY TABLE
EXPLANATION OF PERFORMANCE MEASURES CHOSEN
Performance measures for the annual bonus and long-term incentive are selected that reflect the Group's strategy. Stretching performance targets are set each year by the Committee, considering several different factors.

For FY19, the annual bonus is based on PBT. Stretch targets for the maximum awards under the bonus are set against outperformance of internal company forecasts. The performance measure for the LTIP 2018 grant is underlying diluted Earnings Per Share (EPS) (80% of award weighting) and international revenue (20% of award weighting). The Committee considers EPS to be the key measure of sustainable business performance and international revenue growth to be a key strategic priority. The vesting of the awards will also be subject to a further underpin, that the vesting reflects the underlying financial performance of the Group over the performance period.

The Committee retains the discretion to adjust or set different performance measures or targets where it considers it appropriate to do so (for example, to reflect a change in strategy, a material acquisition and/or a divestment of a Group business or change in prevailing market conditions and to assess performance on a fair and consistent basis from year to year). Awards and optionsmay be adjusted in the event of a variation of share capital in accordance with the rules of the LTIP.

APPLICATION OF MALUS AND CLAWBACK
For up to three years following the payment of an annual bonus award (and two years after the vesting of an LTIP award), the Committee may require the repayment of all or some of the award if there is corporate failure, a material error or misstatement of the financial results, gross misconduct or if information comes to light which, had it been known, would have affected a decision as to the extent to which an award would have vested.

The Committee also has the right to reduce, cancel or impose further restrictions on unvested LTIP and deferred bonus shares in similar circumstances (including material failure of risk management).

SHAREHOLDING GUIDELINES
To promote further alignment to shareholders interests and share ownership, each Executive Director is required to build and maintain a shareholding equal to two times the value of their annual base salary. Until this guideline is met Executive Directors will be required to retain half of any shares which vest under the deferred bonus or LTIP (after sales to cover tax).

LEGACY REMUNERATION
The Committee has the right to settle remuneration arrangements that were put in place prior to this Policy being created and in respect of remuneration awarded to individuals prior to becoming an Executive Director (and which was not awarded in anticipation of becoming an Executive Director).

DIRECTORS' REMUNERATION REPORT
CONTINUED

NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY
The remuneration Policy for the Chairman and Non-Executive Directors is to pay fees necessary to attract the individual of the calibre required, taking into consideration the size and complexity of the business and the time commitment of the role, without paying more than is necessary. Details are set out in the table below:

APPROACH TO SETTING FEES	• The fees of the Non-Executive Directors are agreed by the Chairman and CEO and the fees for the Chairman are determined by the Board as a whole • Fees are set taking into account the level of responsibility, relevant experience and specialist knowledge of each Non-Executive Director and fees at companies of a similar size and complexity
BASIS OF FEES	• Non-Executive Directors are paid a basic fee for membership of the Board with additional fees being paid for chairmanship of Board Committees • Additional fees may also be paid for other Board responsibilities or roles • Fees are normally paid in cash
OTHER	• Non-Executive Directors may be eligible to receive benefits such as travel and other expenses • Neither the Chairman nor any of the Non-Executive Directors are eligible to participate in any of the Group's incentive arrangements

APPROACH TO RECRUITMENT REMUNERATION
The Policy aims to facilitate the appointment of individuals of sufficient calibre to lead the business and execute the strategy effectively for the benefit of shareholders. When appointing a new Executive Director the Committee seeks to ensure that arrangements are in the best interests of the Group and not to pay more than is appropriate. The Committee will take into consideration relevant factors, which may include the calibre of the individual, their existing remuneration package, and their specific circumstance, including the jurisdiction from which they are recruited.

The Committee will typically seek to align the remuneration package with the Group's remuneration Policy. The Committee may make payments or awards to recognise or 'buy-out' remuneration packages forfeited on leaving a previous employer. The Committee's intention is that such awards would be made on a 'like-for-like' basis as those forfeited.

The remuneration package for a newly appointed Chairman or Non-Executive Director will normally be in line with the structure set out in the Non-Executive Directors' Remuneration Policy.

SERVICE CONTRACTS
Each of the Executive Directors has a service contract with the Group. The notice period of Executive Directors' service will not exceed 12 months. All Non-Executive Directors have initial fixed term agreements with the Group for no more than three years. Details of the Directors' service contracts, are set out below:

NAME	COMMENCEMENT	NOTICE PERIOD
Tom Joule	20 May 2016	12 months
Colin Porter	20 May 2016	12 months
Marc Dench	20 May 2016	6 months
Neil McCausland*	20 May 2016	1 month
Jill Little	20 May 2016	1 month
David Stead	20 May 2016	1 month

**On 22 May 2018, it was announced that Neil McCausland had notified the Board that he intended to retire as Non-Executive Chairman effective from 31 July 2018 and that Ian Filby had been appointed as Non-Executive Chairman commencing on 1 August 2018. Ian Filby's notice period is three months.*

PAYMENTS FOR LOSS OF OFFICE
Payments for loss of office will be in line with the provisions of the Executive Directors' service contracts and the rules of the share plans (as set out in the IPO Admission document). Where a buy-out award is made then the leaver provisions would be determined at the time of the award. In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement, legal fees and under the terms of the SAYE plan. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise or any claim arising in connection with the termination of the Director's office or employment.

Where the Committee retains discretion, it will be used to provide flexibility in certain situations, considering the circumstances of the Director's departure and performance. There is no entitlement to any compensation in the event of Non-Executive Directors' contracts not being renewed or the agreement terminating earlier.

DIRECTORS' REMUNERATION REPORT
CONTINUED

CONSULTATION WITH SHAREHOLDERS

The Committee will consider shareholder feedback received on remuneration matters including issues raised at the AGM as well as any additional comments received during any other meeting with shareholders. The Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be made to the Policy.

ANNUAL REPORT ON REMUNERATION

SINGLE TOTAL FIGURE OF REMUNERATION

The tables below detail the total remuneration earned by each Director in respect of FY18 and FY17.

FY18	SALARIES/FEES £000	TAXABLE BENEFITS £000	PENSION £000	ANNUAL BONUS (INCLUDING DEFERRED BONUS) £000	TOTAL REMUNERATION £000
Executive Directors					
Tom Joule	335.0	21.1	16.8	333.4	706.2
Colin Porter	345.0	22.6	17.3	343.2	728.1
Marc Dench	257.5	14.7	16.2	384.3	672.7
Non-Executive Directors					
Neil McCausland	85.0	-	-	-	85.0
Jill Little	50.0	-	-	-	50.0
David Stead	55.0	-	-	-	55.0
Total	**1,127.5**	**58.4**	**50.2**	**1,060.9**	**2,297.0**

FY17	SALARIES/FEES £000	TAXABLE BENEFITS £000	PENSION £000	ANNUAL BONUS (INCLUDING DEFERRED BONUS) £000	TOTAL REMUNERATION £000
Executive Directors					
Tom Joule	335.0	35.5	16.8	332.3	719.6
Colin Porter	345.0	22.6	17.3	337.1	722.0
Marc Dench	235.0	12.0	11.8	339.5	598.3
Non-Executive Directors					
Neil McCausland	75.0	-	-	-	75.0
Jill Little	50.0	-	-	-	50.0
David Stead	55.0	-	-	-	55.0
Total	**1,095.0**	**70.1**	**45.9**	**1,008.9**	**2,219.9**

BASE SALARIES

The base salaries for the Executive Directors will normally be reviewed with effect from December.

EXECUTIVE DIRECTOR	BASE SALARY AT 1 DECEMBER 2017	BASE SALARY AT 1 DECEMBER 2016
Tom Joule	£335,000	£335,000
Colin Porter	£345,000	£345,000
Marc Dench	£265,000	£250,000

The base salary for Colin Porter and Tom Joule is unchanged. The base salary for Marc Dench was increased with effect from 1 December 2017 taking into account his performance, development in role and contribution since he joined the business in 2015 and the competitiveness of his package against the market.

TAXABLE BENEFITS

The taxable benefits for the Executive Directors included a company car or car allowance, private fuel, clothing allowance and private medical insurance.

ANNUAL BONUS

For FY18 the maximum annual bonus opportunity for the Executive Directors was 100% of salary (and 150% of salary for Marc Dench, with one third of award paid in cash and two thirds as shares deferred for three years) subject to the achievement of stretching PBT performance targets.

DIRECTORS' REMUNERATION REPORT
CONTINUED

The structure and targets for the FY18 annual bonus, that were established at the start of the year, are set out in the following table. Below the Threshold level no annual bonus is payable, between each level the annual bonus award percentage increases on a linear basis.

LEVEL	THRESHOLD	TARGET	MAXIMUM
% of maximum award	25%	50%	100%
Underlying PBT	£11.21 million	£11.80 million	£12.98 million

Based on FY18 underlying PBT of £12.968 million the Executive Directors will receive 99.5% of their maximum annual bonus opportunity. The values of each Executive Directors' annual bonus paid in cash and paid in deferred into shares (for three years) were as follows:

	CASH PAYMENT £000	DEFERRED INTO SHARES £000	TOTAL ANNUAL BONUS SHOWN IN SINGLE FIGURE TABLE ABOVE FOR FY18 £000
Tom Joule*	166.7	166.7	333.4
Colin Porter	171.6	171.6	343.2
Marc Dench	126.8	257.5	384.3

For FY19 the annual bonus opportunity will be up to a maximum of 100% of salary. The annual bonus is subject to the achievement of stretching PBT performance targets, with payment made half in cash and half deferred into shares (vesting after a further three years).

The Committee considers PBT to be the key short term financial measure. The actual FY19 annual bonus targets are not disclosed due to commercial confidentiality reasons but the PBT target will be disclosed when we report the performance out-turn in the FY19 Directors' Remuneration Report.

LONG-TERM INCENTIVES

There were no LTIP awards due to vest in respect of the year ended 27 May 2018.

In FY18, the Committee granted LTIP awards as set out in the table below. The share price used to calculate the awards was £3.14, being the closing share price on the day immediately preceding the awards.

LTIP 2017	DATE OF GRANT	% OF SALARY	NUMBER OF SHARES
Tom Joule	18 August 2017	100%	106,858
Colin Porter	18 August 2017	100%	110,048
Marc Dench	18 August 2017	150%	119,617

Vesting of the awards will be based upon achievement against two targets. 80% of the awards will be subject to underlying diluted Earnings Per Shares (EPS) delivered in the final year of the performance period (FY20) and 20% subject to international revenue delivered in the final year of the performance period FY20. Vesting is determined on a straight-line basis between the target ranges. The target ranges are summarised below.

EPS TARGET (80%)	VESTING %	FY20 TARGET
Threshold	25%	14.0 pence
Maximum	100%	18.0 pence

INTERNATIONAL REVENUE TARGET (20%)	VESTING %	FY20 TARGET
Threshold	25%	£36.0 million
Maximum	100%	£46.0 million

For FY19, the Committee intends to grant LTIP awards as set out in the table below.

LTIP 2018	% OF SALARY
Tom Joule*	100%
Colin Porter	100%
Marc Dench	100%

**Because Tom Joule's existing shareholding in the business is greater than 30%, the deferred share award to be granted to Tom Joule will be conditional on approval of a separate resolution at the AGM in relation to Rule 9 of the Takeover Code.*

DIRECTORS' REMUNERATION REPORT
CONTINUED

Vesting of the awards will be based upon the amount of the adjusted diluted Earnings Per Share (EPS) and the level of international revenue delivered in the final Financial Year of the three-year performance period (FY21).

- EPS target (80% of award): Below the threshold vesting target of 16.5 pence, none of the award will vest. 25% of the award will vest if underlying diluted EPS is 16.5 pence, with 100% vesting at 21.5 pence and vesting determined on a straight-line basis between these figures.
- International revenue target (20% of award): Below the threshold vesting target of £46 million, none of the award will vest. 25% of the award will vest if international revenue is £46 million, with 100% vesting at £66 million. Vesting is determined on a straight-line basis between these figures.

EPS TARGET (80%)	VESTING %	FY21 TARGET
Threshold	25%	16.5 pence
Maximum	100%	21.5 pence

INTERNATIONAL REVENUE TARGET (20%)	VESTING %	FY21 TARGET
Threshold	25%	£46.0 million
Maximum	100%	£66.0 million

EPS is the most suitable performance measure for the Group supporting a focus on profitability and growth and has therefore been chosen as the primary LTIP metric.

NON-EXECUTIVE DIRECTOR FEES
Details of Non-executive Directors' fees for FY19 are set out below:
- Chairman's fee: £85,000, increasing to £120,000 from 1 August 2018
- Non-executive director fee: £50,000 for David Stead and £45,000 for Jill Little
- Additional fee for chair of a Board Committee: £5,000

During the year the Chairman's fee, which incorporates the fee for chairing the Nomination Committee, was reviewed and increased from £75,000 to £85,000. Following the appointment of Ian Filby as Non-Executive Chairman, commencing 1 August 2018, the Chairman's fee will be increased to £120,000.

PAYMENTS MADE TO FORMER DIRECTORS DURING THE YEAR
No payments were made in the year to any former Director of the Group.

PAYMENTS FOR LOSS OF OFFICE MADE DURING THE YEAR
No payments for loss of office were made in the year to any Director of the Group.

STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTERESTS
The interests of the Directors and their immediate families in the Group's ordinary shares as at 27 May 2018 were as follows.

	BENEFICIALLY OWNED AT 28 MAY 2017 NO. OF SHARES	BENEFICIALLY OWNED AT 27 MAY 2018 NO. OF SHARES	SHAREHOLDING GUIDELINES MET	UNVESTED OUTSTANDING SHARE AWARDS AT 27 MAY 2018 NO. OF SHARES*	VESTED, UNEXERCISED SHARE AWARDS AT 27 MAY 2018 NO. OF SHARES
Executive Directors					
Tom Joule	28,147,210	28,147,210	Yes	353,080	-
Colin Porter	2,269,822	1,519,822	Yes	363,619	-
Marc Dench	82,500	53,263	No	497,752	312,500**
Non-Executive Directors					
Neil McCausland	625,375	475,375	n/a	-	-
Jill Little	15,625	25,625	n/a	-	-
David Stead	31,250	31,250	n/a	-	-

**Includes: ESOP, LTIP, Deferred share awards and SAYE*
***ESOP options granted at the time of the IPO with an exercise price of £1.60 per share*

The interests of the Directors and their immediate families in the Group's ordinary shares did not change between 27 May 2018 and the date these accounts were signed on 24 July 2018.

DIRECTORS' REMUNERATION REPORT
CONTINUED

OUTSTANDING DIRECTORS' SHARE AWARDS
Each Executive Director holds awards under the Company's LTIP, Deferred Bonus Plan (DBP), SAYE Scheme and Executive Share Option Scheme (ESOS) as follows.

DIRECTOR	SHARE PLAN	DATE OF GRANT	SHARE PRICE AT GRANT	EXERCISE PRICE	NUMBER OF SHARES/ OPTION AWARD	PERFORMANCE PERIOD	VESTING DATE
Tom Joule	LTIP 2017	18 August 2017	£3.14	£0.01	106,858	Three years to end of FY20	24 July 2020
	DBP FY17	18 August 2017	£3.14	£0.01	51,455	-	24 July 2020
	LTIP 2016	6 July 2016	£1.72	£0.01	194,767	Three years to end of FY19	6 July 2019
Colin Porter	LTIP 2017	18 August 2017	£3.14	£0.01	110,048	Three years to end of FY20	24 July 2020
	DBP FY17	18 August 2017	£3.14	£0.01	52,990	-	24 July 2020
	LTIP 2016[1]	6 July 2016	£1.72	£0.01	200,581	Three years to end of FY19	6 July 2019
Marc Dench	LTIP 2017	18 August 2017	£3.14	£0.01	119,617	Three years to end of FY20	24 July 2020
	DBP FY17	18 August 2017	£3.14	£0.01	54,142	-	24 July 2020
	LTIP 2016[1]	6 July 2016	£1.72	£0.01	191,860	Three years to end of FY19	6 July 2019
	DBP FY16	14 July 2016	£1.66	£0.01	132,132	-	14 July 2019
	ESOS	26 May 2016	£1.60	£1.60	312,500	-	26 May 2018

[1]Colin Porter and Marc Dench also received tax qualifying options of up to a maximum of £30,000, which were granted under the Tax Qualifying LTIP, and subject to the same performance conditions as the LTIP award. The tax qualifying options have an exercise price of £1.72 per share (being the market value on the date of grant). The vesting of the LTIP award will be scaled back to take account of any gain made under the tax qualifying option.

REMUNERATION COMMITTEE
The members of the Committee are Jill Little (Chair), Neil McCausland and David Stead. The Group's General Counsel attends the meeting as secretary to the Committee. The Committee meets at least once a year and has responsibility for:

- Maintaining the remuneration policy;
- Reviewing and determining the remuneration packages of the Executive Directors;
- Monitoring the level and structure of the remuneration of Senior Management; and
- Production of the annual report on Directors' remuneration

The Chief Executive Officer and Chief Financial Officer occasionally attend meetings and provide information and support as requested. Neither Executive Director is present when his remuneration package is considered.

The duties of the Remuneration Committee are set out in its Terms of Reference, which are available on the Group's website (www.joulesgroup.com) and are also available on request from the Company Secretary.

This report was approved by the Board on 24 July 2018 and signed on its behalf by:

JILL LITTLE
Remuneration Committee Chairman

DIRECTORS' REPORT

JOULES GROUP PLC

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of the Group, together with the financial statements and Auditors' Report, for the 52 weeks ended 27 May 2018. The Governance Framework Section on pages 35 to 37 also forms part of this Directors' Report.

DIRECTORS

The Directors of the Company during the period under review were, and subsequently to the date of this report, were:

Neil McCausland
Tom Joule
Colin Porter
Marc Dench
David Stead
Jill Little

RESULTS AND DIVIDENDS

Results for the 52 weeks ended 27 May 2018 are set out in the Consolidated Income Statement on page 62. The Directors are recommending a final dividend of 1.3 pence per share which, if approved, at the AGM will result in a full year dividend of 2.0 pence per share for FY18.

ARTICLES OF ASSOCIATION

A copy of the full articles of association are available on request from the Company Secretary and are also available on the Group's website www.joulesgroup.com. Any amendments to the articles of association can be made by a special resolution of the Shareholders.

SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDERS

Details of the issued share capital, together with details of the movements during the year, are shown in Note 18 to the Consolidated Financial Statements. The Company has one class of ordinary share and each ordinary share carries the right to one vote at general meetings of the Company.

At 27 May 2018 the Company had been notified of the following substantial shareholders comprising 3% or more of the issued ordinary share capital of the Company:

	% OF ISSUED SHARE CAPITAL
Tom Joule	32.17%
Standard Life	9.87%
Blackrock	7.97%
Hargreave Hale	7.18%
Octopus Investments	6.03%
Old Mutual Global Investors	5.89%
Columbia Threadneedle Investments	3.54%

There has been no significant changes to substantial shareholders since the year end.

ACQUISITION OF THE COMPANY'S OWN SHARES

At the AGM held on 27 September 2017, the Company was authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of up to 8,750,114 Ordinary Shares (being approximately 10 per cent of the Share Capital) on such terms and in such manner as the Directors of the Company may from time to time determine. This authority was not used during the year or up to the date of this report. Shareholders will be asked to renew these authorities at the AGM as detailed in the next AGM Notice. The Company held no treasury shares during the year.

DIRECTORS' INTERESTS

Details of the Directors' beneficial interests are set out in the Remuneration Report on pages 41 to 49.

DIRECTORS' INDEMNITIES AND DIRECTORS AND OFFICERS' LIABILITY INSURANCE

The Company has purchased Directors' and Officers' liability insurance during the year as allowed by the Company's articles.

FINANCIAL RISK MANAGEMENT

Details of the Directors' assessment of the principal risks and uncertainties which could impact the business are outlined in the Principal Risks and Uncertainties section on pages 24 and 25. The Board manages internal risk through the on-going review of the Group's risk register and the Board manages external risk through the monitoring of the economic and regulatory environment and market conditions.

GOING CONCERN

The Directors have prepared a detailed forecast with a supporting business plan for the foreseeable future. The forecast indicates that the Group will remain in compliance with covenants throughout the forecast period. As such, the Directors have a reasonable expectation the Company and Group will have adequate resources to continue in operational existence for the foreseeable future. The forecasts have also been stress tested through scenario analysis and the Directors remain confident in the validity of the going concern assumption. As a result, they continue to prepare the financial statements on the basis of going concern.

VIABILITY STATEMENT

The Directors have also assessed the Group's prospects and viability over the three-year period to 30 May 2021. This three-year assessment period was selected as it corresponds with the Board's strategic planning horizon.
In making this assessment, the Directors have taken account of the Group's current financial position, annual budget for the year ending 26 May 2019, three-year plan forecasts and sensitivity analysis and testing. The Board also considered a number of other factors, including the Group business model

and strategy, risks and uncertainties and risk management and internal control effectiveness. While the principal risks and uncertainties could impact future performance, none of them is considered likely, individually or collectively, to affect the viability of the business during the three-year assessment period. The Group is operationally strong with a robust balance sheet and has a track record of delivering profitable and sustainable growth.

Based on this assessment, the Directors have a reasonable expectation that the Group will continue in operation and meet all its liabilities as they fall during the period up to 30 May 2021.

POST BALANCE SHEET EVENTS

There have been no material post balance sheet events.

ANNUAL GENERAL MEETING

The Company's AGM will be held on 27 September 2018.

FUTURE DEVELOPMENTS IN THE BUSINESS OF THE COMPANY

The Strategic Report on pages 10 to 31 sets out the likely future developments of the Company.

CHANGE OF CONTROL

So far as the Directors are aware, there are no arrangements in place that the operation of which at a later date may result in a change of control of the Company.

BRANCHES OUTSIDE THE UK

In addition to subsidiary companies in USA, China and Hong Kong, the Group has branches in France, Germany and the Republic of Ireland.

POLITICAL DONATIONS

No political donations were made during the period under review.

EMPLOYEE INVOLVEMENT

The Directors recognise that communication with the Group's employees is essential and the Group places importance on the contributions and view of its employees. Details of employee involvement are set out in the Social Responsibility Report on pages 26 to 31.

DISABLED EMPLOYEES

Details of the Group's policy in relation to disabled employees is set out in the Social Responsibility Report on pages 26 to 31.

DISCLOSURE OF INFORMATION TO THE AUDITORS

In the case of each Director in office at the date the Directors' Report is approved, the following applies:

- The Director knows of no information, which would be relevant to the auditors for the purpose of their audit report, of which the auditors are not aware; and
- The Director has taken all steps that he/she ought to have taken as a director to make him/herself aware of any such information and to establish that the auditors are aware of it.

AUDITOR

The Auditor, Deloitte LLP, have indicated their willingness to continue in office and a resolution seeking to re-appoint them will be proposed at the AGM.

JONATHAN DARGIE
Company Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

JOULES GROUP PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern

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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy

This responsibility statement was approved by the board of directors on 24 July 2018 and is signed on its behalf by:

MARC DENCH
Chief Financial Officer
24 July 2018

IN A FIELD OF OUR OWN

Our Printed Wellies helped Joules become the brand it is today. Waterproof and made to withstand any (wet) weather conditions, they're handcrafted using hardwearing natural rubber and adorned with hand-drawn prints. They've been standing out from the crowd for years.

CHAPTER

3

CONSOLIDATED FINANCIAL STATEMENTS

let's take a walk...

AUDITOR'S REPORT

JOULES GROUP PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOULES GROUP PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion:

- the financial statements of Joules Group plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 27 May 2018 and of the group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements of Joules Group plc and its subsidiaries which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 35

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SUMMARY OF OUR AUDIT APPROACH

KEY AUDIT MATTERS	The key audit matters that we identified in the current year were: • Manual adjustments to revenue including returns provisions. • Completeness of inventory and goods in transit.
MATERIALITY	The materiality that we used for the group financial statements was £559,000 which was determined as 5% of statutory profit before taxation.
SCOPING	Our full scope audit procedures covered the main UK entity which accounted for 94% of the total revenue for the group and 96% of the group's profit from the group's profit-making entities, before consolidation eliminations. We have undertaken specific procedures on certain balances in the group's overseas subsidiaries to address specific risks to the group.

CONCLUSIONS RELATING TO GOING CONCERN

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in 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.

AUDITOR'S REPORT
CONTINUED

KEY AUDIT MATTERS
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

MANUAL ADJUSTMENTS TO REVENUE INCLUDING RETURNS PROVISION	
DESCRIPTION OF KEY AUDIT MATTER	As described in note 1 to the financial statements the Group has different revenue streams that have separate characteristics. Customers are entitled to return products after purchase for a defined period of time. The Directors apply estimates in both the retail (stores and e-commerce) and wholesale business streams, as outlined in note 1, in determining the level of provision that is required. Returns from the e-commerce business are typically at a higher level than traditional store retailing which therefore makes the judgements involved more significant in determining the level of provision, the total returns provision is £767,000 as outlined in note 14. There is a risk that manual adjustments are made between the underlying EPOS sales system and the nominal ledger that do not reflect the substance of the sales transaction.
HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE KEY AUDIT MATTER	We documented and evaluated the design and implementation of controls over the returns provision. We recalculated the provision for returns and tested the integrity of the data that has been used by management by agreeing through to underlying supporting evidence. We traced a sample of transactions to source documentation, in addition we performed an analytical review of the returns provision based on gross levels of sales as well as comparing with historical levels of accuracy by assessing the levels of returns against the previous provision. We reconciled by store from the underlying sales records to the nominal ledger and then investigated any variances.
KEY OBSERVATIONS	The results of our testing were satisfactory. The key assumptions applied in the returns provision are appropriate and manual adjustments to the sales details upload that have been processed are supported by commercial rationale and supporting evidence.

COMPLETENESS OF INVENTORY AND GOODS IN TRANSIT	
DESCRIPTION OF KEY AUDIT MATTER	The group has significant inventory movement from its UK stores and overseas subsidiaries to and from both its distribution centre and its supply chain. Such goods are often in transit at a period end which requires them to be accounted for accurately depending on the terms of their purchase. At the year end there were £10.4m of goods in transit as shown in note 10. The group should recognise inventory when the risks and rewards transfer to the group; which can often be when they are in transit.
HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE KEY AUDIT MATTER	We documented and evaluated the design and implementation of the control process executed by management to assess the monitoring of negative inventory balances and inventory monitoring. We have verified that items that have been checked out of store inventory had been correctly recognised at the distribution centre. We reviewed inventory ledgers by stock keeping unit ("SKU") by location highlighting negative inventory balances which could indicate inventory unaccounted for which is in transit. Negative balances were then investigated. We reviewed purchases made before the period end and checked that the goods on the water have been recognised in inventory where appropriate. For a sample of inventory suppliers, we obtained third party confirmation with the corresponding reconciliations from management and ensured all goods in transit had been suitably accrued.

COMPLETENESS OF INVENTORY AND GOODS IN TRANSIT (CONTINUED)	
KEY OBSERVATIONS	The results of our testing were satisfactory and do not note any material misstatements in relation to the inventory management or treatment of goods in transit.

OUR APPLICATION OF MATERIALITY
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	GROUP FINANCIAL STATEMENTS	PARENT COMPANY FINANCIAL STATEMENTS
MATERIALITY	£559,000	£550,000
BASIS FOR DETERMINING MATERIALITY	5% of statutory profit before tax.	The Parent Company's materiality is based on 3% of its net assets, but adjusted to take into consideration Group materiality.
RATIONALE FOR THE BENCHMARK APPLIED	We have assessed that the use of profit before tax is the most appropriate measure upon which to base materiality as this continues to be a key driver of the business's value, is a critical component of the financial statements and a key metric that management use to monitor the performance of the business and communicate this to shareholders.	We have assessed the use of the net asset balance to be appropriate as the parent company acts as a holding company for the group's operations and as such the value of its net assets is the key financial metric.

We agreed with the Audit Committee that we would report all audit differences in excess of £27,950 for the group, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT
Our full scope audit procedures covered the main UK entity and the parent company. As the overseas subsidiaries act as distribution channels for the UK entity these were not deemed to be significant components. The main UK trading entity, Joules Limited contributes 94% of the group's total revenue and generates 96% of the group's profit from profit-making entities, before consolidation eliminations and 96% of the group's net assets before consolidation eliminations.

Due to the nature of the group we have undertaken specific procedures on certain balances within the overseas components, specifically in relation to the entities in Hong Kong, China and USA. Audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team. The specific testing conducted on these balances was undertaken at a component materiality that was 40% of the group's materiality.

The range of component materialities used was between 40% and 97.5% of that of the group being £224,000 and £550,000.

At the parent company level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified balances.

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 respect of these matters.

AUDITOR'S REPORT
CONTINUED

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC'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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements

In the light of the knowledge and understanding of the group and or the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION
Under the Companies Act 2006 we are required to report to you if, in our opinion:
- we have not received all the information and explanations we require for our audit; or
- 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

We have nothing to report in respect of these matters.

DIRECTORS' REMUNERATION
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

ANDREW HALLS FCA
Senior statutory auditor
For and on behalf of Deloitte LLP
Statutory Auditor
Nottingham, UK
24 July 2018

CONSOLIDATED INCOME STATEMENT

JOULES GROUP PLC

	NOTE	52WKS ENDED 27 MAY 2018 £'000	52WKS ENDED 28 MAY 2017 £'000
REVENUE	2	**185,933**	157,032
Cost of sales	5	(82,403)	(69,981)
GROSS PROFIT		**103,530**	87,051
Administrative expenses	5	(90,226)	(76,729)
Share based payments	26	(1,766)	(829)
Non-recurring administrative expenses	5	-	(341)
Total administrative expenses		**(91,992)**	(77,899)
OPERATING PROFIT		**11,538**	9,152
Finance costs	6	(348)	(241)
PROFIT BEFORE TAX		**11,190**	8,911
Income tax expense	7	(2,564)	(2,568)
PROFIT FOR THE PERIOD		**8,626**	6,343
Basic earnings per share (pence)	25	9.86	7.25
Diluted earnings per share (pence)	25	9.74	7.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

JOULES GROUP PLC

	NOTE	52WKS ENDED 27 MAY 2018 £'000	52WKS ENDED 28 MAY 2017 £'000
PROFIT FOR THE PERIOD		**8,626**	6,343
Items that may be reclassified subsequently to profit or loss:			
Net loss arising on changes in fair value of hedging instruments entered into for cash flow hedges	20	(308)	(640)
Gains arising during the period on deferred tax on cash flow hedges	20	31	112
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		**(277)**	(528)
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations	20	422	11
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**8,771**	5,826

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JOULES GROUP PLC

	NOTE	27 MAY 2018 £'000	28 MAY 2017 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	8	18,049	11,646
Intangibles	9	12,614	9,499
Deferred tax	17	1,148	612
Derivative financial instruments	11	428	117
TOTAL NON-CURRENT ASSETS		**32,239**	**21,874**
CURRENT ASSETS			
Inventories	10	32,795	21,194
Trade and other receivables	12	16,456	14,013
Cash and cash equivalents	21	8,571	6,964
Derivative financial instruments	11	910	1,228
TOTAL CURRENT ASSETS		**58,732**	**43,399**
TOTAL ASSETS		**90,971**	**65,273**
CURRENT LIABILITIES			
Trade and other payables	13	40,008	32,256
Current corporation tax payable		1,355	1,018
Borrowings	15	5,559	333
Provisions	14	1,031	636
Derivative financial instruments	11	1,680	951
TOTAL CURRENT LIABILITIES		**49,633**	**35,194**
NON-CURRENT LIABILITIES			
Borrowings	15	2,972	294
Derivative financial instruments	11	-	**551**
TOTAL NON-CURRENT LIABILITIES		**2,972**	**845**
TOTAL LIABILITIES		**52,605**	**36,039**
NET ASSETS		**38,366**	**29,234**
EQUITIES			
Share capital	18	875	875
Hedging reserve	20	(277)	(139)
Translation reserve	20	361	(61)
Merger reserve	19	(125,807)	(125,807)
Retained earnings	19	151,804	142,956
Share premium	19	11,410	11,410
TOTAL EQUITY		**38,366**	**29,234**

These financial statements of Joules Group plc (Company Registration Number 10164829) were approved by the Board of Directors and authorised for issue on 24 July 2018 and were signed on behalf of the Board of Directors by -

MARC DENCH
Chief Financial Officer
24 July 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

JOULES GROUP PLC

	MERGER RESERVE £'000	HEDGING RESERVE £'000	TRANSLATION RESERVE £'000	SHARE CAPITAL £'000	SHARE PREMIUM £'000	RETAINED EARNINGS £'000	TOTAL EQUITY £'000
BALANCE AT 29 MAY 2016	**(125,807)**	**389**	**(72)**	**875**	**11,410**	**136,224**	**23,019**
Profit for the period	-	-	-	-	-	6,343	**6,343**
Other comprehensive income for the period	-	(528)	11	-	-	-	**(517)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	**(528)**	**11**	-	-	**6,343**	**5,826**
Dividends Issued (note 27)	-	-	-	-	-	(525)	**(525)**
Shares issued (note 26)	-	-	-	-	-	-	**-**
Credit to equity for equity-settled share based payments excl. NI (note 26)	-	-	-	-	-	737	**737**
Gains arising during the period on deferred tax on share based payments	-	-	-	-	-	177	**177**
BALANCE AT 28 MAY 2017	**(125,807)**	**(139)**	**(61)**	**875**	**11,410**	**142,956**	**29,234**
Profit for the period	-	-	-	-	-	8,626	**8,626**
Other comprehensive income for the period	-	(277)	422	-	-	-	**145**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	**(277)**	**422**	-	-	**8,626**	**8,771**
Basis adjustment to hedged inventory	-	139	-	-	-	-	**139**
Dividends Issued (note 27)	-	-	-	-	-	(1,663)	**(1,663)**
Shares issued (note 26)	-	-	-	-	-	-	-
Credit to equity for equity-settled share based payments excl. NI (note 26)	-	-	-	-	-	1,595	**1,595**
Gains arising during the period on deferred tax on share based payments	-	-	-	-	-	290	**290**
BALANCE AT 27 MAY 2018	**(125,807)**	**(277)**	**361**	**875**	**11,410**	**151,804**	**38,366**

CONSOLIDATED CASH FLOW STATEMENT

JOULES GROUP PLC

	NOTE	52WKS ENDED 27 MAY 2018 £'000	52WKS ENDED 28 MAY 2017 £'000
Cash generated from operations			
PROFIT FOR THE PERIOD		**8,626**	**6,343**
Adjustments for:			
Depreciation	8	6,360	4,920
Amortisation	9	1,453	1,688
Share based payments	26	1,766	829
Finance expense		348	241
Tax expense		2,564	2,568
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL		**21,117**	**16,589**
Increase in inventory (including settlement of derivatives)		(11,601)	(1,941)
Increase in receivables		(2,443)	(3,157)
Increase in payables		8,105	4,108
CASH GENERATED BY OPERATIONS		**15,178**	**15,599**
Interest paid		(308)	(241)
Tax paid		(2,227)	(997)
NET CASH FROM OPERATING ACTIVITIES		**12,643**	**14,361**
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets	8/9	(17,228)	(10,700)
NET CASH FROM INVESTING ACTIVITIES		**(17,228)**	**(10,700)**
Cash flow from financing activities			
Repayment of borrowings	22	(596)	(5,461)
Proceeds from borrowings	22	8,500	-
Dividend paid	27	(1,663)	(525)
NET CASH FROM FINANCING ACTIVITIES		**6,241**	**(5,986)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	22	**1,656**	**(2,325)**
Cash and cash equivalents at beginning of period		6,964	9,278
Effect of foreign exchange rate changes		(49)	11
CASH AND CASH EQUIVALENTS AT END OF PERIOD	21	**8,571**	**6,964**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JOULES GROUP PLC

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The particular accounting policies adopted and applied are described below.

The Group financial statements comprise the financial information of the parent undertaking and its subsidiary undertakings.

Joules Group plc is a public company limited by shares whose principal activities are the design and sale of lifestyle clothing, related accessories and a homeware range, through the multi-channel business structure embracing retail stores, e-commerce, county shows and events and wholesale. The company's registered office is Joules Building, The Point, Rockingham Road, Market Harborough, Leicestershire, LE16 7QU.

For the year ended 27 May 2018 the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

Subsidiary name	Companies House registration number
Joules Investments Holdings Limited	08752970
Joules Limited	02934327

(IFRSs) Application of new and revised International Financial Reporting Standards (IFRSs)

Adoption of new and revised standards

There have been no new IFRSs adopted in the current year which have impacted the Group's financial statements, with the exception of IAS 7 which has been incorporated in to these financial statements.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 1 (amendments)	Annual improvements
IFRS 2 (amendments)	Share-based payment
IFRS 4 (amendments)	Insurance contracts
IFRS 9	Financial instruments
IFRS 15	Revenue from contracts with customers
IFRS 16	Leases
IFRS 17	Insurance contracts
IAS 19 (amendments)	Plan Amendment, Curtailment or Settlement
IAS 28 (amendments)	Annual improvements
IAS 40 (amendments)	Investment properties

The Directors have considered the impact of the adoption of the Standards and Interpretations listed above and have come to the following assessment;

- IFRS 9 Financial Instruments: The standard is applicable to financial assets and financial liabilities, and covers the classification, measurement, impairment and derecognition of financial assets and financial liabilities together with introducing new rules for hedge accounting and a new impairment model for financial assets. The Group has reviewed its financial assets and liabilities and does not expect the new guidance to affect their classification and measurement. The key change for the Group is around the documentation of policies, hedging strategy and new hedge documentation. The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group has confirmed that its current hedge relationships will qualify as continuing hedges upon the adoption of IFRS 9 and updated hedge documentation is in place from 28 May 2018.

- IFRS 15 Revenue from contracts with customers: The new impairment model requires the recognition of impairment provisions based on expected credit losses ('ECL') rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under IFRS 15 "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts. Many of these categories are not applicable to Joules. Based on the assessments undertaken to date, the Group does not expect any material increase in the loss allowance for trade debtors. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments, particularly in the year of the adoption of the new standard.

- IFRS 16 Leases: will have a material impact on the reported assets, liabilities and income statement for the Group. The standard will be applied for accounting periods starting after 1 January 2019, therefore the Group's first financial year that is impacted will be the year ending 31st May 2020. IFRS16 requires operating leases to be capitalised on the statement of financial position. The Directors have performed a review of the effect of IFRS 16 on the Group and the indicative impact is to increase fixed assets by approximately £58 million at 27 May 2018, being the present value of future lease obligations with a corresponding increase in liabilities of £58 million. Profit before tax, in FY18, would have a marginal reduction of approximately £0.4 million as the result of the imputed finance charge on the lease liability, this impact reverses as the average lease lengths mature. The cash flow impact is nil.

Basis of preparation

The financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

The preparation of financial statements in conformity with International Financial Reporting Standards adopted by the European Union requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

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

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

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the entity.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Going concern

The Directors have prepared a detailed forecast with a supporting business plan for the foreseeable future. The forecast indicates that the Group will remain in compliance with covenants throughout the forecast period. As such, the Directors have a reasonable expectation the Company and Group will have adequate resources to continue in operational existence for the foreseeable future. As such, they continue to prepare the financial statements on the basis of going concern.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recorded excluding Value Added Tax and is reduced for actual and estimated customer returns, discounts, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered, titles have passed and the amount of revenue can be measured reliably:

- Retail revenue is recognised when a Group entity sells a product to a customer.
  The Group sells retail products with the right to return and experience is used to estimate and provide for the value of such returns at the time the sale is made.
- Wholesale revenue is recognised when title has passed in accordance with the individual terms of trade.
- Licensing income receivable from licensees is accrued as earned based on the relevant licence agreement terms.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services or for administrative purposes, are stated in the statement of financial position at their fair value, being the deemed cost at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease term, whichever is the shorter.

Land and Buildings	- Buildings straight line over 25 years, Land non-depreciating
Leasehold improvements	- straight line over the lease period, typically 5-10 years
Fixtures and fittings	- straight line over 3 - 5 years
Motor vehicles	- straight line over 4 years

Useful lives are reviewed annually and carrying values adjusted in line with third party valuations where appropriate.

Intangible assets

IT systems

Software and IT represent computer systems and processes used by the Group in order to generate future economic value through normal business operations. The underlying assets are amortised over the period from which the Group expects to benefit, which is typically between three to eight years. The new ERP system will be depreciated over eight years.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research and development expenditure

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

Internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets

At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the 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 an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Inventories

Inventory is carried in the financial statements at the lower of cost and net realisable value. Cost includes product purchase price and associated inward transportation costs. Net realisable value is based on estimated selling price less further costs incurred to disposal.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, following the relevant accounting for utilising temporary differences.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

Transactions entered into by the Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transaction occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated statement of comprehensive income. The assets and liabilities of overseas subsidiaries denominated in a foreign currency, including fair value adjustments arising on consolidation, are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of overseas subsidiaries are translated into sterling using average foreign exchange rates ruling at the date of transaction. Foreign exchange differences arising on retranslation are recognised in the retranslation reserve in equity.

Hire purchase and leasing commitments (Leasing)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Certain rental expenses are determined on the basis of revenue achieved in specific retail locations and accrued for on that basis.

Pensions

The Group operates a defined contribution pension scheme. Contributions payable for the period are recognised as an expense when employees have rendered service entitling them to the contributions.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation, net of any third-party recoveries that can be measured reliably.

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.

Returns provision

Present obligations arising under sales returns are recognised and measured as provisions when it is probable that the Group will be required to settle the obligation under sales contracts. Returns provisions in existence at the balance sheet date are expected to be utilised within 12 months, the provision is recalculated at each balance sheet date taking into account recent sales and anticipated levels of returns.

Lease dilapidation

The Group recognises present obligations arising from lease contracts where it is required to restore leased properties to their pre-lease condition upon the expiry of leases. Lease dilapidations provisions are expected to be utilised in the next financial year.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Trade and other receivables

Trade and other receivables originated by the company are stated at amortised cost as reduced by appropriate allowances for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the statement of financial position and include overdrafts where these are used on a day-to-day basis to manage cash.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and are classified as either financial liabilities at 'fair value through the income statement' ("FVTPL") or 'other financial liabilities'.

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

Other financial liabilities

Other financial liabilities, including loans payable, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost.

Loans payable

Interest-bearing loans are initially recorded on the day that the loans are advanced at the net proceeds received.

At subsequent reporting dates, interest-bearing borrowings are measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on the accrual basis in the statement of comprehensive income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are stated at amortised cost.

Derivative financial instruments and cash flow hedges

The Group holds derivative financial instruments to hedge its foreign currency exposures. These derivatives, classified as cash flow hedges, are initially recognised at fair value and then re-measured at fair value at the end of each reporting date. Hedging instruments are documented at inception and effectiveness is tested throughout their duration. Changes in the value of cash flow hedges are recognised in other comprehensive income and any ineffective portion is immediately recognised in the statement of comprehensive income. If the firm commitment or forecast transaction that is the subject of a cash flow hedge results in the recognition of a non-financial asset or liability, then at the time the asset is recognised, the associated gains or losses on the derivative that had been previously recognised on other comprehensive income are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or liability, amounts deferred in other comprehensive income are recognised in the statement of comprehensive income in the same period in which the hedged item affects net profit.

Share-based payments

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

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

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Critical accounting judgements and key sources of estimation uncertainty

Drawing up the financial statements in accordance with IFRS requires management to make the necessary estimates and assessments. Estimates are based on past experience and other reasonable assessment criteria. There remains a probability, however, that the estimates and assessments will bring about an adjustment in the value of the assets and liabilities in the next financial year.

In accordance of IAS 1 the Group is required to disclose critical accounting judgements and key source of estimation uncertainty. The directors have assessed that the Group does not have any critical accounting judgements or key estimations that have been used in assumptions that may have a material impact on the amounts of assets and liabilities recognised in the financial statements.

Areas of non-key financial estimates that do not have a material impact on the financial statements are detailed below:

Impairment: Stores are identified for impairment testing primarily on the basis of current performance, with growth assumptions based on directors' knowledge and experience. The Directors have used forecast models and an appropriate pre-tax weighted average cost of capital in its property, plant and equipment impairment calculations.

Inventory valuation: Inventory is carried in the financial statements at the lower of cost and net realisable value. Cost includes product purchase price and associated inward transportation costs. Net realisable value is based on estimated selling price less further costs incurred to disposal.

The Directors have used their knowledge and experience of the retail industry in determining the level and rates of provisioning required to calculate the appropriate inventory carrying values. Sales in the retail industry vary with changes in consumer demand. As a result, there is a risk that the cost of inventory exceeds its net realisable value. Management calculate the inventory provision on the basis of the ageing profile of what is in stock. Adjustments are made where appropriate based on directors' knowledge and experience to calculate the appropriate inventory carrying values.

Returns provision: Accruals for sales refunds are based on recent historical returns and management's best estimates and are allocated to the period in which the revenue is recorded.

2. REVENUE

The revenue and profit before taxation are attributable to the one principal activity of the Group.

	52WKS ENDED 27 MAY 2018 £'000	52WKS ENDED 28 MAY 2017 £'000
Sale of goods	185,933	157,032
	185,933	157,032

3. SEGMENT REPORTING

The Group has three reportable segments; Retail, Wholesale and Other. For each of the three segments, the Group's chief operating decision maker (the "Board") reviews internal management reports on a monthly basis. Each segment can be summarised as follows:

- **Retail:** Retail includes sales and costs relevant to stores, e-commerce, shows and franchises.
- **Wholesale:** Wholesale includes sales and costs relevant to the sale of products to other retail businesses or distributors for onward sale to their customer.
- **Other:** Other includes income from licencing, central costs and items that are not distinguishable into the segments above.

The accounting policies of the reportable segments are the same as described in note 1. Information regarding the results of each reportable segment is included below. Segment results before non-recurring costs, being underlying earnings before interest, taxation, depreciation and amortisation, are used to measure performance as management believes that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries.

There are no discontinued operations in the period.

52 WEEKS ENDED 27 MAY 2018	RETAIL £'000	WHOLESALE £'000	OTHER £'000	**TOTAL £'000**
REVENUE	129,680	55,528	725	**185,933**
Cost of sales	(48,636)	(33,767)	-	**(82,403)**
GROSS PROFIT	**81,044**	**21,761**	**725**	**103,530**
Administration expenses	(46,586)	(10,334)	(25,493)	**(82,413)**
SEGMENT RESULT	**34,458**	**11,427**	**(24,768)**	**21,117**
Reconciliation of segment result to profit before tax				
SEGMENT RESULT	**34,458**	**11,427**	**(24,768)**	**21,117**
Depreciation and amortisation	(4,656)	(410)	(2,747)	**(7,813)**
Share based payments (incl NI)				**(1,766)**
Non-recurring costs				-
Finance costs				**(348)**
PROFIT BEFORE TAX				**11,190**

3. SEGMENT REPORTING (continued)

52 WEEKS ENDED 28 MAY 2017	RETAIL £'000	WHOLESALE £'000	OTHER £'000	**TOTAL £'000**
REVENUE	111,884	44,749	399	**157,032**
Cost of sales	(42,389)	(27,592)	-	**(69,981)**
GROSS PROFIT	**69,495**	**17,157**	**399**	**87,051**
Administration expenses	(39,171)	(8,246)	(22,704)	**(70,121)**
SEGMENT RESULT	**30,324**	**8,911**	**(22,305)**	**16,930**
Reconciliation of segment result to profit before tax				
SEGMENT RESULT	**30,324**	**8,911**	**(22,305)**	**16,930**
Depreciation and amortisation	(3,901)	(364)	(2,344)	**(6,609)**
Share based payments (inc NI)				**(828)**
Non-recurring costs				**(341)**
Finance costs				**(241)**
PROFIT BEFORE TAX				**8,911**

Geographical information

The Group's revenue from external customers by geographical location is as detailed below.

	UK £'000	INTERNATIONAL £'000	TOTAL £'000
52 weeks ended 27 May 2018			
Revenue	161,499	24,434	185,933
Non-current assets	31,361	878	32,239
52 weeks ended 28 May 2017			
Revenue	139,030	18,002	157,032
Non-current assets	21,654	220	21,874

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	52 WEEKS ENDED 27 MAY 2018 £'000	52 WEEKS ENDED 28 MAY 2017 £'000
Staff costs during the period		
Wages and salaries	30,260	26,321
Social security costs	2,731	2,485
Other pension costs	351	232
Equity-settled share-based payment charges (incl. NI)	1,595	737
	34,937	29,775

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	NUMBER	NUMBER
Average number of employees (including Executive Directors) was:		
Head office	452	416
Stores and Shows	1,169	1,010
Warehousing	144	120
	1,765	1,546

Directors' remuneration

The tables below detail the total remuneration earned by each Executive Director:

52 WEEKS ENDED 27 MAY 2018	SALARIES/ FEES £'000	TAXABLE BENEFITS £'000	PENSION £'000	CASH BONUS £'000	BONUS DEFERRED INTO SHARES £000	TOTAL REMUNERATION £000
Executive Directors						
T S L Joule	335.0	21.1	16.8	166.7	166.7	**706.2**
C N Porter	345.0	22.6	17.3	171.6	171.6	**728.1**
M S Dench	257.5	14.7	16.2	126.8	257.5	**672.7**
Non-Executive Directors						
N W McCausland	85.0	-	-	-	-	**85.0**
J C Little	50.0	-	-	-	-	**50.0**
D A Stead	55.0	-	-	-	-	**55.0**
TOTAL	1,127.5	58.4	50.2	465.1	595.8	**2,297.0**

52 WEEKS ENDED 28 MAY 2017	SALARIES/ FEES £000	TAXABLE BENEFITS £000	PENSION £000	CASH BONUS £000	BONUS DEFERRED INTO SHARES £000	TOTAL REMUNERATION £000
Executive Directors						
T S L Joule	335.0	35.5	16.8	166.2	166.2	**719.6**
C N Porter	345.0	22.6	17.3	168.5	168.6	**722.0**
M S Dench	235.0	12.0	11.8	169.7	169.8	**598.3**
Non-Executive Directors						
N W McCausland	75.0	-	-	-	-	**75.0**
J C Little	50.0	-	-	-	-	**50.0**
D A Stead	55.0	-	-	-	-	**55.0**
TOTAL	1,095.0	70.1	45.9	504.5	504.5	**2,219.9**

The number of Directors to whom retirement benefits have accrued during the period was 3 (2017: 3).

5. PROFIT FOR THE YEAR

Profit (before tax) is stated after charging:

	52WKS ENDED 27 MAY 2018 £'000	52WKS ENDED 28 MAY 2017 £'000
Cost of inventories recognised as expense	69,794	61,851
Staff costs (see note 4)	34,937	29,775
Property, rent and service charges	13,534	11,658
Transportation, carriage and packaging	10,110	8,354
Depreciation of property, plant and equipment	6,360	4,920
Amortisation of intangible assets	1,453	1,688
Impairment loss recognised on trade receivables	-	240
Net foreign exchange gains	(796)	(247)
Write down of inventory in the period	150	126
Other expenses	38,853	29,515
TOTAL	**174,395**	**147,880**

Other expenses include non-recurring items of £nil for 52 weeks to 28 May 2018 (2017: £341,000) which have been disclosed separately on the face of the income statement in order to summarise the underlying results. The non-recurring costs in the prior period of £341,000 relate to IPO transaction costs. Neither 'underlying profit or loss' nor 'non-recurring items' are defined by IFRS, however, the Directors believe that the disclosures presented in this manner provide a clear presentation of the financial performance of the Group. Amortisation of intangible assets is included within administrative expenses in the income statement.

Auditors' remuneration	52WKS ENDED 27 MAY 2018 £'000	52WKS ENDED 28 MAY 2017 £'000
The analysis of auditors' remuneration is as follows:		
Audit of these financial statements	8	6
Audit of financial statements of subsidiaries of the Company	90	74
TOTAL AUDIT FEES	**98**	80
Other services pursuant to legislation:		
Tax compliance	2	27
Tax advice	13	32
Audit related assurance services	4	13
Remuneration and share plan advisory	22	54
Other services	5	-
TOTAL NON-AUDIT FEES	**46**	126

6. FINANCE COSTS

	52WKS ENDED 27 MAY 2018 £'000	52WKS ENDED 28 MAY 2017 £'000
Bank loan interest	254	176
Term loan interest	56	-
Finance lease interest	38	65
	348	241

7. INCOME TAX

a) Analysis of charge in the period	52WKS ENDED 27 MAY 2018 £'000	52WKS ENDED 28 MAY 2017 £'000
Current tax		
UK corporation tax based on the profit for the period	3,090	2,563
Adjustment in respect of prior periods	(39)	(347)
Overseas tax	17	21
TOTAL CURRENT TAX CHARGE	**3,068**	**2,237**
Deferred taxation (note 17)		
Adjustment in respect of prior periods	(148)	366
Deferred tax on share based payments	(290)	(113)
Movement in fixed asset timing differences	(89)	(50)
Movement on disallowable provision	23	113
Effect of adjustment in tax rate	-	15
TOTAL DEFERRED TAXATION CHARGE	**(504)**	331
TAX CHARGE FOR THE PERIOD (NOTE 7B)	**2,564**	2,568

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income.

	52WKS ENDED 27 MAY 2018 £'000	52WKS ENDED 28 MAY 2017 £'000
Deferred taxation (note 17)		
Gains arising during the period on deferred tax on cash flow hedges	31	112
TOTAL INCOME TAX GAIN RECOGNISED IN OTHER COMPREHENSIVE INCOME	**31**	112

7. INCOME TAX (CONTINUED)

b) Factors affecting the tax charge for the period

There are reconciling items between the expected tax charge and the actual which are shown below:

	52WKS ENDED 27 MAY 2018 £'000	52WKS ENDED 28 MAY 2017 £'000
PROFIT BEFORE TAXATION	**11,190**	8,911
UK corporation tax at the standard rate	19.0%	19.8%
Profit multiplied by the standard rate in the UK	**2,126**	1,767
Effects of:		
Expenses not deductible for tax purposes and other permanent differences	216	399
IPO expenses not deductible for tax purposes	-	60
Depreciation and amortisation on non-qualifying assets	347	287
Difference in overseas tax rate	17	21
Effect of adjustment in tax rate	45	15
Adjustment in respect of prior period (current tax)	(39)	(347)
Adjustment in respect of prior period (deferred tax)	(148)	366
TAX EXPENSE FOR THE PERIOD (NOTE 7A)	**2,564**	2,568

The Finance Act 2015 included provisions to reduce the rate of UK corporation tax to 19% with effect from 1 April 2017. The Finance Act 2016 included provisions to further reduce the rate of UK corporation tax to 17% with effect from 1 April 2020. Deferred taxation is measured at tax rates that are expected to apply in the periods in which temporary timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Accordingly the rate used to calculate deferred tax assets and liabilities is the effective rate at the date the deferred tax is expected to be realised.

The UK corporation tax at the standard rate for the year is therefore 19.0% (2017: 19.8%).

8. PROPERTY, PLANT AND EQUIPMENT

Cost	LAND & BUILDINGS £'000	LEASEHOLD IMPROVEMENTS £'000	FIXTURES & FITTINGS £'000	MOTOR VEHICLES £'000	TOTAL £'000
At 29 May 2016	-	**100**	**22,780**	**126**	**23,006**
Additions	-	-	5,415	-	5,415
Disposals	-	-	-	-	-
At 28 May 2017	-	**100**	**28,195**	**126**	**28,421**
Additions	4,715	-	8,437	-	13,152
Disposals	-	(100)	(7,233)	(33)	(7,366)
Transfers	-	-	(1,318)	-	(1,318)
At 27 May 2018	**4,715**	-	**28,081**	**93**	**32,889**
Accumulated depreciation					
At 29 May 2016	-	**69**	**11,675**	**111**	**11,855**
Charges for the period	-	8	4,906	6	4,920
Disposals	-	-	-	-	-
At 28 May 2017	-	**77**	**16,581**	**117**	**16,775**
Charges for the period	-	23	6,331	6	6,360
Disposals	-	(100)	(7,233)	(33)	(7,366)
Transfers	-	-	(929)	-	(929)
At 27 May 2018	-	-	**14,750**	**90**	**14,840**
Net book value					
At 29 May 2016	-	31	11,105	15	11,151
At 28 May 2017	-	23	11,614	9	11,646
At 27 May 2018	**4,715**	-	**13,331**	**3**	**18,049**

Property, Plant and Equipment

During the period the Directors conducted a detailed review of the Group's fixed assets. As a result of this review £7,366,000 of Leasehold Improvements, Fixtures and Fittings and Motor Vehicles of nil book value items which were no longer in existence or in use as at the balance sheet date were identified, these were recorded as a disposal in the period.

Transfers in the Period relate to capital expenditure with regard to the new ERP System which was previously recorded within Plant, Property and Equipment being reclassified to Intangible Assets - IT Systems expenditure.

Land & Buildings additions relates to the acquisition of the freehold interest in the site intended for use as the Group's new head office following a period of refurbishment. The Term loan detailed in note 15 is secured against the Land & Buildings.

9. INTANGIBLE ASSETS

Cost	IT SYSTEMS £'000	TOTAL £'000
At 29 May 2016	**7,753**	**7,753**
Additions	5,284	5,284
Disposals	-	-
At 28 May 2017	**13,037**	**13,037**
Additions	4,179	4,179
Disposals	(1,111)	(1,111)
Transfers	1,318	1,318
At 27 May 2018	**17,423**	**17,423**
Accumulated amortisation		
At 29 May 2016	**1,850**	**1,850**
Charges for the period	1,688	1,688
Disposals	-	-
Impairment	-	-
At 28 May 2017	**3,538**	**3,538**
Charges for the period	1,453	1,453
Disposals	(1,111)	(1,111)
Impairment	-	-
Transfers	929	929
At 27 May 2018	**4,809**	**4,809**
Net book value		
At 29 May 2016	5,903	5,903
At 28 May 2017	9,499	9,499
At 27 May 2018	**12,614**	**12,614**

Intangible assets

During the period the Directors conducted a detailed review of the Group's intangible fixed assets. As a result of this review £1,111,000 of nil book value items which were no longer in existence or in use as at the balance sheet date were identified, these were recorded as a disposal in the period.

Transfers in the Period relate to capital expenditure with regard to the new ERP System which was previously recorded within Plant, Property and Equipment being reclassified to Intangible Assets - IT Systems expenditure.

10. INVENTORIES

	27 MAY 2018 £'000	28 MAY 2017 £'000
Goods for resale	22,441	18,768
Goods in transit	10,354	2,426
	32,795	21,194

The cost of inventories recognised as an expense during the year in respect of continuing operations in the 52 weeks ended 27 May 2018 was £69,794,000 (2017: £61,851,000).

During the Period, the cost of inventories recognised as an expense includes £138,000 (2017: £39,000) of stock previously provided for which was sold and the provision was therefore released. The cost of inventories recognised as an expense excludes £150,000 for the 52 weeks ended 27 May 2018 (2017: £126,000) in respect of write-downs of inventory to net realisable value.

Product is purchased on a seasonal basis with the intention of selling that stock within 12 months of the balance sheet date. Any aged stock is appropriately provided for.

11. DERIVATIVE FINANICAL INSTRUMENTS

Forward contracts and options

The Group enters into forward foreign exchange contracts and options to manage the risk associated with anticipated sale and purchase transactions which are denominated in foreign currencies.

As at 27 May 2018, the Group has 135 (2017: 136) forward foreign exchange contracts outstanding. Derivative financial instruments are carried at fair value, further detailed on note 23.

The following table details the USD foreign currency contracts outstanding as at the balance sheet date.

OUTSTANDING CONTACTS	AVERAGE EXCHANGE RATE		FOREIGN CURRENCY		NOTIONAL VALUE		FAIR VALUE	
	2018 £/$	2017 £/$	2018 $'000	2017 $'000	2018 £000	2017 £000	2018 £000	2017 £000
Buy U.S. Dollars								
Less than 3 months	1.2733	1.3125	25,150	25,500	19,752	18,985	(894)	920
3 to 6 months	1.3049	1.2819	29,050	13,500	22,263	10,485	(572)	24
6 months and above	1.3820	1.2734	74,050	90,700	53,581	71,225	1,124	(1,101)
	1.3416	1.2822	128,250	129,700	95,596	100,695	(342)	(157)

The Company does not hold Euro to GBP forward options (2017: nil). The US Dollar spot rate at 27 May 2018 was $1.3311/ £1. The fair value of cash flow hedges of the Group as at 27 May 2018 was an asset of £1,338,000 (2017: £1,345,000) and a liability of £1,680,000 (2017: £1,502,000) resulting in a net liability of £342,000 (2017: net liability £157,000), further detailed in note 23.

12. TRADE AND OTHER RECEIVABLES

	27 MAY 2018 £'000	28 MAY 2017 £'000
Trade receivables – gross	6,730	2,852
Allowance for doubtful debts	(592)	(405)
Trade receivables – net	6,138	2,447
Other receivables	582	1,984
Prepayments	9,736	9,582
TOTAL TRADE AND OTHER RECEIVABLES	**16,456**	**14,013**

Movement in the allowance for doubtful debts	27 MAY 2018 £'000	28 MAY 2017 £'000
Balance at beginning of period	(405)	(165)
Bad debt write off	62	80
Movement in doubtful debt estimate	(249)	(320)
BALANCE AT END OF PERIOD	**(592)**	**(405)**

Ageing of past due trade receivables	27 MAY 2018			28 MAY 2017		
	GROSS £'000	PROVISION £'000	NET £'000	GROSS £'000	PROVISION £'000	NET £'000
Not yet due	3,606	-	3,606	1,574	-	1,574
0-30 days overdue	1,847	(34)	1,813	629	(90)	539
31-60 days overdue	600	(156)	444	283	(169)	114
>60 days overdue	677	(402)	275	366	(146)	220
Total trade receivables	**6,730**	**(592)**	**6,138**	2,852	(405)	2,447

All of the Other receivables and Prepayment balances above are deemed to be current; the disclosures above relate only to the trade receivables balance. The Group's doubtful debt policy is to provide for all balances deemed non recoverable. The Directors review the recoverability of trade receivables on a regular basis and calculate the allowance for doubtful debts on a specific, customer by customer basis.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Accordingly, the Directors believe that there is no further credit provision risk required in excess of the allowance for doubtful debts.

Included within the Group's trade receivables (gross) balance are debtors with a carrying value of £2,532,000 (2017: £873,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

13. TRADE AND OTHER PAYABLES

	27 MAY 2018 £'000	28 MAY 2017 £'000
Trade payables	20,267	14,074
Other taxation and social security	1,926	1,931
Other payables	1,980	1,888
Accruals	15,835	14,363
	40,008	**32,256**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.
The Directors consider that the fair value of trade and other payables is not materially different from the carrying value.

14. PROVISIONS

	27 MAY 2018 £'000	28 MAY 2017 £'000
Returns provision	767	405
Dilapidations	264	231
	1,031	**636**

	DILAPIDATIONS £'000	RETURNS PROVISION £'000	TOTAL £'000
At 28 May 2017	231	405	636
Additional provision during the period	141	569	710
Utilisation of provision	(108)	(207)	(315)
At 27 May 2018	**264**	**767**	**1,031**

15. BORROWINGS

Summary of borrowing arrangements

The Bank loan is a £25 million Revolving Credit Facility in which amounts drawn down are generally repayable within three months. The facility matures in July 2021 following an amendment and extension that was completed in July 2017.

The Term loan is a £3.5 million 5 year loan facility arranged with Barclays Bank PLC, secured against the new head office land and buildings asset.

The Finance leases are secured against the assets to which they relate. the present value of minimum lease payments is equal to the liability. Interest is paid at varying rates above base rate

The weighted average interest rates paid during the period were as follows:

	52 WKS ENDED 27 MAY 2018 %	52 WKS ENDED 28 MAY 2017 %
Finance leases	7.3	7.7
Term loan	1.8	-
Bank loan	2.0	2.1

15. BORROWINGS (continued)

	27 MAY 2018 £'000	28 MAY 2017 £'000
Bank loan	5,000	-
Term loan	3,237	-
Finance leases	294	627
	8,531	**627**
Borrowings are repayable as follow:		
Bank loan		
Within one year	5,000	-
Term Loan		
Within one year	350	-
Between one and two years	350	-
Between two and five years	2,537	-
	3,237	-
Finance leases		
Within one year	209	333
Between one and two years	85	210
Between two and five years	-	84
	294	**627**
Total borrowings		
Within one year	5,559	333
Between one and two years	435	210
Between two and five years	2,537	84
	8,531	**627**

16. FINANCIAL COMMITMENTS

Operating lease commitments

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

LAND & BUILDINGS	27 MAY 2018 £'000	28 MAY 2017 £'000
Lease payments:		
Not later than 1 year	11,107	10,394
Later than 1 year and not later than 5 years	34,818	34,669
Later than 5 years	18,929	20,061
	64,854	**65,124**

OTHER	27 MAY 2018 £'000	28 MAY 2017 £'000
Leases payments:		
Not later than 1 year	742	483
Later than 1 year and not later than 5 years	1,566	772
Later than 5 years	105	151
	2,413	**1,406**

17. DEFERRED TAXATION

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	27 MAY 2018 £'000	28 MAY 2017 £'000
Difference between depreciation and capital allowances		
Balance brought forward	260	704
Credit/(Charge) to income statement	356	(444)
BALANCE AT END OF PERIOD	**616**	**260**
Other short term timing differences		
Balance brought forward	351	(51)
Credit to income statement	148	113
Credit due to cash flow hedges	31	112
Credit due to share options	-	177
BALANCE AT END OF PERIOD	**532**	**351**
TOTAL DEFERRED TAX ASSET AT END OF PERIOD	**1,148**	**612**
Movement		
Balance brought forward	612	653
Credit/(Charge) to income statement (note 7)	504	(331)
Credit to other comprehensive income (note 7)	31	289
BALANCE AT END OF PERIOD	**1,148**	**612**

There is no unprovided deferred tax in the current period for the Group (2017: £nil). The deferred tax asset recognised in the current period is expected to be utilised against future taxable profits.

18. CALLED UP SHARE CAPITAL

	27 MAY 2018 £'000	28 MAY 2017 £'000
Allotted and issued		
87,503,058 Ordinary shares of £0.01 each (2017: 87,500,690)	875	875
Authorised		
116,667,736 Ordinary shares of £0.01 each (2017: 116,666,394)	**1,167**	1,167

During the Period 2,368 new ordinary shares were issued in relation to the SAYE scheme to employees that left the business during the Period.

19. OTHER RESERVES

Merger reserve

The Company was incorporated on 1 May 2016. The acquisition of Joules Investments Holdings Limited by Joules Group plc on 26 May 2016 has been accounted for using reverse acquisition accounting principles. As a result, a merger reserve of £125,807,000 was created upon acquisition and AIM listing of the Group on 26 May 2016.

Retained earnings

The movement on retained earnings is as set out in the consolidated statement of changes in equity. Retained earnings represent cumulative profits or losses, net of dividends and other adjustments.

Share premium

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses incurred by the company. On 26 May 2016 in an initial public offering Joules Group plc issued 7,175,851 ordinary £0.01 shares at a price of £1.60, resulting in share premium of £11,409,603.

	£'000
Balance at 28 May 2017	11,410
Balance at 27 May 2018	11,410

20. HEDGING AND TRANSLATION RESERVE

GROUP	HEDGING RESERVE £'000	TRANSLATION RESERVE £'000
BALANCE AS AT 29 MAY 2016	**389**	**(72)**
Other comprehensive income for the period	(640)	11
Losses arising during the period on deferred tax on cash flow hedges	112	-
BALANCE AS AT 28 MAY 2017	**(139)**	**(61)**
Other comprehensive income for the period	(277)	422
Basis adjustment to hedged inventory	139	-
BALANCE AS AT 27 MAY 2018	**(277)**	**361**

Hedging reserve

The reserve represents the cumulative gains and losses on hedging instruments in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedge transaction impacts the profit or loss or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations which relate to subsidiaries only, from their functional currency into the Group's presentational currency being Sterling, are recognised directly to the translation reserve.

21. CASH AND CASH EQUIVALENTS

	27 MAY 2018 £'000	28 MAY 2017 £'000
Cash and cash at bank	8,571	6,964

22. ANALYSIS OF NET CASH/(DEBT)

	28 MAY 2017 £'000	NON-CASH CHANGES £000	NET CASH FLOW £'000	27 MAY 2018 £'000
Cash at bank and in hand	6,964	(49)	1,656	8,571
Bank loan	-	-	(5,000)	(5,000)
Term loan	-	-	(3,150)	(3,150)
Finance leases	(627)	-	246	(381)
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	(627)	-	**(7,904)**	**(8,531)**
TOTAL	6,337	**(49)**	**(6,248)**	**40**

23. FINANCIAL INSTRUMENTS

FAIR VALUES	NOTE	27 MAY 2018 £'000	28 MAY 2017 £'000
Categories of financial instruments			
Carrying value of financial assets:			
Cash and cash equivalents	21	8,571	6,964
Loans and receivables	12	16,456	14,013
		25,027	**20,977**
Cash flow hedges	11	1,338	1,345
TOTAL FINANCIAL ASSETS		**26,365**	**22,322**
Financial liabilities held at amortised cost:			
Trade payables	13	(20,267)	(14,074)
Other payables	13	(19,741)	(18,182)
Borrowings	15	(8,531)	(627)
		(48,539)	**(32,883)**
Cash flow hedges	11	(1,680)	(1,502)
TOTAL FINANCIAL LIABILITIES		**(50,219)**	**(34,385)**

Interest rate sensitivity analysis

If interest rates on all borrowings had been 1% higher/lower and all other variables were held constant, the Group's profit for the period ended 52 weeks to 27 May 2018 would decrease/increase by £70,000 (2017: £41,000). This has been calculated by applying the amended interest rate to the weighted average rate of borrowings for the period to 27 May 2018 for borrowings at the period end, other than borrowings which are held at a fixed interest rate as those borrowings are not sensitive to external variables, such as movement in interest rates.

Foreign currency sensitivity analysis

The Group is mainly exposed to fluctuations in the US $, which is used for stock purchases. If the US $ exchange rate, on average through the period, weakened/strengthened by 10 percent and all other variables were held constant, the Group's profit for the period ended 52 weeks to 27 May 2018 would increase/decrease by £194,000 and £27,000 respectively (2017: £82,000 and £101,000). This has been calculated by applying the amended currency rate to the US $ value of financial assets and financial liabilities held at the period end, an amended rate has not been applied to US $ purchases in the period as they have been effectively hedged against currency fluctuations via forward contracts.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its derivative and non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS TO 1 YEAR	1-5 YEARS	TOTAL
27 May 2018						
Bank loans	2.0	(11)	(21)	(5,032)	-	**(5,064)**
Term loan	1.8	(92)	(10)	(308)	(3,072)	**(3,482)**
Finance leases	7.3	(22)	(44)	(160)	(87)	**(313)**
Trade payables	-	(10,010)	(5,159)	(5,099)	-	**(20,268)**
Accruals	-	(8,004)	(6,403)	(1,428)	-	**(15,835)**
NON-DERIVATIVE FINANCIAL INSTRUMENTS		(18,139)	(11,637)	(12,027)	(3,159)	**(44,962)**
DERIVATIVE FINANCIAL INSTRUMENT	-	(9,500)	(29,650)	(68,350)	(24,000)	**(131,500)**
28 May 2017						
Bank loans	2.1	-	-	-	-	-
Term loan	-	-	-	-	-	-
Finance leases	7.7	(32)	(64)	(276)	(313)	**(685)**
Trade payables	-	(7,077)	(4,426)	(2,571)	-	**(14,074)**
Accruals	-	(7,900)	(5,027)	(1,437)	-	**(14,363)**
NON-DERIVATIVE FINANCIAL INSTRUMENTS		(15,009)	(9,517)	(4,283)	(313)	**(29,122)**
DERIVATIVE FINANCIAL INSTRUMENT	-	(8,000)	(9,000)	(75,450)	(37,250)	**(129,700)**

The Group has significant financial assets in inventory and trade debtors which are easily convertible to cash. In addition, the above table includes derivative financial instruments where there would be cash inflows on maturity of the forward contract.

Carrying value of financial assets

The Directors have assessed that, on the basis of the net assets of the owing companies, receivables are fully recoverable. A significant decrease in the net assets and trade of the owing company or a decline in the financial position of customers would trigger an impairment review.

Credit risk

In the opinion of the Directors, the only financial instrument that is subject to credit risk is the trade receivables. The Directors believe that the bad debt provision as disclosed in note 12 represents the Directors' best estimate of the maximum exposure to credit risk at period-end.

Fair value of financial instruments

Financial instruments are measured in accordance with the accounting policy set out in note 1. Foreign currency forward contracts and options are considered Level 2. In the opinion of the Directors, the fair value of the financial assets and liabilities are equal to their book values.

Liquidity risk management

The Directors believe that the receivables are not impaired and that the owing companies have sufficient net assets to repay the balances. Therefore the Directors believe that liquidity risk is minimal.

Capital risk management

The Directors maintain detailed cash forecasts which are frequently revised to actuals to ensure that the Group has sufficient liquid resources to meet its requirements.

Foreign currency financial assets and liabilities

Included within the above table are £13,822,000 (2017: £4,667,000) of assets and £4,072,000 (2017: £984,000) of liabilities relating to the overseas subsidiaries which have been translated in the consolidation at the period-end rate. These balances are subject to movements in exchange rates, as shown in the statement of changes in equity. The Directors do not believe the risk is significant enough to warrant hedging against the investments in overseas companies.

Also included within the above table are foreign denominated external trade payables and receivables of £2,191,000 (2017: £614,000) and £4,129,000 (2017: £1,114,000) respectively.

24. RELATED PARTY TRANSACTIONS

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation. The Directors control 30,112,305 shares (2017: 31,171,782 shares) in Joules Group plc, which represents 34.4% (2017: 35.6%) of the issued share capital.

The remuneration of the Directors of the Group is disclosed in note 4 and the Directors' Remuneration Report. In addition Directors participate in dividend payments and share schemes, further details of which can be found in note 27 and 26 respectively.

25. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing profit attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the period.

For the calculation of diluted earnings per share, the weighted average number of shares in issue is further adjusted to assume conversion of all potentially dilutive ordinary shares. The Company has one category of potentially dilutive ordinary shares, being management shares not yet vested.

	52 WEEKS ENDED 27 MAY 2018	52 WEEKS ENDED 28 MAY 2017
Basic earnings per share (pence)	9.86	7.25
Diluted earnings per share (pence)	9.74	7.22
The calculation of basic and diluted earnings per share is based on the following data:		
Earnings		
Earnings for the purpose of basic and diluted earnings per share	8,626	6,343
Number of shares		
Weighted number of ordinary shares for the purpose of basic earnings per share	87,503,058	87,500,690
Potentially dilutive share awards	1,014,761	294,295
Weighted number of ordinary shares for the purpose of diluted earnings per share	88,517,819	87,794,985

26. SHARE BASED PAYMENTS

Summary of movement in awards:

Number of shares	DBP	ESOP	LTIP	SAYE	TOTAL
Outstanding at 28 May 2017	**132,132**	**582,907**	**1,896,938**	**339,753**	**2,951,730**
Granted during the year	158,587	-	900,303	373,987	1,432,877
Lapsed during the year	-	-	(544,147)	(64,928)	(609,075)
Exercised during the year	-	-	-	(2,368)	(2,368)
Outstanding at 27 May 2018	**290,719**	**582,907**	**2,253,094**	**646,444**	**3,773,164**
Exercisable at 27 May 2018	**-**	**582,907**	**-**	**-**	**582,907**

All share options were valued using the Black-Scholes model. Expected volatility was determined by management, using comparator volatility as a basis. The expected life of the options was determined based on management's best estimate. The expected dividend yield was based on the anticipated dividend policy of the Company over the expected life of the options. The risk free rate of return input into the model was a zero coupon government bond with a life in line with the expected life of the options.

The fair value of the total shares issued during the period, and measured as at issue date is £3,874,000.

The inputs into the model were as follows:

	DBP	ESOP	LTIP	SAYE
Weighted average share price	2.84	2.51	2.76	2.87
Weighted average exercise price	0.01	1.62	0.01	1.82
No. of employees	1	10	86	222
Shares under option	290,719	582,907	2,253,094	646,444
Expected volatility	28.0%	28.0%	28.0%	28.0%
Expected life (Years)	3	3-10	3	3
Risk-free rate	0.08%	0.06%	0.08%	0.08%
Possibility of ceasing employment before vesting	0%	0%	0%-10%	10%
Expectations of meeting performance criteria	100%	100%	60%-100%	100%
Expected dividend yields	1.9%	1.9%	1.9%	1.9%

The Group recognised a net expense of £1,595,000 during the year (2017: £737,000) relating to equity settled share-based payments. Including associated employer's National Insurance contributions of £171,000 (2017: £92,000) the Group recognised a total expense of £1,766,000 during the year (2017: £829,000).

Deferred Bonus Plan ("DBP")

The DBP operates in conjunction with the Group's annual bonus plan. The number of ordinary shares subject to a DBP award will be such number of shares as has a market value equal to the value of the annual bonus deferred into a DBP award. DBP awards take the form of nil-cost options, vest on the third anniversary of the date on which the relevant annual bonus was determined and are normally exercisable until the tenth anniversary of the grant date.

Executive Share Option Plan ("ESOP")

The Group operated a share option scheme during the period for certain employees under the Executive Share Option Plan ("ESOP"). The different options vest between two years and three years and have an exercise life between three and ten years from grant date. All option schemes are subject to continued employment over the vesting period.

Long Term Incentive Plan ("LTIP")

The Board approved Long Term Incentive Plan 2016 ("LTIP 2016") allows the grant of options to executive directors and senior management of the Group in the form of nil-cost options over ordinary shares in Joules Group plc. The options are exercisable three years after the date of grant subject to achieving certain stretching targets. For the Executive directors and members of the operating board, the target is based on an EPS target in the final year of the relevant performance period, being the financial years ending May 2019 and May 2020 for grants made to date. For other senior management awards the target is based on the cumulative PBT over the three years to May 2019 and May 2020 for the grants made to date. The calculation includes an assumption that 10% of senior managers on the scheme would cease employment before vesting.

Save As You Earn Scheme ("SAYE")

Under the terms of the SAYE scheme, the Board grants options to purchase ordinary shares in the Company to employees who enter into the HMRC-approved SAYE scheme for a term of three years. Options are granted at up to 20% discount to the market price of the shares on the day proceeding the date of offer and are exercisable for a period of six months after completion of the SAYE contract.

27. DIVIDENDS

	27 MAY 2018		28 MAY 2017	
	PENCE PER SHARE	£'000	PENCE PER SHARE	£'000
Interim dividend paid in the financial year	0.7	612	0.6	525
Approved dividend paid after the financial year			1.2	1,050
Final dividend proposed, not accrued, payable subject to approval at AGM	1.3	1,138		
TOTAL	**2.0**	**1,750**	1.8	1,575

The Directors are proposing a final dividend of 1.30 pence per share with a total value of £1,137,540 (2017: 1.20 pence per share with a total value of £1,050,008). This dividend has not been accrued in the consolidated statement of financial position and will be put for approval at the AGM on 27 September 2018.

COMPANY BALANCE SHEET

JOULES GROUP PLC

	NOTE	27 MAY 2018 £'000	28 MAY 2017 £'000
NON-CURRENT ASSETS			
Investments	29	139,980	139,980
TOTAL NON-CURRENT ASSETS		**139,980**	**139,980**
CURRENT ASSETS			
Other debtors	30	20	5
Cash at bank and in hand		-	11
TOTAL CURRENT ASSETS		**20**	**16**
TOTAL ASSETS		**140,000**	**139,996**
CURRENT LIABILITIES			
Other payables	31	3,147	906
NET CURRENT LIABILITIES		3,127	890
TOTAL ASSETS LESS CURRENT LIABILITIES		**136,853**	**139,090**
CAPITAL AND RESERVES			
Called up share capital	32	875	875
Share premium	33	11,410	11,410
Loss for the period		(574)	(366)
Profit and loss account		125,142	127,171
SHAREHOLDERS' FUNDS		**136,853**	**139,090**

The parent company loss for the period was £(574,000), (2017: loss of £(366,000)).
These financial statements of Joules Group plc (Company Registration Number 10164829) were approved by the Board of Directors and authorised for issue on 24 July 2018 and were signed on behalf of the Board of Directors by –

MARC DENCH
Chief Financial Officer
24 July 2018

COMPANY STATEMENT OF CHANGES IN EQUITY

JOULES GROUP PLC

	NOTE	SHARE CAPITAL £'000	SHARE PREMIUM £'000	RETAINED EARNINGS £'000	TOTAL EQUITY £'000
Balance at 29 May 2016		**875**	**11,410**	**127,696**	**139,981**
Dividend paid	34	-	-	(525)	(525)
Loss for the year and total comprehensive income		-	-	(366)	(366)
Balance at 28 May 2017		**875**	**11,410**	**126,805**	**139,090**
Dividend paid	34	-	-	(1,663)	(1,663)
Loss for the year and total comprehensive income		-	-	(574)	(574)
Balance at 27 May 2018		**875**	**11,410**	**124,568**	**136,853**

NOTES TO THE COMPANY FINANCIAL STATEMENTS
JOULES GROUP PLC

28. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Company was incorporated on 1 May 2016, the first period of account was therefore the 29 days ending 29 May 2016. These separate financial statements of Joules Group plc were prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework (FRS 101).

The Company's financial statements are presented in GBP.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- share based payments;
- financial instruments;
- capital management;
- presentation of comparative information in respect of certain assets;
- presentation of a cashflow statements;
- standards not year effective and;
- certain related parties transactions;
- business combinations;

As permitted by section 408 of the Companies Act 2006, the profit and loss account is not presented. The loss for the year amounted to £(574,000), (2017: loss of £(366,000)).
Director remuneration for the period was £185,000 (2017: £180,000) in relation to Non-Executive Directors, further detailed in note 4.

Auditor remuneration for the period was £144,000 (2017: £206,000), further detailed in note 5.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except as set out below.

Investments

Fixed asset investments are stated at cost less provisions for diminution in value.

Going Concern

Going concern for the Company has been considered along with the Group by the Directors. The consideration is set out in note 1 of the consolidated financial statements.

Critical accounting judgements and key sources of estimation uncertainty

There were no critical accounting judgements that would have a significant effect on the amounts recognised in the parent company financial statements or key sources of estimation uncertainty at the balance sheet date would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

29. INVESTMENTS

	£'000
Cost and Net Book Value	
At 28 May 2017	139,980
At 27 May 2018	139,980

On 26 May 2016 Joules Group plc acquired the entire share capital of Joules Investments Holdings Limited.

The Company's subsidiaries, as at the period end are shown in the table below. All subsidiaries have been in existence for the whole of the reporting period.

Subsidiaries

As at the period-end the Group has the following subsidiaries, those marked with * being indirect holdings:

SUBSIDIARY NAME	NATURE OF BUSINESS	PLACE OF INCORPORATION AND OPERATION	REGISTERED ADDRESS	PROPORTION OF OWNERSHIP INTEREST	PROPORTION OF VOTING POWER HELD
Joules Investments Holdings Limited	Holding company	England and Wales	Joules Building, 16 The Point, Rockingham Road, Market Harborough, LE16 7QU	100%	100%
Joules Limited*	Retailer	England and Wales	Joules Building, 16 The Point, Rockingham Road, Market Harborough, LE16 7QU	100%	100%
Joules Hong Kong Limited*	Overseas trading entity	Hong Kong	18/F, United Centre, 95 Queensway, Admiralty, Hong Kong	100%	100%
Joules Clothing Shanghai Company Limited*	Overseas office	China	Room 1401-1404, No.432 West Huaihai Road, Changning district, Shanghai, China	100%	100%
Joules USA Inc.*	Overseas trading entity	USA	103 Foulk Road, Suite 202, Wilmington, DE19803, USA	100%	100%
Joules Developments Limited*	Non trading entity	England and Wales	Joules Buildings, The Point, Rockingham Road, Market Harborough, LE16 7QU	100%	100%
Joules Property Limited*	Non trading entity	England and Wales	Joules Buildings, The Point, Rockingham Road, Market Harborough, LE16 7QU	100%	100%

On 12 March 2018, the Group incorporated two new entities Joules Developments Limited and Joules Property Limited.

30. OTHER DEBTORS

	27 MAY 2018 £'000	28 MAY 2017 £'000
Prepayments	20	5
	20	5

31. OTHER PAYABLES

	27 MAY 2018 £'000	28 MAY 2017 £'000
Trade payables	34	11
Payables due to subsidiary	3,102	862
Taxation and social security	-	5
Accruals	11	28
	3,147	906

The payables due to subsidiary is in relation to administrative expenses and dividends paid by Joules Limited on behalf of Joules Group plc. The terms of the intercompany payable is at nil interest, payable on demand.

32. CALLED UP SHARE CAPITAL

	27 MAY 2018 £'000	28 MAY 2017 £'000
Allotted and issued		
87,503,058 Ordinary shares of £0.01 each (2017: 87,500,690)	875	875
Authorised		
116,667,736 Ordinary shares of £0.01 each (2017: 116,666,394)	1,167	1,167

During the Period 2,368 new ordinary shares were issued in relation to the SAYE scheme to employees that left the business during the Period.

The company was incorporated on 1 May 2016. The acquisition of Joules Investments Holdings Limited by Joules Group plc on 26 May 2016 has been accounted for using reverse acquisition accounting principles. As a result, a merger reserve of £125,807,000 was created upon acquisition and AIM listing of the Group on 26 May 2016.

All ordinary shares carry equal rights.

33. SHARE PREMIUM

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses incurred by the company. On 26 May 2016 in an initial public offering Joules Group plc issued 7,175,851 ordinary £0.01 shares at a price of £1.60, resulting in share premium of £11,409,603.

	£'000
Balance at 28 May 2017	11,410
Balance at 27 May 2018	11,410

34. DIVIDEND

Details of the Dividend paid is shown in note 27 of the consolidated financial statements.

35. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the disclosure exemptions as permitted by FRS101 with regard to related party transactions with wholly owned fellow group companies. Related party transactions (including Directors) are shown in note 24 of the Consolidated Financial Statements.

COMPANY INFORMATION

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Registered in England and Wales number: 10164829

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JOULES