

REGISTERED NUMBER: 00834329 (England and Wales)

GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD
1 OCTOBER 2016 TO 31 DECEMBER 2017
FOR
LUXUS LIMITED

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for the Period 1 October 2016 to 31 December 2017

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LUXUS LIMITED

COMPANY INFORMATION
for the Period 1 October 2016 to 31 December 2017

| | |
|---------------------------|---|
| DIRECTORS: | P N Atterby B J Clift |
| SECRETARY: | B J Clift |
| REGISTERED OFFICE: | Belvoir Way Fairfield Industrial Estate Louth Lincolnshire LN11 0LQ |
| REGISTERED NUMBER: | 00834329 (England and Wales) |
| BANKERS: | HSBC Bank Plc Stonebow Branch 221 High Street Lincoln LN1 1TS |

GROUP STRATEGIC REPORT
for the Period 1 October 2016 to 31 December 2017

The directors present their strategic report of the company and the group for the period 1 October 2016 to 31 December 2017.

REVIEW OF BUSINESS

The principal activity of the company continued to be that of plastic processors with increased emphasis on knowledge led development with the addition of performance enhancing new additive & colouring technology

There have not been any significant changes in the company's principal activities in the current year but there have been enhancements to our capabilities and the directors are not aware, at the date of this report, of any likely major changes in the company's principal activities in the forthcoming year.

Overseas activities

We continue to see Europe as a viable market place despite the pressures and uncertainty surrounding Brexit

Despite this political and market uncertainty we remain committed to growing our European activities of the business along with the emerging markets.

During the course of the next reporting period we will have investigated and secured the foundations of distribution network and global licence opportunities for our product and technologies

GROUP STRATEGIC REPORT
for the Period 1 October 2016 to 31 December 2017

PRINCIPAL RISKS AND UNCERTAINTIES

Health and Safety

The company recognises the business critical importance of this area and its responsibilities for Health and Safety in the work place. This is assessed, managed, reported and improved on an ongoing basis using our internal qualified resource and also audited by external consultants.

Our ongoing commitment is to further reduce accidents and dangerous occurrences by increased involvement on the factory floor as we progress the changing culture of Health and Safety within the Company.

People

The commitment, flexibility and skill of our team have been strengthened during the course of the year. Our people once again have proved themselves to be one of our most valuable assets.

We are proud of what has been achieved in this seventh year of the 'Luxus Academy' which is delivering the anticipated business specific fast track graduates and apprentices to meet our needs for growth and succession. During the year, a number of our apprentices qualified and were retained. This continues to demonstrate our commitment to on-going training and development at all levels within the business. This commitment is key to our long-term success.

General Risk

We continue to identify the current risks and challenges facing the business as those of managing growth and succession in a dynamic unstable world economic climate, particularly in the Oil and Petrochemical sector. The UK Brexit referendum decision adds to the complexity of variables we are experiencing.

Consumer education and awareness within the circular economy and central government waste management strategy and changing method of finance for recycling should enhance opportunities within the market sector and potentially reduce the risk on long term investments.

Sustainability along with Life Cycle Analysis continues to be increasingly high on the agenda of most major corporates and our commitment to meet these needs along with our continued policy to service diverse market sectors continues to place the company in a strong competitive position. We continue to recognise the risks and uncertainty in the European market and have thus continued to take further steps to secure entry into our global markets.

Our strategy to move the business toward knowledge based incorporation of recycled polymers and into enhanced performance compounds & additives are designed to mitigate these risks.

Fire Risk

The Recycling Industry has seen significant seemingly inexplicable increase in fires during the recent past and we continue to maintain our awareness of the dangers and manage this risk to the best of our ability and comply with the current recommendations of the Environment Agency and Technical Guidance Note 7.01 issued by The Chartered Institute of Waste Management (CIWM).

Credit Risk

Our credit risk is managed by credit rating our customers and managing the risk in an appropriate manner underpinned by debtor insurance across the group.

We continue to monitor and manage the risk of the fraudulent organised crime associated with company identity still occurring within the plastics industry. The measures put in place in prior reporting periods have proved to be successful.

Interest Risk

Interest rate risk exposure on loan, debt purchase agreements, and Hire Purchase finance is reviewed prior to commitment as well as regularly on variable agreements to ensure we obtain the fair value interest rates both at inception and on-going on the short term or variable rate agreements.

Foreign Exchange Risk

Our objective is neither to make a profit nor a loss on Foreign exchange. Risk management in this area is constantly reviewed as more versatile tools become available to enable improved management.

Liquidity and Cash flow risk

The Directors have built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The Company managed liquidity risk by maintaining adequate reserves, banking and other debt facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Day to day cash flow is monitored by the Company on a day to day basis with the use of KPI's, and ensuring flexible and appropriate short term financing availability.

GROUP STRATEGIC REPORT
for the Period 1 October 2016 to 31 December 2017

Energy

We continually monitor energy prices and enter into contracts that allow us to fix the prices for a period of up to 3 years when we deem it prudent to do so.

As part of the BPF plastics industry scheme the company has achieved CCL refund in exchange for its commitment to CO2 reduction in coming years.

During the reporting period, Luxus Ltd continues to benefit from Energy Intensive Industries (EII) compensation scheme run by the Department of Business, Innovation and Skills (BIS). The compensation scheme provides a rebate directly from BIS for energy intensive companies in respect of indirect costs of Renewable Obligation (RO) and Small Scale Feed-in Tariff (FIT) based on historical consumption levels. The Company anticipates that they will remain eligible under this scheme for the forthcoming year.

Environmental & social responsibility

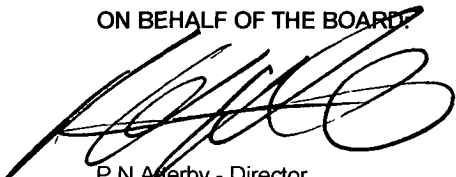
The company recognises its environmental and social responsibilities and understands the importance of the contribution that it can make.

Environmental concerns have always been high on our agenda and to demonstrate our ongoing commitment we have signed a commitments to Operation Clean Sweep to minimise the contamination of the ocean with plastic resin.

Bribery Policy

We have always valued the company's reputation for ethical behaviour and for financial probity and reliability which has led to our creating and implementing a Policy and Procedure as required by The Bribery Act 2010.

ON BEHALF OF THE BOARD:



P N Atterby - Director

27 September 2018

REPORT OF THE DIRECTORS
for the Period 1 October 2016 to 31 December 2017

The directors present their report with the financial statements of the company and the group for the period 1 October 2016 to 31 December 2017.

DIVIDENDS

The direction this year has been one of investment, which saw the acquisition of ColourTone Masterbatch Ltd being added to the group. The investment reinforces our long-term vision as we continue to grow and develop as a leading knowledge based polymer, masterbatch and additive producer.

The enlarged group not only increases our scale of operation but also serves to underpin and enhance our technical capability in the development of patented products and technology with commercial application. We recognise that our current performance reflects this development phase.

A significant amount of management time and resource has been spent integrating, enhancing and protecting our Intellectual Property. The restructure and realignment of the various business units continues to be undertaken as we build the foundation for a consistent return on investment within the next three to five years.

We continue to seek opportunities to achieve our full potential and consider that the Group is well placed to take advantage of the changing demand for environmental positive products and technologies within the developing global environmental arena and UK waste management strategy.

Our black polymer identification technologies are being adopted by the global food & beverage brand leaders as they are placed under ever increasing pressure by the consumer to ensure a holistic approach is taken to creating the circular economy.

As part of our technological and product advancements and use of infra red reflecting technology we are now able to offer solutions to the construction industry for the control of distortion in external plastic product.

A dividend has not been recommended and the retained loss has been transferred to reserves.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2016 to the date of this report.

P N Atterby
B J Clift

Other changes in directors holding office are as follows:

N J Page - resigned 30 November 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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;
- 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.

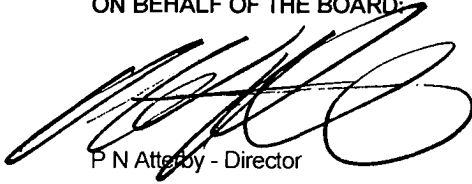
LUXUS LIMITED (REGISTERED NUMBER: 00834329)

REPORT OF THE DIRECTORS
for the Period 1 October 2016 to 31 December 2017

AUDITORS

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

ON BEHALF OF THE BOARD:

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

P N Atterby - Director

27 September 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LUXUS LIMITED

Opinion

We have audited the financial statements of Luxus Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2017 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 December 2017 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 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, 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.

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LUXUS LIMITED

Responsibilities of directors

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

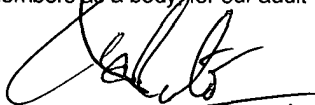
Auditors' responsibilities for the audit of the financial statements

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. 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.



J N White (Senior Statutory Auditor)
for and on behalf of Pelham
Chartered Accountants and
Statutory Auditors
16 Dudley Street
Grimsby
N E Lincolnshire
DN31 2AB

27 September 2018

LUXUS LIMITED (REGISTERED NUMBER: 00834329)

CONSOLIDATED INCOME STATEMENT
for the Period 1 October 2016 to 31 December 2017

| | Notes | Period 1.10.16 to 31.12.17 £ | Year Ended 30.9.16 £ |
|---|-------|--|----------------------------|
| TURNOVER | 4 | 37,273,096 | 24,208,248 |
| Cost of sales | | 32,834,269 | 21,428,623 |
| GROSS PROFIT | | 4,438,827 | 2,779,625 |
| Administrative expenses | | 5,017,109 | 3,115,936 |
| | | (578,282) | (336,311) |
| Other operating income | | 506,151 | 280,297 |
| OPERATING LOSS | 6 | (72,131) | (56,014) |
| Exceptional items | 7 | 62,544 | - |
| | | (134,675) | (56,014) |
| Interest receivable and similar income | | 1,049 | 837 |
| | | (133,626) | (55,177) |
| Interest payable and similar expenses | 8 | 232,935 | 128,575 |
| LOSS BEFORE TAXATION | | (366,561) | (183,752) |
| Tax on loss | 9 | (153,459) | (124,435) |
| LOSS FOR THE FINANCIAL PERIOD | | (213,102) | (59,317) |
| Loss attributable to: Owners of the parent | | (213,102) | (59,317) |

The notes form part of these financial statements

LUXUS LIMITED (REGISTERED NUMBER: 00834329)

CONSOLIDATED OTHER COMPREHENSIVE INCOME
for the Period 1 October 2016 to 31 December 2017

| | Notes | Period 1.10.16 to 31.12.17 £ | Year Ended 30.9.16 £ |
|---|-------|--|----------------------------|
| LOSS FOR THE PERIOD | | (213,102) | (59,317) |
| OTHER COMPREHENSIVE INCOME | | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | <u>(213,102)</u> | <u>(59,317)</u> |
| Total comprehensive income attributable to: Owners of the parent | | <u>(213,102)</u> | <u>(59,317)</u> |

The notes form part of these financial statements

LUXUS LIMITED (REGISTERED NUMBER: 00834329)

CONSOLIDATED BALANCE SHEET
31 December 2017

| | Notes | 31.12.17 | 30.9.16 |
|--|-------|-------------------------|-------------------------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Intangible assets | 11 | 47,168 | - |
| Tangible assets | 12 | 6,854,969 | 6,754,028 |
| Investments | 13 | - | - |
| | | <u>6,902,137</u> | <u>6,754,028</u> |
| CURRENT ASSETS | | | |
| Stocks | 14 | 4,815,832 | 3,150,934 |
| Debtors | 15 | 7,504,559 | 5,246,761 |
| Cash at bank and in hand | | 573,508 | 84,325 |
| | | <u>12,893,899</u> | <u>8,482,020</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 16 | 12,253,753 | 8,533,616 |
| NET CURRENT ASSETS/(LIABILITIES) | | <u>640,146</u> | <u>(51,596)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>7,542,283</u> | <u>6,702,432</u> |
| CREDITORS | | | |
| Amounts falling due after more than one year | 17 | (2,694,343) | (1,760,445) |
| PROVISIONS FOR LIABILITIES | 22 | (121,661) | (1,642) |
| ACCRUALS AND DEFERRED INCOME | 23 | (8,687) | (9,651) |
| NET ASSETS | | <u><u>4,717,592</u></u> | <u><u>4,930,694</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 24 | 10,876 | 10,876 |
| Share premium | 25 | 1,785 | 1,785 |
| Revaluation reserve | 25 | 728,807 | 750,628 |
| Capital redemption reserve | 25 | 12,519 | 12,519 |
| Retained earnings | 25 | 3,963,605 | 4,154,886 |
| SHAREHOLDERS' FUNDS | | <u><u>4,717,592</u></u> | <u><u>4,930,694</u></u> |

The financial statements were approved by the Board of Directors on 27 September 2018 and were signed on its behalf by:



P N Afterby - Director

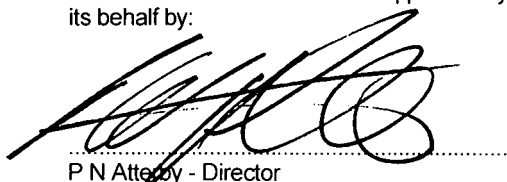
The notes form part of these financial statements

LUXUS LIMITED (REGISTERED NUMBER: 00834329)

COMPANY BALANCE SHEET
31 December 2017

| | Notes | 31.12.17 | 30.9.16 |
|--|-------|-------------------------|-------------------------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Intangible assets | 11 | - | - |
| Tangible assets | 12 | 6,337,220 | 6,754,028 |
| Investments | 13 | 1,570,392 | - |
| | | <u>7,907,612</u> | <u>6,754,028</u> |
| CURRENT ASSETS | | | |
| Stocks | 14 | 3,743,206 | 3,150,934 |
| Debtors | 15 | 6,487,772 | 5,246,761 |
| Cash at bank and in hand | | 575,719 | 84,325 |
| | | <u>10,806,697</u> | <u>8,482,020</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 16 | 11,133,883 | 8,533,616 |
| NET CURRENT LIABILITIES | | <u>(327,186)</u> | <u>(51,596)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>7,580,426</u> | <u>6,702,432</u> |
| CREDITORS | | | |
| Amounts falling due after more than one year | 17 | (2,675,512) | (1,760,445) |
| PROVISIONS FOR LIABILITIES | 22 | (61,271) | (1,642) |
| ACCRUALS AND DEFERRED INCOME | 23 | (8,687) | (9,651) |
| NET ASSETS | | <u><u>4,834,956</u></u> | <u><u>4,930,694</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 24 | 10,876 | 10,876 |
| Share premium | 25 | 1,785 | 1,785 |
| Revaluation reserve | 25 | 728,807 | 750,628 |
| Capital redemption reserve | 25 | 12,519 | 12,519 |
| Retained earnings | 25 | 4,080,969 | 4,154,886 |
| SHAREHOLDERS' FUNDS | | <u><u>4,834,956</u></u> | <u><u>4,930,694</u></u> |
| Company's loss for the financial year | | <u>(95,738)</u> | <u>(59,317)</u> |

The financial statements were approved by the Board of Directors on 27/9/2018 and were signed on its behalf by:



P N Atterby - Director

The notes form part of these financial statements

LUXUS LIMITED (REGISTERED NUMBER: 00834329)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Period 1 October 2016 to 31 December 2017

| | Called up share capital £ | Retained earnings £ | Share premium £ |
|------------------------------|------------------------------------|---------------------------------------|-----------------------|
| Balance at 1 October 2015 | 10,876 | 4,196,746 | 1,785 |
| Changes in equity | | | |
| Total comprehensive income | - | (41,860) | - |
| Balance at 30 September 2016 | 10,876 | 4,154,886 | 1,785 |
| Changes in equity | | | |
| Total comprehensive income | - | (191,281) | - |
| Balance at 31 December 2017 | 10,876 | 3,963,605 | 1,785 |
| | Revaluation reserve £ | Capital redemption reserve £ | Total equity £ |
| Balance at 1 October 2015 | 768,085 | 12,519 | 4,990,011 |
| Changes in equity | | | |
| Total comprehensive income | (17,457) | - | (59,317) |
| Balance at 30 September 2016 | 750,628 | 12,519 | 4,930,694 |
| Changes in equity | | | |
| Total comprehensive income | (21,821) | - | (213,102) |
| Balance at 31 December 2017 | 728,807 | 12,519 | 4,717,592 |

The notes form part of these financial statements

LUXUS LIMITED (REGISTERED NUMBER: 00834329)

COMPANY STATEMENT OF CHANGES IN EQUITY
for the Period 1 October 2016 to 31 December 2017

| | Called up share capital £ | Retained earnings £ | Share premium £ |
|------------------------------|------------------------------------|---------------------------|-----------------------|
| Balance at 1 October 2015 | 10,876 | 4,196,746 | 1,785 |
| Changes in equity | | | |
| Total comprehensive loss | - | (41,860) | - |
| Balance at 30 September 2016 | 10,876 | 4,154,886 | 1,785 |
| Changes in equity | | | |
| Total comprehensive loss | - | (73,917) | - |
| Balance at 31 December 2017 | 10,876 | 4,080,969 | 1,785 |

| | Revaluation reserve £ | Capital redemption reserve £ | Total equity £ |
|------------------------------|-----------------------------|---------------------------------------|----------------------|
| Balance at 1 October 2015 | 768,085 | 12,519 | 4,990,011 |
| Changes in equity | | | |
| Total comprehensive loss | (17,457) | - | (59,317) |
| Balance at 30 September 2016 | 750,628 | 12,519 | 4,930,694 |
| Changes in equity | | | |
| Total comprehensive loss | (21,821) | - | (95,738) |
| Balance at 31 December 2017 | 728,807 | 12,519 | 4,834,956 |

The notes form part of these financial statements

LUXUS LIMITED (REGISTERED NUMBER: 00834329)**CONSOLIDATED CASH FLOW STATEMENT
for the Period 1 October 2016 to 31 December 2017**

| | Notes | Period 1.10.16 to 31.12.17 £ | Year Ended 30.9.16 £ |
|--|-------|--|----------------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 582,832 | 666,169 |
| Interest paid | | (184,893) | (96,213) |
| Interest element of hire purchase payments paid | | (48,042) | (32,362) |
| Tax paid | | 87,179 | - |
| Net cash from operating activities | | <u>437,076</u> | <u>537,594</u> |
| Cash flows from investing activities | | | |
| Purchase of intangible fixed assets | | (51,489) | - |
| Purchase of tangible fixed assets | | (949,657) | (349,651) |
| Sale of tangible fixed assets | | 50,438 | 44,446 |
| Interest received | | 1,049 | 837 |
| Net cash from investing activities | | <u>(949,659)</u> | <u>(304,368)</u> |
| Cash flows from financing activities | | | |
| New loans in year | | 1,499,082 | - |
| Loan repayments in year | | - | (184,821) |
| Capital repayments in year | | (363,382) | (35,704) |
| Net cash from financing activities | | <u>1,135,700</u> | <u>(220,525)</u> |
| Increase in cash and cash equivalents | | <u>623,117</u> | <u>12,701</u> |
| Cash and cash equivalents at beginning of period | 2 | (49,609) | (62,310) |
| Cash and cash equivalents at end of period | 2 | <u><u>573,508</u></u> | <u><u>(49,609)</u></u> |

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Period 1 October 2016 to 31 December 2017

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

| | Period 1.10.16 to 31.12.17 £ | Year Ended 30.9.16 £ |
|---------------------------------------|--|----------------------------|
| Loss before taxation | (366,561) | (183,752) |
| Depreciation charges | 822,173 | 726,612 |
| Profit on disposal of fixed assets | (19,574) | (20,021) |
| Finance costs | 232,935 | 128,575 |
| Finance income | (1,049) | (837) |
| | 667,924 | 650,577 |
| Increase in stocks | (1,664,898) | (203,072) |
| Increase in trade and other debtors | (2,143,454) | (614,333) |
| Increase in trade and other creditors | 3,723,260 | 832,997 |
| Cash generated from operations | 582,832 | 666,169 |

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 December 2017

| | 31.12.17 £ | 1.10.16 £ |
|---------------------------|----------------|-----------------|
| Cash and cash equivalents | 573,508 | 84,325 |
| Bank overdrafts | - | (133,934) |
| | 573,508 | (49,609) |

Year ended 30 September 2016

| | 30.9.16 £ | 1.10.15 £ |
|---------------------------|-----------------|-----------------|
| Cash and cash equivalents | 84,325 | 15,660 |
| Bank overdrafts | (133,934) | (77,970) |
| | (49,609) | (62,310) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Period 1 October 2016 to 31 December 2017

1. STATUTORY INFORMATION

Luxus 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.

2. STATEMENT OF COMPLIANCE

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

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain assets.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is recognised when the company becomes entitled to it - usually on the rendering of an invoice.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2017, is being amortised evenly over its estimated useful life of ten years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised over the life of the asset.

Tangible fixed assets

Freehold property is shown at a previous UK GAAP valuation, which has been used as deemed cost on transition to FRS 102. All other assets are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less residual cost, over the useful life of the asset as follows:

| | |
|---|--|
| Freehold land and buildings | Over 46 or 50 years |
| Plant, machinery and laboratory equipment | 25%, 20% and 12.5% reducing balance, or over 30, 10, 8, 5 or 3 years on cost |
| Warehouse, fixtures and office equipment | 10% reducing balance except for warehouse and computer equipment which is at 33 1/3% on cost and computer software which is at 15% reducing balance. |
| Motor vehicles | 25% on cost or 25% reducing balance as appropriate. |

Government grants

Grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating to either revenue or to assets. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 1 October 2016 to 31 December 2017

3. ACCOUNTING POLICIES - continued

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Investments

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. All purchases and sales of investments are recognised using trade date accounting.

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Interest-bearing loans and borrowing

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

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

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future profits. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 1 October 2016 to 31 December 2017

3. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Accounting period

The accounts are for a period of 15 months. The year end was changed in order to bring the financial year end in line with the subsidiary acquired during the year. The comparative amounts presented in the accounts (including the related notes) are therefore not entirely comparable.

4. 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:

| | Period 1.10.16 to 31.12.17 £ | Year Ended 30.9.16 £ |
|-------------------|--|----------------------------|
| United Kingdom | 30,790,433 | 19,912,638 |
| Europe | 6,379,288 | 4,160,191 |
| Rest of the world | 103,375 | 135,419 |
| | <u>37,273,096</u> | <u>24,208,248</u> |

5. EMPLOYEES AND DIRECTORS

LUXUS LIMITED (REGISTERED NUMBER: 00834329)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 1 October 2016 to 31 December 2017

| | Period 1.10.16 to 31.12.17 £ | Year Ended 30.09.16 £ |
|-----------------------|---------------------------------------|-----------------------------|
| Wages and salaries | 5,597,596 | 3,343,003 |
| Social security costs | 480,004 | 292,742 |
| Other pension costs | 119,917 | 80,827 |
| | <u>6,197,517</u> | <u>3,716,572</u> |

The average monthly number of employees (including directors) during the period was:

| | Number | Number |
|-------------------------------|------------|------------|
| Management and administration | 60 | 38 |
| Production | 146 | 113 |
| | <u>206</u> | <u>151</u> |

The total employment benefits including employer pension contributions of the key management personnel were £232,180 (2016: £130,761).

Directors' emoluments

| | Period 1.10.16 to 31.12.17 £ | Year Ended 30.09.16 £ |
|---|---------------------------------------|-----------------------------|
| Emoluments for qualifying services | 271,005 | 164,824 |
| Company pension contributions to money purchase schemes | 24,433 | 12,817 |
| | <u>295,438</u> | <u>177,641</u> |

The number of directors for whom retirement benefits are accruing under money purchase schemes amounted to 2 (2016 - 1)

6. OPERATING LOSS

| | Period 1.10.16 to 31.12.17 £ | Year Ended 30.09.16 £ |
|--|---------------------------------------|-----------------------------|
| The operating profit is stated after charging/(crediting): | | |
| Depreciation | | |
| Owned assets | 626,225 | 502,465 |
| Leased assets | 220,290 | 224,147 |
| Loss/(Profit) on sale of tangible assets | (19,574) | (20,021) |
| Amortisation | 4,321 | - |
| Stock recognised as an expense in the period | 23,912,631 | 15,556,736 |
| Operating lease rentals | 137,564 | 77,423 |
| Auditors remuneration - audit fees | 11,500 | 6,100 |
| - non-audit fees | 22,545 | 1,350 |
| Foreign exchange differences | (146,798) | (73,121) |
| Government grants | (285,282) | (220,781) |
| | <u></u> | <u></u> |

7. EXCEPTIONAL ITEMS

An exceptional bad debt of £62,555 was incurred during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 1 October 2016 to 31 December 2017

8. INTEREST PAYABLE AND SIMILAR EXPENSES

| | Period 1.10.16 to 31.12.17 £ | Year Ended 30.9.16 £ |
|---------------------|--|----------------------------|
| Bank interest | 63,560 | 30,107 |
| Factor interest | 97,292 | 66,106 |
| Other loan interest | 24,041 | - |
| Hire purchase | 48,042 | 32,362 |
| | <u>232,935</u> | <u>128,575</u> |

9. TAXATION

Analysis of the tax credit

The tax credit on the loss for the period was as follows:

| | Period 1.10.16 to 31.12.17 £ | Year Ended 30.9.16 £ |
|--|--|----------------------------|
| Current tax: | | |
| UK corporation tax | (66,834) | - |
| Refund in respect of tax credits cashed in | <u>(134,689)</u> | <u>-</u> |
| Total current tax | <u>(201,523)</u> | <u>-</u> |
| Deferred tax | <u>48,064</u> | <u>(124,435)</u> |
| Tax on loss | <u>(153,459)</u> | <u>(124,435)</u> |

Reconciliation of total tax credit included in profit and loss

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

| | Period 1.10.16 to 31.12.17 £ | Year Ended 30.9.16 £ |
|---|--|----------------------------|
| Loss before tax | <u>(366,561)</u> | <u>(183,752)</u> |
| Loss multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%) | <u>(69,647)</u> | <u>(36,750)</u> |
| Effects of: | | |
| Expenses not deductible for tax purposes | 6,007 | 3,502 |
| Capital allowances in excess of depreciation | (19,974) | (6,755) |
| Relief for losses carried forward | 115,777 | 141,258 |
| Other | (32,163) | (101,255) |
| Refund re tax credits | (213,088) | - |
| Deferred tax provision | <u>59,629</u> | <u>(124,435)</u> |
| Total tax credit | <u>(153,459)</u> | <u>(124,435)</u> |

10. 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 October 2016 to 31 December 2017

11. INTANGIBLE FIXED ASSETS**Group**

| | Goodwill £ | Patents and licences £ | Totals £ |
|-------------------------|---------------|---------------------------------|-------------|
| COST | | | |
| Additions | 40,953 | 10,536 | 51,489 |
| At 31 December 2017 | 40,953 | 10,536 | 51,489 |
| AMORTISATION | | | |
| Amortisation for period | 3,754 | 567 | 4,321 |
| At 31 December 2017 | 3,754 | 567 | 4,321 |
| NET BOOK VALUE | | | |
| At 31 December 2017 | 37,199 | 9,969 | 47,168 |

12. TANGIBLE FIXED ASSETS**Group**

| | Freehold land and buildings £ | Improvements to property £ | Plant and machinery and laboratory equipment £ |
|---|--|-------------------------------------|---|
| COST | | | |
| At 1 October 2016 | 3,432,077 | - | 9,090,007 |
| Additions | - | - | 246,000 |
| Disposals | - | - | (354,119) |
| Acquisition through business combinations | - | 50,739 | 453,595 |
| At 31 December 2017 | 3,432,077 | 50,739 | 9,435,483 |
| DEPRECIATION | | | |
| At 1 October 2016 | 321,467 | - | 5,678,698 |
| Charge for period | 71,447 | - | 641,616 |
| Eliminated on disposal | - | - | (336,092) |
| At 31 December 2017 | 392,914 | - | 5,984,222 |
| NET BOOK VALUE | | | |
| At 31 December 2017 | 3,039,163 | 50,739 | 3,451,261 |
| At 30 September 2016 | 3,110,610 | - | 3,411,309 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 1 October 2016 to 31 December 2017

12. TANGIBLE FIXED ASSETS - continued

Group

| | Warehouse fixtures and office equipment £ | Motor vehicles £ | Totals £ |
|---|--|------------------------|-------------|
| COST | | | |
| At 1 October 2016 | 567,210 | 303,845 | 13,393,139 |
| Additions | 52,020 | 111,991 | 410,011 |
| Disposals | (136) | (94,871) | (449,126) |
| Acquisition through business combinations | 21,904 | 13,407 | 539,645 |
| At 31 December 2017 | 640,998 | 334,372 | 13,893,669 |
| DEPRECIATION | | | |
| At 1 October 2016 | 471,201 | 167,745 | 6,639,111 |
| Charge for period | 39,096 | 65,692 | 817,851 |
| Eliminated on disposal | (83) | (82,087) | (418,262) |
| At 31 December 2017 | 510,214 | 151,350 | 7,038,700 |
| NET BOOK VALUE | | | |
| At 31 December 2017 | 130,784 | 183,022 | 6,854,969 |
| At 30 September 2016 | 96,009 | 136,100 | 6,754,028 |

Company

| | Freehold land and buildings £ | Plant and machinery and laboratory equipment £ | Warehouse fixtures and office equipment £ | Motor vehicles £ | Totals £ |
|------------------------|--|---|--|------------------------|-------------|
| COST | | | | | |
| At 1 October 2016 | 3,432,077 | 9,090,007 | 567,210 | 303,845 | 13,393,139 |
| Additions | - | 209,167 | 51,801 | 87,647 | 348,615 |
| Disposals | - | (317,888) | (136) | (73,379) | (391,403) |
| At 31 December 2017 | 3,432,077 | 8,981,286 | 618,875 | 318,113 | 13,350,351 |
| DEPRECIATION | | | | | |
| At 1 October 2016 | 321,467 | 5,678,698 | 471,201 | 167,745 | 6,639,111 |
| Charge for period | 71,447 | 572,409 | 36,061 | 61,615 | 741,532 |
| Eliminated on disposal | - | (301,388) | (83) | (66,041) | (367,512) |
| At 31 December 2017 | 392,914 | 5,949,719 | 507,179 | 163,319 | 7,013,131 |
| NET BOOK VALUE | | | | | |
| At 31 December 2017 | 3,039,163 | 3,031,567 | 111,696 | 154,794 | 6,337,220 |
| At 30 September 2016 | 3,110,610 | 3,411,309 | 96,009 | 136,100 | 6,754,028 |

Included in cost of land and buildings is freehold land of £571,458 (2016 - £571,458) which is not depreciated.

LUXUS LIMITED (REGISTERED NUMBER: 00834329)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 1 October 2016 to 31 December 2017

12. TANGIBLE FIXED ASSETS - continued

Company

Included above are assets held under finance leases or hire purchase contracts as follows:

| | Plant, machinery and laboratory equipment £ | Warehouse fixtures and office equipment £ | Motor vehicles £ | Total £ |
|-----------------------|--|---|------------------------|------------|
| Net book value | | | | |
| At 31 December 2017 | 1,447,663 | - | 141,139 | 1,558,802 |
| At 30 September 2016 | 1,778,413 | 6,226 | 119,461 | 1,904,100 |

If freehold land and buildings had not been revalued they would have been included at the following historical cost:

| | 31.12.17 £ | 30.09.16 £ |
|--|---------------|---------------|
| Cost | 3,040,308 | 3,040,308 |
| Aggregate depreciation | 990,612 | 903,111 |
| Value of land in freehold land and buildings | 140,141 | 140,141 |

The valuation carried out by Peter Hornsby of Hodgson Elkinton on 24th June 2009 has continued to be adopted in these accounts.

13. FIXED ASSET INVESTMENTS

Group

| | Shares in group undertakings £ |
|---|---|
| COST | |
| At 1 October 2016 and 31 December 2017 | 5,000 |
| PROVISIONS | |
| At 1 October 2016 and 31 December 2017 | 5,000 |
| NET BOOK VALUE | |
| At 31 December 2017 | - |
| At 30 September 2016 | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 1 October 2016 to 31 December 2017

13. FIXED ASSET INVESTMENTS - continued

Company

| | Shares in group undertakings £ |
|---|---|
| COST | |
| At 1 October 2016 | 5,000 |
| Additions | 1,570,392 |
| At 31 December 2017 | <u>1,575,392</u> |
| PROVISIONS | |
| At 1 October 2016 and 31 December 2017 | <u>5,000</u> |
| NET BOOK VALUE | |
| At 31 December 2017 | <u>1,570,392</u> |
| At 30 September 2016 | <u>-</u> |

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

Subsidiaries

Colour Tone Masterbatch Limited

Registered office: Belvoir Way, Fairfield Industrial Estate, Louth, Lincolnshire, LN11 0LQ

Nature of business: Production of Masterbatch

| | % | | |
|--------------------------------|---------|------------------|-----------------|
| Class of shares: | holding | | |
| Ordinary | 100.00 | | |
| | | 31.12.17 | 31.12.16 |
| | | £ | £ |
| Aggregate capital and reserves | | 1,446,118 | 1,499,725 |
| (Loss)/profit for the year | | (53,607) | 165,105 |

Pulverlux Limited

Registered office: Belvoir Way, Fairfield Industrial Estate, Louth, Lincolnshire, LN11 0LQ

Nature of business: Dormant

| | % |
|------------------|---------|
| Class of shares: | holding |
| Ordinary | 100.00 |

Pulverlux Limited, whose registered office is Belvoir Way, Fairfield Industrial Estate, Louth, has not traded and its accounts for the period since incorporation on 18 February 1980 to date, reflect an accumulated loss of £5,000 (2016: £5,000). It is not intended that the company should commence trading and the directors consider its shares to be of negligible value. The company has not been included in the consolidated accounts as it is considered to be insignificant.

14. STOCKS

| | Group | | Company | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | 31.12.17 | 30.9.16 | 31.12.17 | 30.9.16 |
| | £ | £ | £ | £ |
| Raw materials | 1,981,352 | 753,855 | 1,182,003 | 753,855 |
| Finished goods | 2,357,425 | 1,949,659 | 2,104,467 | 1,949,659 |
| Packaging and other consumables stock | 477,055 | 447,420 | 456,736 | 447,420 |
| | <u>4,815,832</u> | <u>3,150,934</u> | <u>3,743,206</u> | <u>3,150,934</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 1 October 2016 to 31 December 2017

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|--------------------------------|------------------|------------------|------------------|------------------|
| | 31.12.17 | 30.9.16 | 31.12.17 | 30.9.16 |
| | £ | £ | £ | £ |
| Trade debtors | 6,516,804 | 4,189,427 | 5,662,170 | 4,189,427 |
| Other debtors | 521,052 | 737,620 | 488,330 | 737,620 |
| Tax | 114,344 | - | 5,369 | - |
| Prepayments and accrued income | 352,359 | 319,714 | 331,903 | 319,714 |
| | <u>7,504,559</u> | <u>5,246,761</u> | <u>6,487,772</u> | <u>5,246,761</u> |

Trade debtors are subject to an invoice discounting agreement.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|---|-------------------|------------------|-------------------|------------------|
| | 31.12.17 | 30.9.16 | 31.12.17 | 30.9.16 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts (see note 18) | 277,476 | 326,509 | 277,476 | 326,509 |
| Other loans (see note 18) | 83,325 | - | 83,325 | - |
| Hire purchase contracts (see note 19) | 449,615 | 419,978 | 413,279 | 419,978 |
| Trade creditors | 6,839,699 | 4,716,363 | 6,111,470 | 4,716,363 |
| Amounts owed to group undertakings | - | - | 249,514 | - |
| Social security and other taxes | 104,065 | 77,806 | 75,748 | 77,806 |
| VAT | 138,749 | 203,898 | 163,491 | 203,898 |
| Other creditors | 3,811,949 | 2,473,325 | 3,210,705 | 2,473,325 |
| Accruals and deferred income | 295,214 | 299,982 | 295,214 | 299,982 |
| Deferred government grants | 253,661 | 15,755 | 253,661 | 15,755 |
| | <u>12,253,753</u> | <u>8,533,616</u> | <u>11,133,883</u> | <u>8,533,616</u> |

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

| | Group | | Company | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | 31.12.17 | 30.9.16 | 31.12.17 | 30.9.16 |
| | £ | £ | £ | £ |
| Bank loans (see note 18) | 1,714,468 | 647,511 | 1,714,468 | 647,511 |
| Other loans (see note 18) | 263,899 | - | 263,899 | - |
| Hire purchase contracts (see note 19) | 585,240 | 978,259 | 566,409 | 978,259 |
| Deferred government grants | 130,736 | 134,675 | 130,736 | 134,675 |
| | <u>2,694,343</u> | <u>1,760,445</u> | <u>2,675,512</u> | <u>1,760,445</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 1 October 2016 to 31 December 2017

18. LOANS

An analysis of the maturity of loans is given below:

| | Group | | Company | |
|---|------------------|----------------|------------------|----------------|
| | 31.12.17 | 30.9.16 | 31.12.17 | 30.9.16 |
| | £ | £ | £ | £ |
| Amounts falling due within one year or on demand: | | | | |
| Bank overdrafts | - | 133,934 | - | 133,934 |
| Bank loans | 277,476 | 192,575 | 277,476 | 192,575 |
| Other loans | 83,325 | - | 83,325 | - |
| | <u>360,801</u> | <u>326,509</u> | <u>360,801</u> | <u>326,509</u> |
| Amounts falling due between one and two years: | | | | |
| Bank loans - 1-2 years | 277,476 | 198,369 | 277,476 | 198,369 |
| Other loans - 1-2 years | 83,325 | - | 83,325 | - |
| | <u>360,801</u> | <u>198,369</u> | <u>360,801</u> | <u>198,369</u> |
| Amounts falling due between two and five years: | | | | |
| Bank loans - 2-5 years | 832,428 | 396,980 | 832,428 | 396,980 |
| Other loans - 2-5 years | 180,574 | - | 180,574 | - |
| | <u>1,013,002</u> | <u>396,980</u> | <u>1,013,002</u> | <u>396,980</u> |
| Amounts falling due in more than five years: | | | | |
| Repayable by instalments | | | | |
| Bank loans more 5 yr by instal | 604,564 | 52,162 | 604,564 | 52,162 |

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

| | Hire purchase contracts | |
|----------------------------|--------------------------------|------------------|
| | 31.12.17 | 30.9.16 |
| | £ | £ |
| Net obligations repayable: | | |
| Within one year | 449,615 | 419,978 |
| Between one and five years | 585,240 | 978,259 |
| | <u>1,034,855</u> | <u>1,398,237</u> |

Company

| | Hire purchase contracts | |
|----------------------------|--------------------------------|------------------|
| | 31.12.17 | 30.9.16 |
| | £ | £ |
| Net obligations repayable: | | |
| Within one year | 413,279 | 419,978 |
| Between one and five years | 566,409 | 978,259 |
| | <u>979,688</u> | <u>1,398,237</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 1 October 2016 to 31 December 2017

19. LEASING AGREEMENTS - continued

Group

| | Non-cancellable operating leases | |
|----------------------------|----------------------------------|----------------|
| | 31.12.17 | 30.9.16 |
| | £ | £ |
| Within one year | 83,175 | 97,639 |
| Between one and five years | 425,020 | 190,770 |
| | <u>508,195</u> | <u>288,409</u> |

Company

| | Non-cancellable operating leases | |
|----------------------------|----------------------------------|----------------|
| | 31.12.17 | 30.9.16 |
| | £ | £ |
| Within one year | - | 97,639 |
| Between one and five years | 168,564 | 190,770 |
| | <u>168,564</u> | <u>288,409</u> |

20. SECURED DEBTS

The following secured debts are included within creditors:

| | Group | | Company | |
|------------------------------|------------------|------------------|------------------|------------------|
| | 31.12.17 | 30.9.16 | 31.12.17 | 30.9.16 |
| | £ | £ | £ | £ |
| Bank overdraft | - | 133,934 | - | 133,934 |
| Bank loans | 1,991,944 | 840,086 | 1,991,944 | 840,086 |
| Other loans | 347,224 | - | 347,224 | - |
| Hire purchase contracts | 1,034,855 | - | 979,688 | 1,398,237 |
| Invoice Discounters advances | 3,616,217 | 2,403,225 | 3,053,669 | 2,403,225 |
| | <u>6,990,240</u> | <u>3,377,245</u> | <u>6,372,525</u> | <u>4,775,482</u> |

HSBC Bank plc hold a mortgage debenture and legal mortgages over the group's freehold properties and a fixed charge over book & other debts, chattels, goodwill and uncalled capital, and a floating charge over the other business assets.

Hire purchase balances are secured on the assets to which they relate.

Advances from the invoice discounters are secured on the related debtors.

Other loans are secured by way of a debenture from Luxus Limited and a personal guarantee given by P Atterby (Director).

21. FINANCIAL INSTRUMENTS

The group holds or issues financial instruments in order to achieve three main objectives, being:

(a) to finance its operations;

(b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance;

(c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the group's operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 1 October 2016 to 31 December 2017

22. PROVISIONS FOR LIABILITIES

| | Group | | Company | |
|------------------------------|----------------|--------------|---------------|----------------|
| | 31.12.17 | 30.9.16 | 31.12.17 | 30.9.16 |
| | £ | £ | £ | £ |
| Deferred tax | <u>121,661</u> | <u>1,642</u> | <u>61,271</u> | <u>1,642</u> |
| Group | | | | |
| | | | | Deferred tax |
| | | | | £ |
| Balance at 1 October 2016 | | | | 1,642 |
| Provided during period | | | | 48,064 |
| Re acquisition of subsidiary | | | | 71,955 |
| Balance at 31 December 2017 | | | | <u>121,661</u> |
| Company | | | | |
| | | | | Deferred tax |
| | | | | £ |
| Balance at 1 October 2016 | | | | 1,642 |
| Provided during period | | | | 59,629 |
| Balance at 31 December 2017 | | | | <u>61,271</u> |

23. ACCRUALS AND DEFERRED INCOME

| | Group | | Company | |
|----------------------------|--------------|--------------|--------------|--------------|
| | 31.12.17 | 30.9.16 | 31.12.17 | 30.9.16 |
| | £ | £ | £ | £ |
| Deferred government grants | <u>8,687</u> | <u>9,651</u> | <u>8,687</u> | <u>9,651</u> |

24. CALLED UP SHARE CAPITAL

| | | | | |
|----------------------------------|----------|----------------|---------------|---------------|
| Allotted, issued and fully paid: | | | | |
| Number: | Class: | Nominal value: | 31.12.17 | 30.9.16 |
| | | | £ | £ |
| 10,876 | Ordinary | £1 | <u>10,876</u> | <u>10,876</u> |

25. RESERVES

| | | | | | |
|--|-------------------|---------------|---------------------|----------------------------|------------------|
| Group | | | | | |
| | Retained earnings | Share premium | Revaluation reserve | Capital redemption reserve | Totals |
| | £ | £ | £ | £ | £ |
| At 1 October 2016 | 4,154,886 | 1,785 | 750,628 | 12,519 | 4,919,818 |
| Deficit for the period | (213,102) | | | | (213,102) |
| Transfer from revaluation reserve to profit and loss account | 21,821 | - | (21,821) | - | - |
| At 31 December 2017 | <u>3,963,605</u> | <u>1,785</u> | <u>728,807</u> | <u>12,519</u> | <u>4,706,716</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Period 1 October 2016 to 31 December 2017

25. RESERVES - continued**Company**

| | Retained earnings £ | Share premium £ | Revaluation reserve £ | Capital redemption reserve £ | Totals £ |
|--|---------------------------|-----------------------|-----------------------------|---------------------------------------|------------------|
| At 1 October 2016 | 4,154,886 | 1,785 | 750,628 | 12,519 | 4,919,818 |
| Deficit for the period | (95,738) | | | | (95,738) |
| Transfer from revaluation reserve to profit and loss account | 21,821 | - | (21,821) | - | - |
| At 31 December 2017 | <u>4,080,969</u> | <u>1,785</u> | <u>728,807</u> | <u>12,519</u> | <u>4,824,080</u> |

26. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £119,917 (2016: £80,827). Contributions amounting to £92,656 (2016: £81,304) were outstanding at the end of the period.

27. RELATED PARTY DISCLOSURES

| <u>Name of related party</u> | <u>Relationship</u> | <u>Nature of Transaction</u> | <u>Amount</u> |
|------------------------------|---|---|--|
| P N Atterby | Director/shareholder | Loan from company, repayable on demand (non interest bearing). Personal guarantee from Mr Atterby against non-bank loans to the value of £347,225 at the balance sheet date. | Debtor balance at 31 December 2017: £75,355 (30 September 2016: £75,355) |
| Luxus Group Holdings Limited | By virtue of common directorships and shareholdings | Loan from Company, repayable on demand (Non interest bearing). Tenancy of a property owned by Luxus Group Holdings Ltd on a rent free basis. Provision of a legal mortgage over one of the company's freehold properties as security against a loan in favour of Luxus Ltd. | Debtor balance at 31 December 2017: £340,589 (30 September 2016: £340,589) |
| A Gaukroger | Director of Colour Tone Masterbatch Limited | Loan from Company, repayable on demand (Non interest bearing). | Debtor balance at 31 December 2017: £3,750 (30 September 2016: £Nil) |

28. ULTIMATE CONTROLLING PARTY

The controlling party is P N Atterby.