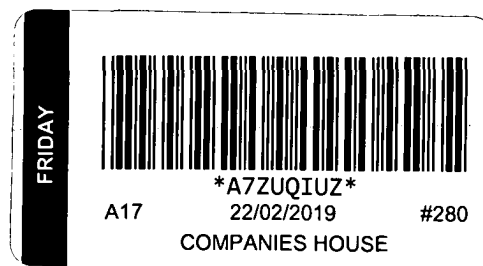


✓

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
FOR
REEDBUT GROUP LIMITED**



REEDBUT GROUP LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Statement of Cash Flows	11
Notes to the Financial Statements	12

REEDBUT GROUP LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2018

DIRECTORS:

T I Green
E J Green
L J Clarke
P F Neave
K Hearn
A Donnelly-Mitchell
J M Jeffery
M J Clarke
S J Deaton
N P Lawes

SECRETARY:

N Blain

REGISTERED OFFICE:

The Stables
23b Lenten Street
Alton
Hampshire
GU34 1HG

REGISTERED NUMBER:

06183338

AUDITORS:

Francis Maxwell LLP
The Stables
23b Lenten Street
Alton
Hampshire
GU34 1HG

REEDBUT GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2018

RECEIVED

21 FEB 2019

The directors present their strategic report for the year ended 30 June 2018.

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

	2018	2017	Variance	%
Revenue	£13,644,158	£11,914,661	£1,729,497	14.5%
Gross Profit	£3,166,537	£2,652,111	£514,426	19.4%
Gross Margin	23.2%	22.3%	1%	
Operating Profit	£356,918	£80,838	£276,080	341.5%
Net Current Assets	£1,556,646	£1,303,538	£253,108	19.4%
Creditors Falling Due After More Than One Year	£97,612	£310,645	-£213,033	-68.6%

As part of an ongoing strategy the business has moved into new market sectors which has resulted in positive financial results. Revenue has increased by 14.5%, gross profit has by 1% and operating profit is significantly increased by 341.5%. The working capital position has also strengthened with net current assets increasing by 19.4%.

The business is poised to invest in new capital equipment in the coming year to support the further move into new markets, with the current long-term creditor position (reduced by 68.6%) supporting this investment.

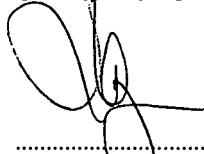
The outlook for the corrugated packaging market sector is for continued strong growth particularly considering the drive to reduce the reliance on single use plastic packaging.

PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to a moderate level of credit risk and the business manages this via the use of a credit insurance policy to provide cover for credit limits offered to customers. The credit insurance policy also provides market intelligence as and when the company is seeking work with new customers and grow revenues with existing clients.

The business is also exposed to an increasing risk of maintaining cost effective and consistent supplies of raw materials. As a result, the directors will be actively reviewing the purchasing strategy to mitigate this risk.

ON BEHALF OF THE BOARD:



.....
T I Green Director

Date: 6/2/19

REEDBUT GROUP LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2018

The directors present their report with the financial statements of the company for the year ended 30 June 2018.

DIVIDENDS

During the year dividends of £320,683 (2017: £212,356) were paid.

RESEARCH AND DEVELOPMENT

The company is currently investing in several research and development projects to improve manufacturing processes and efficiency to gain competitive advantage. The projects this year have focussed on developing existing machinery to achieve higher levels of efficiency and automation, also designing new environmentally packaging to replace existing plastic packaging. The costs incurred are tracked closely for the purposes of claiming research and development tax credits.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2017 to the date of this report.

T I Green
E J Green
L J Clarke
P F Neave
K Hearn
A Donnelly-Mitchell
J M Jeffery
M J Clarke
S J Deaton
N P Lawes

FINANCIAL INSTRUMENTS

Objectives and policies:

The management objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements, minimise the company's exposure to fluctuating interest rates, and match the repayment schedule of any external borrowings or overdrafts with the cash flows expected to arise from the company's trading activities.

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

REEDBUT GROUP LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2018**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

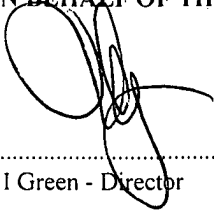
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Francis Maxwell LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
T I Green - Director

Date: 5/2/2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF REEDBUT GROUP LIMITED

Opinion

We have audited the financial statements of Reedbut Group Limited (the 'company') for the year ended 30 June 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
REEDBUT GROUP LIMITED**

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages three and four, 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 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 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 company or to cease operations, or have no realistic alternative but to do so.

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

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

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 a Report of the Auditors 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.



Kevin Howard Lee (Senior Statutory Auditor)
for and on behalf of Francis Maxwell LLP
The Stables
23b Lenten Street
Alton
Hampshire
GU34 1HG

Date:

6th February 2019

REEDBUT GROUP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	2018 £	2017 £
TURNOVER	5	13,644,158	11,914,661
Cost of sales		10,477,621	9,262,550
GROSS PROFIT		3,166,537	2,652,111
Administrative expenses		2,809,619	2,571,273
OPERATING PROFIT	8	356,918	80,838
Interest payable and similar expenses	9	37,163	52,785
PROFIT BEFORE TAXATION		319,755	28,053
Tax on profit	10	12,393	(21,195)
PROFIT FOR THE FINANCIAL YEAR		307,362	49,248
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		307,362	49,248

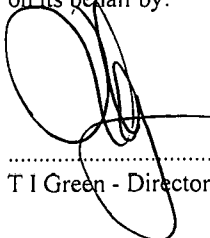
The notes form part of these financial statements

REEDBUT GROUP LIMITED (REGISTERED NUMBER: 06183338)

STATEMENT OF FINANCIAL POSITION
30 JUNE 2018

	Notes	2018		2017	
		£	£	£	£
FIXED ASSETS					
Intangible assets	12		1,216,030		1,418,702
Tangible assets	13		992,467		1,299,188
Investments	14		500		500
			<u>2,208,997</u>		<u>2,718,390</u>
CURRENT ASSETS					
Stocks	15	454,928		372,764	
Debtors	16	3,358,083		2,729,056	
Cash in hand		<u>1,501,879</u>		<u>1,139,803</u>	
		5,314,890		4,241,623	
CREDITORS					
Amounts falling due within one year	17	<u>3,758,244</u>		<u>2,938,085</u>	
NET CURRENT ASSETS			<u>1,556,646</u>		<u>1,303,538</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,765,643		4,021,928
CREDITORS					
Amounts falling due after more than one year	18		(97,612)		(310,645)
PROVISIONS FOR LIABILITIES	22		<u>(57,796)</u>		<u>(88,980)</u>
NET ASSETS			<u><u>3,610,235</u></u>		<u><u>3,622,303</u></u>
CAPITAL AND RESERVES					
Called up share capital	23		2,949		2,949
Share premium			293,114		293,114
Capital redemption reserve			6		6
Share option reserve			8,771		7,518
Merger reserve			1,216,030		1,418,702
Retained earnings			<u>2,089,365</u>		<u>1,900,014</u>
SHAREHOLDERS' FUNDS			<u><u>3,610,235</u></u>		<u><u>3,622,303</u></u>

The financial statements were approved by the Board of Directors on 5/2/2019 and were signed on its behalf by:


.....
T I Green - Director

The notes form part of these financial statements

REEDBUT GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Called up share capital £	Retained earnings £	Share premium £	
Balance at 1 July 2016	2,949	943,979	293,114	
Changes in equity				
Dividends	-	(212,356)	-	
Total comprehensive income	-	1,168,391	-	
Balance at 30 June 2017	2,949	1,900,014	293,114	
Changes in equity				
Dividends	-	(320,683)	-	
Total comprehensive income	-	510,034	-	
Balance at 30 June 2018	2,949	2,089,365	293,114	
	Capital redemption reserve £	Share option reserve £	Merger reserve £	Total equity £
Balance at 1 July 2016	6	6,265	2,537,845	3,784,158
Changes in equity				
Dividends	-	-	-	(212,356)
Total comprehensive income	-	1,253	(1,119,143)	50,501
Balance at 30 June 2017	6	7,518	1,418,702	3,622,303
Changes in equity				
Dividends	-	-	-	(320,683)
Total comprehensive income	-	1,253	(202,672)	308,615
Balance at 30 June 2018	6	8,771	1,216,030	3,610,235

The notes form part of these financial statements

REEDBUT GROUP LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	1,195,706	687,220
Interest paid		(37,163)	(52,785)
Tax paid		(33,564)	(28,460)
		<u>1,124,979</u>	<u>605,975</u>
Net cash from operating activities			
 Cash flows from investing activities			
Purchase of tangible fixed assets		(175,420)	(197,649)
Sale of tangible fixed assets		8,343	8,208
		<u>(167,077)</u>	<u>(189,441)</u>
Net cash from investing activities			
 Cash flows from financing activities			
Capital repayments in year		(275,143)	(292,992)
Equity dividends paid		(320,683)	(212,356)
		<u>(595,826)</u>	<u>(505,348)</u>
Net cash from financing activities			
 Increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year	2	<u>1,139,803</u>	<u>1,228,617</u>
Cash and cash equivalents at end of year	2	<u><u>1,501,879</u></u>	<u><u>1,139,803</u></u>

The notes form part of these financial statements

REEDBUT GROUP LIMITED

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

1. RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Profit for the financial year	307,362	49,248
Depreciation charges	684,813	705,903
Profit on disposal of fixed assets	(8,343)	(5,222)
Equity settled share based payments	1,253	1,253
Finance costs	37,163	52,785
Taxation	12,393	(21,195)
	1,034,641	782,772
Increase in stocks	(82,164)	(21,386)
(Increase)/decrease in trade and other debtors	(629,027)	63,538
Increase/(decrease) in trade and other creditors	872,256	(137,704)
	1,195,706	687,220

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 30 June 2018

	30.6.18	1.7.17
	£	£
Cash and cash equivalents	1,501,879	1,139,803
	1,501,879	1,139,803

Year ended 30 June 2017

	30.6.17	1.7.16
	£	£
Cash and cash equivalents	1,139,803	1,228,617
	1,139,803	1,228,617

The notes form part of these financial statements

REEDBUT GROUP LIMITED

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

1. STATUTORY INFORMATION

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the company's transactions are denominated. They comprise the financial statements of the company for the period ended 30 June 2018 and presented to the nearest pound.

The principal activity of the Company was that of a manufacturer and designer of corrugated packaging.

The Company is a United Kingdom company limited by shares. It is both incorporated and domiciled in England and Wales. The address of its registered office is The Stables, 23b Lenten Street, Alton, Hampshire, GU34 1HG. Its principal place of business is 3 Bond Avenue, Milton Keynes, MK1 1JJ.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102. "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 4).

The company is exempt from preparing group accounts as all subsidiary companies are dormant having not traded in this year or the previous year.

The following principal accounting policies have been applied:

Turnover

Revenue shown in the profit and loss account represents the value of all goods sold during the period, less returns received, at selling price exclusive of Value Added Tax. Revenue is recognised at the point at which the company has fulfilled its contractual obligations and risks and rewards attaching to the product, such as obsolescence, have transferred to the customer.

Goodwill

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

The estimated useful lives range as follows:

Goodwill- 10 years

REEDBUT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 JUNE 2018

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Plant and machinery	15%
Motor vehicles	25%
Fixture and fittings	10%
Office equipment	10-25%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Stocks

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, director labour and other direct costs and production overheads based on normal operating capacity.

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The company claims tax relief for research and development expenditure under the small and medium sized enterprises (SME) scheme. The credit is not taxable income therefore is presented as a reduction in current taxation.

REEDBUT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 JUNE 2018

3. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

Pensions

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

REEDBUT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2018**

3. ACCOUNTING POLICIES - continued

Financial instruments

The Group has chosen to adopt the sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investment in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to sell on a net basis or to realise the asset and settle the liability simultaneously.

REEDBUT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 JUNE 2018

3. ACCOUNTING POLICIES - continued

Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Share based payments

The company issues equity-settled share-based payments to certain employees (including directors). Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight line basis over the vesting period, together with a corresponding increase in equity, based upon the company's estimate of the shares that will eventually vest.

Fair value is measured using the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate.

Where the terms of equity-settled transactions are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

REEDBUT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2018**

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

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

(i) Stock valuation

The company values its stock based on estimated selling price less a margin, based on historical performance. A stock provision is made against items which are considered to have an estimated selling price less cost to sell below purchase cost.

(ii) Useful economic lives of intangible assets

The company considers the useful lives of intangible assets. These lives are estimated based on prior experience. The company reviews estimated useful life annually to assess for any impairment and where necessary useful life is adjusted or the intangible asset is impaired. See note 12 for the carrying amount of intangible assets, and the accounting policy for the useful economic life of the asset.

(iii) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment, the accounting policies for the useful economic lives for each class of assets.

5. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2018	2017
	£	£
United Kingdom	13,644,158	11,914,661
	<u>13,644,158</u>	<u>11,914,661</u>

6. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	1,939,120	1,876,701
Social security costs	189,188	173,483
Other pension costs	36,644	25,815
	<u>2,164,952</u>	<u>2,075,999</u>

REEDBUT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2018**

6. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2018	2017
Administration and support	16	18
Factory	52	55
Management	10	10
	<u>78</u>	<u>83</u>

7. DIRECTORS' EMOLUMENTS

	2018	2017
	£	£
Directors' remuneration	<u>386,534</u>	<u>278,686</u>

During the year retirement benefits were accruing to 10 Directors (2017 - 9) in respect of defined contribution pension schemes.

The total company contributions relating to these schemes were £44,950 (2017: £41,940).

The highest paid Director received remuneration of £74,250 (2017 - £70,808).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £1,637 (2017 - £3,326).

The directors do not consider there to be any members of key management other than the directors themselves. Consequently, key management compensation equates to directors remuneration plus employer's National Insurance contributions for the directors, which is £41,979 (2017 - £32,617).

8. OPERATING PROFIT

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation of owned assets	259,596	238,779
Depreciation of assets held under finance lease and hire purchase contracts	222,545	264,455
Amortisation of intangible assets, including goodwill	202,672	202,672
Research & development expense	394,223	226,704
Profit/loss on sale of assets	(8,343)	(5,222)
Auditors remuneration	14,000	14,000
Fees payable to the Company's auditors for other services	<u>2,000</u>	<u>2,500</u>

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank loan interest	<u>37,163</u>	<u>52,785</u>

REEDBUT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2018**

10. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	43,577	33,564
Deferred tax	<u>(31,184)</u>	<u>(54,759)</u>
Tax on profit	<u>12,393</u>	<u>(21,195)</u>

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£	£
Profit before tax	<u>319,755</u>	<u>28,053</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.750%)	60,753	5,540
Effects of:		
Expenses not deductible for tax purposes	45,250	45,285
Capital allowances in excess of depreciation	-	(15,174)
Depreciation in excess of capital allowances	36,532	-
Adjustment in research and development tax credit	(97,373)	(58,206)
Changes in provisions	(31,184)	2,391
Profit or loss on disposal of fixed assets	<u>(1,585)</u>	<u>(1,031)</u>
Total tax charge/(credit)	<u>12,393</u>	<u>(21,195)</u>

11. DIVIDENDS

	2018	2017
	£	£
A Shares shares of £0.10 each		
Interim	<u>320,683</u>	<u>212,356</u>

REEDBUT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2018

12. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 July 2017 and 30 June 2018	2,380,758
AMORTISATION	
At 1 July 2017	962,056
Amortisation for year	202,672
At 30 June 2018	1,164,728
NET BOOK VALUE	
At 30 June 2018	1,216,030
At 30 June 2017	1,418,702

13. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 July 2017	2,621,194	216,874	347,414	230,929	3,416,411
Additions	81,063	32,053	23,314	38,990	175,420
Disposals	-	-	(50,778)	-	(50,778)
At 30 June 2018	2,702,257	248,927	319,950	269,919	3,541,053
DEPRECIATION					
At 1 July 2017	1,649,379	116,660	189,513	161,671	2,117,223
Charge for year	344,303	24,965	74,443	38,430	482,141
Eliminated on disposal	-	-	(50,778)	-	(50,778)
At 30 June 2018	1,993,682	141,625	213,178	200,101	2,548,586
NET BOOK VALUE					
At 30 June 2018	708,575	107,302	106,772	69,818	992,467
At 30 June 2017	971,815	100,214	157,901	69,258	1,299,188
				2018 £	2017 £
Plant and machinery				353,175	665,607
Motor vehicles				78,304	139,470
				431,479	805,077

REEDBUT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2018**

14. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 July 2017	
and 30 June 2018	<u>500</u>
NET BOOK VALUE	
At 30 June 2018	<u>500</u>
At 30 June 2017	<u>500</u>

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Assist Corrugated Limited

Registered office: Prospect House 58 Queens Road Reading RG14RP

Nature of business: Dormant

	%			
Class of shares:	holding		2018	2017
Ordinary	100.00		£	£
Aggregate capital and reserves			<u>200</u>	<u>200</u>

Corrugated Boards & Boxes Limited

Registered office: Prospect House 58 Queens Road Reading RG14RP

Nature of business: Dormant

	%			
Class of shares:	holding		2018	2017
Ordinary	100.00		£	£
Aggregate capital and reserves			<u>100</u>	<u>100</u>

East Midlands Corrugated Limited

Registered office: Prospect House 58 Queens Road Reading RG14RP

Nature of business: Dormant

	%			
Class of shares:	holding		2018	2017
Ordinary	100.00		£	£
Aggregate capital and reserves			<u>100</u>	<u>100</u>

REEDBUT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2018**

14. FIXED ASSET INVESTMENTS - continued

Reedbut Limited

Registered office: Prospect House 58 Queens Road Reading RG14RP

Nature of business: Dormant

	%		
Class of shares:	holding	2018	2017
Ordinary	100.00	£	£
Aggregate capital and reserves		<u>100</u>	<u>100</u>

Post year-end all subsidiary companies were liquidated.

15. STOCKS

	2018	2017
	£	£
Finished goods	<u>454,928</u>	<u>372,764</u>

The cost of stocks recognised as an expense in the year amounted to £7,194,198 (2017 - £6,035,319).

Stocks are stated after provision for impairment of £27,399 (2017 - £27,399).

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	2,759,550	2,332,507
Other debtors	264,177	83,529
Prepayments and accrued income	334,356	313,020
	<u>3,358,083</u>	<u>2,729,056</u>

Debtors includes amounts falling due after more than 1 year of £264,177 (2017 - £58,410).

Trade debtors are stated after provisions for impairment of £22,100 (2017 - £24,832).

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Hire purchase contracts (see note 19)	213,688	275,798
Trade creditors	3,112,219	2,311,000
Amounts owed to group undertakings	500	500
Corporation Tax	43,577	33,564
Social security and other taxes	223,526	173,295
Other creditors	56,292	73,897
Accruals and deferred income	108,442	70,031
	<u>3,758,244</u>	<u>2,938,085</u>

REEDBUT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2018**

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017
	£	£
Hire purchase contracts (see note 19)	<u>97,612</u>	<u>310,645</u>

19. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2018	2017
	£	£
Net obligations repayable:		
Within one year	213,688	275,798
Between one and five years	<u>97,612</u>	<u>310,645</u>
	<u><u>311,300</u></u>	<u><u>586,443</u></u>

20. SECURED DEBTS

Finance lease liabilities are secured against the assets to which they relate.

21. FINANCIAL INSTRUMENTS

	2018	2017
	£	£
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>3,023,727</u>	<u>2,416,036</u>
	<u><u>3,023,727</u></u>	<u><u>2,416,036</u></u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(3,480,311)</u>	<u>(2,971,840)</u>
	<u><u>(3,480,311)</u></u>	<u><u>(2,971,840)</u></u>

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group companies and other creditors.

22. PROVISIONS FOR LIABILITIES

	2018	2017
	£	£
Deferred tax	<u>57,796</u>	<u>88,980</u>

REEDBUT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2018**

22. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 July 2017	88,980
Provided during year	<u>(31,184)</u>
Balance at 30 June 2018	<u><u>57,796</u></u>

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2018	2017
Number:	Class:	Nominal value:	£	£
12,047	A Shares	£0.10	1,205	1,205
12,047	B Shares	£0.10	1,205	1,205
5,391	D Shares	£0.10	539	539
			<u>2,949</u>	<u>2,949</u>

All shareholders are entitled to one vote per share. All shares have attached to them full dividend and capital distribution (including on winding up) rights.

Other Reserves

The Share Premium reserve represents amounts received above par value on issue of ordinary shares. The Capital Redemption reserve is the nominal value of shares previously repurchased.

The Share Option reserve is the cumulative total of current and prior year share option charges, which will be transferred to the profit and loss account on exercise of the options.

The Merger reserve is the difference between the net book value and the fair value of the net assets acquired on hive up of the trade of subsidiaries. The Merger reserve is transferred to the profit and loss account as amortisation is charged on the Goodwill arising on the hive up of the trade of subsidiaries.

24. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £81,593 (2017 - £67,756).

Contributions totalling £6,591 (2017 - £4,397) were payable to the scheme at the end of the year and are included in creditors.

REEDBUT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2018

25. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	519,676	489,031
Later than 1 year and not later than 5 years	1,955,604	1,928,624
Later than 5 years	1,020,538	1,302,869
	<u>3,495,818</u>	<u>3,720,524</u>

The amount of non-cancellable operating lease payments recognised as an expense in the year was £560,040 (2017 - £507,150).

REEDBUT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2018**

26. RELATED PARTY DISCLOSURES

During the year the company made the following related party transactions:

A Donnelly-Mitchell (Director)

The company repaid amounts owing to A Donnelly-Mitchell totalling £3,000 (2017 - £3,000). At the balance sheet date the amount due to A Donnelly-Mitchell was £5,000 (2017 - £8,000).

J Jeffrey (Director)

The company repaid amounts owing to J Jeffrey totalling £3,000 (2017 - £3,000). At the balance sheet date the amount due to J Jeffrey was £20,250 (2017 - £23,250).

K Hearn
(Director)

The company repaid amounts owing to K Hearn amounting to £6,000 (2016 - £6,000). At the balance sheet date the amount due to K Hearn was £5,400 (2017 - £11,400).

P Neave
(Director)

The company repaid amounts owing to P Neave totalling £7,800 (2016 - £7,800). At the balance sheet date the amount due to P Neave was £19,050 (2017 - £26,850).

T Green & M Clarke
(Directors)

During the year the company paid these directors £26,040 (2017 - £13,890) in rent. At the balance sheet date the amount due to these directors was £2,170 (2017 - £1,350).

The amount advanced to M Clarke in the year was £270,000 (2017 - £81,330) and the amount due from M Clarke at the balance sheet date was £264,177 (2017 - £81,330). There is interest accruing on the advance. The maximum amount outstanding to the company during the year was £270,000.

YSF Europe Limited
(T Green is a director of YSF Europe Limited)

During the year, The Reedbut Group Limited made sales to YSF Europe Limited amounting to £10,901 (2017 - £10,212) and made purchases amounting to £nil (2017 - £1,921). At the balance sheet date the amount due (to)/from YSF Europe Limited was £10,284 (2017 - £nil).

Amounts due to Directors are shown within other creditors.

The total dividends to directors was £320,683 (2017 - £212,356).

27. ULTIMATE CONTROLLING PARTY

The Directors do not consider that there is any ultimate controlling party.

REEDBUT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2018**

28. SHARE-BASED PAYMENT TRANSACTIONS

The group has an enterprise management incentive scheme for its directors. Exit options under this scheme are exercisable at 475 pence per share.

If the options remain unexercised after a period of 10 years from the date of the grant, the options expire. Options are forfeited if the employee leaves the group before the options vest. Details of the number of the share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	Weighted average exercise price (pence) 2018	Number 2018	Weighted average exercise price (pence) 2017	Number 2017
Outstanding at beginning of the year	475	400	475	400
Granted during the year	-	-	-	-
Outstanding at the end of the year	475	400	475	400

The fair values were calculated using the Black Scholes model. Options were granted on 26 August 2010. The estimated fair value of the options granted on this date was £22 per share.

The group recognised total expenses of £1,253 (2017 - £1,253) related to equity-settled share-based payment transactions during the year.

	2018 £	2017 £
Equity-settled schemes	1,253	1,253