Blackwell Limited

Report and Financial Statements

Period Ended

29 June 2019

Company Number 2762961

Blackwell Limited

Report and financial statements
for the period ended 29 June 2019

Contents

Page:

Directors

A Thompson	Chairman (Non Executive) (from 1 July 2019)
T Eustace	Non Executive Director
D Prescott	Chief Executive Officer
K Stilborn	Customer Service and Operations Director
K Smith	Digital Director
P Henderson	Sales & Marketing Director (from 22 July 2019)
E Hillyard	Finance Director
Toby Blackwell Limited	Investor Director

Secretary
T Eustace

Registered office
50 Broad Street, Oxford, OX1 3BQ

Company Number
2762961

Auditor
RSM UK Audit LLP, 25 Farringdon Street, London, EC4A 4AB

Principal activities

The Group's principal activity during the period continued to be bookselling in shops and online. Blackwell's mission is to become the world's most trusted bookseller and to change lives through books and reading.

The Company is non trading and bears central and property costs.

Review of the business and future developments

The Group Income Statement is set out on page 8 and shows turnover growing by 2% in the period to £58.3m (2018 - £57.0m), the third year of growth. Gross profit for the period is £13.3m (2018 - £13.3m), administrative expenses have reduced by £0.6m (4%) to £15.6m (2018 - £16.2m) and the loss on ordinary activities before interest is £0.9m (2018 - £1.8m).

Blackwell's is a multi-channel book retailer trading worldwide. The continued strong top line results build on the last two years' growth bucking the trend within the sector and within retail as a whole. The solid performance of its retail portfolio of flagship shops offsetting a more challenging year for academic retail. Business to business sales continue to grow as do the rapidly expanding ecommerce operations. Whilst Blackwell's still retains its excellent reputation as an academic bookseller, a broader customer base is strengthening the balance between academic and more general bookselling evidenced by the new shop opened in Manchester (March 2019) and a new site for the academic shop in Belfast which further strengthen the portfolio.

Development of the Blackwell's website (Blackwells.co.uk) continues and it is technically, commercially and financially viable, contributing on a profit level on an independent basis. As such the associated development costs in the period have been capitalised in line with the Group's policy on intangible assets.

The Group remains committed to its fully multi-channel expansion strategy that is leading Blackwell's towards a significantly improved trading contribution and closer to the goal of sustainable profitability and an employee partnership.

Careful attention continues to be paid during the year to the management of working capital to ensure the balance between continuing liquidity and the move towards profitability at operating level. The increase in debtors predominantly relates to the increase in online sales through third party channels and the increase in credit sales.

The Group accounts reflect £2m of C shares allotted to Toby Blackwell while the previous year reflects the restructure of the Toby Blackwell Limited loan as the balance sheet continues to be repaired following the successful buy-out of the Blackwell's pension scheme in 2017 and the removal from the balance sheet of the fully funded defined benefit pension scheme.

Based on the growth evidenced in this period and the expected growth for the next period, the Directors conclude that it is appropriate to prepare the financial statements on the going concern basis.

The Directors would like to take this opportunity to thank everyone in the Group for their commitment during the past year and recognise the contribution of all, working towards turning Blackwell's into a profitable Group.

Principal risks and uncertainties

Although the potential threat of eBooks has lessened, the market for books remains highly competitive, whilst business rates and increases in the National Living Wage and Apprenticeship Levy have added to retail cost pressures. The Group seeks to manage its risk by ensuring that its product range is diverse and is sold via multiple channels as well as into new market places around the world and this strategy is delivering the continued growth seen over the last three years.

Liquidity risk
The Group manages liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by the management of available cash resources and an invoice discounting facility.

The Group monitors cash flow as part of its day to day control procedures, with daily cash position reporting and weekly cash flow forecast reviews. The Board considers cash flow forecasts on a regular basis and ensures appropriate facilities are available to be drawn upon where necessary.

Credit risk
The Group's credit risk is primarily attributable to its trade debtors. Credit risk is managed through maintaining credit limits on all primary customers, dealing predominantly with major universities and governmental bodies and monitoring payments against contractual arrangements. For these reasons, debt turn continues to average around 30 days and bad debt is negligible.

Interest rate risk
The Group has little exposure to interest rate fluctuations as its borrowings attract interest at a fixed rate. The interest rate is agreed on a regular basis with the lender.

Currency risk
The Group has limited but increasing exposure to transaction foreign exchange risk. Some transactions take place in foreign currency and exposure is minimised through careful management of currency cash flows and the close monitoring of exchange rates, partnering with more than one provider of currency and ensuring the most competitive rate is always achieved.

Key performance indicators

The key performance indicators used by the Group are focused on sales, margin and contribution by channel. We also have targets on supplier margins, selling costs, creditors and debtors, capital expenditure, stock, internal audit and people development. These are all monitored on a daily, weekly or monthly basis by the management team. Our goal is to become a profitable, growing employee partnership.

Shop and business to business performance is tracked and assessed through business and marketing plans (known as *Agenda for Growth* plans) which detail short, medium and long term actions and investments for every shop. These are reviewed and updated monthly. A programme called *Revolution in Service* is embedded throughout the Group and following this, footfall and customer spend is monitored through Mystery Shopping. The performance of online sales channels and digital initiatives are monitored at least weekly against sales and margin targets allowing for swift operational decisions as the market dictates.

KPIs, Agenda for Growth plans and weekly sales performance data is shared throughout the business. The performance against these indicators throughout the year has been satisfactory.

By order of the Board

A Thompson
Chairman
23 October 2019

Directors' report
for the period ended 29 June 2019

The Directors present their report together with the audited financial statements for the period ended 29 June 2019.

Dividends

No dividends were paid during the period (2018 - £Nil).

Charitable donations

The Group made direct charitable donations totalling £16,000 (2018 - £15,000) during the period.

Directors

The Directors of the Company during the period were:

T Goul-Wheeker # ~ *	Chairman (Non Executive)	(resigned 30 June 2019)
A Thompson # ~ *	Chairman (Non Executive)	(appointed 1 July 2019)
T Eustace # ~ *	Non Executive Director & Company Secretary	
Toby Blackwell Limited # ~ *	Investor Director	
D Prescott #	Chief Executive Officer	
K Smith	Digital Director	
K Stilborn	Customer Service and Operations Director	
D Drew	Sales & Marketing Director	(resigned 5 April 2019)
P Henderson	Sales & Marketing Director	(appointed 22 July 2019)
E Hillyard #	Finance Director	

member of the Audit Committee
~ member of the Remuneration Committee
* member of the Nominations Committee

Corporate governance

Since the Group is not listed on the London Stock Exchange, it is not required to adopt the requirements of the UK Corporate Governance Code. Nevertheless, the Board recognise that corporate governance is of key concern to shareholders and other users of the financial statements. In addition, the principles of openness, integrity and accountability, embodied in the Code, are consistent with the culture of the Group.

Accordingly, the principles that are considered by the Board to be relevant are adopted and adapted as necessary to the requirements of the Group. For example, there is an audit committee which meets during the period and there is a remuneration committee which meets to set the remuneration paid to Directors and some senior employees.

Qualifying third party indemnity provisions

The Group has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Blackwell's Defined Benefit Pension Scheme

At the end of the financial year ended 24 June 2017, the Group, through the Trustees of the defined benefit pension scheme, completed a full all-risks buy-out of the scheme with Pension Insurance Corporation (PIC). This collaboration secured all the existing benefits for the members of the pension scheme and provides long term security for them and for Blackwell's.

Employment of disabled persons

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the Group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the Group.

Employee involvement

Members of the management team regularly visit branches and discuss matters of current interest and concern to the business with members of staff. The Group is an equal opportunity employer.

Auditor

RSM UK Audit LLP has expressed its willingness to continue in office.

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Matters of strategic importance

Future development information is not shown within the Directors' Report as it is instead included within the Strategic Report on page 1 under S414C(11).

By order of the Board

T Eustace
Director and Secretary
23 October 2019

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing those financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

Independent auditor's report to the members of Blackwell Limited

Opinion

We have audited the financial statements of Blackwell Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 29 June 2019 which comprise the consolidated income statement, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 29 June 2019 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

RSM UK Audit LLP

Alan Summerfield (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

31 October 2019

Blackwell Limited

Consolidated Income Statement
for the period ended 29 June 2019

	Note	Period ended 29 June 2019 £'000	Period ended 30 June 2018 £'000
Turnover	2	**58,266**	56,950
Cost of sales		**(44,963)**	(43,696)
Gross profit		**13,303**	13,254
Administrative expenses		**(15,576)**	(16,228)
Other operating income		**1,417**	1,268
Loss on ordinary activities before interest	3	**(856)**	(1,706)
Interest payable	7	**-**	(135)
Loss on ordinary activities before taxation		**(856)**	(1,841)
Tax on profit on ordinary activities	8	**-**	-
Loss for the financial period		**(856)**	(1,841)

All operations are classed as continuing.

The notes on pages 14 to 33 form part of these financial statements.

Blackwell Limited

Consolidated Statement of Financial Position
at 29 June 2019

	Note	29 June 2019 £'000	29 June 2019 £'000	30 June 2018 £'000	30 June 2018 £'000
Fixed assets					
Intangible assets	10		**696**		87
Tangible assets	11		**1,720**		1,774
			2,416		1,861
Current assets					
Stocks	13	**6,295**		6,112	
Debtors	15	**5,964**		4,926	
Cash at bank and in hand		**844**		635	
		13,103		11,673	
Creditors: amounts falling due within one year	16	**(18,455)**		(17,551)	
Net current liabilities			**(5,352)**		(5,878)
Total assets less current liabilities			**(2,936)**		(4,017)
Provision for liabilities	18		**(249)**		(312)
Net liabilities			**(3,185)**		(4,329)
Capital and reserves					
Called up share capital	19		**17,383**		15,383
Share premium account			**835**		835
Other capital reserves	20		**639**		639
ESOP reserve	20		**(240)**		(240)
Profit and loss account			**(21,802)**		(20,946)
Shareholders' deficit			**(3,185)**		(4,329)

The financial statements were approved by the Board and authorised for issue on 23 October 2019, by:

D Prescott
Chief Executive Officer

The notes on pages 14 to 33 form part of these financial statements.

Blackwell Limited

Company Statement of Financial Position
at 29 June 2019

Company number 2762961	Note	29 June 2019 £'000	29 June 2019 £'000	30 June 2018 £'000	30 June 2018 £'000
Fixed assets					
Tangible assets	11		**162**		185
			162		185
Current assets					
Debtors	15	**730**		748	
		730		748	
Creditors: amounts falling due within one year	16	**(340)**		(1,348)	
Net current assets / (liabilities)			**390**		(600)
Total assets less current assets / (liabilities)			**552**		(415)
Provision for liabilities	18		**(100)**		(100)
Net assets / (liabilities)			**452**		(515)
Capital and reserves					
Called up share capital	19		**17,383**		15,383
Share premium account			**835**		835
Other capital reserves	20		**391**		391
ESOP reserve	20		**(240)**		(240)
Profit and loss account			**(17,917)**		(16,884)
Shareholders' funds / (deficit)			**452**		(515)

As permitted by s408 of the Companies Act 2006, the Company has not presented its own profit and loss account and related notes as it prepares Group accounts. The Company's loss and comprehensive income for the period was £1,033,000 (2018 - £3,254,000).

The financial statements were approved by the Board and authorised for issue on 23 October 2019, by:

D Prescott
Chief Executive Officer

The notes on pages 14 to 33 form part of these financial statements.

Blackwell Limited

Consolidated Statement of Changes in Equity
for the period ended 29 June 2019

	Called up share capital £'000	Share premium account £'000	Other capital reserves £'000	ESOP reserve £'000	Profit and loss account £'000	Total £'000
Balance at 24 June 2017	**12,883**	**835**	**639**	**(240)**	**(19,105)**	**(4,988)**
Loss for the period	-	-	-	-	(1,841)	(1,841)
Issue of 'C' shares	2,500	-	-	-	-	2,500
Balance at 30 June 2018	**15,383**	**835**	**639**	**(240)**	**(20,946)**	**(4,329)**
Loss for the period	-	-	-	-	(856)	(856)
Issue of 'C' shares	2,000	-	-	-	-	2,000
Balance at 29 June 2019	**17,383**	**835**	**639**	**(240)**	**(21,802)**	**(3,185)**

The notes on pages 14 to 33 form part of these financial statements.

Blackwell Limited

Company Statement of Changes in Equity
for the period ended 29 June 2019

	Called up share capital £'000	Share premium account £'000	Other capital reserves £'000	ESOP reserve £'000	Profit and loss account £'000	Total £'000
Balance at 24 June 2017	**12,883**	**835**	**391**	**(240)**	**(13,630)**	**239**
Loss for the period	-	-	-	-	(3,254)	(3,254)
Issue of 'C' shares	2,500	-	-	-	-	2,500
Balance at 30 June 2018	**15,383**	**835**	**391**	**(240)**	**(16,884)**	**(515)**
Loss for the period	-	-	-	-	(1,033)	(1,033)
Issue of 'C' shares	2,000	-	-	-	-	2,000
Balance at 29 June 2019	**17,383**	**835**	**391**	**(240)**	**(17,917)**	**452**

The notes on pages 14 to 33 form part of these financial statements.

Blackwell Limited

Consolidated Statement of Cash Flows
for the period ended 29 June 2019

	Note	Period ended 29 June 2019 £'000	Period ended 30 June 2018 £'000
Cash flows from operating activities			
Loss after tax		**(856)**	(1,841)
Adjustments for:			
Amortisation of intangible assets	10	**31**	35
Depreciation of tangible assets	11	**503**	496
Loss on sale of fixed assets	3	**18**	20
Increase in operating debtors and prepayments	15	**(1,038)**	(1,526)
(Increase)/Decrease in stocks	13	**(183)**	873
Increase in operating creditors and accruals	16	**1,256**	1,783
(Decrease)/Increase in provisions	18	**(62)**	9
Interest paid	7	**-**	135
Net cash used in operations		**(331)**	(16)
Cash flows from investing activities			
Payments to acquire tangible fixed assets	11	**(467)**	(558)
Payments to acquire intangible fixed assets	10	**(640)**	(35)
Net cash used in investing activities		**(1,107)**	(593)
Cash flows from financing activities			
Interest paid	7	**-**	(135)
Issuance of share capital	19	**2,000**	-
Net cash generated from/(used in) financing activities		**2,000**	(135)
Net increase/(decrease) in cash and cash equivalents		**563**	(744)
Cash and cash equivalents at the beginning of the year	27	**(229)**	515
Cash and cash equivalents at the end of the year	27	**334**	(229)

The notes on pages 14 to 33 form part of these financial statements.

1 Accounting policies

General information

Blackwell Limited ("the Company") is a private company limited by shares domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is 50 Broad Street, Oxford, OX1 3BQ.

The Group consists of Blackwell Limited and all of its subsidiaries.

The principal activity of the Group is retail bookselling in the United Kingdom. The Company is non trading and bears central and property costs.

Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Reduced disclosure framework

The Company has taken advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:-

Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.

Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Period of financial statements

The financial statements have been prepared for the 52 weeks ended 29 June 2019. In the prior year the financial statements reflected the 53 weeks ended 30 June 2018.

Going concern

In preparing the financial statements the Directors have taken into account all information that could reasonably be expected to be available. The Directors have prepared detailed cashflow forecasts for the period through to October 2020 and are confident that the business has the required facilities, including flexibility in its working capital balances, to settle its liabilities as they fall due. The overdraft facility is renewable annually in April and the Directors are not aware of any reason that would prevent this being renewed for a further 12 months from April 2020. Although additional external support is not forecast to be necessary, the Directors again have no reason to believe that the support wouldn't be available. The Directors have considered the Group's and Company's net liabilities and ongoing cash requirements, and on this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis.

1 Accounting policies *(continued)*

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiaries for the period ended 29 June 2019 including, in both the Company and consolidated financial statements, the assets and liabilities of the ESOP Trust. The results of subsidiary undertakings are included from the date that control passes.

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

Blackwell Limited has taken exemption from presenting its company profit and loss account under Section 408 of the Companies Act 2006.

Turnover

Turnover represents amounts charged to customers of the Group excluding VAT and any other sales taxes and net of any discounts allowed.

Turnover is recognised on sales to third parties on despatch of the goods or at the point of sale in the retail shops.

Other operating income

Other operating income represents rents and service charges recoverable from instore concessions. It is recognised at the fair value of the consideration received or receivable net of VAT.

Goodwill

Goodwill arising on acquisition of a subsidiary is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired.

Goodwill arising on acquisitions is capitalised and amortised through the profit and loss account over the Directors' estimate of its useful economic life, which ranges from 5 to 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial period following acquisition; and
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Negative goodwill arising on the acquisition of a subsidiary is credited to the profit and loss account as the benefit is derived.

Intangible assets – Software costs

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation – Software costs

Amortisation is provided on capitalised software costs at between 15% - 33% per annum calculated to write off the cost of the assets over their estimated useful lives using the straight line method. Amortisation is not charged until the asset is ready for use.

1 Accounting policies *(continued)*

Intangible assets – Development costs

Development expenditure for individual projects is capitalised when its future recoverability can be foreseen with reasonable certainty. An internally generated intangible asset arising from the Group's development of computer systems (including websites) is recognised only if the costs are directly associated with the production of identifiable and unique software products which are controlled by the Group and it is probable that future economic benefits will flow to the Group. The identifiable expenditure is then amortised over the period during which the benefit is expected to occur. Provision is made for any impairment. All research and other development costs are written off as incurred.

The expenditure capitalised includes all directly attributable costs, from the date which the intangible asset meets the recognition criteria, necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

Amortisation – Development costs

Amortisation is provided on capitalised development costs at rates calculated to write off the cost of the assets over their estimated useful life of 5 years using the straight line method. Amortisation is not charged until the asset is ready for use in the manner intended by management.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is not charged on major projects until the asset is ready for use.

Depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost of the assets over their estimated useful lives using the straight line method. The rates of depreciation used are as follows:

Short leasehold property	-	over the shorter of the remaining useful life and term of the lease
Fixtures, fittings and equipment	-	15% - 33% per annum
Motor vehicles	-	25% per annum

Fixed asset investments - Company

In the separate accounts of the Company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries, associates and jointly controlled entities are assessed for impairment at each reporting date. Any impairments, losses or reversals of impairment losses are recognised immediately in profit or loss.

Impairment

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1 Accounting policies *(continued)*

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to sell. This method, which is appropriate to the nature of the Group's business, has been consistently applied over a number of periods.

At each reporting date, the Group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to sell is recognised as an impairment loss in profit or loss.

Leased assets

Rentals payable under operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis.

Rentals receivable under operating leases are credited to the income statement on a straight line basis.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised on a straight-line basis over the lease term.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

1 Accounting policies *(continued)*

Dilapidations:
Provisions are recognised for dilapidations when the Group has a contractual obligation under a lease, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

Onerous leases:
Provisions are made against operating leases where the unavoidable cost of meeting the lease obligations exceeds the economic benefits received.

Foreign currencies

Assets and liabilities of overseas subsidiaries expressed in foreign currencies are translated to sterling at the rates of exchange ruling at the balance sheet date. Trading results of overseas subsidiaries are translated at the average exchange rate across the period. The exchange difference arising on the translation of opening net assets is taken directly to reserves. All other differences on exchange are included in the profit and loss account of the Group. Foreign currency transactions of individual companies are translated at the rates ruling when they occurred.

Pensions – Defined contribution

Contributions to the Group's defined contribution pension scheme are charged to profit or loss in the period in which they become payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Financial instruments

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

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial instruments - Financial assets

Trade and other debtors

Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

1 Accounting policies *(continued)*

Financial instruments - Financial liabilities

Trade and other creditors

Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable.

Employee Benefit Accounting Policy

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are capitalised as an intangible fixed asset or a tangible fixed asset.

Critical accounting estimates and areas of judgement

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Accounting estimates: Property dilapidations
Property dilapidations are calculated on an average price per square foot basis on all leases with less than 12 months to run from the period end date. The average cost per square foot is reviewed on an annual basis.

Accounting estimates: Impairment of fixed assets

The Directors perform impairment reviews of certain fixed assets of the group at the period end. The impairment review considered the future economic value of the assets. Key estimates include anticipated growth in revenue and footfall and trading patterns at comparable sites. On the basis of the reviews performed at 29 June 2019 management have concluded that no impairments are required.

Accounting judgements: Capitalisation of internally generated intangible assets

In capitalising costs as internally generated intangible assets, the Directors have made judgements regarding the technical and commercial feasibility of the project, the costs, or proportion of costs that meet the criteria for capitalisation, the point at which costs should be capitalised and the rate of amortisation.

2 Turnover

Turnover, loss before tax and net liabilities are attributable to operations which originate in the United Kingdom.

3 Loss on ordinary activities before interest

	2019 £'000	2018 £'000
Loss on ordinary activities before interest is stated after charging/(crediting):		
Auditor's remuneration - audit services		
- parent and consolidated accounts	**14**	14
- subsidiaries	**20**	20
Auditor's remuneration – tax services		
-parent and consolidated accounts	**3**	3
-subsidiaries	**3**	3
Depreciation of owned fixed assets	**503**	496
Amortisation of intangible assets	**31**	35
Operating lease rentals		
- plant and machinery	**80**	90
- other	**3,093**	3,134
Rentals receivable	**(1,377)**	(1,268)
Foreign exchange losses/(gains)	**46**	(68)
Loss on disposal of fixed assets	**18**	20

4 Employees

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Staff costs consist of:				
Wages and salaries	**7,442**	8,031	**600**	611
Social security costs	**559**	670	**70**	71
Other pension costs	**225**	188	**24**	23
	8,226	8,889	**694**	705

The number of employees (including Directors) during the period was:

Average	Group 2019 Number	Group 2018 Number	Company 2019 Number	Company 2018 Number
UK				
- Book sales and services	**352**	400	**-**	-
- Administration and management	**58**	60	**5**	5
	410	460	**5**	5

Full Time Equivalents	Group 2019 Number	Group 2018 Number	Company 2019 Number	Company 2018 Number
UK				
- Book sales and services	**290**	329	**-**	-
- Administration and management	**56**	53	**5**	5
	346	382	**5**	5

5 Directors' emoluments

	2019 £'000	2018 £'000
Directors' emoluments consist of:		
Fees	**35**	35
Emoluments excluding pension contributions	**565**	576
Contributions to defined contribution pension schemes	**24**	23
	624	634

	2019 £'000	2018 £'000
Highest paid Director:		
Emoluments excluding pension contributions	**133**	128
Contributions to defined contribution pension schemes	**7**	7
	140	135

During the period there were 5 Directors (2018 - 5 Directors) accruing benefits under defined contribution pension scheme arrangements and 2 Directors (2018 - 2 Directors) accruing benefits under the Group's defined benefit scheme.

In the financial period 29 June 2019, an amount of £1,998 (2018 - £1,998) was advanced to a Director, with a balance at the year end of £1,832 (2018 - £1,765). The advances are in relation to tuition fees with repayments deducted from wages each month. No interest is charged and the balance is due to be repaid by the end of May 2020.

6 Key management personnel

The total remuneration of the Directors and the business managers who are considered to be the key management personnel of the Group during the year was £868,000 (2018 - £886,000), including employer's national insurance of £89,000 (2018 - £88,000).

7 Interest payable

	2019 £'000	2018 £'000
Loan interest	**-**	135

Interest charged during the period was £nil (2018 – £135,000 at a rate of 5.40%).

During the period ended 30 June 2018 Toby Blackwell Limited completed a conversion of the £2,500,000 loan into 'C' shares in Blackwell Limited, the parent company of Blackwell UK Limited.

8 Tax on loss on ordinary activities

	2019 £'000	2018 £'000
Current tax	-	-
Adjustments in respect of prior periods	-	-

The tax assessed for the period differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £'000	2018 £'000
Loss on ordinary activities before tax	**(856)**	(1,841)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2018 – 19.00%)	**(163)**	(350)
Effects of:		
Fixed asset differences	**24**	21
Expenses not deductible for tax purposes	**2**	6
Other permanent differences	**2**	-
Movements in deferred tax	**136**	323
Adjustment to tax charge in respect of prior periods	**(1)**	-
Tax charge for the period	**-**	-

9 Dividends

No dividends are payable in the current or prior period.

10 Intangible assets

	Goodwill on consolidation Positive £'000	Goodwill on consolidation Negative £'000	Development costs £'000	Software costs £'000	Total £'000
Group					
Cost					
At 30 June 2018	4,804	(151)	-	460	5,113
Additions	-	-	599	41	640
Disposals	-	-	-	(154)	(154)
At 29 June 2019	**4,804**	**(151)**	**599**	**347**	**5,599**
Amortisation					
At 30 June 2018	4,804	(151)	-	373	5,026
Charge for the period	-	-	-	31	31
Disposals	-	-	-	(154)	(154)
At 29 June 2019	**4,804**	**(151)**	**-**	**250**	**4,903**
Net book value					
At 29 June 2019	**-**	**-**	**599**	**97**	**696**
At 30 June 2018	-	-	-	87	87

"Software costs" relate to the development and improvement of the customer till system and other sundry software requirements e.g. Booksolve.

"Development costs" relate to the development of the company website "Blackwells.co.uk". The costs are capitalised in light of forecasted future revenues, the technical feasibility and commercial viability of the project. Amortisation will not be charged until the asset is in the manner intended by mangement.

11 Tangible assets

Group	Short leasehold property £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 30 June 2018	2,396	9,882	17	12,295
Additions	24	432	11	467
Disposals	(509)	(1,773)	(6)	(2,288)
At 29 June 2019	**1,911**	**8,541**	**22**	**10,474**
Depreciation				
At 30 June 2018	1,872	8,632	17	10,521
Charge for period	65	437	1	503
Disposals	(507)	(1,757)	(6)	(2,270)
At 29 June 2019	**1,430**	**7,312**	**12**	**8,754**
Net book value				
At 29 June 2019	**481**	**1,229**	**10**	**1,720**
At 30 June 2018	524	1,250	-	1,774

Company	Short leasehold property £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 30 June 2018	398	62	460
Disposals	-	(62)	(62)
At 29 June 2019	**398**	**-**	**398**
Depreciation			
At 30 June 2018	213	62	275
Charge for period	23	-	23
Disposals	-	(62)	(62)
At 29 June 2019	**236**	**-**	**236**
Net book value			
At 29 June 2019	**162**	**-**	**162**
At 30 June 2018	185	-	185

12 Fixed asset investments

Company	Shares in subsidiary undertakings £'000
Cost	
At 29 June 2019 and 30 June 2018	**77,437**
Provisions	
At 29 June 2019 and 30 June 2018	**77,437**
Net book value	
At 29 June 2019	**-**
At 30 June 2018	-

At the period ended 24 June 2017 the Directors carried out an impairment review of the fixed asset investments and found a shortfall between the carrying value of the assets and their recoverable amounts. An impairment loss of £2,199,000 was recognised in the income statement of the Company at that date, and the fixed asset investments are now fully impaired.

The principal subsidiary companies during the period were:

Name	Aggregate value of share capital and reserves £'000	Country of registration (or incorporation)	Nature of business
Blackwell UK Limited	(3,977)	England and Wales	Book retailing and library supply
Blackwell (Trustees) Limited	-	England and Wales	Dormant
W Heffer & Sons Limited*	2,208	England and Wales	Dormant
Blackwell (Scotland) Limited	2	Scotland	Dormant

* subsidiaries held indirectly
Blackwell Limited controls 100% of the ordinary share capital and voting rights of all the above companies, where asterisked these holdings are held indirectly through other subsidiaries. All subsidiaries with the exception of Blackwell (Scotland) Limited are registered at 50 Broad Street, Oxford, OX1 3BQ. Blackwell (Scotland) Limited is registered of 53-62 South Bridge, Edinburgh, EH1 1YS.

13 Stocks

	Group 2019 £'000	Group 2018 £'000
Goods held for resale	**6,295**	6,112

In the opinion of the Directors there is no difference between the book value and replacement cost of stock at the period end.

During the year, an impairment loss of £209,000 (2018 - £259,000) was recognised in cost of sales. No earlier stock write downs have been reversed during the current, or preceding, period.

14 Financial instruments

Financial assets:	Group 2019 £'000	Group 2018 £'000
Debt instruments measured at amortised cost		
Trade debtors	**2,356**	2,348
Other debtors	**1,592**	985
	3,948	3,333

Financial liabilities:	Group 2019 £'000	Group 2018 £'000
Measured at amortised cost		
Trade creditors	**13,496**	11,975
Bank overdraft	**510**	864
Other creditors	**2,256**	2,354
Accruals	**1,652**	1,862
	17,914	17,055

15 Debtors

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade debtors	**2,356**	2,348	-	-
Other debtors	**1,463**	1,110	-	-
Prepayments and accrued income	**2,145**	1,468	**730**	748
	5,964	4,926	**730**	748

All amounts fall due for payment within one year except for the rental deposits of £106,308 (2018 - £138,547) in other debtors that are due in greater than one year.

During the year, a credit of £16,000 (2018 – £37,000 charge) was recognised in respect of trade receivables provisions, for customers where payment was overdue by more than three months and who were known to be in financial difficulty.

Debt invoice financing
During 2016, Blackwell UK Limited (a subsidiary company of Blackwell Limited) entered into a debt financing agreement with HSBC Invoice Finance (UK) Limited. Amounts due to HSBC Invoice Finance (UK) Limited are secured on the related trade debtors. The balance on the facility amounted to £510,000 at the period end (2018 - £864,000) and is presented as a bank overdraft within creditors (note 16).

Debenture
On 9 December 2015 Blackwell UK Limited (a subsidiary company of Blackwell Limited) created a debenture with HSBC Bank plc which is secured by way of fixed and floating legal charges on all assets in relation to the invoice financing arrangement.

16 Creditors: amounts falling due within one year

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade creditors	**13,496**	11,975	-	-
Bank overdraft	**510**	864	-	-
Other taxes and social security	**168**	180	-	-
Other creditors	**2,329**	2,369	-	-
Accruals and deferred income	**1,952**	2,163	**340**	331
Amounts owed to other group companies	-	-	-	1,017
	18,455	17,551	**340**	1,348

Customer deposits
Customer deposits of £365,000 (2018 - £371,000) are included within the accruals and deferred income balance.

Pension contributions
Other creditors include amounts payable in respect of the Group's defined contribution pension scheme of £53,000 (2018 - £45,000). These amounts were paid subsequent to the period end.

16 Creditors: amounts falling due within one year *(continued)*

Bonus scheme
Accruals include an employee wide bonus scheme. The balance accrued is £nil (2018 - £109,000).

Leave pay provision
Other taxes and social security includes holiday balances accrued of £11,000 (2018 - £18,000) as a result of holiday days employees are entitled to carry forward. The provision is measured as the employment cost payable for the period of absence.

Bank overdraft
The bank overdraft relates to the debt invoice financing facility with HSBC Invoice Finance (UK) Limited. Interest is charged at 2.40% and is included under administrative expenses. The debt is secured on the related trade debtors (note 15).

17 Deferred taxation

No closing deferred tax provision is recognised for either the Group or the Company in the current or prior period. The potential deferred taxation liabilities/(assets) not provided are:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Accelerated capital allowances	**(2,309)**	(2,839)	**(37)**	(48)
Losses	**(12,330)**	(11,723)	**(1,781)**	(1,654)
Other timing differences	**(132)**	(72)	**(75)**	(17)
	(14,771)	(14,634)	**(1,893)**	(1,719)

Figures in brackets denote a deferred tax asset.

The net deferred tax asset above has not been recognised in accordance with the Group's accounting policies.

18 Provision for liabilities

The provision for property dilapidations relates to shop and office dilapidation costs that may become payable on vacating properties. The provision is calculated on an average price per square foot on all leases with less than 12 months to run from the period end date. The average cost per square foot is reviewed on an annual basis. Regarding Blackwell Limited the provision for office properties is reviewed on an annual basis.

	Group £'000	Company £'000
At 30 June 2018	312	100
Charge for the period	102	-
Released in the period	(165)	-
At 29 June 2019	**249**	**100**

19 Share capital

	Allotted, called up and fully paid	
	2019	**2018**
	£'000	**£'000**
'A' (voting) shares of 10p	**1.1**	1.1
'B' (restricted voting) shares of 10p	**31.9**	31.9
'C' (restricted voting) shares of £1	**17,350.0**	15,350.0
	17,383.0	15,383.0

	Allotted, called up and fully paid	
	2019	**2018**
	Number '000	**Number '000**
'A' (voting) shares of 10p	**10.5**	10.5
'B' (restricted voting) shares of 10p	**319.6**	319.6
'C' (restricted voting) shares of £1	**17,350.0**	15,350.0
	17,680.1	15,680.1

The 'A' shares have voting rights but no right to dividend. On a winding up the shares rank for repayment of capital.

The 'B' shares rank for dividends as declared and have no voting rights save on a winding up or reduction in capital. On a winding up the 'B' shares rank for repayment of capital and share in the realisable value of the remaining shareholders' funds.

The 'C' shares rank for dividends as declared and have no voting rights save on winding up or reduction in capital. On winding up the 'C' shares rank for repayment of capital only.

On winding up the order that the shares rank for the repayment of capital is:

1) 'A' shares of 10p each

2) 'B' shares of 10p each

3) 'C' shares of £1 each.

During the period ended 30 June 2018 Toby Blackwell Limited completed a conversion of a £2,500,000 loan into 2,500,000 'C' shares in Blackwell Limited.

During the period ended 29 June 2019 Julian (Toby) Blackwell was alloted 2,000,000 'C' shares in Blackwell Limited, for consideration of £2,000,000.

20 Reserves

Other capital reserves comprise a capital redemption reserve of £391,000 (2018 - £391,000) and a capital reserve of £248,000 (2018 - £248,000).

Included within the profit and loss account reserve is an amount of non-distributable reserves of £36,554 (2018 - £36,554) in respect of the ESOP.

ESOP investment in own shares

Dividends received in respect of these shares are accounted for in the Group and the Company profit and loss account as are financing and other costs incurred by the Trust. As the Company's shares are not publicly traded there is no external market for them.

The following shares are held in the ESOP:	2019 Number	2018 Number
'B' (restricted voting) shares of 10p each	**31,193**	31,193

21 Capital commitments

Group

The Group had no capital commitments at the period end (2018 – none).

Company

Blackwell Limited had no capital commitments at the period end (2018 – none).

22 Contingent liabilities

Group

The Group had no contingent liabilities at the period end (2018 – none).

Company

Blackwell Limited had no contingent liabilities at the period end (2018 – none).

23 Commitments under operating leases

As at 29 June 2019, the Group and the Company had commitments under non-cancellable operating leases as set out below:

	2019 Land and buildings £'000	2019 Other £'000	2018 Land and buildings £'000	2018 Other £'000
Group				
Amounts due:				
Within one year	**3,058**	**41**	2,976	50
In two to five years	**10,954**	**26**	9,331	71
Over five years	**11,080**	**-**	12,032	-
	25,092	**67**	24,339	121
Company				
Amounts due:				
Within one year	**1,050**	**-**	1,050	-
In two to five years	**4,200**	**-**	4,200	-
Over five years	**2,080**	**-**	3,133	-
	7,330	**-**	8,383	-

24 *Related party transactions*

During the period the Group entered into the following transactions, in the ordinary course of business, with related parties:

Lease rentals amounting to £133,825 (2018 - £133,825) agreed between surveyors acting for the Group and a Trust were paid in respect of a property owned by that Trust. Beneficiaries of the Trust include an individual who is a major shareholder of the Company during the period and also the sole shareholder of a corporate Director of the Company. A balance due to the related party of £9,200 (2018 - £12,023) remained outstanding at the period end and is included within trade creditors.

During the period ended 30 June 2018 the Group had a loan from TBL, a corporate Director of the group. The loan was on commercial terms and is secured by way of a legal charge on certain UK buildings of the Group and floating charges over the assets of certain principal subsidiaries. During the period ended 30 June 2018, the £2,500,000 loan was converted into 'C' shares in Blackwell Limited. The Group paid £136,000 (2018 - £518,000) in respect of management charges and fees to the related party during the period.

During the period the Group paid £nil interest (2018 - £134,000) at 5.40% pa in respect of the loan. No additional funding was received from the related party in the period and the total balance due to the related party at the period end was £nil (2018 - £nil).

Details of remuneration of key management personnel are included in note 6.

25 Ultimate controlling party

The Company (and the Group) is controlled by the shareholders. In the opinion of the Directors, the controlling party is the major shareholder, J Blackwell.

26 Transactions with Directors

Group and Company

There were no transactions with Directors during the period ended 29 June 2019 or 30 June 2018 other than those detailed in notes 5 and 24.

27 Analysis of changes in net debt

	At 30 June 2018 £'000	Cash flow £'000	At 29 June 2019 £'000
Cash funds			
Cash in hand and at bank	635	209	**844**
Bank overdraft	(864)	354	**(510)**
Total	**(229)**	**563**	**334**