Company Registration No. 04198290 (England and Wales)

MBL Group Plc

Annual Report and Financial Statements

For The Year Ended
31 March 2015

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STRATEGIC REPORT

GROUP INFORMATION

Directors

L S Clarke	Financial Director and Acting Chief Executive
D A Johnson	Non Executive Chairman

Company Secretary
L S Clarke

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Auditors
Moore& Smalley LLP
Richard House
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PR1 3HP

Solicitors
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M2 2AS

STRATEGIC REPORT

OVERVIEW OF THE BUSINESS

MBL Group plc is structured and managed across the two clearly defined divisions of Home Entertainment and Garden & Leisure.

Home Entertainment is a wholesaler of home entertainment products predominantly to the export market.

Garden & Home retails products direct to consumer by mail order. The division specialises in garden bird, aquatics and leisure products.

The Group's strategy is to develop the business within these two distinct divisions. The Home Entertainment division operates in a difficult market sector and we continue to carefully monitor its costs and resources to make the most of its profit potential. We continue to invest resources into the Garden & Home brands, most notably in the garden bird and wildlife market, which has the potential for growth. We aim to ensure that our existing brands are managed to meet the needs and service expectations of our customers. Investment in new brands by acquisition is a key component of our growth strategy.

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

I am pleased to report that during the year the Group achieved a 10% growth in sales, driven by a strong performance in the Garden & Home division. The Group continued to focus on investment in marketing for the Garden & Leisure division which contributed positively towards sales growth and will result in further financial benefit in subsequent years. This investment, together with the cost of a one off impairment of goodwill, impacted the financial performance and has resulted in a loss for the year.

For the purposes of these statements, the operations of Garden Centre Online Limited have been classified as discontinued and the prior year comparatives have been restated accordingly.

Operational Review

Whilst it is encouraging that sales in our newest division have continued to grow, sales challenges have continued to exist within the home entertainment market.

Home Entertainment

	2015 *£'000*	*2014* *£'000*
Revenue	*8,653*	*9,503*
Operating profit	*186*	*277*

Our Home Entertainment division experienced a disappointing reduction in revenue of 9% to £8.7 million (2014: £9.5 million). Exports account for 71% of the division's sales and the strengthening of the pound during the year had a detrimental effect on sales, particularly in the Far East market. Gross profit margins improved marginally to 14.5% from 14%. This improvement did not offset the impact of the reduction in sales and as a consequence profitability fell 35% to £186,000 (2014: £277,000).

Garden & Home

	2015 *£'000*	*2014* *£'000*
Revenue	*4,251*	*2,098*
Operating loss	*(304)*	*(527)*
Impairment of intangibles	*(450)*	-
Operating loss after impairment	*(754)*	*(527)*

Our Garden & Home division specialises in the mail order of garden bird food and associated wildlife products. During the year an aquatics brand, Warehouse Aquatics, was acquired and integrated into the operations. As previously reported the division discontinued its activities under the Garden Centre Online brand during the year due to the level of additional investment considered necessary to improve its trading performance within a very competitive market.

Sales during the year increased by 103% to £4.3 million (2014: £2.1 million) which includes sales of £303,000 from the newly acquired aquatics brand. Underlying sales increased by 88% to £3.9 million driven by the of garden bird products. The sales increase was driven largely by the investment in marketing and the introduction of a value proposition. The UK market for bird food remains highly competitive and the success of our value proposition has impacted on gross margins leading to the gross margin mix reducing by 8.5%. The Board continues to look for further mail order and online opportunities to acquire which would complement the brands within this division.

The relocation of the division together with the Group's head office to smaller premises at the end of the last financial year has had a positive effect on costs during the year. Despite the significant increase in sales, the investment in marketing costs has resulted in an operating loss of £304,000, an improvement upon last year's loss of £527,000. The Board believes that this investment will provide a financial benefit to the Group in future years. In addition, the goodwill acquired in 2012 with the Garden Bird Supplies, Garden Centre Online and Listen 2 brands, has been reviewed and impaired in full with a resultant one off charge of £450,000 to the profit and loss account. Taking this exceptional charge into account, the division has posted a loss of £754,000 for the year.

Financial Review

The Financial Statements have been prepared to separately present the financial performance of the Group's continuing operations and discontinued operations. The prior year figures have been restated to provide a comparable position. The Segmental Analysis in the Notes to the Financial Statements presents the Group's consolidated revenue streams.

Overall, Group revenue for the year including discontinued operations increased by 4% to £13.1 million (2014: £12.6 million). Revenue from our continuing operations increased 10% to £13.0 million (2014 £11.8 million) reflecting the changes in sales discussed earlier in this report. Group gross margins improved to 25% (2014: 23%) as a result of an improved sales mix within the Home Entertainment division and the exit of Garden Centre Online Limited, which traded in the prior year at a gross margin of 13%.

The Group loss for the year before taxation was £1.0 million (2014: £1.2 million). Losses within discontinued operations and the impairment of intangibles contributed £0.6 million of this loss.

The Group is a relatively small business and as such it is possible for investment in future performance or operating challenges to have a disproportionate effect on our short term financial performance. We are also sensitive to the costs of maintaining an AIM listing and that these costs have a sizeable impact on the costs of administering the Group.

Cash flow, working capital and borrowing facilities

The Group ended the year with cash balances of £1.7 million (2014: £2.7 million). The net cash outflow from operating activities was £0.8 million (2014: £0.1 million) with £0.4 million reflecting working capital movements and an additional £0.2 million invested in capital expenditure and the acquisition of Warehouse Aquatics. The Group remains debt free.

Dividends

The Board is not recommending the payment of a dividend.

Capital Reduction

The Board has today sent out a circular to shareholders setting out the details of a proposed reduction of the issued share capital and proposed cancellation of the share premium account (together the "capital reduction").

The Company is prevented from the payment of dividends or the buyback of its shares due to the lack of sufficient distributable reserves within its retained earnings. The capital reduction, if approved by shareholders, will eliminate the deficit on the Company's retained earnings and create distributable reserves to allow future dividend payments to be made, when justified by the profitability of the Company, or to allow the buyback of the Company's shares.

The capital reduction requires confirmation by the High Court and registration by the Registrar of Companies to take effect. The resolution regarding the capital reduction will be considered in the Company's Annual General Meeting.

Strategy

We have been committed to diversifying the Group's operations to reduce our reliance on the Home Entertainment market, which has been in long term decline. Our strategy is to manage the Home Entertainment division and to grow our developing Garden & Home brands and to establish new brands when opportunities arise to take advantage of the existing infrastructure. We continue to develop the skills within the Group and ensure that the business is not over committed to any single market.

Current Trading

The year has started satisfactorily and sales in both divisions are in line with management expectations. At the end of the year, Trevor Allan stepped down from the Board due to medical reasons and his responsibilities are being covered by Lisa Clarke. In this temporary period, the senior management team have been provided with more responsibility and no issues have arisen. However, the situation is being closely monitored.

D A Johnson
Non-Executive Chairman

28 August 2015

STRATEGIC REPORT

RISK MANAGMENT

The Directors are required under section 414 of the Companies Act 2006 to describe the principal risks and uncertainties facing the Group. Risk is an inherent part of operating a business and the management of risk is based on the thorough assessment of the potential likelihood and impact of any risk.

Principal risks

Risk	The Home Entertainment market has been in long term decline for several years with demand for the physical products the Group sells being replaced by digital formats.
Management	The Group operates within a niche sector of this wider market and we continue to look for new customers throughout the world to sell to.
Risk	The Home Entertainment division extends credit to most of its customers and will be at risk of non-payment should any customers experience problems with cash flow.
Management	To counter this we closely monitor customer payment profiles and purchase insurance which provides an element of cover in the event of a default.
Risk	The Group is dependent on its IT systems to operate its business and would experience major disruption should there be a failure in these systems.
Management	To manage this, our IT hardware and some of the software we utilise are hosted by third parties who adopt comprehensive security and back up procedures and can provide 24 hour support.
Risk	The Group has made a number of acquisitions and considers acquisitions to be a key part of its growth strategy.
Management	Extensive legal, financial and commercial due diligence is undertaken in such circumstances however the risk remains that subsequently an unforeseen matter arises which could affect the performance of the acquired assets.

Uncertainties

The market for the products sold by the Garden & Leisure division can be affected by the weather in the UK. Although this can have a marginal impact on performance, should a season experience weather that is 'out of the ordinary' (for example a wet summer or a mild winter) then sales could be adversely impacted.

The Directors consider that the risks noted above are the most significant to the Group but these do not necessarily comprise all the risks to which the Group is exposed. Additional risks and uncertainties currently unknown to the Directors, or which the Directors currently believe are immaterial, may also have a material adverse effect on its business, financial condition or prospects.

By order of the Board

L S Clarke
Company Secretary
28 August 2015

DIRECTORS' REPORT

The Directors present their annual report together with the audited financial statements for the year ended 31 March 2015.

Directors

The Directors who held office during the year, and to the date of this report, were as follows:

L S Clarke	
D A Johnson	(appointed 19 May 2014)
P A Cowgill	(resigned 17 June 2014)
T S Allan	(resigned 30 March 2015)

The Director retiring by rotation at the next Annual General Meeting is L S Clarke and, being eligible, offers herself for re-election.

Directors' Interests

The interests of the Directors who held office at 31 March 2015 are shown below:

	Ordinary shares of 75p each	
	31 March 2015	**31 March 2014**
L S Clarke	250,000	250,000
	250,000	250,000

There have been no changes in Directors' interests since the year end.

Substantial Interests in Share Capital

The interests in excess of 3% of the issued share capital of the Company at the year end were as follows:

The Allan Family Trust	4,520,399	26.13%
P A Cowgill	2,487,579	14.38%
T L Allan	1,467,662	8.49%
J M Allan	733,831	4.24%

Creditor Payment Terms

The Group's policy is to agree payment terms with each supplier as part of the terms of the transaction and then settle the sum due to creditors in accordance with the terms agreed. At 31 March 2015, the Group had an average of 24 days (2014: 22 days) purchases outstanding with suppliers.

Charitable donations

The Group made charitable donations of £nil during the year (2014: £nil).

Employees

The Group is committed to promoting equal opportunities in employment regardless of employees' gender, colour, race, creed, marital status, ethnic origin or disability. Recruitment, promotion and employee development are based on the suitability of any applicant.

DIRECTORS' REPORT

Compliance

Compliance with legislation and regulatory standards is taken seriously. This includes our obligations under Data Protection, Health and Safety and in the sourcing of our products.

Health and Safety

We continue to work as efficiently and safely as possible and reviews are taken throughout the year to reinforce Health and Safety practices.

Directors' Responsibilities Statement

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- elect suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

DIRECTORS' REPORT

Auditors

KPMG LLP resigned as auditor of the Company during the financial year ended 31 March 2015. The Board of Directors have appointed Moore and Smalley LLP as auditor of the Company for the financial year ending 31 March 2015 and will propose to appoint Moore and Smalley LLP as auditor for the Company for the financial year ending 31 March 2016.

Going concern

After consideration, the Directors have formed the judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the foreseeable future. The Directors therefore continue to adopt the going concern basis in preparing the financial statements.

Annual general meeting

The Annual General Meeting is to be held at Best Western Leyland Hotel, Leyland Way, Preston, PR25 4JX on Wednesday 30th September 2015 at 9.30am.

By order of the board

L S Clarke
Company Secretary

Unit 1
Millennium City Park
Millennium Road
Preston
PR2 5BL

28 August 2015

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MBL GROUP PLC

Independent auditor's report to the shareholders of MBL Group Plc

We have audited the financial statements of MBL Group Plc for the year ended 31 March 2015 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Balance Sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MBL GROUP PLC

Matters on which we are required to report by exception

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.

Christine Wilson (Senior Statutory Auditor)
for and on behalf of Moore and Smalley LLP
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

28 August 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 £'000	Restated 2014 £'000
Revenue from continuing operations	2	12,973	11,755
Cost of sales		(9,777)	(9,135)
Gross profit from continuing operations		3,196	2,620
Distribution expenses		(783)	(263)
Administrative expenses - normal		(2,846)	(2,864)
- exceptional	11	(450)	-
Operating loss from continuing operations	2	(883)	(507)
Operating loss from continuing operations before exceptional item		(433)	(507)
Exceptional item	11	(450)	-
Operating loss from continuing operations	2	(883)	(507)
Financial income	6	9	12
Financial expenses	6	-	-
Net financing income		9	12
Loss before tax from continuing operations		(874)	(495)
Taxation expenses		-	-
Loss from continuing operations		(874)	(495)
Loss from discontinued operations (net of taxation)	24	(112)	(751)
Total comprehensive expense for the year		(986)	(1,246)
Basic and diluted loss per share		(5.7)p	(7.2)p
Continuing operations basic and diluted loss per share		(5.0)p	(2.9)p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	Note	2015 £'000	2014 £'000
Non-current assets			
Property, plant and equipment	10	265	382
Intangible assets	11	140	450
Other investments	12	-	-
		405	832
Current assets			
Inventories	14	624	531
Trade and other receivables	15	1,675	1,587
Cash and cash equivalents	16	1,708	2,724
		4,007	4,842
Total assets		4,412	5,674
Current liabilities			
Trade and other payables	17	(1,143)	(1,419)
Tax payable		(1)	(1)
Provisions	18	(472)	(472)
		(1,616)	(1,892)
Non-current liabilities			
Deferred tax liability	13	-	-
Total liabilities		(1,616)	(1,892)
Net assets		2,796	3,782
Equity attributable to equity holders of the parent			
Share capital	20	12,972	12,972
Share premium	20	21,531	21,531
Reserves	20	(2,800)	(2,800)
Retained earnings	20	(28,907)	(27,921)
Total equity		2,796	3,782
Total equity and liabilities		4,412	5,674

These financial statements were approved by the Board of Directors on 28 August 2015 and were signed on its behalf by:

L S Clarke
Director

Company Registration No. 04198290

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Share capital £'000	Share Premium £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2013	12,972	21,531	(2,800)	(26,675)	5,028
Total expense for the year					
Restated					
Continuing	-	-	-	(495)	(495)
Discontinued	-	-	-	(751)	(751)
At 31 March 2014	12,972	21,531	(2,800)	(27,921)	3,782
Total expense for the year					
Continuing	-	-	-	(874)	(874)
Discontinued	-	-	-	(112)	(112)
At 31 March 2015	12,972	21,531	(2,800)	(28,907)	2,796

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Loss for the year		(986)	(1,246)
Adjustments for:			
Depreciation	10	205	169
Impairment of intangibles	11	450	-
Financial income	6	(9)	(12)
Financial expense	6	-	4
Profit on sale of property, plant and equipment		(15)	-
Taxation	7	-	3
		(355)	(1,082)
(Increase)/decrease in trade and other receivables	15	(88)	960
(Increase)/decrease in inventories	14	(93)	20
(Decrease)/increase in trade and other payables	17	(276)	26
		(812)	(76)
Tax paid	7	-	(53)
Net cash outflow from operating activities		(812)	(129)
Cash flows from investing activities			
Interest received		9	12
Proceeds from sale of property, plant and equipment	10	15	16
Acquisition of property, plant and equipment		(88)	(246)
Payments to acquire trade and assets		(140)	-
Net cash outflow from investing activities		(204)	(218)
Cash flows from financing activities			
Interest paid		-	(4)
Net cash outflow from financing activities		-	(4)
Net decrease in cash and cash equivalents		(1,016)	(351)
Cash and cash equivalents at 1 April		2,724	3,075
Cash and cash equivalents at 31 March	16	1,708	2,724

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies

MBL Group Plc (the "Company") is a company incorporated and domiciled in the United Kingdom.

The consolidated financial statements represent those of the Company and its subsidiaries (together referred to as the "Group").

The financial statements were approved by the Board of Directors on 10 August 2015.

Basis of preparation

The consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Company has elected to prepare its parent company financial statements in accordance with UK GAAP; these are presented on pages 39 to 44.

The Financial Statements have been prepared to separately present the financial performance of the Group's continuing operations and discontinued operations. In accordance with IFRS 5 'Non current assets held for sale and discontinued operations', the comparative income statement has been re-presented so that disclosures in relation to discontinued operations relate to all operations that have been discontinued by the balance sheet date (see note 23). For completeness and comparability, full details of the gross numbers have been provided in the segmental reporting shown in note 2 for 2015 and 2014.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

Going concern

The accounts for MBL Group Plc have been prepared under the going concern assumption. The directors have prepared forecasts for a period of 12 months from the date of signing these financial statements. These forecasts demonstrate the group has sufficient cash and has a level of headroom which the directors believe is sufficient to continue to trade for at least the next 12 month period. In addition, the group continues to reflect an overall net assets position and is debt free.

New accounting standards

The Group continues to monitor the potential impact of new standards and interpretations which may be endorsed by the European Union and require adoption by the Group in future reporting periods. The Group does not consider that any standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

Basis of consolidation

The Group financial statements comprise the financial statements of the Company and all of its subsidiary undertakings made up to the financial year end. Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Accounting policies are consistently applied throughout the Group. Inter-company balances and transactions have been eliminated. Material profits from inter-company sales, to the extent that they are not yet realised outside the Group, have also been eliminated.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies (continued)

Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following areas:

Note 10	Tangible fixed assets	Note 15	Trade and other receivables
Note 11	Intangible assets	Note 18	Provisions
Note 14	Inventories		

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of comprehensive income.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Property, plant and equipment

(a) Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies (continued)

(b) Leased assets

Assets funded through finance leases are capitalised as property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of the fair value and the present value of the minimum lease payments. Future instalments under such leases, net of financing costs, are included within interest bearing loans and borrowings. Rental payments are apportioned between the finance element, which is included in finance costs, and the capital element which reduces the outstanding obligation for future instalments.

Lease incentives are credited to the consolidated statement of comprehensive income on a straight line basis over the life of the lease.

(c) Depreciation

Depreciation is charged to the consolidated statement of comprehensive income on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Improvements to leasehold properties	-	over the lease term
Plant, fixtures and fittings	-	10% - 33.3% per annum on straight line basis
Motor vehicles	-	25% per annum on straight line basis

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the average costing principle and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition.

Intangible assets

All business combinations are accounted for by applying the acquisition method. Goodwill represents amounts arising on acquisition of subsidiaries.

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as at

- the fair value of the consideration, plus
- the recognised amount of any non-controlling interests in the acquire, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire, less
- the net recognised amount of the identifiable assets acquired and liabilities assumed

When the excess is negative, negative goodwill is recognised immediately in the Consolidated Income Statement.

The classification and accounting treatment of business combinations that occurred prior to 1 April 2006 have not been reconsidered in preparing the Groups opening adopted IFRS balance sheet at 1 April 2006.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

1 Accounting policies (continued)

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is stated at cost less any accumulated losses. Goodwill is allocated to cash-generating units ("CGUs") and is tested annually for impairment. The CGU's used are Home Entertainment, Garden & Leisure and Other. The recoverable amount is compared to the carrying amount of the CGU including goodwill. The recoverable amount of a CGU is determined based on value-in-use calculations.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Revenue

Revenue represents the invoiced value of goods sold net of customer returns (which include estimates of returns after the balance sheet date) and settlement discounts and is net of value added tax. Revenue from the sale of goods is recognised in the consolidated statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. This is deemed to be the date of delivery or dispatch depending on the company involved.

Settlement discounts are deducted from the payment of invoices, less credit notes, made by customers. Revenue from the licensing of film and music rights represents the invoiced value of royalties net of value added tax.

Taxation

Tax comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax on the following temporary differences are not recognised: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies (continued)

Dividends

Dividends payable to the Company's shareholders are recognised as a liability and deducted from shareholders' equity in the period in which the shareholders' right to receive payment is established.

Impairment of assets

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill the recoverable amount is estimated at each statement of financial position date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of comprehensive income.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

(i) Calculation of recoverable amount

The recoverable amount of the Group's investments and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Capital management

The Group and Company's capital includes share capital, reserves and retained earnings. The Group and Company's policy is to maintain the ability to continue as a going concern, in order to provide returns to the shareholder and benefits to other stakeholders. The Group, and Company, invest in financial assets that will provide an adequate level of return to the shareholder commensurate with the level of risk.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies (continued)

The Group and Company manages the capital structure and adjusts this in light of the changes in the economic conditions and risk associated with the underlying assets. In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of any dividend paid to the shareholder, return capital to the shareholder, issues new shares, or sell assets. The Group, and Company, are not subject to any externally imposed capital requirements. There have been no material changes in the management of capital during the period.

Operating segments

The segments disclosed in Note 2 reflect the Group's management and internal reporting structure and the trading subsidiaries of the Group.

The Group comprises the following main business segments:

Home Entertainment	The sale of home entertainment products to specialist independent and internet retailers.
Garden & Home	The retail, by mail order, of garden bird, aquatic, pet and leisure related products.
Discontinued	The wholesale and retail of general home entertainment products and the retail of garden plants and associated products.
Other	A combination of revenue streams including the license of film and music rights for manufacture, sale and download.

Royalties

Royalties are calculated on the basis of sales made with the exception of fixed fee arrangements which are accounted for on an equal basis over the period of the relevant agreement.

Operating lease payments

Payments made under operating leases are recognised in the consolidated statement of comprehensive income on a straight line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of comprehensive income as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing income and expenses

Financing income and expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases, interest receivable on funds invested, dividend income and foreign exchange gains and losses that are recognised in the consolidated statement of comprehensive income.

Interest income and interest payable is recognised in the consolidated statement of comprehensive income as it accrues, using the effective interest method. Dividend income is recognised in the consolidated statement of comprehensive income on the date the entity's right to receive payments is established. The interest expense component of finance lease payments is recognised in the consolidated statement of comprehensive income using the effective interest rate method.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies (continued)

Employee benefits

(a) Defined contribution pension

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions payable are charged to the consolidated statement of comprehensive income.

(b) Share based payments

The Group operates a Company Share Option Plan ('CSOP'). The granting of options in this scheme is at the discretion of the Directors.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting. The share based payments are equity settled.

2 Segmental analysis

The Group has adopted IFRS 8 Operating Segments and disclose three main reporting segments, being Home Entertainment, Garden & Leisure and Other activities. This disclosure correlates to the internal reporting performance information that Operational Management and the Board of Directors review to operating profit level. The categories also correlate with the business activities of the trading subsidiary companies of the Group.

Certain overheads of the Group, financial income/expenses and taxation are only accounted for and reported at Group level and these expenses have not been allocated to a segment.

The following table provides analysis of the Group's revenue by geographical market, irrespective of the origin of the goods or services:

	2015 £'000	2014 £'000
Revenue		
UK	6,887	5,350
Asia	3,352	3,816
Europe	1,401	2,096
Rest of World	1,486	1,324
	13,126	12,586

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

2 Segmental analysis (continued)

Intersegment transactions are undertaken in the ordinary course of business on a cost recovery basis.

All assets are located in the UK.

The segments disclosed below reflect the Group's management and internal reporting structure. During the year, Garden Centre Online Limited ceased trading and has been classified as discontinued operations within these financial statements.

Consolidated statement of comprehensive income for year ended 31 March 2015:

	Home Entertainment £'000	Garden and Home £'000	Other £'000	Total continuing £'000	Dis-continued £'000	Group Total £'000
Gross revenue	8,653	4,252	69	12,974	156	13,130
Intersegment revenue	-	(1)	-	(1)	(3)	(4)
Revenue	8,653	4,251	69	12,973	153	13,126
Operating profit/(loss) before exceptional and central costs	186	(304)	122	4	(112)	(108)
Exceptional costs	-	(450)	-	(450)	-	(450)
Central costs	-	-	-	(437)	-	(437)
Operating profit/(loss)	186	(754)	122	(883)	(112)	(995)
Net financing expense				9	-	9
Taxation expense				-	-	-
Loss for the period				(874)	(112)	(986)
Total assets and liabilities						
Total assets	1,430	608	2,234	4,272	-	4,272
Goodwill	-	140	-	140	-	140
Total liabilities	(565)	(259)	(792)	(1,616)	-	(1,616)
Total segment net assets	865	489	1,442	2,796	-	2,796
Capital Expenditure						
Intangible assets	-	140	-	140	-	140
Tangible fixed assets	14	9	65	88	-	88
Depreciation	17	93	51	161	44	205
Impairment charges: Intangibles	-	450	-	450	-	450

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

2 Segmental analysis (continued)

Consolidated statement of comprehensive income for year ended 31 March 2014 (restated):

	Home Entertainment £'000	Garden and Home £'000	Other £'000	Total continuing £'000	Dis-continued £'000	Group Total £'000
Gross revenue	9,508	2,161	154	11,823	994	12,817
Intersegment revenue	(5)	(63)	-	(68)	(163)	(231)
Revenue	9,503	2,098	154	11,755	831	12,586
Operating profit/(loss) before central costs	277	(527)	76	(174)	(744)	(918)
Central costs	-	-	-	(333)	-	(333)
Operating loss	277	(527)	76	(507)	(744)	(1,251)
Net financing expense				12	(4)	8
Taxation expense				-	(3)	(3)
Loss for the period				(495)	(751)	(1,246)
Total assets and liabilities						
Total assets	1,458	432	2,759	4,649	576	5,225
Goodwill	-	450	-	450	-	450
Total liabilities	(585)	(131)	(214)	(930)	(963)	(1,893)
Total segment net assets/(liabilities)	873	751	2,545	4,169	(387)	3,782
Capital Expenditure						
Intangible assets	-	-	-	-	-	-
Tangible fixed assets	4	49	-	53	193	246
Depreciation	23	16	15	54	115	169

3 Loss before tax

	2015 £'000	2014 £'000
Loss before tax is stated after charging/(crediting):		
Auditors' remuneration:		
Audit of these financial statements	14	22
Tax compliance	4	8
Rentals payable under operating leases:		
Plant and machinery	8	23
Buildings	125	154
Depreciation:		
Owned assets	205	169
Profit on disposal of fixed assets	(15)	(3)
Profit on exchange of currencies	(5)	-
Legal and restructuring costs	187	-
Impairment of intangibles	450	80

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

4 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows :-

	Number of employees	
	2015	**2014**
Continuing operations:		
Selling and distribution	38	28
Administration	16	25
	54	53
Discontinued operations:		
Selling and distribution	-	-
Administrative	-	3
	54	56

The aggregate payroll costs for continuing operations was as follows:

	2015 £'000	**2014** £'000
Wages and salaries	1,609	1,329
Social security benefits	99	129
Other pension costs	56	68
	1,764	1,526

5 Directors' remuneration

Directors' salaries and benefits charged in the year to 31 March 2015 are set out below along with the comparatives.

		2015 £'000 Salary	**2015 £'000 Bonus**	**2015 £'000 Benefits excluding pension**	**2015 £'000 Pension cost**	**2015 £'000 Total**	**2014 £'000 Total**
D A Johnson	Non-executive	67	-	-	-	67	-
L S Clarke	Executive	89	50	5	15	159	120

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

Former directors:							
P A Cowgill	Non-executive	6	-	-	-	6	30
T S Allan	Executive	150	-	2	30	182	195
		312	50	7	45	414	345

The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was one (2014: one). Full details of the conditional awards to the Executive Director under a Long Term Incentive Plan is shown below:

Name		**At start of year**	**At end of year**
L S Clarke	Long Term Incentive Plan 2010 to 2013	27,972	27,972
L S Clarke	CSOP 2011 to 2014	16,759	16,759

6 Finance income and expenditure

	2015 £'000	**2014 £'000**
Bank interest	9	12
Finance income	9	12
Interest expense on corporation tax payable	-	4
Finance expenses	-	4

7 Taxation

Recognised in the consolidated statement of comprehensive income

	2015 £'000	**2014 £'000**
Current tax		
Current year	-	-
Adjustments for prior years	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Total current tax charge	-	-
Deferred tax		
Origination and reversal of temporary differences	-	-
Adjustment relating to prior years	-	-
Effect of changes in tax rates	-	-
Total deferred tax credit	-	-
Corporation tax expense from continuing operations	-	-
Corporation expense from discontinued operations	-	-
Total corporation tax expense	-	-

7 Taxation

Reductions in the UK corporation tax rate from 24% to 23% (effective from 1 April 2013) and to 21% (effective 1 April 2014) were substantively enacted on 3 July 2012 and 2 July 2013 respectively. A further reduction to 20% (effective from 1 April 2015) was also substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly

8 Reconciliation of effective tax rate

The current tax charge for the period is lower (*2014: lower*) than the standard rate of corporation tax in the UK of 21% (*2014: 23%)*. The differences are explained below:

	2015 £'000	**Restated 2014 £'000**
Loss for the period	(874)	(495)
Tax using the UK corporation tax rate of 21% (2014: 23%)	(183)	(179)
Effects of:		
Expenses not deductible	56	20
Tax losses utilised/carried forward	115	-
Non-taxable income	(3)	-
Capital allowances in excess of depreciation	12	-
Deferred tax asset not recognised	-	163
Chargeable gains/(losses)	3	(4)
Total tax expense	-	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

9 Loss per share

The calculation of basic loss per share has been calculated on the loss after tax of £986,000 (2014: £1,246,000) and the weighted average number of shares in issue during the year of 17,296,067 shares of 75p each (2014: 17,296,067 shares of 75p each).

The calculation of diluted loss per share is identical to that used for the basic loss per share.

The adjusted loss per share, as disclosed below, was calculated using the loss after tax for the financial year calculated with reference to the basic and diluted weighted average share in issue during the year.

	2015 £'000	2014 £'000
Loss after taxation from continuing operations	(874)	(495)
Discontinued operations	(112)	(751)
Total comprehensive expense for the year	(986)	(1,246)
Continuing operations		
Basic and diluted loss per share	(5.0)p	(2.9)p
Discontinuing operations		
Basic and diluted loss per share	(0.7)p	(4.3)p
Basic and diluted loss per share	(5.7)p	(7.2)p

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

10 Property, plant and equipment

	Improve-ment to leasehold properties £'000	Plant, Fixtures & Fittings £'000	Motor vehicles £'000	Total £'000
Cost				
Balance at 1 April 2013	177	836	11	1,024
Additions	115	115	16	246
Disposals	(91)	(41)	(3)	(135)
Balance at 31 March 2014	201	910	24	1,135
Balance at 1 April 2014	201	910	24	1,135
Additions	39	24	25	88
Disposals	-	-	-	-
Balance at 31 March 2015	240	934	49	1,223
Depreciation and impairments				
Balance at 1 April 2013	177	515	11	703
Depreciation	3	163	3	169
Disposals	(91)	(25)	(3)	(119)
Balance at 31 March 2014	89	653	11	753
Balance at 1 April 2014	89	653	11	753
Depreciation	13	182	10	205
Disposals	-	-	-	-
Balance at 31 March 2015	102	835	21	958
Net book value				
At 1 April 2013	-	321	-	321
At 31 March 2014 and 1 April 2014	112	257	13	382
At 31 March 2015	138	99	28	265

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

11 Intangible assets

	Goodwill	Intellectual property	Total
	£'000	£'000	£'000
Cost			
Balance at 1 April 2013	32,259	326	32,585
Additions	-	80	80
Balance at 31 March 2014	32,259	406	32,665
Balance at 1 April 2014	32,259	406	32,665
Additions	90	50	140
Balance at 31 March 2015	32,349	456	32,805
Amortisation and impairment			
Balance at 1 April 2013	31,809	326	32,135
Impairment	-	80	80
Balance at 31 March 2014	31,809	406	32,215
Balance at 1 April 2014	31,809	406	32,215
Impairment	450	-	450
Balance at 31 March 2015	32,259	406	32,665
Net book value			
At 1 April 2013, 31 March 2014 and 1 April 2014	450	-	450
At 31 March 2015	90	50	140

The intangible assets in both the current and preceding year relates to the goodwill arising from the acquisition of the trade and assets of The Garden and Home Trading Company Limited.

In accordance with the Group's accounting policy, goodwill with indefinite useful lives are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the asset may be impaired. In accordance with International Accounting Standard 36 (IAS 36), an impairment charge is recognised for goodwill and other intangible assets with indefinite useful lives when their carrying amount exceeds the "recoverable amount", defined as the higher of fair value less costs to sell and value in use.

The recoverable amount of the CGU's has been determined on a value in use basis ("VIU") and was calculated by reference to the cash flows taken from the Group and individual Company forecasts as detailed below. The calculation of VIU requires the exercise of significant judgement by the Board in determining the assumptions to be used.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

11 Intangible assets (continued)

The Garden and Home Trading Company Limited:
The £450,000 Goodwill and Intellectual Property brought forward from prior years has been impaired in full during the year. The intangible asset relates to the customer databases acquired by the business in 2012 for the brands Garden Bird Supplies, Garden Centre Online and Listen 2. During the year Garden Centre Online ceased trading and the brand was sold for £15,000 and the company no longer operates the Listen 2 brand. The Garden Bird Supplies customer database is declining and no growth is expected from the 2012 database which carries the intangible value. Any new sales opportunities for this brand are generated from new sales and marketing activities. It has therefore been deemed appropriate to impair the related Goodwill and Intellectual Property in full.

12 Investments

	Other investments £'000
Cost	
Balance at 1 April 2013	2,010
Disposals	(2,010)
Balance at 31 March 2014	-
Balance at 1 April 2014	-
Additions	
Balance at 31 March 2015	-
Impairment	
Balance at 1 April 2013	2,010
Disposals	(2,010)
Balance at 31 March 2014	-
Balance at 1 April 2014	-
Additions	-
Balance at 31 March 2015	-
Net book value	
At 31 March 2014	-
At 31 March 2015	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

The disposal during the preceding year was in relation to the Group's investment in U-Xplore Limited which ceased trading.

13 Deferred tax asset

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:-

	2015 £'000	2014 £'000
Property plant and equipment	-	-

Movement in deferred tax during the year

	1 April 2014 £'000	Recognised in income statement £'000	31 March 2015 £'000
Property, plant and equipment	-	-	-

Movement in deferred tax during the prior year

	1 April 2013 £'000	Recognised in income statement £'000	31 March 2014 £'000
Property, plant and equipment	-	-	-

Unrecognised deferred tax assets

Deferred tax assets have not be recognised in respect of the following items:

	2015 £'000	2014 £'000
Tax losses	257	381
Timing differences	23	39

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

14 Inventories

	2015 £'000	2014 £'000
Finished goods	624	531

Finished goods are stated after deducting a stock provision of £165,000 (2014: £238,000) to reduce the carrying value to the lower of cost and net realisable value. The provision is calculated by comparing the cost of each stock line to an estimate of future selling price and also contains a general provision. The Group has considerable experience in judging future selling prices for the majority of its stock. Should the estimate of future selling prices be incorrect, this would impact the gross margin reported in the year ending 31 March 2016.

Raw materials, consumables and changes in finished goods recognised as cost of sales in the year amounted to £9,724,000 (2014 restated: £9,135,000).

15 Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables	1,098	1,056
Other trade receivables	309	285
Prepayments	268	246
	1,675	1,587

Trade receivables are stated net of a bad debt provision.

The bad debt provision is estimated by reviewing the amounts owed by customers and considering the likelihood of default by the customer. Should the estimate of bad debt provision be incorrect, this would impact the bad debt charge, and consequently administrative expenses to be reported in the year ending 31 March 2016.

The ageing of trade receivables is detailed below :

	2015			2014		
	Gross £'000	Provision £'000	Net £'000	Gross £'000	Provision £'000	Net £'000
Not past due – 60 days	991	-	991	1,059	(3)	1,056
Past 60 days	111	(4)	107	49	(49)	-
	1,102	(4)	1,098	1,108	(52)	1,056

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

The Board considers that the carrying amount of trade and other receivables approximates to their fair value. Credit risk with respect to trade receivables is considered moderate due to the credit worthiness of our customer base. In situations where the risk associated to trading with specific customers is considered higher than usual appropriate credit insurance is sought.

16 Cash and cash equivalents

	2015 £'000	2014 £'000
Cash and cash equivalent per balance sheet	1,708	2,724
Cash and cash equivalent per cash flow statements	1,708	2,724

Cash balances denominated in currencies other than UK sterling were £nil for the current and prior year.

The Group has no overdraft facility as at 31 March 2015 and continues to hold a positive balance as shown above.

17 Trade and other payables

	2015 £'000	2014 £'000
Trade payables	771	710
Other trade payables	96	611
Accruals and deferred income	276	98
	1,143	1,419

The trade and other payable balances are all due within one year.

18 Provisions

	Lease Commitment £'000	Total £'000
At 1 April 2014	472	472
Utilised	-	-
At 31 March 2015	472	472

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

At 31 March 2010, the Group had a commitment to relocate to a new purpose built distribution centre which subsequently did not take place. As a consequence a provision was created for exit costs in relation to terminating the lease and £472,000 of this provision remains outstanding at the year end.

19 Employee benefits

Pension plans

The group only operates defined contribution pension schemes. The pension charge for the year represents contributions payable by the Group of £56,000 (2014: £71,000).

CSOP

The Group operates a HM Revenue and Customs approved CSOP share option scheme. The scheme is open to employees of the Group. The grant of the options is at the discretion of the Directors. The performance criteria for all options granted require that the option holder remains in employment with the Group at the date of exercise.

Details of ordinary shares, which are subject to options under this scheme and are outstanding at 31 March 2015, are set out below. Shares under option were not dilutive for the purpose of calculating the diluted earnings per share.

Grant date	Number of options at 1 April 2014	Number of options granted in year	Number of options lapsed in year	Number of options at 31 March 2015	Original subscription price	Exercise period
13 January 2010	50,277	-	16,759	33,518	179p	14 January 2014 to 14 January 2020

20 Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital £'000	Share premium £'000	Merger Reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2013	12,972	21,531	(2,800)	(26,675)	5,028
Loss for the year	-	-	-	(1,246)	(1,246)
Balance at 31 March 2014	12,972	21,531	(2,800)	(27,921)	3,782
Balance at 1 April 2014	12,972	21,531	(2,800)	(27,921)	3,782
Loss for the year	-	-	-	(986)	(986)
Balance at 31 March 2015	12,972	21,531	(2,800)	(28,907)	2,796

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

20 Capital and reserves (continued)

The capital structure of the Group consists of equity attributable to shareholders of the parent company, comprising issued share capital, share premium and retained earnings.

	Number of ordinary shares		Ordinary share capital	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
At 31 March	17,296	17,296	12,972	12,972

The total number of authorised ordinary shares was 26,666,666 (2014: 26,666,666) with a par value of 75p per share (2014: 75p per share). All issued shares are fully paid.

21 Events after the reporting period

As detailed in the Strategic Report on page 4, the Board has sent out a circular to shareholders setting out the details of a proposed Capital Reduction, in order to create distributable reserves.

22 Financial instruments

Financial assets

The Group's financial assets are all categorised as receivables and comprise 'Trade and other receivables' and 'Cash and cash equivalents'. The receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an alternative market.

Cash and cash equivalents comprise short-term cash deposits with major UK clearing banks and earn floating rates of interest based upon bank rates or rates linked to LIBOR. The currency profile of cash and cash equivalents is as follows:

	2015 £'000	2014 £'000
Group		
Sterling	1,708	2,724
Euro	-	-
Other	-	-
	1,708	2,724
Company		
Sterling	1,603	2,554

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

22 Financial instruments (continued)

Financial liabilities

The Group's financial liabilities are categorised as payables and comprise 'Trade and other payables'.

Credit risk

Investments of cash surpluses are made through major UK clearing banks which must meet minimum credit ratings as required by the Board.

All customers who trade on credit terms are subject to credit verification procedures and, if deemed appropriate, credit insurance cover is sought. Trade receivable balances are reviewed on an ongoing basis and provision is made for impairment should amounts be considered not to be recoverable.

Liquidity risk

The Group's policy is to manage its cash and borrowings requirement to minimise interest rate expense whilst ensuring that the Group has sufficient liquidity to meet the operating needs of the business. The forecast cash profile is reviewed on an ongoing basis to ensure that sufficient headroom remains.

Interest rate risk

The Group finances its operations using retained profits.

A change of 1% in the average interest rates during the year would change the profit before tax by £nil (2014: £nil).

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than sterling. The currency giving rise to this risk is the Euro with both sales and purchases being made in this currency.

The Group predominantly protects against foreign currency risk by pricing and invoicing in sterling. Where sales are priced in Euro the risk is regularly reviewed and managed by the holding of foreign currency.

A 10% strengthening of sterling relative to the Euro during the year would have increased the profit before tax by £15,000 (2014: £18,000). A 10% weakening of sterling relative to the Euro during the year would have decreased the profit before tax by £18,000 (2014: £22,000).

Fair values

The fair values together with the carrying amounts show in the balance sheet are as follows:

	Carrying amount 2015 £'000	Fair value 2015 £'000	Carrying amount 2014 £'000	Fair value 2014 £'000
Trade and other receivables	1,675	1,675	1,587	1,587
Cash and cash equivalents	1,708	1,708	2,724	2,724
Trade and other payables	(1,143)	(1,143)	(1,419)	(1,419)
	2,240	2,240	2,892	2,892

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land & Buildings £'000	Total 2015 £'000	Total 2014 £'000
Less than one year	121	121	121
Between one and five years	223	223	202
	344	344	323

The Group leases various warehouses and offices under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

24 Discontinued operations

	2015 £'000	2014 £'000
Results of discontinued operations		
Revenue	153	830
Expenses	(265)	(1,578)
Results from operating activities	(112)	(748)
Tax	-	(3)
Loss for the year	(112)	(751)
Basic loss per share – Discontinued	(0.7)p	(4.3)p

	2015 £'000	2014 £'000
Cash flows used in discontinued operations		
Net cash used in operating activities	(116)	(445)
Net cash used in investing activities	-	-
Net cash outflow for the year	(116)	(445)

COMPANY BALANCE SHEET
AS AT 31 MARCH 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Tangible fixed assets	3	6	21
Investments	5	-	-
		6	21
Current assets			
Debtors	6	1,489	1,476
Cash at bank and in hand		1,603	2,554
		3,092	4,030
Creditors: amounts falling due within one year	7	(1,303)	(1,275)
Net current assets		1,789	2,755
Net assets		1,795	2,776
Capital and reserves			
Called up share capital	10	12,972	12,972
Share premium account	10	21,531	21,531
Profit and loss account	10	(32,708)	(31,727)
Shareholders' funds		1,795	2,776

Approved by the Board of Directors on 28 August 2015 and signed on its behalf by:

L S Clarke
Director

Company Registration No. 04198290

**COMPANY NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

No profit or loss account is presented for the Company as permitted by section 408 of the Companies Act 2006. The loss after tax for the Company was £981,000 (2014: £1,704,000)

Going concern

The financial statements for MBL Group Plc have been prepared under the going concern assumption. The directors have prepared forecasts for a period of 12 months from the date of signing these financial statements. These forecasts demonstrate the company has sufficient cash and has a level of headroom which the directors believe is sufficient to continue to trade for at least the next 12 months. In addition the company continues to reflect an overall net assets position and is debt free.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that is included within the published consolidated financial statements.

Revenue recognition

Investment income comprises dividends declared during the accounting period.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	*10% - 33.3% straight line*

Investments

The Company's investments in group companies are stated at cost less provision for impairment.

Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

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.

**COMPANY NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

1 **Accounting policies (continued)**

Dividends

Dividends receivable are recognised when the Company's right to receive payments is established. Dividends payable to the Company's shareholders are recognised as a liability and deducted from shareholders' equity in the period in which the shareholders' right to receive payment is established.

2 **Share options**

CSOP

The Group operates a HM Revenue and Customs approved CSOP share option scheme. The scheme is open to employees of the Group. The grant of the options is at the discretion of the Directors. The performance criteria for all options granted require that the option holder remains in employment with the Group at the date of exercise.

Details of ordinary shares, which are subject to options under this scheme and are outstanding at 31 March 2015, are set out below. Shares under option were not dilutive for the purpose of calculating the diluted earnings per share.

Grant date	Number of options at 1 April 2014	Number of options granted in year	Number of options lapsed in year	Number of options at 31 March 2015	Original subscription price	Exercise period
13 January 2010	50,277	-	16,759	33,518	179p	14 January 2014 to 14 January 2020

3 **Tangible fixed assets**

	Fixtures, fittings & equipment £'000
Cost	
Balance at 1 April 2014	45
Balance at 31 March 2015	45
Depreciation	
Balance at 1 April 2014	24
Charge for the year	15
Balance at 31 March 2015	39
Net book value	
At 1 April 2014	21
At 31 March 2015	6

COMPANY NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

4 Related Party Transactions

The Company has taken advantage of the exemption available in FRS8 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking of the group.

5 Investments

	Net book value at 31 March 2014 £'000	Provision for diminution value £'000	Net book value at 31 March 2015 £'000
Shares in group undertakings:			
Air Music and Media Copyright Limited	-	-	-
Redworth Limited	-	-	-
Total	-	-	-

All investments are shown at cost less provision for diminution in value.

The company holds more than 20% of the share capital of the following principal subsidiary undertakings:

	Country of incorporation	Class of share	Proportion held	Nature of business	Year end
Air Music and Media Copyright Limited	England	Ordinary	100%	Licensing	31/03
Redworth Limited	England	Ordinary	100%	Holding Co	31/03
Windsong International Limited	England	Ordinary	100%	Wholesale	31/03
The Garden and Home Trading Company Limited	England	Ordinary	100%	Mail Order	31/03

All shares in the company's subsidiaries carry one voting right each. Voting rights are therefore identical to the proportion of shares held. The Garden and Home Trading Company Limited and Windsong International Limited are held by Redworth Limited which is itself a 100% subsidiary of the company. All other subsidiaries are held directly by the company.

6 Debtors

	2015 £'000	2014 £'000
Trade debtors	-	-
Amounts owed from group undertakings	1,432	1,417
Other debtors	19	24
Prepayments and accrued income	38	35
	1,489	1,476

**COMPANY NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

7 Creditors : amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	21	29
Amounts owed to group undertakings	712	1,210
Accruals and deferred income	570	36
	1,303	1,275

8 Controlling party

There is no single controlling party

9 Post balance sheet events

As detailed in the Strategic Report on page 4, the Board has sent out a circular to shareholders setting out the details of a proposed Capital Reduction, in order to create distributable reserves.

10 Shareholders' funds

	Share Capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
2015				
At 1 April 2014	12,972	21,531	(31,727)	2,776
Loss for the year	-	-	(981)	(981)
At 31 March 2015	12,972	21,531	(32,708)	1,795

	Share Capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
2014				
At 1 April 2013	12,972	21,531	(30,023)	4,480
Loss for the year	-	-	(1,704)	(1,704)
At 31 March 2014	12,972	21,531	(31,727)	2,776

COMPANY NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

10 **Shareholders' funds (continued)**

	2015 £'000	2014 £'000
The share capital comprises:		
Authorised		
26,666,666 (2014: 26,666,666) Ordinary shares of 75p each (2014: 75p)	20,000	20,000
Called up, allotted and fully paid:		
17,296,067 (2014: 17,296,067) Ordinary shares of 75p each (2014: 75p)	12,972	12,972

11 **Profit for the financial year**

As permitted in Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The Group retained loss for the financial year of £986,000 (2014: loss of £1,246,000) includes a loss of £981,000 (2014: loss of £1,704,000) which relates to the financial statements of the Company.

12 **Capital commitments**

There are no capital commitments at year end.

13 **Auditor's remuneration**

The auditor's remuneration is disclosed in the notes to the Group accounts.