

Financial Statements

Stephen Walters & Sons Limited

For the year ended 31 March 2012

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COMPANIES HOUSE

Registered number: 00060209

Company Information

Directors	Mr D J Walters Mr J S Walters Mr J D Walters Mr B Crabtree Mr M James Mr R Heap
Company secretary	Ms N Currie
Company number	00060209
Registered office	Sudbury Silk Mills Cornard Road Sudbury Suffolk CO10 2XB
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Crown House Crown Street Ipswich Suffolk IP1 3HS
Bankers	Lloyds TSB Bank plc
Solicitors	Birkett Long

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Directors' Report

For the year ended 31 March 2012

The directors present their report and the financial statements for the year ended 31 March 2012

Directors' responsibilities statement

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Principal activities and business review

The company is principally engaged in the weaving and dying of fabrics from silk and other fibres.

During the year, turnover was £8.3m (2011 - £7.0m), and gross profit margin was 30.9% (2011 - 29.4%).

The company made a net profit before tax of £320k representing 3.9% of sales (2011 - 1.3%).

Liquidity remains strong, with a liquidity ratio of 1.6 (2011 - 1.3).

The directors are satisfied with the result for the year and anticipate continued profitability in the coming year.

Results

The profit for the year, after taxation, amounted to £241,255 (2011 - £64,599).

Directors

The directors who served during the year were

Mr D J Walters
Mr J S Walters
Mr J D Walters
Mr B Crabtree
Mr M James
Mr R Heap

Directors' Report

For the year ended 31 March 2012

Financial risk management objectives and policies

The company aims to minimise financial risk in its operations by the identification and mitigation of key risk areas. The key areas of risk identified by the directors are market risk, price risk, credit risk and currency risk.

The measures used by the directors to manage general financial, market and price risks include the preparation of profit and loss budgets and the regular monitoring of actual performance against these budgets.

Credit risk, as identified by the directors, arises from the company's trade debtors. In order to manage credit risk, the directors set limits for customers and ensure that credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

The directors have identified that the company is exposed to translation and transaction foreign exchange risk. The directors use foreign currency forecasts which are regularly monitored to analyse the exposure to foreign currency gains or losses, and identify any necessary actions. Forward and other similar contracts are also used if the directors consider it to be appropriate.

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

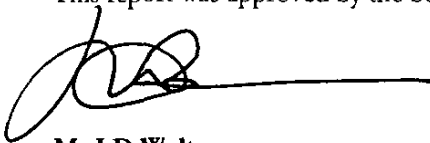
- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 17 July 2012

and signed on its behalf



Mr J D Walters
Director



Independent Auditor's Report to the Members of Stephen Walters & Sons Limited

We have audited the financial statements of Stephen Walters & Sons Limited for the year ended 31 March 2012, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in 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 Members of Stephen Walters & Sons Limited

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

Grant Thornton UK LLP

Mark Handley (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Ipswich

Date

19 July 2012

Profit and Loss Account

For the year ended 31 March 2012

	Note	2012 £	2011 £
Turnover	1,2	8,258,015	6,997,156
Cost of sales		(5,746,715)	(4,940,613)
Gross profit		2,511,300	2,056,543
Distribution costs		(1,207,150)	(1,109,134)
Administrative expenses		(995,065)	(881,689)
Other operating income	3	35,276	38,047
Operating profit	4	344,361	103,767
Interest receivable and similar income	7	3,484	2,132
Interest payable and similar charges	8	(21,632)	(13,622)
Profit on ordinary activities before taxation		326,213	92,277
Tax on profit on ordinary activities	9	(84,958)	(27,678)
Profit for the financial year	21	241,255	64,599

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

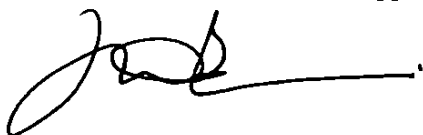
The notes on pages 7 to 16 form part of these financial statements

Balance Sheet

As at 31 March 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	10		1,113,217		1,215,108
Current assets					
Stocks	11	1,715,770		1,996,235	
Debtors	12	3,743,749		3,529,631	
Cash at bank and in hand		389,723		1,851,794	
		<u>5,849,242</u>		<u>7,377,660</u>	
Creditors amounts falling due within one year	13	<u>(3,734,824)</u>		<u>(5,613,820)</u>	
Net current assets			<u>2,114,418</u>		<u>1,763,840</u>
Total assets less current liabilities			<u>3,227,635</u>		<u>2,978,948</u>
Provisions for liabilities					
Deferred tax	17		<u>(46,084)</u>		<u>(38,652)</u>
Net assets			<u><u>3,181,551</u></u>		<u><u>2,940,296</u></u>
Capital and reserves					
Called up share capital	20		32,466		32,466
Capital redemption reserve	21		19,558		19,558
Profit and loss account	21		<u>3,129,527</u>		<u>2,888,272</u>
Shareholders' funds	22		<u><u>3,181,551</u></u>		<u><u>2,940,296</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



17 July 2012

Mr J D Walters
Director

The notes on pages 7 to 16 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 March 2012

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

1.4 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Plant & machinery	-	13 - 33%
Motor vehicles	-	20%
Fixtures & fittings	-	20%

1.5 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

Notes to the Financial Statements

For the year ended 31 March 2012

1. Accounting Policies (continued)

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

1.9 Financial instruments

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. Turnover

The whole of the turnover is attributable to the principal activities of the company.

An analysis of turnover by geographical market has not been disclosed as the directors consider that such analysis would be seriously prejudicial to the business.

3. Other operating income

	2012	2011
	£	£
Other operating income	35,276	38,047

Notes to the Financial Statements

For the year ended 31 March 2012

4. Operating profit

The operating profit is stated after charging/(crediting)

	2012	2011
	£	£
Depreciation of tangible fixed assets		
- owned by the company	318,652	311,912
Auditors' remuneration	9,035	9,036
Difference on foreign exchange	699	61,450
Profit on disposal of fixed assets	(20,761)	(27,706)
Operating lease rentals - other	143,750	176,750
	<u>143,750</u>	<u>176,750</u>

5. Directors and employees

The average number of staff employed by the company during the financial year amounted to

	2012	2011
	£	£
Textile operatives	52	50
Administration	61	62
	<u>113</u>	<u>112</u>

The aggregate payroll costs of the above were

	2012	2011
	£	£
Wages and salaries	2,774,443	2,568,237
Social security costs	267,623	244,729
Other pension costs	290,331	136,186
Total	<u>3,332,397</u>	<u>2,949,152</u>

6. Directors

Remuneration in respect of directors was as follows

	2012	2011
	£	£
Remuneration receivable	360,557	344,008
Value of company pension contributions	178,659	27,815
	<u>539,216</u>	<u>371,823</u>

Notes to the Financial Statements

For the year ended 31 March 2012

Remuneration of highest paid director	2012	2011
	£	£
Total remuneration (excluding pension contributions)	93,497	90,007
Value of company pension contributions	12,800	12,320
Total	<u>106,297</u>	<u>102,327</u>

The number of directors who accrued benefits under company pension schemes were as follows

	2012	2011
	£	£
Money purchase schemes	<u>5</u>	<u>4</u>

7. Interest receivable

	2012	2011
	£	£
Other interest receivable	<u>3,484</u>	<u>2,132</u>

8. Interest payable

	2012	2011
	£	£
On bank loans and overdrafts	<u>21,632</u>	<u>13,622</u>

9. Taxation

	2012	2011
	£	£
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	76,011	3,539
Adjustments in respect of prior periods	1,515	-
Total current tax	<u>77,526</u>	<u>3,539</u>
Deferred tax (see note 17)		
Profit and loss account movement arising during the year	<u>7,432</u>	<u>24,139</u>
Tax on profit on ordinary activities	<u>84,958</u>	<u>27,678</u>

Notes to the Financial Statements

For the year ended 31 March 2012

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 26% (2011 - 21%) The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	326,213	92,277
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 21%)	84,815	19,378
Effects of:		
Expenses not deductible for tax purposes	4,583	3,160
Capital allowances for year in excess of depreciation	(10,513)	(17,947)
Adjustments to tax charge in respect of prior periods	1,515	-
Other timing differences leading to an increase (decrease) in taxation	(2,766)	(1,052)
Marginal relief	(108)	-
Current tax charge for the year (see note above)	77,526	3,539

10. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost				
At 1 April 2011	6,290,573	104,517	1,657,744	8,052,834
Additions	128,893	-	88,682	217,575
Disposals	(732,703)	(11,812)	(36,284)	(780,799)
Transfer between classes	(1,131)	-	1,131	-
At 31 March 2012	5,685,632	92,705	1,711,273	7,489,610
Depreciation				
At 1 April 2011	5,308,797	43,875	1,485,054	6,837,726
Charge for the year	235,195	13,546	69,911	318,652
On disposals	(736,337)	(11,810)	(31,838)	(779,985)
At 31 March 2012	4,807,655	45,611	1,523,127	6,376,393
Net book value				
At 31 March 2012	877,977	47,094	188,146	1,113,217
At 31 March 2011	981,776	60,642	172,690	1,215,108

Notes to the Financial Statements

For the year ended 31 March 2012

11. Stocks

	2012	2011
	£	£
Raw materials	1,118,414	1,375,564
Work in progress	218,099	226,093
Finished goods and goods for resale	379,257	394,578
	<u>1,715,770</u>	<u>1,996,235</u>

12. Debtors

	2012	2011
	£	£
Due after more than one year		
Other debtors	85,417	-
Due within one year		
Trade debtors	1,143,113	981,687
Amounts owed by group undertakings	2,309,034	2,290,038
Other debtors	37,880	27,248
Prepayments and accrued income	168,305	230,658
	<u>3,743,749</u>	<u>3,529,631</u>

Notes to the Financial Statements

For the year ended 31 March 2012

13. Creditors:

Amounts falling due within one year

	2012	2011
	£	£
Bank loans and overdrafts	-	1,834,209
Trade creditors	545,755	532,681
Amounts owed to group undertakings	2,760,621	3,003,680
Corporation tax	76,011	3,539
Social security and other taxes	135,739	100,944
Other creditors	54,786	48,029
Accruals and deferred income	161,912	90,738
	<u>3,734,824</u>	<u>5,613,820</u>

Included within creditors due within one year is £18,679 (2011 - £17,668) relating to outstanding pension contributions

The bank overdrafts are secured by various cross guarantees (see note 18)

14. Capital commitments

At 31 March 2012 the company had capital commitments as follows

	2012	2011
	£	£
Contracted for but not provided in these financial statements	<u>148,037</u>	<u>-</u>

15. Pension commitments

The company operates defined contribution pension schemes. The assets of the schemes are administered by trustees in funds independent from those of the company.

The pension cost charge for the year was £290,331 (2011 - £136,186)

16. Other financial commitments

At 31 March 2012 the company had commitments to sell €1.3m and \$1.35m (2011 - nil). The fair value of these contracts is an asset of £53,436 (2011 - £nil).

Notes to the Financial Statements

For the year ended 31 March 2012

17. Deferred taxation

	2012 £	2011 £
At beginning of year	38,652	14,513
Charge for year	7,432	24,139
At end of year	<u>46,084</u>	<u>38,652</u>

The provision for deferred taxation is made up as follows

	2012 £	2011 £
Excess of taxation allowances over depreciation on fixed assets	52,815	48,710
Other timing differences	(6,731)	(10,058)
	<u>46,084</u>	<u>38,652</u>

18. Contingent liabilities

The company has entered into an unlimited guarantee in connection with overdraft facilities provided to Glensford Silk Mills Limited, David Walters Fabrics Limited, Spitalfields Fabrics Limited, Walters Trading Company Limited, The Humphries Weaving Company Limited and Spunella Limited

A guarantee has been given in favour of H M Revenue and Customers up to a limit of £50,000 (2011 - £50,000)

19. Related party transactions

As a wholly owned subsidiary of Walters Holdings Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other wholly owned members of the group

During the year there were the following transactions with group undertakings and related parties

Notes to the Financial Statements

For the year ended 31 March 2012

	2012 £	2011 £
Spitalfields Fabrics Limited		
Payment of design royalties	81,009	66,594
Spitalfields Fabrics Limited		
Consultancy fees	(3,000)	8,000
Total	<u>78,009</u>	<u>74,594</u>

Mr P B Walters was the father of D J Walters, a director of the company

At 31 March 2012, the following balances existed with group undertakings and related parties

	2012 £	2011 £
Glemsford Silk Mills Limited		
Creditor	(363,300)	(363,300)
Spitalfields Fabrics Limited		
Creditor	(6,990)	(6,294)
Mr P B Walters		
Creditor	-	(3,000)

Glemsford Silk Mills Limited is 90% owned by Walters Holdings Limited, this company's parent undertaking Spitalfields Fabrics Limited is a related company due to common control by the Walters family

20. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
32,466 Ordinary shares of £1 each shares of £1 each	<u>32,466</u>	<u>32,466</u>

21. Reserves

	Capital redempt'n reserve £	Profit and loss account £
At 1 April 2011	19,558	2,888,272
Profit for the year		241,255
At 31 March 2012	<u>19,558</u>	<u>3,129,527</u>

Notes to the Financial Statements

For the year ended 31 March 2012

22. Reconciliation of movement in shareholders' funds

	2012	2011
	£	£
Opening shareholders' funds	2,940,296	2,875,697
Profit for the year	241,255	64,599
	<u>3,181,551</u>	<u>2,940,296</u>
Closing shareholders' funds		

23. Ultimate parent undertaking and controlling party

Walters Holdings Limited is this company's parent undertaking. The Walters family is this company's ultimate controlling related party by virtue of its shareholdings in the ultimate parent undertaking, Walters Holdings Limited.