

**REGISTERED NUMBER: 06034018 (England and Wales)**

**GROUP STRATEGIC REPORT,  
REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018  
FOR  
CSS GROUP LIMITED**

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FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

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**CSS GROUP LIMITED**  
**COMPANY INFORMATION**  
**FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

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**DIRECTORS:**

D J Wood  
P W Hilder

**SECRETARY:**

P W Hilder

**REGISTERED OFFICE:**

Units 6, 7 & 8  
Birdham Business Park  
Birdham Road  
Chichester  
West Sussex  
PO20 7BT

**REGISTERED NUMBER:**

06034018 (England and Wales)

**AUDITORS:**

Lewis Brownlee (Chichester) Limited  
Chartered Accountants  
Statutory Auditors  
Appledram Barns  
Birdham Road  
Chichester  
West Sussex  
PO20 7EQ

**GROUP STRATEGIC REPORT  
FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

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The directors present their strategic report of the company and the group for the period 1 July 2017 to 31 October 2018.

**REVIEW OF BUSINESS**

The Group is engaged in the supply and distribution of high-quality branded beverages and snack foods primarily to the entire travel sector, both domestically and internationally. We specialise in deliveries to security sensitive environments, requiring a team of fully trained and security cleared personnel to access both air-side and dock-side locations.

**A. Key Performance Indicators of the Company**

The Statement of Comprehensive Income shows turnover for the period at £30.5m (30 June 2017 - £28.8m), representing an increase of 5.9% compared to the prior period. The increase is due to the Group undertaking a review of its customer base, the nature of the customer it engages and the services it provides. This resulted in a streamlining of range, services and customers during the period.

Gross profit margin for the period was 9.7% (30 June 2017 - 8.1%) and is a direct result of the customer base review, generating a gross profit of £2.96m (30 June 2017 - £2.34m).

Post period end, the Group has seen a further increase in Gross Profit %, rising to 10.0%, and the planned overhead efficiencies resulting from the customer review. Due to contractual arrangements the Group was delayed in implementing the overhead efficiencies. In summary the Group is in a healthier position having finalised and actioned this process.

**B. Future prospects**

The Group has embarked on an ambitious programme to grow the Group consolidated Balance Sheet. Key to this is the acquisition of increased warehousing capacity for use by the Group and external partners. On 8th November 2018 the Group purchased the remaining shares that it did not own in the associated company, Chichester Bond Ltd. The Board see this acquisition as a key part in the Groups future position in both the travel sector and import/export markets.

The Group continued its efficiencies programme post year end resulting in a like for like Q1 reduction in turnover of £1,339k (28.0%), a reduction in gross profit of £64k (15.6%), an increase in gross profit % to 10.0% (prior period 8.1%) and an increase in EBITDA of £106k. This is due to internal reorganisation and restructuring which provides the Group with the solid basis it requires to grow its core customer base within future quarters.

Building on completed efficiencies in Q1, combined with the introduction of additional warehouse capacity in future months, provides the platform for growth. Current year retained reserves growth is trending above Budget, contributing to the Group growing consolidated Balance Sheet. The Board have set ambitious targets for ourselves in 2019/20, which we are exceeding.

**PRINCIPAL RISKS AND UNCERTAINTIES**

In addition to the ongoing competitive pressures, the principal risks facing the Group are the continued economic uncertainty due to Brexit, increased regulation within the alcohol industry and security concerns that impact upon the travel and tourist industry. The directors continue to assess the implications of these risks and mitigate them by working closely with our core customers and supplier to manage the current economic uncertainty and sector security concerns whilst continue to manage and improve our robust Due Diligence process.

The directors also closely manage any liquidity risks by regular working capital and cashflow management ensuring sufficient liquidity is available to meet the ongoing operational commitments. The directors continue to recognise the underlying risks but nevertheless cautiously aim to pursue strategies and policies projected to realise a steady growth in profits.

**THANKS**

No business is successful without the full support and commitment of its employees. The result for the year is built on their dedication and hard work for which the Board would like to thank them.

**GROUP STRATEGIC REPORT  
FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

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**AUDITOR'S REPORT**

Both the auditor's report on the annual accounts and the auditor's statement on whether the strategic report and directors' report were consistent with the annual accounts were unqualified.

**ON BEHALF OF THE BOARD:**

P W Hilder - Director

9 May 2019

**REPORT OF THE DIRECTORS  
FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

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The directors present their report with the financial statements of the company and the group for the period 1 July 2017 to 31 October 2018.

**DIVIDENDS**

No dividends will be distributed for the period ended 31 October 2018.

**DIRECTORS**

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

D J Wood  
P W Hilder

**FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies of the group have been set out in the Group Strategic Report.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Group 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**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 group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

The auditors, Lewis Brownlee (Chichester) Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

P W Hilder - Director

9 May 2019

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CSS GROUP LIMITED

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### Opinion

We have audited the financial statements of CSS Group Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 October 2018 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 October 2018 and of the group's loss for the period 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group'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 Group 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 Group 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 Group 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 CSS GROUP LIMITED

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### **Matters on which we are required to report by exception**

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

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 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 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.

### **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](http://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.

William Neville (Senior Statutory Auditor)  
for and on behalf of Lewis Brownlee (Chichester) Limited  
Chartered Accountants  
Statutory Auditors  
Appledram Barns  
Birdham Road  
Chichester  
West Sussex  
PO20 7EQ

14 May 2019



**CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

|   |       | Period<br>1/7/17<br>to<br>31/10/18<br>£     | Year Ended<br>30/6/17<br>£  |
|---|-------|---|-----------------------------|
|   | Notes |   |                             |
| <b>TURNOVER</b>                               | 3     | <b>30,489,860</b>                           | 28,768,087                  |
| Cost of sales                                 |       | <u><b>27,530,982</b></u>                    | <u>26,428,158</u>           |
| <b>GROSS PROFIT</b>                           |       | <b>2,958,878</b>                            | 2,339,929                   |
| Administrative expenses                       |       | <u><b>3,211,422</b></u><br><b>(252,544)</b> | <u>2,341,078</u><br>(1,149) |
| Other operating income                        |       | <u><b>122</b></u>                           | -                           |
| <b>OPERATING LOSS</b>                         | 5     | <b>(252,422)</b>                            | (1,149)                     |
| Interest receivable and similar income        |       | <u><b>194</b></u><br><b>(252,228)</b>       | <u>133</u><br>(1,016)       |
| Interest payable and similar expenses         | 7     | <u><b>99,699</b></u><br><b>(351,927)</b>    | <u>79,782</u><br>(80,798)   |
| <b>LOSS BEFORE TAXATION</b>                   |       |   |                             |
| Tax on loss                                   | 8     | <u><b>(31,106)</b></u>                      | <u>6,808</u>                |
| <b>LOSS FOR THE FINANCIAL PERIOD</b>          |       | <u><b>(320,821)</b></u>                     | <u>(87,606)</u>             |
| Loss attributable to:<br>Owners of the parent |       | <u><b>(320,821)</b></u>                     | <u>(87,606)</u>             |

The notes form part of these financial statements

**CONSOLIDATED OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

|   | Period<br>1/7/17<br>to<br>31/10/18<br>£ | Year Ended<br>30/6/17<br>£ |
|---|---|----------------------------|
| Notes   |   |                            |
| <b>LOSS FOR THE PERIOD</b>  | <b>(320,821)</b>                        | (87,606)                   |
| <b>OTHER COMPREHENSIVE INCOME</b>                                   | <u>-</u>                                | <u>-</u>                   |
| <b>TOTAL COMPREHENSIVE INCOME FOR<br/>THE PERIOD</b>                | <b><u>(320,821)</u></b>                 | <b><u>(87,606)</u></b>     |
| Total comprehensive income attributable to:<br>Owners of the parent | <b><u>(320,821)</u></b>                 | <b><u>(87,606)</u></b>     |

The notes form part of these financial statements

**CONSOLIDATED BALANCE SHEET**  
**31 OCTOBER 2018**

|  | Notes | £                | 2018<br>£          | £         | 2017<br>£   |
|--|-------|------------------|--------------------|-----------|-------------|
| <b>FIXED ASSETS</b>                          |       |                  |                    |           |             |
| Intangible assets                            | 10    |                  | <b>695,198</b>     |           | 838,655     |
| Tangible assets                              | 11    |                  | <b>64,507</b>      |           | 167,773     |
| Investments                                  | 12    |                  | <b>19,418</b>      |           | 19,418      |
|  |       |                  | <b>779,123</b>     |           | 1,025,846   |
| <b>CURRENT ASSETS</b>                        |       |                  |                    |           |             |
| Stocks                                       | 13    | <b>672,524</b>   |                    | 1,470,589 |             |
| Debtors                                      | 14    | <b>2,820,200</b> |                    | 3,326,457 |             |
| Cash at bank                                 |       | <b>102,608</b>   |                    | 791,080   |             |
|  |       | <b>3,595,332</b> |                    | 5,588,126 |             |
| <b>CREDITORS</b>                             |       |                  |                    |           |             |
| Amounts falling due within one year          | 15    | <b>3,917,750</b> |                    | 5,710,569 |             |
| <b>NET CURRENT LIABILITIES</b>               |       |                  | <b>(322,418)</b>   |           | (122,443)   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       |                  | <b>456,705</b>     |           | 903,403     |
| <b>CREDITORS</b>                             |       |                  |                    |           |             |
| Amounts falling due after more than one year | 16    |                  | -                  |           | (95,402)    |
| <b>PROVISIONS FOR LIABILITIES</b>            | 21    |                  | -                  |           | (15,897)    |
| <b>NET ASSETS</b>                            |       |                  | <b>456,705</b>     |           | 792,104     |
| <b>CAPITAL AND RESERVES</b>                  |       |                  |                    |           |             |
| Called up share capital                      | 22    |                  | <b>351,000</b>     |           | 351,000     |
| Share premium                                | 23    |                  | <b>8,263,951</b>   |           | 8,263,951   |
| EBT Reserve                                  | 23    |                  | -                  |           | (1,265,383) |
| Share option reserve                         | 23    |                  | -                  |           | 14,578      |
| Retained earnings                            | 23    |                  | <b>(8,158,246)</b> |           | (6,572,042) |
| <b>SHAREHOLDERS' FUNDS</b>                   |       |                  | <b>456,705</b>     |           | 792,104     |

The financial statements were approved by the Board of Directors on 9 May 2019 and were signed on its behalf by:

P W Hilder - Director

**COMPANY BALANCE SHEET**  
**31 OCTOBER 2018**

|  | Notes | £              | 2018<br>£                 | £                | 2017<br>£               |
|--|-------|----------------|---------------------------|------------------|-------------------------|
| <b>FIXED ASSETS</b>                          |       |                |                           |                  |                         |
| Intangible assets                            | 10    |                | -                         |                  | -                       |
| Tangible assets                              | 11    |                | -                         |                  | -                       |
| Investments                                  | 12    |                | <u>7,361,603</u>          |                  | <u>7,361,603</u>        |
|  |       |                | <b>7,361,603</b>          |                  | <b>7,361,603</b>        |
| <b>CURRENT ASSETS</b>                        |       |                |                           |                  |                         |
| Debtors                                      | 14    | <b>48,143</b>  |                           | 57,595           |                         |
| Cash at bank                                 |       | <u>20</u>      |                           | <u>60,159</u>    |                         |
|  |       | <b>48,163</b>  |                           | 117,754          |                         |
| <b>CREDITORS</b>                             |       |                |                           |                  |                         |
| Amounts falling due within one year          | 15    | <u>900,636</u> |                           | <u>1,767,754</u> |                         |
| <b>NET CURRENT LIABILITIES</b>               |       |                | <b>(852,473)</b>          |                  | <b>(1,650,000)</b>      |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       |                | <b>6,509,130</b>          |                  | <b>5,711,603</b>        |
| <b>CREDITORS</b>                             |       |                |                           |                  |                         |
| Amounts falling due after more than one year | 16    |                | <u>1,400,000</u>          |                  | <u>60,000</u>           |
| <b>NET ASSETS</b>                            |       |                | <u><b>5,109,130</b></u>   |                  | <u><b>5,651,603</b></u> |
| <b>CAPITAL AND RESERVES</b>                  |       |                |                           |                  |                         |
| Called up share capital                      | 22    |                | <b>351,000</b>            |                  | 351,000                 |
| Share premium                                |       |                | <b>8,263,951</b>          |                  | 8,263,951               |
| EBT Reserve                                  |       |                | -                         |                  | (1,265,383)             |
| Share option reserve                         |       |                | -                         |                  | 14,578                  |
| Retained earnings                            |       |                | <u><b>(3,505,821)</b></u> |                  | <u>(1,712,543)</u>      |
| <b>SHAREHOLDERS' FUNDS</b>                   |       |                | <u><b>5,109,130</b></u>   |                  | <u><b>5,651,603</b></u> |
| Company's loss for the financial year        |       |                | <u><b>(527,895)</b></u>   |                  | <u><b>(62,273)</b></u>  |

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 9 May 2019 and were signed on its behalf by:

P W Hilder - Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

|                                   | <b>Called up<br/>share<br/>capital<br/>£</b> | <b>Retained<br/>earnings<br/>£</b> | <b>Share<br/>premium<br/>£</b> |
|-----------------------------------|--|------------------------------------|--------------------------------|
| <b>Balance at 1 July 2016</b>     | 351,000                                      | (6,606,036)                        | 8,263,951                      |
| <b>Changes in equity</b>          |  |                                    |                                |
| Total comprehensive income        | -  | (87,606)                           | -                              |
| Expired share options             | -  | 121,600                            | -                              |
| <b>Balance at 30 June 2017</b>    | 351,000                                      | (6,572,042)                        | 8,263,951                      |
| <b>Changes in equity</b>          |  |                                    |                                |
| Total comprehensive income        | -  | (1,586,204)                        | -                              |
| <b>Balance at 31 October 2018</b> | 351,000                                      | (8,158,246)                        | 8,263,951                      |

  

|                                   | <b>EBT Reserve<br/>£</b> | <b>Share<br/>option<br/>reserve<br/>£</b> | <b>Total<br/>equity<br/>£</b> |
|-----------------------------------|--------------------------|---|-------------------------------|
| <b>Balance at 1 July 2016</b>     | (1,265,383)              | 136,178                                   | 879,710                       |
| <b>Changes in equity</b>          |                          |   |                               |
| Total comprehensive income        | -                        | -   | (87,606)                      |
| Expired share options             | -                        | (121,600)                                 | -                             |
| <b>Balance at 30 June 2017</b>    | (1,265,383)              | 14,578                                    | 792,104                       |
| <b>Changes in equity</b>          |                          |   |                               |
| Total comprehensive income        | 1,265,383                | (14,578)                                  | (335,399)                     |
| <b>Balance at 31 October 2018</b> | -                        | -   | 456,705                       |

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

|                                   | <b>Called up<br/>share<br/>capital<br/>£</b> | <b>Retained<br/>earnings<br/>£</b> | <b>Share<br/>premium<br/>£</b> |
|-----------------------------------|--|------------------------------------|--------------------------------|
| <b>Balance at 1 July 2016</b>     | 351,000                                      | (1,771,870)                        | 8,263,951                      |
| <b>Changes in equity</b>          |  |                                    |                                |
| Total comprehensive income        | -  | (62,273)                           | -                              |
| Expired share options             | -  | 121,600                            | -                              |
| <b>Balance at 30 June 2017</b>    | 351,000                                      | (1,712,543)                        | 8,263,951                      |
| <b>Changes in equity</b>          |  |                                    |                                |
| Total comprehensive income        | -  | (1,793,278)                        | -                              |
| <b>Balance at 31 October 2018</b> | 351,000                                      | (3,505,821)                        | 8,263,951                      |

  

|                                   | <b>EBT Reserve<br/>£</b> | <b>Share<br/>option<br/>reserve<br/>£</b> | <b>Total<br/>equity<br/>£</b> |
|-----------------------------------|--------------------------|---|-------------------------------|
| <b>Balance at 1 July 2016</b>     | (1,265,383)              | 136,178                                   | 5,713,876                     |
| <b>Changes in equity</b>          |                          |   |                               |
| Total comprehensive income        | -                        | -   | (62,273)                      |
| Expired share options             | -                        | (121,600)                                 | -                             |
| <b>Balance at 30 June 2017</b>    | (1,265,383)              | 14,578                                    | 5,651,603                     |
| <b>Changes in equity</b>          |                          |   |                               |
| Total comprehensive income        | 1,265,383                | (14,578)                                  | (542,473)                     |
| <b>Balance at 31 October 2018</b> | -                        | -   | 5,109,130                     |

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

|   |       | Period<br>1/7/17<br>to<br>31/10/18<br>£ | Year Ended<br>30/6/17<br>£ |
|---|-------|---|----------------------------|
|   | Notes |   |                            |
| <b>Cash flows from operating activities</b>             |       |   |                            |
| Cash generated from operations                          | 1     | (654,942)                               | 454,327                    |
| Interest paid   |       | (84,295)                                | (71,823)                   |
| Interest element of hire purchase payments paid         |       | (15,404)                                | (7,959)                    |
| Tax paid  |       | 11,160                                  | -                          |
| Net cash from operating activities                      |       | <u>(743,481)</u>                        | <u>374,545</u>             |
| <b>Cash flows from investing activities</b>             |       |   |                            |
| Purchase of tangible fixed assets                       |       | (32,109)                                | (13,869)                   |
| Sale of tangible fixed assets                           |       | 14,501                                  | -                          |
| Interest received                                       |       | 194                                     | 133                        |
| Net cash from investing activities                      |       | <u>(17,414)</u>                         | <u>(13,736)</u>            |
| <b>Cash flows from financing activities</b>             |       |   |                            |
| New loans in year                                       |       | 232,507                                 | -                          |
| Loan repayments in year                                 |       | (60,000)                                | -                          |
| Capital repayments in year                              |       | (100,084)                               | (273,218)                  |
| Net cash from financing activities                      |       | <u>72,423</u>                           | <u>(273,218)</u>           |
| <b>(Decrease)/increase in cash and cash equivalents</b> |       | <u>(688,472)</u>                        | <u>87,591</u>              |
| <b>Cash and cash equivalents at beginning of period</b> | 2     | <u>791,080</u>                          | <u>703,489</u>             |
| <b>Cash and cash equivalents at end of period</b>       | 2     | <u>102,608</u>                          | <u>791,080</u>             |

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

**1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

|                                       | <b>Period<br/>1/7/17<br/>to<br/>31/10/18<br/>£</b> | <b>Year Ended<br/>30/6/17<br/>£</b> |
|---------------------------------------|--|-------------------------------------|
| Loss before taxation                  | <b>(351,927)</b>                                   | (80,798)                            |
| Depreciation charges                  | <b>248,188</b>                                     | 199,466                             |
| Loss on disposal of fixed assets      | <b>16,144</b>                                      | -                                   |
| Share option movement                 | <b>(14,578)</b>                                    | 5,000                               |
| Finance costs                         | <b>99,699</b>                                      | 79,782                              |
| Finance income                        | <b>(194)</b>                                       | (133)                               |
|                                       | <b>(2,668)</b>                                     | 203,317                             |
| Decrease in stocks                    | <b>798,065</b>                                     | 186,929                             |
| Decrease in trade and other debtors   | <b>454,028</b>                                     | 103,368                             |
| Decrease in trade and other creditors | <b>(1,904,367)</b>                                 | (39,287)                            |
| <b>Cash generated from operations</b> | <b><u>(654,942)</u></b>                            | <u>454,327</u>                      |

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Period ended 31 October 2018**

|                           | <b>31/10/18<br/>£</b> | <b>1/7/17<br/>£</b>   |
|---------------------------|-----------------------|-----------------------|
| Cash and cash equivalents | <b><u>102,608</u></b> | <b><u>791,080</u></b> |

**Year ended 30 June 2017**

|                           | <b>30/6/17<br/>£</b>  | <b>1/7/16<br/>£</b>   |
|---------------------------|-----------------------|-----------------------|
| Cash and cash equivalents | <b><u>791,080</u></b> | <b><u>703,489</u></b> |



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

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**1. STATUTORY INFORMATION**

CSS Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

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. The financial statements have been prepared under the historical cost convention.

**Basis of consolidation**

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

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**2. ACCOUNTING POLICIES - continued**

**Significant judgements and estimates**

In the process of applying the group accounting policies management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of cause a material adjustment to the carrying amounts of assets and liabilities withing the next financial year, are also discussed below:

**Impairment of plant and equipment and fixed asset investments**

Plant and equipment and fixed asset investments are reviewed for impairment on an annual basis, and whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable.

Determining whether impairment has occurred typically requires various estimates and assumptions, including determining what cash flow is directly related to the potentially impaired assets, the useful life over which cash flows will occur and their amount and the asset's residual value, if any.

**Cost of business combinations**

In accordance with section 19 of FRS 102, the cost of business combinations is measured as the fair values of assets and liabilities acquired and the costs which are directly attributable to the business combination.

Any excess in the consideration over and above the fair value of assets acquired is recognised as goodwill on consolidation and subsequently written off over its useful economic life.

**Impairment of group receivable balances**

Balances owed from other group companies are reviewed for impairment on a regular basis and whenever events or circumstances indicate that the related balance may not be recoverable. Such circumstances or events may include on-going poor performance by subsidiary entities. Determining whether impairment has occurred typically requires various estimates and assumptions.

**Impairment of trade receivables**

Balances owed from third parties are reviewed for impairment on a regular basis and whenever events or circumstances indicate that the related balance may not be recoverable. Management undertake such steps as they consider necessary to minimise the risk of impairment including the use of credit references and insurance against debtor default.

**Stock obsolescence**

Management review all stock lines on a regular basis and whenever an indication exists that individual lines may be over-valued, an appropriate adjustment is made.

**Intercompany interest rate**

Balances owed between group companies incur interest as per the agreements, this is in line with the estimated market rate of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018

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2. **ACCOUNTING POLICIES - continued**

**Revenue**

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

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied;

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

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and Loss over its useful economic life.

**Tangible fixed assets**

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, over the lease term, whichever is the shorter.

|                       |  |
|-----------------------|--|
| Fixtures and fittings | - 33% on cost, 25% on cost and 20% on cost |
| Motor vehicles        | - 25% on cost                              |

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

The asset's residual value, useful life and depreciation method is reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

**Investments in subsidiaries**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the income statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

**Stocks**

Stock are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

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**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade debtors and creditors, other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non putable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised costs using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Taxation**

Taxation for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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 period 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

**2. ACCOUNTING POLICIES - continued****Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to continue to be charged over the period to the first market rent review rather than the term of the lease.

**Pension costs and other post-retirement benefits**

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

**Comparatives**

The comparatives in the Consolidated income statement have been adjusted to reflect a reallocation between other operating income and turnover. There is no effect on the profit or loss for the comparative financial period.

**3. TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

|                   | <b>Period<br/>1/7/17<br/>to<br/>31/10/18<br/>£</b> | <b>Year Ended<br/>30/6/17<br/>£</b> |
|-------------------|--|-------------------------------------|
| United Kingdom    | <b>25,464,570</b>                                  | 23,899,562                          |
| Europe            | <b>2,813,559</b>                                   | 3,342,060                           |
| Rest of the world | <b>2,211,731</b>                                   | 1,526,465                           |
|                   | <b><u>30,489,860</u></b>                           | <u>28,768,087</u>                   |

**4. EMPLOYEES AND DIRECTORS**

|                       | <b>Period<br/>1/7/17<br/>to<br/>31/10/18<br/>£</b> | <b>Year Ended<br/>30/6/17<br/>£</b> |
|-----------------------|--|-------------------------------------|
| Wages and salaries    | <b>1,859,351</b>                                   | 1,421,095                           |
| Social security costs | <b>111,798</b>                                     | 91,917                              |
| Other pension costs   | <b>13,523</b>                                      | 2,069                               |
|                       | <b><u>1,984,672</u></b>                            | <u>1,515,081</u>                    |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018

## 4. EMPLOYEES AND DIRECTORS - continued

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

|                            | Period<br>1/7/17<br>to<br>31/10/18 | Year Ended<br>30/6/17 |
|----------------------------|------------------------------------|-----------------------|
| Directors                  | 2                                  | 2                     |
| Administration             | 19                                 | 19                    |
| Warehouse and distribution | 21                                 | 21                    |
|                            | <u>42</u>                          | <u>42</u>             |
|                            | <b>2018</b>                        | <b>2017</b>           |
| £                      £   |                                    |                       |
| Directors' emoluments      | 255,800                            | 245,700               |

The highest paid director received remuneration of £146,800 (2017: £167,753).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounts to £762 (2017: £132). The aggregate value of the group's contributions paid to a defined contribution pension scheme in respect of all directors was £268 (2017: £268).

The number of directors to whom retirement benefits were accruing was 2 (2017: 2).

The directors comprise the key management personnel of the group.

## 5. OPERATING LOSS

The operating loss is stated after charging:

|  | Period<br>1/7/17<br>to<br>31/10/18<br>£ | Year Ended<br>30/6/17<br>£ |
|--|---|----------------------------|
| Other operating leases                           | 117,333                                 | 88,000                     |
| Depreciation - owned assets                      | 44,474                                  | 35,581                     |
| Depreciation - assets on hire purchase contracts | 60,256                                  | 48,351                     |
| Loss on disposal of fixed assets                 | 16,144                                  | -                          |
| Goodwill amortisation                            | <u>143,457</u>                          | <u>115,534</u>             |

## 6. AUDITORS' REMUNERATION

|   | 2018          | 2017          |
|---|---------------|---------------|
| £                      £  |               |               |
| Fees payable to the company's auditors and their associates for the audit of the group's financial statements | <u>33,017</u> | <u>27,692</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

|               | <b>Period<br/>1/7/17<br/>to<br/>31/10/18<br/>£</b> | <b>Year Ended<br/>30/6/17<br/>£</b> |
|---------------|--|-------------------------------------|
| Bank interest | 84,295   | 71,823                              |
| Hire purchase | <u>15,404</u>                                      | <u>7,959</u>                        |
|               | <u><b>99,699</b></u>                               | <u><b>79,782</b></u>                |

**8. TAXATION****Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss for the period was as follows:

|                    | <b>Period<br/>1/7/17<br/>to<br/>31/10/18<br/>£</b> | <b>Year Ended<br/>30/6/17<br/>£</b> |
|--------------------|--|-------------------------------------|
| Current tax:       |  |                                     |
| UK corporation tax | <b>(12,971)</b>                                    | 1,811                               |
| Deferred tax       | <u><b>(18,135)</b></u>                             | <u>4,997</u>                        |
| Tax on loss        | <u><b>(31,106)</b></u>                             | <u><b>6,808</b></u>                 |

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

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

|  | <b>Period<br/>1/7/17<br/>to<br/>31/10/18<br/>£</b> | <b>Year Ended<br/>30/6/17<br/>£</b> |
|--|--|-------------------------------------|
| Loss before tax  | <u><b>(351,927)</b></u>                            | <u><b>(80,798)</b></u>              |
| Loss multiplied by the standard rate of corporation tax in the UK of 19%<br>(2017 - 19.750%) | <b>(66,866)</b>                                    | (15,958)                            |
| Effects of:  |  |                                     |
| Expenses not deductible for tax purposes   | <b>273</b>   | 68                                  |
| Depreciation in excess of capital allowances   | <b>15,357</b>                                      | 9,604                               |
| Utilisation of tax losses  | <b>23,979</b>                                      | (14,722)                            |
| Deferred tax movement  | <b>(18,135)</b>                                    | 4,997                               |
| Non tax deductible amortisation of goodwill and impairment                                   | <b>27,257</b>                                      | 22,819                              |
| Refunds prior year   | <u><b>(12,971)</b></u>                             | <u>-</u>                            |
| Total tax (credit)/charge  | <u><b>(31,106)</b></u>                             | <u><b>6,808</b></u>                 |

**9. INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

**10. INTANGIBLE FIXED ASSETS****Group**

**Goodwill**  
**£**

**COST**

At 1 July 2017  
and 31 October 2018

**5,437,561**

**AMORTISATION**

At 1 July 2017

**4,598,906**

Amortisation for period

**143,457**

At 31 October 2018

**4,742,363**

**NET BOOK VALUE**

At 31 October 2018

**695,198**

At 30 June 2017

**838,655**

**11. TANGIBLE FIXED ASSETS****Group**

**Fixtures  
and  
fittings  
£**

**Motor  
vehicles  
£**

**Totals  
£**

**COST**

At 1 July 2017

**326,991**

**229,382**

**556,373**

Additions

**32,109**

**-**

**32,109**

Disposals

**(71,738)**

**(141,491)**

**(213,229)**

At 31 October 2018

**287,362**

**87,891**

**375,253**

**DEPRECIATION**

At 1 July 2017

**274,653**

**113,947**

**388,600**

Charge for period

**44,911**

**59,819**

**104,730**

Eliminated on disposal

**(71,738)**

**(110,846)**

**(182,584)**

At 31 October 2018

**247,826**

**62,920**

**310,746**

**NET BOOK VALUE**

At 31 October 2018

**39,536**

**24,971**

**64,507**

At 30 June 2017

**52,338**

**115,435**

**167,773**



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018

## 11. TANGIBLE FIXED ASSETS - continued

## Group

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

|                        | Fixtures<br>and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Totals<br>£    |
|------------------------|----------------------------------|------------------------|----------------|
| <b>COST</b>            |                                  |                        |                |
| At 1 July 2017         | 50,917                           | 142,489                | 193,406        |
| Disposals              | -                                | (76,877)               | (76,877)       |
| At 31 October 2018     | <u>50,917</u>                    | <u>65,612</u>          | <u>116,529</u> |
| <b>DEPRECIATION</b>    |                                  |                        |                |
| At 1 July 2017         | 28,340                           | 49,333                 | 77,673         |
| Charge for period      | 14,361                           | 45,895                 | 60,256         |
| Eliminated on disposal | -                                | (50,874)               | (50,874)       |
| At 31 October 2018     | <u>42,701</u>                    | <u>44,354</u>          | <u>87,055</u>  |
| <b>NET BOOK VALUE</b>  |                                  |                        |                |
| At 31 October 2018     | <u>8,216</u>                     | <u>21,258</u>          | <u>29,474</u>  |
| At 30 June 2017        | <u>22,577</u>                    | <u>93,156</u>          | <u>115,733</u> |

## 12. FIXED ASSET INVESTMENTS

## Group

|                                       | Shares in<br>group<br>undertakings<br>£ | Unlisted<br>investments<br>£ | Totals<br>£                             |
|---------------------------------------|---|------------------------------|---|
| <b>COST</b>                           |   |                              |   |
| At 1 July 2017<br>and 31 October 2018 | <u>11,918</u>                           | <u>7,500</u>                 | <u>19,418</u>                           |
| <b>NET BOOK VALUE</b>                 |   |                              |   |
| At 31 October 2018                    | <u>11,918</u>                           | <u>7,500</u>                 | <u>19,418</u>                           |
| At 30 June 2017                       | <u>11,918</u>                           | <u>7,500</u>                 | <u>19,418</u>                           |
| <b>Company</b>                        |   |                              |   |
|                                       |   |                              | Shares in<br>group<br>undertakings<br>£ |
| <b>COST</b>                           |   |                              |   |
| At 1 July 2017<br>and 31 October 2018 |   |                              | <u>7,361,603</u>                        |
| <b>NET BOOK VALUE</b>                 |   |                              |   |
| At 31 October 2018                    |   |                              | <u>7,361,603</u>                        |
| At 30 June 2017                       |   |                              | <u>7,361,603</u>                        |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 201812. **FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiaries****Compass Supply Solutions Limited**

Registered office: Units 6-8 Birdham Business Park, Birdham Road, Chichester, West Sussex, PO20 7BT

Nature of business:

|                                | %<br>holding | 2018                 | 2017           |
|--------------------------------|--------------|----------------------|----------------|
| Class of shares:               | 100.00       | £                    | £              |
| Ordinary                       |              |                      |                |
| Aggregate capital and reserves |              | <b>1,951,344</b>     | 1,900,934      |
| Profit for the period/year     |              | <b><u>50,410</u></b> | <u>206,230</u> |

**CSS Chill Chain Limited**

Registered office: Units 6-8 Birdham Business Park, Birdham Road, Chichester, West Sussex, PO20 7BT

Nature of business:

|                                | %<br>holding | 2018                | 2017       |
|--------------------------------|--------------|---------------------|------------|
| Class of shares:               | 100.00       | £                   | £          |
| Ordinary                       |              |                     |            |
| Aggregate capital and reserves |              | <b>3,048</b>        | (6,069)    |
| Profit for the period/year     |              | <b><u>9,117</u></b> | <u>671</u> |

**CSS On-Trade Limited**

Registered office: Units 6-8 Birdham Business Park, Birdham Road, Chichester, West Sussex, PO20 7BT

Nature of business:

|                                | %<br>holding | 2018                    | 2017             |
|--------------------------------|--------------|-------------------------|------------------|
| Class of shares:               | 100.00       | £                       | £                |
| Ordinary                       |              |                         |                  |
| Aggregate capital and reserves |              | <b>(405,678)</b>        | (231,359)        |
| Loss for the period/year       |              | <b><u>(174,319)</u></b> | <u>(116,699)</u> |

The principal activity of each subsidiary above was the sale and distribution of food, beverages and associated products.

The results of each subsidiary above have been included in these consolidated accounts.

13. **STOCKS**

|                       | Group                 | 2017                    |
|-----------------------|-----------------------|-------------------------|
|                       | 2018                  | £                       |
|                       | £                     |                         |
| <b>Finished goods</b> | <b><u>672,524</u></b> | <b><u>1,470,589</u></b> |

Stock recognised in cost of sales during the year as an expense was £26,858,597 (2017 : £25,791,451).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

**14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                | <b>Group</b>            |                  | <b>Company</b>       |               |
|--------------------------------|-------------------------|------------------|----------------------|---------------|
|                                | <b>2018</b>             | <b>2017</b>      | <b>2018</b>          | <b>2017</b>   |
|                                | <b>£</b>                | <b>£</b>         | <b>£</b>             | <b>£</b>      |
| Trade debtors                  | <b>2,673,681</b>        | 3,101,614        | -                    | -             |
| Amounts owed by associates     | <b>18,153</b>           | 46,928           | <b>46,928</b>        | 46,928        |
| Other debtors                  | <b>16,175</b>           | 61,056           | <b>41</b>            | 22            |
| VAT                            | -                       | 783              | -                    | -             |
| Deferred tax asset             | <b>2,238</b>            | -                | -                    | -             |
| Prepayments and accrued income | <b>109,953</b>          | 116,076          | <b>1,174</b>         | 10,645        |
|                                | <b><u>2,820,200</u></b> | <u>3,326,457</u> | <b><u>48,143</u></b> | <u>57,595</u> |

Deferred tax asset

|              | <b>Group</b>        |             | <b>Company</b> |             |
|--------------|---------------------|-------------|----------------|-------------|
|              | <b>2018</b>         | <b>2017</b> | <b>2018</b>    | <b>2017</b> |
|              | <b>£</b>            | <b>£</b>    | <b>£</b>       | <b>£</b>    |
| Deferred tax | <b><u>2,238</u></b> | <u>-</u>    | <u>-</u>       | <u>-</u>    |

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|  | <b>Group</b>            |                  | <b>Company</b>        |                  |
|--|-------------------------|------------------|-----------------------|------------------|
|  | <b>2018</b>             | <b>2017</b>      | <b>2018</b>           | <b>2017</b>      |
|  | <b>£</b>                | <b>£</b>         | <b>£</b>              | <b>£</b>         |
| Bank invoice discounting (see note 17) | <b>1,882,265</b>        | 1,799,758        | -                     | -                |
| Hire purchase contracts (see note 18)  | <b>6,871</b>            | 71,553           | -                     | -                |
| Trade creditors                        | <b>1,931,152</b>        | 3,623,239        | -                     | -                |
| Amounts owed to group undertakings     | -                       | -                | <b>431,847</b>        | 1,762,813        |
| Amounts owed to associates             | -                       | 25,691           | -                     | -                |
| Corporation Tax                        | -                       | 1,811            | -                     | -                |
| Social security and other taxes        | <b>23,465</b>           | 100,644          | -                     | -                |
| VAT                                    | <b>24,137</b>           | -                | -                     | -                |
| Other creditors                        | -                       | -                | <b>455,848</b>        | -                |
| Accruals and deferred income           | <b>49,860</b>           | 87,873           | <b>12,941</b>         | 4,941            |
|  | <b><u>3,917,750</u></b> | <u>5,710,569</u> | <b><u>900,636</u></b> | <u>1,767,754</u> |

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|                                       | <b>Group</b> |               | <b>Company</b>          |               |
|---------------------------------------|--------------|---------------|-------------------------|---------------|
|                                       | <b>2018</b>  | <b>2017</b>   | <b>2018</b>             | <b>2017</b>   |
|                                       | <b>£</b>     | <b>£</b>      | <b>£</b>                | <b>£</b>      |
| Debentures (see note 17)              | -            | 60,000        | -                       | 60,000        |
| Hire purchase contracts (see note 18) | -            | 35,402        | -                       | -             |
| Amounts owed to group undertakings    | -            | -             | <b>1,400,000</b>        | -             |
|                                       | <u>-</u>     | <u>95,402</u> | <b><u>1,400,000</u></b> | <u>60,000</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 201817. **LOANS**

|   | 2018<br>£ | 2017<br>£ | 2018<br>£ | 2017<br>£        | Group            | Company  |
|---|-----------|-----------|-----------|------------------|------------------|----------|
| Amounts falling due within one year or on demand: |           |           |           |                  |                  |          |
| Bank invoice discounting                          |           |           |           | <u>1,882,265</u> | <u>1,799,758</u> | <u>-</u> |
| Amounts falling due between one and two years:    |           |           |           |                  |                  |          |
| Unsecured loan                                    |           |           |           | <u>-</u>         | <u>60,000</u>    | <u>-</u> |

Details of preference shares are as follows:

18. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

**Group**

|                                   | Hire purchase contracts |                       |
|-----------------------------------|-------------------------|-----------------------|
|                                   | 2018<br>£               | 2017<br>£             |
| <b>Net obligations repayable:</b> |                         |                       |
| <b>Within one year</b>            | <b>6,871</b>            | <b>71,553</b>         |
| <b>Between one and five years</b> | <u><b>-</b></u>         | <u><b>35,402</b></u>  |
|                                   | <u><b>6,871</b></u>     | <u><b>106,955</b></u> |

**Group**

|                                   | Non-cancellable operating leases |                       |
|-----------------------------------|----------------------------------|-----------------------|
|                                   | 2018<br>£                        | 2017<br>£             |
| <b>Within one year</b>            | <b>46,667</b>                    | <b>88,000</b>         |
| <b>Between one and five years</b> | <u><b>-</b></u>                  | <u><b>83,500</b></u>  |
|                                   | <u><b>46,667</b></u>             | <u><b>171,500</b></u> |

Amounts owed under hire purchase contracts are secured on the assets to which they relate.

19. **SECURED DEBTS**

The following secured debts are included within creditors:

|                                 | Group                   |                         |
|---------------------------------|-------------------------|-------------------------|
|                                 | 2018<br>£               | 2017<br>£               |
| <b>Bank invoice discounting</b> | <u><b>1,882,265</b></u> | <u><b>1,799,758</b></u> |

The group has a facility with HSBC Bank Plc, the balance as at 31 October 2018 is £1,822,265 (2017: £1,783,091) and is included in the balance above. This facility is secured by way of fixed and floating charge over the assets of the group. The directors also provide a £50,000 Joint and Several Guarantee.

There is a bank cross guarantee between all 100% owned group companies.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

**20. FINANCIAL INSTRUMENTS**

|   | <b>2018</b> | <b>2017</b> | <b>2018</b> | <b>2017</b>      | <b>Group</b> | <b>Company</b> |
|---|-------------|-------------|-------------|------------------|--------------|----------------|
|   | <b>£</b>    | <b>£</b>    | <b>£</b>    | <b>£</b>         |              |                |
| Financial assets measured at amortised cost:      |             |             |             |                  |              |                |
| Stocks  |             |             |             | <b>672,524</b>   | 1,470,589    | -              |
| Trade debtors                                     |             |             |             | <b>2,673,681</b> | 3,101,614    | -              |
| Amounts owed by associates                        |             |             |             | <b>18,153</b>    | 21,237       | <b>46,928</b>  |
| Other debtors                                     |             |             |             | <b>16,175</b>    | 61,056       | <b>41</b>      |
| VAT   |             |             |             | -                | 783          | -              |
| Cash at bank                                      |             |             |             | <b>102,608</b>   | 791,080      | <b>20</b>      |
|   |             |             |             |                  |              | 60,159         |
| Financial liabilities measured at amortised cost: |             |             |             |                  |              |                |
| Bank invoice discounting                          |             |             |             | <b>1,882,265</b> | 1,799,758    | -              |
| Other loans                                       |             |             |             | -                | 60,000       | 60,000         |
| Hire purchase contracts                           |             |             |             | <b>6,871</b>     | 106,955      | -              |
| Trade creditors                                   |             |             |             | <b>1,931,152</b> | 3,623,239    | -              |
| Amounts owed to group undertakings                |             |             |             | -                | -            | <b>431,847</b> |
| Other creditors                                   |             |             |             | -                | -            | <b>455,848</b> |
| Corporation tax                                   |             |             |             | -                | 1,811        | -              |
| Social security and other taxes                   |             |             |             | <b>23,465</b>    | 100,644      | -              |
| VAT   |             |             |             | <b>24,137</b>    | -            | -              |
| Accruals and deferred income                      |             |             |             | <b>49,860</b>    | 87,873       | <b>12,941</b>  |
|   |             |             |             |                  |              | 4,941          |

**21. PROVISIONS FOR LIABILITIES**

|                                       | <b>Group</b>        |
|---------------------------------------|---------------------|
|                                       | <b>2018</b>         |
|                                       | <b>£</b>            |
| <b>Deferred tax</b>                   | <b>15,897</b>       |
| Group                                 |                     |
|                                       | <b>Deferred tax</b> |
|                                       | <b>£</b>            |
| <b>Balance at 1 July 2017</b>         | <b>15,897</b>       |
| <b>Accelerated capital allowances</b> | <b>(18,135)</b>     |
| <b>Balance at 31 October 2018</b>     | <b>(2,238)</b>      |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 JULY 2017 TO 31 OCTOBER 2018**

**22. CALLED UP SHARE CAPITAL**

**Allotted, issued and fully paid:**  
**Number: Class:**

|            |              | <b>Nominal value:</b> | <b>2018</b>           | <b>2017</b>           |
|------------|--------------|-----------------------|-----------------------|-----------------------|
|            |              |                       | <b>£</b>              | <b>£</b>              |
| 3,500,000  | Ordinary     | 5p                    | <b>175,000</b>        | 175,000               |
| 3,500,000  | 'A' Ordinary | 5p                    | <b>175,000</b>        | 175,000               |
| 14,000,000 | 'B' Ordinary | 0.003p                | <b>500</b>            | 500                   |
| 14,000,000 | 'C' Ordinary | 0.003p                | <b>500</b>            | 500                   |
|            |              |                       | <b><u>351,000</u></b> | <b><u>351,000</u></b> |

The holders of 'C' Ordinary shares have the right to appoint and remove up to two directors pursuant to the Articles of Association of the company.

There are no restrictions on the distribution of dividends and the repayment of capital for any class of shares.

**23. RESERVES****Group**

|                         | <b>Retained earnings</b>  | <b>Share premium</b>    | <b>EBT Reserve</b> | <b>Share option reserve</b> | <b>Totals</b>         |
|-------------------------|---------------------------|-------------------------|--------------------|-----------------------------|-----------------------|
|                         | <b>£</b>                  | <b>£</b>                | <b>£</b>           | <b>£</b>                    | <b>£</b>              |
| At 1 July 2017          | <b>(6,572,042)</b>        | <b>8,263,951</b>        | <b>(1,265,383)</b> | <b>14,578</b>               | <b>441,104</b>        |
| Deficit for the period  | <b>(320,821)</b>          | -                       | -                  | -                           | <b>(320,821)</b>      |
| Transfer of EBT reserve | <b>(1,265,383)</b>        | -                       | <b>1,265,383</b>   | -                           | -                     |
| Share options expired   | -                         | -                       | -                  | <b>(14,578)</b>             | <b>(14,578)</b>       |
| At 31 October 2018      | <b><u>(8,158,246)</u></b> | <b><u>8,263,951</u></b> | <b><u>-</u></b>    | <b><u>-</u></b>             | <b><u>105,705</u></b> |

**24. RELATED PARTY DISCLOSURES**

The group has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

**25. ULTIMATE CONTROLLING PARTY**

CSS Group Limited is controlled by its directors.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.