Brand Architekts Group plc

("Brand Architekts" or the "Group")

Final Results

Brand Architekts Group plc announces its final results for the 52 weeks ended 27 June 2020.

Overview of Results:

	Group		Continuing Operations	
	2020	***2019***	**2020**	***2019***
Revenue	£23.7m	*£77.3m*	£16.3m	*£19.7m*
Underlying operating (loss) / profit [1]	£(0.8)m	*£4.4m*	£0.1m	*£2.4m*
(Loss) / Profit before taxation	£2.2m	*£4.1m*	£(4.3)m	*£1.8m*
EPS	12.9p	*20.7p*		
Net cash / (debt)	£18.0m	*£(7.2)m*		

[1] Underlying operating profit is calculated before exceptional items, share based payments, and amortisation of acquisition-related intangibles

Financial headlines:

- Revenues for the 52 weeks of £16.3m (excluding sales from discontinued operations), a decline of 17% on the prior year.
- UK sales declined by 16%, driven by low consumer confidence and pressure within the retail environment, and the impact of store closures as a result of the outbreak of COVID-19.
- International sales declined by 24% following the heavy impact of currency devaluation in Turkey, the effect of increased tariffs on cosmetic goods shipped from China to USA and the impact of COVID-19 across several of our markets.
- Underlying Gross Profit Margin, excluding exceptional inventory provisions and write offs made at the year end of £2.5m, was 35.2%. Gross profit margin including these items declined to 19.6% (2019: 35.6%).
- Continuing operations made an underlying operating profit of £0.1m, while the Group made an underlying operating loss of £0.8m (2019: underlying operating profit £4.4m).
- Group Profit before tax decreased to £2.2m (2019: profit before tax £4.1m).
- Net cash position at the year ended June 2020 was £18.0m (2019: net debt £7.2m).

Operational highlights:

- Creation of a solely Owned Brands business following the disposal of the Contract Manufacturing Business for £35 million.
- Operational transition now complete.
- Appointment of new Executive team to build scale and deliver further profitable growth.
- Detailed review of operations undertaken including full review of brand portfolio.

Quentin Higham, Chief Executive, commented:

"Since joining in May, I have been impressed with the depth of our product portfolio and the professionalism of the team, who have endured the most difficult of trading conditions with great resilience and determination. Following a detailed review of all operations, I believe we now have the right strategy to deliver sustainable, profitable growth over the coming years."

Roger McDowell, incoming Non-Executive Chairman, commented:

"Having already been involved with the business for a number of years as a Senior Independent Director, I am very excited to be working with the new management team. I have no doubt that we have the model and depth of resources to position us for success over the next few years.

I would like to thank Brendan Hynes for his stewardship, as he has overseen the transformation of the Group to a fully focused branded business with a very strong balance sheet.

I look forward to working with the rest of the Board as we seek to deliver growth organically, through transformational investment and focus on DTC (direct to consumer) and through targeted acquisitions."

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Brand Architekts plc		
Roger McDowell Quentin Higham Tom Carter	Incoming Non-Executive Chairman Chief Executive Chief Finance Officer	via Alma
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CHAIRMAN'S STATEMENT

This financial year has been one of transformation for the Group, while presenting both opportunities and challenges in equal measure.

In August 2019 we concluded the disposal of our manufacturing business, leaving a company solely focused on owned-brands, and with a strong balance sheet. While this deal was transformational, it also required the business to go through a period of significant operational transition. We needed to recruit a fresh management team with the necessary experience and ambition to reflect this change of focus, and who could put in place their own strategic vision for delivering shareholder value.

While the search was underway, we were fortunate to be able to call on the experience of Chris How to act as Interim Chief Executive, and I would like to thank him for providing executive management continuity during this challenging period. Even so, the distractions of managing the sale and realigning our management structure inevitably impacted business performance during the reporting period.

With these issues now behind us, I am pleased to say that in Quentin Higham as CEO and Tom Carter as CFO, I am confident that we have the right team in place to develop and execute an exciting new strategic plan to deliver shareholder value for the business. They have identified and will build the right platform of systems and processes to drive the business forward.

This new executive team joined the business as we were starting to see the effects of the COVID-19 pandemic. This had an immediate effect on the buying habits of both consumers and retailers alike, presenting both risks and opportunities for the Group.

Performance review

The final quarter of the financial year was heavily impacted by COVID-19, with non-essential retailers closed during this period and International business effectively on hold.

As a result net sales for FY20 were £16.3m, (excluding sales from discontinued operations), a decline of 17% on the prior year. Sales in the first half were £10.6m, a decline of 15% when compared to H1 2019 (£12.5m). Sales in the second half of FY20 declined by 21%, to £5.7m (H2 2019: £7.2m).

Following the heavy impact of currency devaluation in Turkey and the effect of increased tariffs on cosmetic goods shipped from China to USA, international sales declined by 24%. Looking forward, should the tariffs be reversed, the Board believes that the Group is well placed to recover a large proportion of the affected USA business.

UK sales declined by 16%, despite encouraging volume growth across our three 'drive' brands, two of which were re-launched within the period. The decline was largely due to one significant customer, however, overall low consumer confidence and pressure within the retail environment has resulted in a reduction of both category space and the effectiveness of promotional activity.

Gross profit margin declined to 19.6% (2019: 35.6%). Underlying Gross Profit Margin, which excludes Gross Profit of £2.5m from exceptional inventory provisions and write offs made at the year end, was 35.2%. As part of the business transformation to focus on Owned Brands with a new management team, a number of decisions were taken to reshape the brand portfolio, triggering adjustments to these brands and related inventory. This includes brands being exited, de-listed, re-launches and clearance of older products which may have historically been sold through discount channels. These costs are one off as part of the business transformation, therefore margins are expected to normalise in FY20/21.

Profit before tax decreased to £2.2m (2019: profit before tax £4.1m). This included exceptional items of £3.5m comprising the profit made on the disposal of the manufacturing business of £8.9m offset with exceptional costs of £5.4m.

Impact of COVID-19

Clearly, the outbreak of COVID-19 in March presented us with a challenge that no business had experienced before. We took immediate steps to ensure the health and well-being of our employees, clients and suppliers and this still remains the top priority for the Group. I would like to thank all our employees for their tireless work and dedication throughout these challenging times.

Encouragingly, overall sales performance during H2 was stronger than the Board had anticipated. Even so, we weren't immune to the fluctuating demands of customers and end-consumers, and during the last quarter of FY20 the impact of the pandemic had a significant effect on the sales mix.

Our brands' performance within UK grocers showed single digit growth, while our online sales channels, whether through large e-tailers such as Amazon or our own branded websites, have delivered high double digit growth. As a result of the shift to online we stepped up promotional activity to capitalise on this route to market.

These gains did not offset the significant decline in other high street outlets, whose store traffic was impacted during lockdown. Additionally, several key international markets did not place orders during Q4 FY20 due to the closure of most general merchandise and department stores.

Unsurprisingly, sales of handcare products increased significantly and we were able to secure extra supply to support retailer demand. But it was also no surprise that sales of male haircare and shaving products saw a major decline.

Response to COVID-19

In order to mitigate the impact of COVID-19 on the business, the Group took a number of decisions to reduce operating costs and associated cash requirements. These included:

- a number of short-term reductions on our discretionary expenditure
- a short-term suspension of rent payments for our offices in Teddington
- steps to manage staff costs, including a hiring freeze across a number of vacant positions
- all Board directors agreeing to a 20% reduction in their respective salaries or fees (April-June).

However, the business took the decision not to participate in the furlough scheme, so that the team could focus on its response to consumer behaviour post COVID-19, and to plan for FY21.

Board changes

Over the period, and following the sale of our manufacturing business, we made a number of changes to the executive team and Board. We now believe that we have the team in place to build scale and deliver further profitable growth.

Quentin Higham became CEO, effective from 4 May 2020. Despite the difficulties of joining the business in the midst of lockdown, his deep industry experience and passion for brands has been evident from the outset. Quentin joined Brand Architekts from Yardley of London Ltd. where he had been Managing Director for 10 years. Previously he had been Marketing Director at Coty and was Head of UK Marketing at global cosmetics company Revlon.

On 22 June 2020 Tom Carter joined the Group as Chief Financial Officer. Tom brings strong financial and operational skills to the business and the Board believes he is the right person to steer Brand Architekts to the next stage in its development. Tom joined from Technetix Group Limited, a market-leading technology company, where he was Group Finance and Operations Director. Previously, he was Regional Business Controller at Alliance Boots, Financial Controller at Sky Media and Finance Manager at Procter & Gamble. Tom trained as a Chartered Accountant with PwC.

As announced on 14 July 2020, Chris How was appointed as a non-executive director with immediate effect. Chris was formerly the CEO of Swallowfield PLC (the previous name of the Group) and recently served as interim CEO of Brand Architekts. Chris brings continuity, detailed knowledge of the business and extensive, relevant sector experience. I have no doubt that he will provide sound counsel to Quentin and Tom.

After seven years in the role, as announced on 14 July 2020, I informed the Group of my intention to step down from the Board following the presentation of these financial results. With the Group now transformed into a strong, fully brands-focused, cash-positive business, and with a new executive team in place, I feel that now is the right time to step aside. I am proud of the work that we have done to transform the business and believe that it has never been better placed to build scale and drive growth.

Roger McDowell, the incumbent Senior Independent Director and Chair of the Remuneration Committee, will succeed me and take on the role of Non-Executive Chairman. Roger is an experienced Chairman and non-executive director, and his extensive knowledge of the business provides for a smooth and seamless transition.

Dividends

Following the sale of the manufacturing business and subsequent reorganisation, the Group has not delivered an operating profit this year. Accordingly, the Board will not be proposing a final dividend. The payment of the interim dividend was cancelled as a result of uncertainty following the coronavirus outbreak. The Group's dividend policy will be kept under review and further updates made as appropriate.

Outlook

As we enter the new financial year the difficult trading conditions remain and the impact on the high street in particular is uncertain. This is evidenced by the caution being shown by retailers for their forthcoming Christmas orders, where agreed volumes are down on last year both domestically and I internationally.

The impact of COVID-19 on our business has been significant, but we have responded well to these challenges. We now have in place a new management team, an experienced and committed workforce and a strong balance sheet with significant positive cash.

We are responding to structural changes in the market, by accelerating our strategy to develop and invest in online sales, further innovative NPD and a stronger focus on distribution in both the UK and internationally. There is still considerable work to be done on relaunching a number of underperforming brands; rationalising ranges & improving productivity. All of these plans are in place but given retailer range review dates, will not come to fruition until H2 this year.

Given the strength of our balance sheet, we also remain alert to further acquisition opportunities which offer the potential to build scale and deliver incremental shareholder value.

Given these uncertain conditions it would be inappropriate to provide guidance on the likely outcome for the year at this time. This will be kept under review and guidance will be provided when there is greater clarity.

Brendan Hynes

Non-Executive Chairman

CEO'S STATEMENT

It is a great pleasure to give you my first impressions of Brand Architekts, having taken up the reins as Chief Executive in May.

I can safely say it has been an induction like no other I've experienced: when I arrived the business had hunkered down due to COVID-19, against a sad backdrop of ghost-town high streets and rapidly changing retail habits. The lockdown also meant that getting together with my new colleagues was necessarily confined to Microsoft Teams.

However, it was instantly clear to me that I was inheriting a team that had become adept at making light work of challenges and changes. With unswerving dedication and passion, they had already embraced significant structural and management changes during this reporting year. They proceeded to address the pandemic, and its considerable business and logistical implications, with the same calm professionalism.

I'm also excited to be working with two fellow new recruits to the management team: Tom Carter (Chief Financial Officer) and Joanna Hutton (Commercial Director). We have already launched ambitious new growth plans, and across our business I'm entirely confident we have the talent, drive and portfolio to deliver them.

Initial findings

Brand Architekts is not in fact entirely new to me. I have worked in the beauty sector for nearly 30 years and was involved with BA brands such as Fish! and Real Shaving Company in previous roles.

One of my first tasks was to review how we are organised. Brand Architekts was only established in its current guise in August 2019 and there were transitional service agreements in place until the end of that calendar year. Much of my initial focus was therefore on making sure that we have the right structures and processes in place to give us the insight we need across all functions of the business.

Of course, one of the businesses key strengths is its portfolio of brands. Understanding the needs of retailers and delivering products to meet those needs has been the foundation of Brand Architekts' success and reflects the strength of relationships we enjoy. This is also a time when the breadth of our portfolio comes into its own: we cover both female beauty and male grooming products, and at different price points ranging from "masstige" to everyday accessible value. This should give us resilience as the true economic impact of the pandemic becomes increasingly felt. We are increasingly focused on productivity and rationalising underperforming SKUs and brands.

As we move into FY21 and beyond, I see immediate priorities in three specific areas:

- **Getting closer to our end-consumers' needs and wants.** Just as we have forged strong relationships with customers, we need to do the same with consumers. Consumer habits change at pace and it is only by being hard-wired into those evolving needs that a brand can achieve its full potential. By complementing our team's knowledge of the marketplace with more deep-dive data analysis, we can improve and create more powerful, sustainable brands.

  Pleasingly, our portfolio contains brands with considerable untapped potential. Once we have gained consumer insight, we will invest in these specific brands to accelerate market awareness, drive demand and achieve higher ROI. Even where certain brands do not merit extra investment, they can still be profitable and cash generative.

- **Strengthening our DTC channels.** As I write, high street outlets are cautiously emerging from lockdown. While this is heartening to see, footfall is, and is expected to remain, depressed for the foreseeable future. COVID-19 has highlighted that we have a pressing need to build a robust direct-to-consumer (DTC) channel. We will invest the resources required and actively get closer to our consumer base.

- **Realise our full potential internationally.** Although we already have a presence in 28 countries, there is much more we can do. The love of high quality, efficacious, yet affordable beauty products transcends borders and I will be drawing on my international experience to oversee this personally.

I am pleased to say that the sale of our manufacturing business in 2019 means we have the resources to make these investments happen. We also intend to supplement these organic initiatives with acquisitions which will strengthen our core competences, and/or address areas of weakness. It is always hard to predict a timeline for M&A activity, but we will approach opportunities selectively. The Board will be focused on the right deals – those that complement our strategy and generate good ROI – rather than quick deals.

With this combination of organic and acquisitive initiatives, I'm confident that within five years we will have created a company delivering £50m of annualised revenues. To this end we have launched "Project 50" internally, and we are united in believing that while this goal is ambitious, it is also eminently achievable. Project 50 will enable us to achieve scale and increase earnings, resulting in improved shareholder value.

This Project 50 plan allows for the challenging retail conditions we are witnessing now and the uncertainty around when they might improve. In FY21, the year ahead will be one of consolidation for Brand Architekts as we finalise the platform, the products and the routes to market that will drive this business forward.

Quentin Higham

Chief Executive Officer

FINANCIAL REVIEW

Key Performance Indicators

To measure and monitor our progress against our growth strategy, we track our performance against a set of ambitious targets and milestones. The goals we set are closely assessed to ensure we focus our efforts to deliver both in the short term and long term. A summary of the financial measures used are:

	2020	2019
Reported Results from continuing operations		
Revenue (note 5)	£16.3m	£19.7m
Underlying operating profit [1]	£0.1m	£2.4m
(Loss) / Profit before taxation	£(4.3)m	£1.8m
Reported Results from continuing and discontinued operations		
Revenue (note 5)	£23.7m	£77.3m
Underlying operating (loss) / profit [1]	£(0.8)m	£4.4m
Profit before taxation	£2.2m	£4.1m
Basic earnings per share	£12.9p	20.7p
Net cash / (debt)	£18.0m	£(7.2)m

[1] Underlying operating profit is calculated before exceptional items, share based payments, and amortisation of acquisition-related intangibles

A reconciliation of underlying operating profit to profit before taxation is shown below:

	2020	2020	2020	2019	2019	2019
	Continuing	**Discontinued**	**Total**	**Continuing**	**Discontinued**	**Total**
Underlying (loss) /	121	(909)	(788)	2,355	2,073	4,428

profit from operations						
Exceptional Cost of Sales	(2,535)		(2,535)			
Amortisation of acquisition-related intangibles	(260)		(260)	(260)		(260)
Charge for share-based payments	(4)	-	(4)	(115)		(115)
Adjusted Operating (loss) / profit	(2,678)	(909)	(3,587)	1,980	2,073	4,053
Net finance (costs) / income	(224)	(23)	(246)	(144)	901	757
Adjusted (loss) / profit before taxation	(2,902)	(931)	(3,833)	1,836	2,974	4,810
Other exceptional items	(1,444)	7,460	6,016	(48)	(669)	(717)
(Loss) / profit before taxation	(4,346)	6,529	2,183	1,788	2,305	4,093

The Group implements a number of non-statutory measures which are summarised in the tables above and in more detail within the segmental Income Statement (note 5). These measures are used to illustrate the impact of non-recurring and non-trading items on the Group's financial results.

In addition to the financial key performance measures, a range of operational non-financial key performance indicators are also monitored at a management level covering, amongst others, new product development and innovation. The Board receives an overview of these as part of its board management report.

Group statutory revenue at £16.3m from continuing operations was down 17% against prior year, adversely impacted by the continued decline in consumer confidence and retailer pressures, coupled with international pressures following the currency devaluation in Turkey and increased US tariffs from goods shipped from China and also the impact of COVID-19 in the last quarter of the financial year.

The gross profit margin declined to 19.6% (2019: 35.6%). This decline is driven by exceptional adjustments as discussed in the Chairman's statement. Adjusting for these items Underlying Gross Profit margin was 35.2%. As these are one off costs, margins are expected to normalise in 2021.

Continuing operations made an underlying operating profit of £0.1m, while the Group made an underlying operating loss of £0.8m (2019: underlying operating profit £4.4m). Underlying operating profit is shown before amortisation of intangibles, exceptional costs and charges for share-based payments. Share options are put in place in order to incentivise the Group's wider management team (including the Executive Directors) and to ensure that their interests are aligned with shareholders. At the year-end, all previous executive share option schemes had been settled in full. At the reporting date, new schemes are in the process of being implemented.

The Group made a Profit Before Tax of £2.2m including other exceptional items of £3.5m made from the disposal of the manufacturing business of £8.9m offset with exceptional costs of £5.4m.

The effective tax rate for the period was negative 1% (2019: positive 11.1%) of pre-tax profits. The effective rate is below the statutory rate of 19% mainly due to the impact of the untaxable profit on disposal of the manufacturing division, losses carried back to previous period and the non recognition of deferred tax assets in relation to taxable losses carried forward. The current year tax charge reflects standard UK rates of taxation.

Net debt and cash flow

The Group has moved from a net debt to a net cash position primarily as a result of the net proceeds from the disposal of the manufacturing business in August 2019. The Group's net cash position at the year ended June 2020 was £18.0m (2019: net debt £7.2m). Following the disposal of the manufacturing business, the majority of the Group's trading was in GBP. Note 10 provides an analysis of net cash.

Financing costs of £0.3m (2019: £0.4m) comprised interest expense of £0.1m (2019: £0.26m) plus a pension plan notional finance charge of £0.2m (2019: charge £0.13m). Finance income in the year is interest received on cash deposits. Finance income in the prior year was the receipt of £1.15m income from the investment holding in Shanghai Colour Cosmetics Technology Company Limited (which was disposed of as part of the sale of the manufacturing business).

Capital expenditure in the year was limited to the design and implementation of a new ERP system (£0.1m), plus purchases of laptops and fixtures and fittings for the office (£0.03m).

Defined benefit pension plan

The defined benefit pension plan underwent its last triennial valuation on 5 April 2017. The deficit on a statutory funding basis was £2.6m and the Group entered into a revised deficit recovery plan and schedule of contributions in July 2018. Under this there is a commitment to make deficit reduction payments of £318k per annum for seven years and £210k for a further three years, and to pay certain administration costs and the PPF levy for the life of the plan. This commitment will be re-assessed and is likely to be increased once the results of the next triennial valuation at 5 April 2020 are available. At the reporting date, the April 2020 valuation is still in progress.

Accounting Standards require the discount rate used for valuations under IAS19 'employee benefits' to be based on yields on high quality (usually AA-rated) corporate bonds of appropriate currency, taking into account the term of the relevant pension plan's liabilities. Corporate bond indices are used as a proxy to determine the discount rate. At the reporting date, the yields on bonds of all types were lower than they were at 29 June 2019. This has resulted in lower discount rates being adopted for accounting purposes compared to last year. This has materially increased the fair value of the plan liabilities as measured under IAS 19, which combined with the anticipated investment return performance, has translated into an increased liability under the IAS19 methodology. For accounting purposes at 27 June 2020, the Group recognised under IAS19 'employee benefits', a net liability of £13.2m (2019: £9.4m).

Going Concern

As part of its normal business practice, the Group prepares annual and longer-term plans and, in reviewing this information the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. The Group has significant cash reserves of £21.2m following the sale of the manufacturing business. Accordingly, we continue to adopt the going concern basis in preparing the annual report and accounts.

Group Statement of Comprehensive Income
For the 52 weeks ended 27 June 2020 and 52 weeks ended 29 June 2019

	Notes	2020 £'000	2019 £'000
Revenue	5	**16,250**	19,676
Cost of sales (including Exceptional costs)	6	**(13,069)**	(12,680)
Gross profit		**3,181**	6,996
Commercial and administrative costs		**(5,859)**	(5,016)
Operating (loss) / profit before other exceptional items		**(2,678)**	1,980
Exceptional items	6	**(1,444)**	(48)
Operating (loss) / profit		**(4,122)**	1,932
Finance income		**77**	-
Finance expense		**(301)**	(144)
(Loss) / Profit before taxation	7	**(4,346)**	1,788
Taxation	8	**55**	(198)
(Loss) / Profit for the year		**(4,291)**	1,590
Profit on Discontinued Operations after taxation	11	**6,529**	2,050
Profit for the year		**2,238**	3,640
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit liability		**(4,086)**	(4,011)
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(49)**	(35)
Loss on financial assets held at fair value		**-**	(6)
Other comprehensive loss for the year		**(4,135)**	(4,052)
Total comprehensive loss for the year		**(1,897)**	(412)
Profit attributable to:			
Equity shareholders		**2,217**	3,539
Non-controlling interests		**21**	101
Total comprehensive (loss) / income attributable to:			
Equity shareholders		**(1,918)**	(513)
Non-controlling interests		**21**	101
Earnings per share			
- basic	9	**12.9p**	20.7p
- diluted	9	**12.9p**	20.0p
Dividends			
Paid in year (£'000)		**745**	1,088
Paid in year (pence per share)		**4.35p**	6.35p
Proposed (£'000)		**Nil**	745
Proposed (pence per share)		**Nil**	4.35p

Group Statement of Financial Position
For the 52 weeks ended 27 June 2020, and 52 weeks ended 29 June 2019

	Notes	**2020** **£'000**	2019 £'000
ASSETS			
Non-current assets			
Property, plant and equipment including right of use assets		**142**	21
Intangible assets		**11,714**	12,817
Deferred tax assets		**2,515**	1,714
Total non-current assets		**14,371**	14,552
Current assets			
Inventories		**3,724**	5,211
Trade and other receivables		**3,969**	3,475
Assets held for resale	11	**-**	22,700
Cash and cash equivalents		**21,240**	381
Current tax receivable		**836**	285
Total current assets		**29,769**	32,052
Total assets		**44,140**	46,604
LIABILITIES			
Current liabilities			
Trade and other payables		**4,503**	6,628
Interest-bearing loans and borrowings		**1,029**	1,139
Current tax payable		**-**	527
Total current liabilities		**5,532**	8,294
Non-current liabilities			
Interest-bearing loans and borrowings		**1,066**	2,091
Post-retirement benefit obligations		**13,237**	9,417
Lease liabilities		**81**	-
Deferred tax liabilities		**1,154**	1,061
Total non-current liabilities		**15,538**	12,569
Total liabilities		**21,070**	20,863
Net assets		**23,070**	25,741
EQUITY			
Share capital		**862**	857
Share premium		**11,987**	11,987
Revaluation of investment reserve		**-**	1,241
Exchange reserve		**-**	(147)
Pension re-measurement reserve		**(10,588)**	(6,502)
Retained earnings		**20,711**	18,160
Equity attributable to holders of the parent		**22,972**	25,596
Non-controlling interest		**98**	145
Total equity		**23,070**	25,741

Group Statement of Changes in Equity

For the 52 weeks ending 27 June 2020 and 52 weeks ending 29 June 2019

Group	Share Capital £'000	Share Premium £'000	Revaluation of investment reserve £'000	Exchange Reserve £'000	Pension re-measurement reserve £'000	Retained Earnings £'000	Non-controlling interest £'000	Total Equity £'000
Balance as at June 2019	**857**	**11,987**	**1,241**	**(147)**	**(6,502)**	**18,160**	**145**	**25,741**
Dividends	-	-	-	-	-	(745)	(68)	(813)
Issue of new shares	5	-	-	-	-	-	-	5
Non-controlling interest	-	-	-	-	-	-	21	21
Share based payments (credit)	-	-	-	-	-	(162)	-	(162)
Realisation of exchange differences on sale of subsidiary	-	-	-	196	-	-	-	196
Transactions with owners	5	-	-	196	-	(907)	(47)	(753)
Profit for the year	-	-	-	-	-	2,217	-	2,217
Other comprehensive income:								
Re-measurement of defined benefit liability	-	-	-	-	(4,086)	-	-	(4,086)
Exchange difference on translating foreign operations	-	-	-	(49)	-	-	-	(49)
Realised profit on asset sold	-	-	(1,241)	-	-	1,241	-	-
Total comprehensive income for the year	-	-	(1,241)	(49)	(4,086)	3,458	-	(1,918)
Balance as at June 2020	**862**	**11,987**	**-**	**-**	**(10,588)**	**20,711**	**98**	**23,070**

Group	Share Capital £'000	Share Premium £'000	Revaluation of investment reserve £'000	Exchange Reserve £'000	Pension re-measurement reserve £'000	Retained Earnings £'000	Non-controlling interest £'000	Total Equity £'000
Balance as at June 2018	**857**	**11,987**	**1,247**	**(112)**	**(2,491)**	**15,455**	**79**	**27,022**
Dividends	-	-	-	-	-	(1,088)	(35)	(1,123)
Non-controlling interest	-	-	-	-	-	-	101	101
Share based payments charge	-	-	-	-	-	254	-	254
Transactions with owners	-	-	-	-	-	(834)	66	(768)
Profit for the year	-	-	-	-	-	3,539	-	3,539
Other comprehensive income:								
Re-measurement of defined benefit liability	-	-	-	-	(4,011)	-	-	(4,011)
Exchange difference on translating foreign operations	-	-	-	(35)	-	-	-	(35)
Gain on available for sale financial assets	-	-	(6)	-	-	-	-	(6)

Total comprehensive income for the year	-	-	(6)	(35)	(4,011)	3,539	-	(513)
Balance as at June 2019	**857**	**11,987**	**1,241**	**(147)**	**(6,502)**	**18,160**	**145**	**25,741**

Cash Flow Statement

For the 52 weeks ending 27 June 2020 and 53 weeks ending 29 June 2019

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Cash flow from operating activities				
Profit before taxation	**2,183**	4,093	**5,627**	461
Depreciation	**93**	1,262	**-**	1,064
Amortisation	**1,204**	944	**1,020**	768
Gain on disposal of subsidiaries	**(8,922)**	-	**(9,015)**	-
Change in value of assets held for resale prior to sale in period	**(3,225)**	-	**(3,681)**	-
Finance income	**(77)**	(1,146)	**(149)**	(1,182)
Finance cost	**324**	389	**278**	382
Decrease/(Increase) in inventories	**1,487**	(2,129)	**-**	(877)
Decrease /(Increase) in trade and other receivables	**(494)**	1,252	**(214)**	(1,693)
Increase/(Decrease) in trade and other payables	**923**	3,059	**(1,562)**	7,712
(Decrease) in share-based payments provision	**(124)**	(221)	**(124)**	(221)
Contributions to defined benefit plans	**(318)**	(282)	**(318)**	(282)
Cash generated from operations	**(6,946)**	7,221	**(8,138)**	6,132
Finance expense paid	**(128)**	(263)	**(82)**	(256)
Taxation paid	**(773)**	(593)	**(50)**	(197)
Net cash flow from operating activities	**(7,847)**	6,365	**(8,270)**	5,679
Cash flow from investing activities				
Investment income received	**-**	1,146	**-**	1,182
Purchase of property, plant and equipment	**(28)**	(1,088)	**-**	(900)
Purchase of intangible assets	**(101)**	(699)	**-**	(699)
Proceeds from the sale of subsidiaries	**35,255**		**35,255**	
Cost associated with disposal of subsidiaries	**(1,315)**	-	**(1,315)**	-
Net cash flow from investing activities	**33,811**	(641)	**33,940**	(417)
Cash flow from financing activities				
Movements in invoice discounting facility	**(3,187)**	(4,027)	**(3,592)**	(3,637)
Finance income received	**77**	-	**149**	-
Repayment of loans	**(1,135)**	(1,127)	**(1,135)**	(1,127)
Lease payments	**(52)**	-	**-**	-
Issue of new shares	**5**	-	**5**	-
Dividends paid	**(813)**	(1,123)	**(745)**	(1,088)
Net cash flow from financing activities	**(5,105)**	(6,277)	**(5,318)**	(5,852)
Net increase / (decrease) in cash and cash equivalents	**20,859**	(553)	**20,352**	(590)

Cash and cash equivalents at beginning of year	**381**	934	**147**	737
Cash and cash equivalents at end of year	**21,240**	381	**20,499**	147

Notes to the Accounts

1. **Statutory Accounts**

The financial information does not constitute statutory accounts as defined in section 435 of the Companies Act 2006, but has been extracted from the statutory accounts for the year ended June 2020 on which an unqualified audit report has been issued and which will be delivered to the Registrar following their adoption at the Annual General Meeting.

The statutory accounts for the financial year ended June 2019 have been delivered to the Registrar of Companies with an unqualified audit report and did not contain a statement under section 498 of the Companies Act 2006.

Copies of the 2020 Annual Report and Accounts will be posted to shareholders with the notice of the Annual General Meeting. Further copies may be obtained by contacting the Company Secretary at Brand Architekts Group plc, 8 Waldegrave Rd, Teddington, TW11 8GT. An electronic copy will be available on the Group's web site (www.brandarchitektsplc.com).

2. **Basis of preparation**

The Group has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and also in accordance with IFRS issued by the International Accounting Standards Board. These financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain non-current assets and financial instruments.

The Directors have considered trading and cash flow forecasts prepared for the Group, and based on these, and the confirmed banking facilities, are satisfied that the Group will continue to be able to meet its liabilities as they fall due for at least one year from the date of signing of these accounts. On this basis, they consider it appropriate to adopt the going concern basis in the preparation of these accounts.

The consolidated financial statements are presented in sterling and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

3. **Discontinued activities**

As a result of the disposal of the manufacturing business (completed 23 August 2019), these operations have been disclosed as discontinued and the related assets classified as held for sale at the prior year end.

4. **Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings. The results and net assets of undertakings acquired or disposed of during a financial year are included in the Group Statement of Comprehensive Income and Group Statement of Financial Position from the effective date of acquisition or to the effective date of disposal. Subsidiary undertakings have been consolidated using the purchase method of accounting. In accordance with the exemptions given by section 408 of the Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income. The Company's profit after tax for the year to June 2020 was £5.518m (2019: profit after tax £0.487m).

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of June 2020. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

5. Segmental analysis

During the year, the reportable segments of the Group were aggregated as follows:

- Brands – we leverage our skilled resources to develop and market a growing portfolio of Brand Architekts Group owned and managed Brands. These include organically developed MR. and Tru, plus the acquisitions of The Real Shaving Company (in 2015), the portfolio of Brands included in The Brand Architekts acquisition (in 2016) and the Fish brand acquired during 2018.

- Manufacturing – the contracted development, formulation and production of quality products for many of the world's leading personal care and beauty Brands. Disposal of the manufacturing business completed on the 23 August 2019.

- Eliminations and Central Costs. Other Group-wide activities and expenses, including defined benefit pension costs, share-based payment expenses / (credits), amortisation of acquisition-related intangibles, interest, taxation and eliminations of intersegment items, are presented within 'Eliminations and central costs'.

This is the basis on which the Group presents its operating results to the Directors, which is considered to be the Chief Operating Decision Maker (CODM) for the purposes of IFRS 8. Comparative full year numbers have been presented on the same basis.

IFRS15 requires the disaggregation of revenue into categories that depict how the nature, timing, amount and uncertainty of revenue and cash flows are affected by economic factors. The Directors have considered how the Group's revenue might be disaggregated in order to meet the requirements of IFRS15 and has concluded that the activity and geographical segmentation disclosures set out below represent the most appropriate categories of disaggregation.

a) Principal measures of profit and loss – Income Statement segmental information for 52 weeks ending 27 June 2020 and 52 weeks ending 29 June 2019:

52 weeks ended 27 June 2020	**Brands**	**Manufacturing**	**Eliminations and Central Costs**	**Total**	2019 Total
	£'000	£'000	£'000	**£'000**	£'000
UK revenue	13,796	4,841	-	**18,637**	52,144
International revenue	2,454	2,639	-	**5,093**	25,194
Revenue – External	16,250	7,480	-	**23,730**	77,338
Revenue – Internal	5	444	(449)	-	-
Total Revenue	**16,255**	**7,924**	**(449)**	**23,730**	77,338
Discontinued Operation	-	(7,924)	444	(7,480)	(57,662)
Total Revenue Continuing Operations	**16,255**	**-**	**(5)**	**16,250**	19,676
Underlying (loss) / profit from operations*	**1,204**	**(909)**	**(1,083)**	**(788)**	4,428
Charge for share-based payments	-	-	(4)	**(4)**	(115)
Amortisation of acquisition-related intangibles	-	-	(260)	**(260)**	(260)

Exceptional items included in cost of sales (Note 3)	(2,535)	-	-	**(2,535)**	-
Other Exceptional items (Note 3)	(176)	7,460	(1,268)	**6,016**	(717)
Net borrowing costs	(46)	(22)	(178)	**(246)**	757
Tax charge on discontinued operations	-	-	-	**-**	(255)
Segment Profit included in Discontinued Operations	-	(6,529)	-	**(6,529)**	(2,050)
(Loss) / Profit before taxation	**(1,553)**	**-**	**(2,793)**	**(4,346)**	1,788
Tax credit / (charge)	328	-	(273)	**55**	(198)
Profit for the period from continuing activities	**(1,225)**	**-**	**(3,066)**	**(4,291)**	1,590

*The underlying profit net of eliminations and central costs are as follows:

	Continuing operations - Brands	**Discontinued operations - Manufacturing**	**Total**
	£'000	£'000	£'000
Underlying profit / (loss) from operations – operating segments	1,204	(909)	295
Eliminations and central costs	(1,083)	-	(1,083)
Underlying profit /(loss) from operations	121	(909)	(788)

52 weeks ended 30 June 2019	**Brands**	**Manufacturing**	**Eliminations and Central Costs**	**Total**	2018 Total
	£'000	£'000	£'000	**£'000**	£'000
UK revenue	16,381	35,763	-	**52,144**	51,253
International revenue	3,220	21,974	-	**25,194**	22,692
Revenue – External	19,601	57,737	-	**77,338**	73,945
Revenue – Internal	75	4,235	(4,310)	-	-
Total revenue	**19,676**	**61,972**	**(4,310)**	**77,338**	73,945
Discontinued Operation	-	(61,972)	4,310	(57,662)	(52,860)
Total Revenue Continuing Operations	**19,676**	**-**	**-**	**19,676**	21,085
Underlying profit from operations*	**3,619**	**2,515**	**(1,706)**	**4,428**	5,470
Charge for share-based payments	-	-	(115)	**(115)**	(297)
Amortisation of acquisition-related intangibles	-	-	(260)	**(260)**	(197)
Other Exceptional items (Note 3)	-	(669)	(48)	**(717)**	(279)

Net borrowing costs	-	901	(144)	**757**	(173)
Tax charge on discontinued operations	-	(255)	-	**(255)**	(438)
Segment Profit included in Discontinued Operations	-	(2,492)	442	**(2,050)**	(1,701)
Profit before taxation	**3,619**	**-**	**(1,831)**	**1,788**	2,385
Tax charge			(198)	**(198)**	(453)
Profit for the period from continuing activities	**3,619**	**-**	**(2,029)**	**1,590**	1,932

*The underlying profit net of eliminations and central costs are as follows:

	Continuing operations - Brands	**Discontinued operations - Manufacturing**	**Total**
	£'000	£'000	£'000
Underlying profit from operations – operating segments	3,619	2,515	6,134
Eliminations and central costs	(1,264)	(442)	(1,706)
Underlying profit from operations	2,355	2,073	4,428

The segmental Income Statement disclosures are measured in accordance with the Group's accounting policies.

Inter segment revenue earned by Manufacturing from sales to Brands is determined on commercial trading terms as if Brands were a third-party customer, prior to disposal.

All defined benefit pension costs and share-based payment expenses are recognised for internal reporting to the CODM as part of Group-wide activities and are included within 'Eliminations and central costs' above. Other costs, such as Group insurance and auditors' remuneration which are incurred on a Group-wide basis are recharged by the head office to segments on a reasonable and consistent basis for all periods presented, and are included within segment results above.

b) Other Income Statement segmental information

The following additional items are included in the measures of underlying profit and loss reported to the CODM and are included within (a) above:

52 weeks ended 27 June 2020	**Brands**	**Manufacturing**	**Eliminations and Central Costs**	**Total**
	£'000	£'000	£'000	£'000
Depreciation	93	-	-	93
Amortisation / impairment*	16	-	1,188	1,204

* Impairment losses of £924,000 in Central Costs is included in Exceptional Items

52 weeks ended 29 June 2019	**Brands**	**Manufacturing**	**Eliminations and Central Costs**	**Total**
	£'000	£'000	£'000	£'000

Depreciation	13	1,249	-	1,262
Amortisation	-	684	260	944

c) Principal measures of assets and liabilities

The Groups assets and liabilities are managed centrally by the CODM and consequently there is no reconciliation between the Group's assets per the statement of financial position and the segment assets. All assets and liabilities in relation to the contract manufacturing division were sold during the period.

d) Additional entity-wide disclosures

The distribution of the Group's external revenue by destination is shown below:

Geographical segments	**52 weeks ended 27 June 2020 £'000**	52 weeks ended 29 June 2019 £'000
UK	**18,637**	52,144
Other European Union countries	**2,683**	17,482
Rest of the World	**2,410**	7,712
	23,730	77,338

Geographical segments – Continuing Operations	**52 weeks ended 27 June 2020 £'000**	52 weeks ended 29 June 2019 £'000
UK	**13,796**	16,456
Other European Union countries	**541**	609
Rest of the World	**1,913**	2,611
	16,250	19,676

In the 52 weeks ended 27 June 2020, the Group had three customers from Continuing Operations (being the Brands division) that exceeded 10% of total revenues, being 26%, 13% and 11% respectively. In the 52 weeks ended 29 June 2019, the Group had three customers that exceeded 10% of total revenues from Continuing Operations, being 26%, 15% and 11% respectively.

At 2020 year end the Group had non-current assets held overseas of £nil (2019: £2,247,000).

6. Exceptional items

Exceptional charges / (credits) from Continuing Operations:	**52 weeks ended 27 June 2020 £'000**	52 weeks ended 29 June 2019 £'000
Included within Cost of sales:		
Inventory related	**2,535**	-
Other exceptional items:		
Impairment / amortisation of RSC	**928**	-
Severance costs (including social security costs)	**311**	-
Consultancy fees	**205**	-
Write back of contingent consideration	**-**	(240)
GMP equalisation	**-**	288
	1,444	48

Total exceptional items from Continuing Operations	**3,979**	48

As discussed in the Chairman's statement, as part of the business transformation to focus on Owned Brands business with a new management team, a number of decisions were taken to reshape the brand portfolio, triggering adjustments to these brands and related inventory. This resulted in an exceptional charge of £2.5m which includes provisions for payments due to manufacturers for inventory not expected to be utilised and changes in estimates surrounding the valuation of inventory. These are considered one off and exceptional.

Other exceptional items includes £0.9m impairment of the RSC brand, £0.3m cost in relation to the departure in September of the former Chief Executive Officer and £0.2m exceptional consultancy fees following the reorganisation of the group.

The prior year exceptional items charge represents a provision of £0.3m made in respect to the GMP equalisation on the Group's DB Pension scheme and write back of contingent consideration from the acquisition of Fish which was not required to be paid.

Exceptional charges / (credits) from Discontinued Operations (note 11):	**52 weeks ended 27 June 2020 £'000**	52 weeks ended 29 June 2019 £'000
Other exceptional items:		
Profit on disposal of the manufacturing division	**(8,922)**	-
Deal related costs	**-**	669
Bonus payments	**1,116**	-
Inventory write offs and disposal costs	**346**	-
	(7,460)	669

The year ended 27 June 2020 exceptional items income includes £8.9m profit on disposal of the manufacturing business, £1.1m employee bonuses paid out following disposal of the manufacturing business, and £0.3m relating to inventory disposals which were intrinsically linked with the manufacturing division.

Exceptional items included within the prior year related to the disposal of the manufacturing business of £0.7m

7. Profit before taxation

	2020 £'000	2019 £'000
(a) This is stated after charging/ (crediting)		
Depreciation of property, plant and equipment of purchased assets	**93**	1,262
Amortisation of intangible assets	**276**	944
Impairment of intangible assets (classified as exceptional – Note 3)	**928**	-
Research	**177**	1,039
Foreign exchange (gains) / losses	**3**	(37)
Gain on disposal of subsidiaries	**8,922**	-
Amounts expensed for short term and low value leases	**5**	-

(b) Auditors' remuneration		
Audit services:		
Audit of the Company financial statements	**41**	35

Audit of subsidiary undertakings	**11**	12
Audit related services:		
Interim review	**7**	-
Other non-audit services:		
Corporate finance advice	**9**	-

8. Taxation

(a) Analysis of tax charge in the year	2020 £'000	2019 £'000
UK corporation tax:		
- on profit for the year	**14**	528
- adjustment in respect of previous years	**(323)**	(171)
-foreign tax	**-**	77
Total current tax (credit)/charge	**(309)**	434
Deferred tax:		
-current year (credit)	**(283)**	(28)
-prior year charge/(credit)	**115**	47
-effect of tax rate change on opening balance	**(122)**	-
-non-recognition of deferred tax asset for losses	**544**	-
Total deferred tax (credit)/charge	**254**	19
Tax (credit)/charge	**(55)**	453

Total tax credit of £55,000 (2019: tax charge £453,000) comprised tax credit on ongoing operations of £55,000 (2019: tax charge £198,000) plus tax on discontinued operations of £nil (2019: tax charge £255,000).

(b) Factors affecting total tax charge for the year

The tax assessed on the profit before taxation for the year is lower (2019: lower) than the standard rate of UK corporation tax of 19.00% (2019: 19.00%). The differences are reconciled below:

	2020 £'000	2019 £'000
Profit before taxation (from continuing and discontinued activities)	**2,183**	4,093
Tax at the applicable rate of 19.00% (2019: 19.00%)	**415**	778
Effect of:		
Adjustment in respect of previous years	**(208)**	(124)
Income not taxable for tax purposes	**(806)**	-
Adjustment to deferred tax	**-**	(7)
Deferred tax asset not recognised on taxable losses	**544**	
Differences between UK and foreign tax rates	**-**	10
Permanent differences and other	**-**	(168)
R&D tax credit	**-**	(36)
Actual tax charge	**(55)**	453

The group has tax losses of £2.9m (2019: £nil) which have not been recognised as there is no certainty that they can be utilised.

9. Earnings per share

	2020	2019
Basic and Diluted		
Profit for the year attributable to equity holders (£'000)	**2,217**	3,539
(Loss) / Profit for the year (£'000) continuing operations attributable to equity holders	**(4,312)**	1,489
Basic weighted average number of ordinary shares in issue during the year	**17,143,646**	17,135,542
Diluted number of shares	**17,143,646**	17,659,183
Basic earnings per share	**12.9p**	20.7p
Diluted earnings per share	**12.9p**	20.0p
Basic (loss) / earnings per share continuing operations	**(25.2)p**	8.7p
Diluted (loss) / earnings per share continuing operations	**(25.2)p**	8.4p

Basic earnings per share has been calculated by dividing the profit for each financial year by the weighted average number of ordinary shares in issue at 27 June 2020 and 29 June 2019 respectively.

10. Notes to cash flow statement

GROUP

(a) Reconciliation of cash and cash equivalents to movement in net cash / (debt):

	2020 £'000	2019 £'000
Increase / (Decrease) in cash and cash equivalents	**20,859**	(553)
Net cash outflow from decrease in borrowings	**4,322**	5,154
Change in net cash / (debt)	**25,181**	4,601
Opening net (debt)	**(7,168)**	(11,769)
Closing net cash / (debt)	**18,013**	(7,168)

(b) Analysis of net cash / (debt):	Closing 2019 £'000	Cash Flow £'000	Non-Cash Movement £'000	**Closing 2020 £'000**
Cash at bank and in hand	381	20,858	1	**21,240**
CID facility	(4,319)	3,187	-	**(1,132)**
Borrowings due within one year	(1,139)	110	-	**(1,029)**
Borrowings due after one year	(2,091)	1,025	-	**(1,066)**
	(7,168)	25,180	1	**18,013**

COMPANY

(a) Reconciliation of cash and cash equivalents to movement in net cash / (debt):

	2020 £'000	2019 £'000
Increase / (Decrease) in cash and cash equivalents	**20,352**	(590)
Net cash outflow / (inflow) from decrease / (increase) in borrowings	**4,727**	4,764
Change in net cash / (debt)	**25,079**	4,174
Opening net cash / (debt)	**(6,675)**	(10,849)

Closing net cash / (debt)	**18,404**	(6,675)

(b) Analysis of net cash / (debt):	Closing 2019 £'000	Cash Flow £'000	Non-Cash Movement £'000	**Closing 2020 £'000**
Cash at bank and in hand	147	20,352	-	**20,499**
Secured debt facility	(3,592)	3,592	-	**-**
Borrowings due within one year	(1,139)	110	-	**(1,029)**
Borrowings due after one year	(2,091)	1,025	-	**(1,066)**
	(6,675)	25,079	-	**18,404**

11. Discontinued operations

On 23 August 2019, the Group sold its 100% interest in Curzon Supplies Ltd for consideration of £35,255,000 (completing the disposal of the manufacturing division) which is the only operation presented as discontinued operations in 2019. Curzon Supplies Ltd was incorporated in March 2019. Assets relating to the manufacturing division, along with the related investments in Swallowfield Consumer Products Limited, Swallowfield SARL, Swallowfield s.r.o. and Swallowfield Inc, were transferred to Curzon Supplies Ltd prior to its disposal.

Profit on disposal	**Group At Disposal 23 August 2019**
	£'000
Property, plant and equipment	11,338
Intangible fixed assets	695
Equity instruments held at fair value	1,558
Inventories	9,724
Trade and other receivables	13,196
Trade and other payables	(10,025)
Deferred tax liability	(561)
Post-retirement pension obligations *	(1,103)
Realisation of exchange differences	196
	25,018
Deal costs	1,315
Profit on disposal **	**8,922**
Satisfied by:	
Cash consideration	35,255

* Post-retirement pension scheme obligations figure of £1,103,000 in this table relates to reassessment of annual uprating of pension liabilities.

** Profit on disposal increased by £161,000 compared to the interim accounts owing mainly to recovery of VAT on deal related costs and changes in consideration following agreement on the final completion accounts.

Result of discontinued operations	**2020**	**2019**
	£'000	**£'000**
Revenue	7,480	57,663
Expenses other than finance costs	(8,389)	(55,835)
(Finance Costs) / Investment Income	(22)	1,146
Exceptional costs	(1,462)	(669)
Profit on disposal of manufacturing business	8,922	-
Tax expense	-	(255)
Profit for the year	**6,529**	**2,050**

Included in 2020 Exceptional costs in discontinued operations are £1,116,000 employee bonuses paid out following disposal of the manufacturing business and £346,000 relating to specific branded inventory write offs that were intrinsically linked to the manufacturing division.

Included in 2019 Exceptional costs in discontinued operations are restructuring charges of £535,000 and deal fees of £88,000.

No tax charge has been allocated to discontinued operations as the division was loss making, excluding the profit on disposal, in the period from 30 June 2019 to disposal. These taxable losses were transferred with the trade.

Earnings per share from discontinued operations:	**2020**	**2019**
	£	**£**
Basic earnings per share	38.1	12.6
Diluted earnings per share	38.1	11.6

Cashflow in respect of discontinued activities	**2020**	**2019**
	£000	**£000**
Operating cash flows	(5,761)	6,717
Investing cash flows	35,255	(602)
Financing cash flows	(3,592)	(3,637)
Total cash flows	25,902	2,478

Assets held for sale	**Group**		**Company**	
	2020	2019	**2019**	2019
	£'000	£'000	**£'000**	£'000
Property, plant and equipment	-	11,190	-	10,329
Intangible fixed assets	-	779	-	779
Equity instruments held at fair value	-	1,385	-	1,385
Inventories	-	10,743	-	10,743

Trade and other receivables	-	13,966	-	13,962
Trade and other payables	-	(14,800)	-	(14,550)
Deferred tax liability	-	(563)	-	(497)
	-	22,700	-	22,151

Annual Report

This report will also be available from the Company's registered office and on the Company's website www.brandarchitektsplc.com.