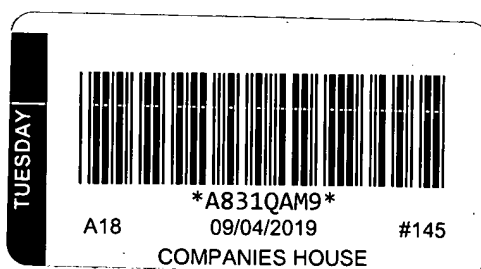


Company Registration No. 09723783 (England and Wales)

FFX GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

8
57



FFX GROUP LIMITED

COMPANY INFORMATION

Directors	Mr M R Skinner Mr T M Horrell Mr G M B Adams Mr P M Ker Mr J A Livingston
Company number	09723783
Registered office	Dyna House Lympne Industrial Estate Otterpool Lane Lympne Kent CT21 4LR
Auditor	Pittalis Gilchrist LLP Global House 303 Ballards Lane London N12 8NP

FFX GROUP LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 8
Statement of comprehensive income	9
Group statement of financial position	10
Company statement of financial position	11
Group statement of changes in equity	12
Company statement of changes in equity	13
Group statement of cash flows	14
Notes to the financial statements	15 - 33

FFX GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

Review of Business

The Company is an investment holding company. The principal activity of its subsidiary undertakings is the omni channel provision of power tools and power tool accessories, hand tools, fixings, construction consumables and building materials. The Company sells through on-line channels, stores, and a rapidly expanding direct, technical sales team.

The principal market is the UK.

During the year the trading company has further expanded its own label fixings and power tool accessory ranges, sales of which continue to grow across all channels with the result that these products now contribute significant margin to the business. Opportunities to add new product ranges continue to manifest themselves with ironmongery the latest addition. The investment in the second-tier management team is paying dividends, with KPIs across customer services, marketing and warehouse operations at record highs.

Revenue in the trading company grew 26.9% over the previous year, with gross profit increasing by 32.7%, reflecting the shift in the product mix and a strategic move to focus on added value as well as remaining price competitive. The trading company's TrustPilot rating remains 'excellent', with over 96% of 4 and 5* ratings.

Principal risks and uncertainties

Consumer confidence will always be a risk to a business that is dependent to a considerable degree on the housebuilding and home improvement sectors, although the market is extremely large, and to a significant extent the Company has opportunities for growth regardless of the wider market.

The strength, or weakness, of the £, especially relative to the USA \$, remains a concern because a weak £ results in above inflation price increases from suppliers. A weak £ combined with poor consumer confidence would create a negative environment, although a weaker £ does provide the trading company's wholesale export business greater opportunities.

Results and performance

The results of the Group for the year, as set out on pages 9 - 11, show a profit before tax of £449,271. The investment in people and processes is starting to manifest itself in the profitability of the trading company, reaffirming that the decisions taken in 2016 and 2017 were correct. Although the trading company is not yet 'best in class', further growth should lift the net profitability in the next three years.

As at 30th September 2018 the Member's funds of the Group total £3,488,455 (2017: £3,239,109).

FFX GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Trading environment

Despite a strong performance by the trading company during 2017/18 the Directors remain cautious. The UK market for power tools and accessories is highly competitive. The Directors are optimistic about the continued growth of fixings' sales into the higher end of the construction sector.

It is the overall construction market, encompassing DIY at the one end to major infrastructure projects at the other end, which will drive sales, and this is highly dependent on consumer and business confidence. Construction output has declined again in recent months, and industry forecasts are mixed in their opinions for the short-term health of the broad construction sector. A resolution to the Brexit issue would be welcome.

Key performance indicators

Several financial KPIs are used to monitor the efficiency and profitability of the business and to optimize working capital.

Stock turns (per annum)	10 (excludes Far East imports)
Operating margin	>20%

The Group has made significant progress in relation to key elements of its strategy. Other KPIs are used throughout the business, from web site statistics to branch footfall, from sales to OTIF (On Time In Full) orders dispatched from the distribution centre. Examples of KPIs and the Company's performance include:

Slow moving stock (as a % of total) <0.5% target achieved (excludes Far East imports)

OTIF orders >97% of stock lines target achieved

On-line basket to order ratio (%) >75% achieved

Customer satisfaction The trading Company remains 'excellent' as measured by the number of 4 and 5* TrustPilot customer reviews (>96%).

Financial Instruments

Folkestone Fixings Limited has a £500,000 overdraft facility, but this has remained undrawn over the period under review. Funds managed or advised by Foresight Group LLP, through the parent company FFX Group Ltd, have loaned the trading company, Folkestone Fixings Ltd, £1m as working capital. Funding has been arranged with Wesleyan Bank in the sum of £0.72m for implementation of the ERP system.

Strategy

The strategy defined in October 2015 is proving sound. Segmenting the broad construction industry and targeting each segment with a relevant channel, spreads risk and delivers synergies to the business. Operational assets can be leveraged to maximum effect and sales peaks are smoothed. Three key strands form the objectives for the trading company for the year ahead; developing the web site to 'best in class' status; evolving the product diversification and the corresponding direct sales channel; and implementing a new ERP system. Growth will be carefully managed so as not to place too heavy a burden on the existing resources at a time when they are engaged in additional tasks.

Potential acquisitions that fit well with the trading company will be reviewed as they arise.

Future Developments

The UK economy seems precarious at present and likely to remain so until the Brexit mess is settled. Despite the rise in August 2018, interest rates look set to remain low for the foreseeable future, although a further small rise is predicted by some commentators. Construction output is slowing having shown the early signs of growth during 2018.

The growth in on-line shopping continues apace with on-line sales increasing by double-digit figures in all

FFX GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

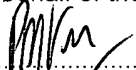
FOR THE YEAR ENDED 30 SEPTEMBER 2018

sectors. This trend is likely to continue and future growth will be achieved by simply maintaining market share. Any increase in market share of the on-line market will add to overall growth. In the on-line channels, for example, Black Friday ended up 13.8% up on the corresponding period in 2017.

The major development in 2018/19 will be the new ERP (Enterprise Resource Planning) system, schedule for 'go live' at the end of Summer 2019. The business has outgrown its current systems and the new ERP will bring considerable efficiency improvements and enable the board to better manage stock, supply chains, customer services and finances.

As well as maintaining the continued expansion of the on-line channel, further effort will be directed to the direct sales channel in which technical salesmen, supported by an in-house technical resource, sell direct to the larger contractors and specialist sub-contractors in the construction and civil engineering industries. Sales have grown rapidly since the technical sales team was formed and expectations remain high for significant, rapid growth in 2018/19.

On behalf of the board



Mr F M Ker

Director

2nd April 2019

FFX GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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

Principal activities

The principal activity of the company and group continued to be that of a holding company.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M R Skinner
Mr T M Horrell
Mr G M B Adams
Mr P M Ker
Mr J A Livingston

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Auditor

The auditor, Pittalis Gilchrist LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors 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 group and company, 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principle risks and uncertainties, financial instruments and future developments.

FFX GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



.....
Mr P M Ker

Director

Date: 2nd April 2019

FFX GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FFX GROUP LIMITED

Opinion

We have audited the financial statements of FFX Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2018 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and 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 FRS 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 the parent company's affairs as at 30 September 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 Auditor's *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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

FFX GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FFX GROUP LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 strategic report and the directors' report.

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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

FFX GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FFX GROUP LIMITED



George Andrew Christodoulou FCCA (Senior Statutory Auditor)
for and on behalf of Pittalis Gilchrist LLP

02/04/15

Chartered Certified Accountants
Statutory Auditor
Global House
303 Ballards Lane
London
N12 8NP

420

FFX GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	48,990,545	38,593,544
Cost of sales		(38,135,977)	(30,412,833)
Gross profit		10,854,568	8,180,711
Distribution costs		(2,006,186)	(1,646,062)
Administrative expenses		(8,074,320)	(7,002,859)
Other operating income		85,643	-
Exceptional item	4	-	(134,310)
Operating profit/(loss)	5	859,705	(602,520)
Interest receivable and similar income	9	11,167	4,891
Interest payable and similar expenses	10	(421,601)	(369,695)
Profit/(loss) before taxation		449,271	(967,324)
Tax on profit/(loss)	11	(199,925)	57,594
Profit/(loss) for the financial year		249,346	(909,730)

Profit/(loss) for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

FFX GROUP LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Goodwill	12		4,607,743		5,183,711
Other intangible assets	12		324		473
Total intangible assets			4,608,067		5,184,184
Tangible assets	13		1,005,918		598,832
Investments	14		2		2
			5,613,987		5,783,018
Current assets					
Stocks	16	4,736,348		4,558,389	
Debtors	17	3,857,000		2,169,647	
Cash at bank and in hand		3,386,547		2,201,506	
			11,979,895		8,929,542
Creditors: amounts falling due within one year	18	(10,141,521)		(7,432,831)	
Net current assets			1,838,374		1,496,711
Total assets less current liabilities			7,452,361		7,279,729
Creditors: amounts falling due after more than one year	19		(3,834,673)		(3,970,126)
Provisions for liabilities	21		(129,233)		(70,494)
Net assets			3,488,455		3,239,109
Capital and reserves					
Called up share capital	23		368,205		368,205
Share premium account			2,129,628		2,129,628
Profit and loss reserves			990,622		741,276
Total equity			3,488,455		3,239,109

The financial statements were approved by the board of directors and authorised for issue on 2nd April 2019 and are signed on its behalf by:

Mr P M Ker
Director

FFX GROUP LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

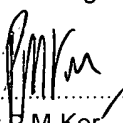
AS AT 30 SEPTEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Investments	14		5,792,179		5,792,179
Current assets					
Debtors	17	1,129,945		1,044,945	
Cash at bank and in hand		2,477		-	
		<u>1,132,422</u>		<u>1,044,945</u>	
Creditors: amounts falling due within one year	18	<u>(1,230,663)</u>		<u>(466,118)</u>	
Net current (liabilities)/assets			<u>(98,241)</u>		<u>578,827</u>
Total assets less current liabilities			5,693,938		6,371,006
Creditors: amounts falling due after more than one year	19		(4,059,164)		(4,432,016)
Net assets			<u>1,634,774</u>		<u>1,938,990</u>
Capital and reserves					
Called up share capital	23		368,205		368,205
Share premium account			2,129,628		2,129,628
Profit and loss reserves			(863,059)		(558,843)
Total equity			<u>1,634,774</u>		<u>1,938,990</u>

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's loss for the year was £304,216 (2017 - £371,374 loss).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 2nd April 2019 and are signed on its behalf by:



 Mr P M Ker
 Director

Company Registration No. 09723783

FFX GROUP LIMITED

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

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 October 2016	368,205	2,129,628	1,651,006	4,148,839
Period ended 30 September 2017:				
Loss and total comprehensive income for the period	-	-	(909,730)	(909,730)
Balance at 30 September 2017	368,205	2,129,628	741,276	3,239,109
Year ended 30 September 2018:				
Profit and total comprehensive income for the year	-	-	249,346	249,346
Balance at 30 September 2018	368,205	2,129,628	990,622	3,488,455

FFX GROUP LIMITED

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

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 October 2016	368,205	2,129,628	(187,469)	2,310,364
Period ended 30 September 2017:				
Loss and total comprehensive income for the period	-	-	(371,374)	(371,374)
Balance at 30 September 2017	368,205	2,129,628	(558,843)	1,938,990
Year ended 30 September 2018:				
Loss and total comprehensive income for the year	-	-	(304,216)	(304,216)
Balance at 30 September 2018	368,205	2,129,628	(863,059)	1,634,774

FFX GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations		1,905,958		1,331,900	
Interest paid		(421,601)		(369,695)	
Income taxes (paid)/refunded		-		50,179	
Net cash inflow from operating activities		1,484,357		1,012,384	
Investing activities					
Proceeds on disposal of intangibles		-		439,771	
Purchase of tangible fixed assets		(543,761)		(139,632)	
Proceeds on disposal of tangible fixed assets		100		2,333	
Interest received		11,167		4,891	
Net cash (used in)/generated from investing activities		(532,494)		307,363	
Financing activities					
Repayment of debentures		(95,117)		(149,999)	
Proceeds from borrowings		415,825		-	
Payment of finance leases obligations		(87,530)		(23,599)	
Net cash generated from/(used in) financing activities		233,178		(173,598)	
Net increase in cash and cash equivalents		1,185,041		1,146,149	
Cash and cash equivalents at beginning of year		2,201,506		1,055,357	
Cash and cash equivalents at end of year		3,386,547		2,201,506	

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

Company information

FFX Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Dyna House, Lympe Industrial Estate, Otterpool Lane, Lympe, Kent, CT21 4LR.

The group consists of FFX Group Limited and all of its subsidiaries.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of FFX Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 September 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Trade marks	10% straight line
-------------	-------------------

1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the period of the lease
Plant and machinery	20% reducing balance, 3 and 5 year straight line
Fixtures and fittings	10%, 20% & 33% reducing balance, 3 year straight line
Motor vehicles	25% reducing balance

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

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 settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the 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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

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

Current tax

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

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2018 £	2017 £
Other significant revenue		
Interest income	11,167	4,891
	<u>11,167</u>	<u>4,891</u>
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	39,039,703	31,770,757
Overseas	9,950,842	6,822,787
	<u>48,990,545</u>	<u>38,593,544</u>

4 Exceptional costs/(income)

	2018 £	2017 £
Exceptional costs	-	134,310
	<u>-</u>	<u>134,310</u>

5 Operating profit/(loss)

	2018 £	2017 £
Operating profit/(loss) for the year is stated after charging:		
Exchange losses	7,151	8,051
Depreciation of owned tangible fixed assets	126,819	135,173
Loss on disposal of tangible fixed assets	9,755	12,459
Amortisation of intangible assets	576,117	576,117
Operating lease charges	645,736	445,194
	<u>1,365,578</u>	<u>1,277,094</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £7,151 (2017 - £8,051).

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

6 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	1,000	1,000
Audit of the financial statements of the company's subsidiaries	15,000	14,000
	<u>16,000</u>	<u>15,000</u>

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Sales and customer service staff	55	59	-	-
Distribution staff	37	34	-	-
Administrative staff	13	10	-	-
Management staff	15	13	4	4
	<u>120</u>	<u>116</u>	<u>4</u>	<u>4</u>

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	3,281,784	2,723,895	-	-
Social security costs	321,477	244,611	-	-
Pension costs	51,499	34,023	-	-
	<u>3,654,760</u>	<u>3,002,529</u>	<u>-</u>	<u>-</u>

8 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	265,546	146,523
Company pension contributions to defined contribution schemes	18,937	18,260
	<u>284,483</u>	<u>164,783</u>

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

8 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2017 - 3).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	133,827	106,318
Company pension contributions to defined contribution schemes	9,938	9,500
	<u>143,765</u>	<u>115,818</u>

9 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	11,167	4,891
	<u>11,167</u>	<u>4,891</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	11,167	4,891
	<u>11,167</u>	<u>4,891</u>

10 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and loans	24,677	1,035
Interest on finance leases and hire purchase contracts	11,836	11,482
Other interest on financial liabilities	299,851	312,233
Other interest	85,237	44,945
	<u>421,601</u>	<u>369,695</u>
Total finance costs	421,601	369,695

11 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	139,279	-
Adjustments in respect of prior periods	-	(50,179)
	<u>139,279</u>	<u>(50,179)</u>
Total current tax	139,279	(50,179)

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

11	Taxation	(Continued)	
	Deferred tax		
	Origination and reversal of timing differences	60,646	(1,797)
	Changes in tax rates	-	(3,711)
	Other adjustments	-	(1,907)
	Total deferred tax	60,646	(7,415)
	Total tax charge/(credit)	199,925	(57,594)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit/(loss) before taxation	449,271	(967,324)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	85,361	(183,792)
Tax effect of expenses that are not deductible in determining taxable profit	115,081	113,789
Tax effect of utilisation of tax losses not previously recognised	(33,697)	-
Unutilised tax losses carried forward	-	65,487
Change in unrecognised deferred tax assets	60,646	(1,907)
Permanent capital allowances in excess of depreciation	(27,467)	4,516
Research and development tax credit	-	(50,179)
Deferred tax adjustments in respect of prior years	-	(5,508)
Rounding difference	1	-
Taxation charge/(credit)	199,925	(57,594)

12 Intangible fixed assets

Group	Goodwill £	Trade marks £	Total £
Cost			
At 1 October 2017 and 30 September 2018	5,785,679	1,490	5,787,169
Amortisation and impairment			
At 1 October 2017	601,968	1,017	602,985
Amortisation charged for the year	575,968	149	576,117
At 30 September 2018	1,177,936	1,166	1,179,102

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

12 Intangible fixed assets

(Continued)

Carrying amount

At 30 September 2018	4,607,743	324	4,608,067
At 30 September 2017	5,183,711	473	5,184,184

The company had no intangible fixed assets at 30 September 2018 or 30 September 2017.

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

13 Tangible fixed assets

Group	Leasehold improvements £	Assets under construction £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 October 2017	216,173	-	513,402	302,774	32,267	1,064,616
Additions	29,508	447,043	28,704	38,506	-	543,761
Disposals	-	-	(6,803)	(35,469)	-	(42,272)
At 30 September 2018	245,681	447,043	535,303	305,811	32,267	1,566,105
Depreciation and impairment						
At 1 October 2017	83,886	-	208,909	155,943	17,047	465,785
Depreciation charged in the year	19,559	-	63,410	40,045	3,805	126,819
Eliminated in respect of disposals	-	-	(4,640)	(27,777)	-	(32,417)
At 30 September 2018	103,445	-	267,679	168,211	20,852	560,187
Carrying amount						
At 30 September 2018	142,236	447,043	267,624	137,600	11,415	1,005,918
At 30 September 2017	132,287	-	304,493	146,832	15,220	598,832

The company had no tangible fixed assets at 30 September 2018 or 30 September 2017.

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

13 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2018 £	2017 £	Company 2018 £	2017 £
Plant and machinery	127,487	128,747	-	-
Fixtures and fittings	-	4,444	-	-
Motor vehicles	-	15,220	-	-
Leasehold improvements	51,387	46,255	-	-
	<u>178,874</u>	<u>194,666</u>	<u>-</u>	<u>-</u>

Assets under construction represents amounts paid for the development and implementation of an Enterprise Resource Planning System.

14 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	15	2	2	5,792,179	5,792,179

Movements in fixed asset investments

Group	Shares in group undertakings £
Cost or valuation	
At 1 October 2017 and 30 September 2018	2
Carrying amount	
At 30 September 2018	2
At 30 September 2017	2

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

14 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Shares in
group
undertakings
£

Cost or valuation

At 1 October 2017 and 30 September 2018

5,792,179

Carrying amount

At 30 September 2018

5,792,179

At 30 September 2017

5,792,179

15 Subsidiaries

Details of the company's subsidiaries at 30 September 2018 are as follows:

Name of undertaking - Folkestone Fixings Limited

Company of incorporation - England & Wales

Registered office - Dyna House, Lympe Industrial Estate, Otterpool Lane, Lympe, Kent. CT21 4LR.

Nature of business - Trading in provision of power tools and building materials

Class of shares held - Ordinary shares

% of Holding - 100% issued share capital - 11,765 Ordinary shares

Year end - 30 September 2018

Aggregate capital and reserves - £3,038,116

Profit for the year - £1,140,151

16 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Finished goods and goods for resale	4,736,348	4,558,389	-	-

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

17 Debtors

	Group 2018 £	2017 £	Company 2018 £	2017 £
Amounts falling due within one year:				
Trade debtors	1,613,962	1,017,173	-	-
Amounts owed by group undertakings	-	-	1,129,945	1,044,945
Other debtors	1,976,182	918,210	-	-
Prepayments and accrued income	266,856	232,357	-	-
	<u>3,857,000</u>	<u>2,167,740</u>	<u>1,129,945</u>	<u>1,044,945</u>
Deferred tax asset (note 21)	-	1,907	-	-
	<u>3,857,000</u>	<u>2,169,647</u>	<u>1,129,945</u>	<u>1,044,945</u>

In the Company the amounts owed by group undertakings are secured by fixed charges over the company's assets, the maturity date of the loan is April 2019 and bears interest at 8.5%

18 Creditors: amounts falling due within one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Debenture loans		95,117	95,117	95,117	95,117
Obligations under finance leases	20	58,606	98,197	-	-
Trade creditors		7,454,650	6,241,897	-	-
Corporation tax payable		139,279	-	-	-
Other taxation and social security		129,138	66,346	286	154
Other creditors		1,181,408	23,963	1,129,945	-
Accruals and deferred income		1,083,323	907,311	5,315	370,847
		<u>10,141,521</u>	<u>7,432,831</u>	<u>1,230,663</u>	<u>466,118</u>

19 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Debenture loans		2,760,506	2,855,623	2,760,506	2,855,623
Obligations under finance leases	20	21,619	69,558	-	-
Other borrowings		415,825	-	-	-
Amounts owed to group undertakings		-	-	661,935	531,448
Other creditors		-	1,044,945	-	1,044,945
Accruals and deferred income		636,723	-	636,723	-
		<u>3,834,673</u>	<u>3,970,126</u>	<u>4,059,164</u>	<u>4,432,016</u>

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

19 Creditors: amounts falling due after more than one year

(Continued)

Of the creditors falling due within and after more than one year, the debenture loans totalling £2,855,623 (2017 £2,950,739) are secured by fixed and floating charges over the company's assets. Debenture loans outstanding at the period end amounted to £2,855,623 and include repayments due after more than five years of £2,570,272, which bear interest at the fixed rate of 11% per annum. Debenture loans totalling £285,351 bear interest at a fixed rate of 6% and are repayable in equal installments at the beginning of the next three financial years.

In the Company the amounts owed to group undertakings have been discounted to present value. The interest rate used was 3%, remaining term is 3 years, interest income of £15,943 (2017: £24,005) and fair value adjustment of £10,621 (2017: £36,737) have been included.

The entity would pay £723,314 (2017: £598,149) at maturity (carrying value is £661,935).

20 Finance lease obligations

	Group 2018 £	2017 £	Company 2018 £	2017 £
Future minimum lease payments due under finance leases:				
Within one year	58,606	98,197	-	-
In two to five years	21,619	69,558	-	-
	<u>80,225</u>	<u>167,755</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Finance leases are secured on the assets financed.

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2018 £	Liabilities 2017 £	Assets 2018 £	Assets 2017 £
Group				
Accelerated capital allowances	129,233	70,494	-	-
Tax losses	-	-	-	1,907
	<u>129,233</u>	<u>70,494</u>	<u>-</u>	<u>1,907</u>

The company has no deferred tax assets or liabilities.

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

21 Deferred taxation

(Continued)

	Group 2018 £	Company 2018 £
Movements in the year:		
Liability at 1 October 2017	68,587	-
Charge to profit or loss	60,646	-
Liability at 30 September 2018	129,233	-

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

22 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	51,499	34,023

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

	Group and company 2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
5,093 Ordinary A Shares of 1p each	51	51
4,678 Ordinary B Shares of 1p each	47	47
368,107 Ordinary Preferred Shares of £1 each	368,107	368,107
	368,205	368,205

FFX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

24 Operating lease commitments

Lessee

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

	Group 2018 £	2017 £	Company 2018 £	2017 £
Within one year	631,826	621,521	-	-
Between two and five years	1,459,234	1,854,073	-	-
In over five years	355,250	565,450	-	-
	<u>2,446,310</u>	<u>3,041,044</u>	<u>-</u>	<u>-</u>

25 Capital commitments

There were no capital commitments contracted in the year.

26 Contingent liabilities

The company had no contingent liabilities as at 30 September 2018.

27 Events after the reporting date

There were no post balance sheet events.

28 Related party transactions

FFX Group Limited

Debenture loan notes totalling £2,855,623 are owed to the shareholders of the company, £2,570,272 are redeemable after 5 years from the date of issue.

At the balance sheet date FFX Group Limited owed Dhalia Limited £752,543 (2017 - £695,933) and Iphigenie Limited £377,402 (2017 - £349,012). Both of these companies are Special Purpose Vehicles (SPV's) in which Foresight VCT PLC, a company with participating interest, has an investment. The amounts are repayable in April 2019 and bear interest at 8.5%.

Trading Company

During the year, Shaldern Limited invoiced the Company for consultancy fees amounting to £314,000 (2017 : £294,000). Mr P M Ker and Mr T Horrell are both directors and shareholders of Shaldern Limited. At the year end there was an amount outstanding of £62,800 (2017 : £nil).

29 Controlling party

The Company is controlled by the Board of Directors.