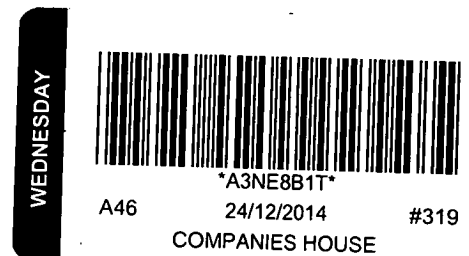


Financial Statements

Stephen Walters & Sons Limited

For the year ended 31 March 2014



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
Registered number	00060209
Registered office	Sudbury Silk Mills Cornard Road Sudbury Suffolk CO10 2XB
Independent 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 2014

The directors present their report and the financial statements for the year ended 31 March 2014.

Directors' responsibilities statement

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 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's 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.

Results

The profit for the year, after taxation, amounted to £341,600 (2013 - £157,439).

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 2014

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.

Disclosure 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 relevant audit information and to establish that the company's auditor is aware of that information.

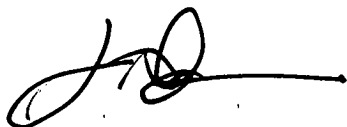
Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

18/12/14

and signed on its behalf.



Mr J D Walters
Director

Strategic Report

For the year ended 31 March 2014

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

The principal risks and uncertainties remain those associated with any business manufacturing in the UK and supplying a global consumer market in an uncertain international economic and political environment.

During the year, turnover increased by 6.1% to £8.6m, with a gross margin of 29.2% (2013 – 27.8%).

The company made a net profit before tax of £442k (2013 - £212k).

Liquidity remains strong, with a current ratio of 1.9 (2013 – 1.6).

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

This report was approved by the board on

18/12/14

and signed on its behalf.

Mr J D Walters
Director

A handwritten signature in black ink, appearing to be 'JD Walters', followed by a horizontal line.

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 2014, 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 (APB'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 Financial Reporting Council'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 2014 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 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 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 December 2014.

Profit and Loss Account

For the year ended 31 March 2014

	Note	2014 £	2013 £
Turnover	1,2	8,566,155	8,073,824
Cost of sales		(6,066,216)	(5,825,629)
Gross profit		2,499,939	2,248,195
Distribution costs		(1,227,051)	(1,309,595)
Administrative expenses		(854,849)	(756,030)
Other operating income	3	22,435	29,745
Operating profit	4	440,474	212,315
Interest receivable and similar income	7	6,850	7,138
Interest payable and similar charges	8	(5,744)	(7,830)
Profit on ordinary activities before taxation		441,580	211,623
Tax on profit on ordinary activities	9	(99,980)	(54,184)
Profit for the financial year	20	341,600	157,439

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

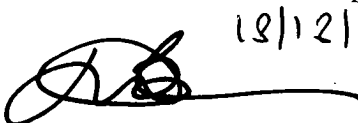
The notes on pages 8 to 16 form part of these financial statements.

Balance Sheet

As at 31 March 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	10		911,796		1,004,228
Current assets					
Stocks	11	2,219,089		2,064,665	
Debtors	12	3,432,963		4,007,758	
Cash at bank and in hand		451,504		110,982	
		<u>6,103,556</u>		<u>6,183,405</u>	
Creditors: amounts falling due within one year	13	<u>(3,285,800)</u>		<u>(3,818,548)</u>	
Net current assets			<u>2,817,756</u>		<u>2,364,857</u>
Total assets less current liabilities			<u>3,729,552</u>		<u>3,369,085</u>
Provisions for liabilities					
Deferred tax	16		<u>(48,962)</u>		<u>(30,095)</u>
Net assets			<u><u>3,680,590</u></u>		<u><u>3,338,990</u></u>
Capital and reserves					
Called up share capital	19		32,466		32,466
Capital redemption reserve	20		19,558		19,558
Profit and loss account	20		<u>3,628,566</u>		<u>3,286,966</u>
Shareholders' funds	21		<u><u>3,680,590</u></u>		<u><u>3,338,990</u></u>

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

 18/12/14.

Mr J D Walters
Director

The notes on pages 8 to 16 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2014

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. Sales are recognised when goods are despatched.

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	-	10% - 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 2014

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

	2014	2013
	£	£
Other operating income	22,435	29,745

Notes to the Financial Statements

For the year ended 31 March 2014

4. Operating profit

The operating profit is stated after charging/(crediting):

	2014	2013
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	287,426	306,520
Auditor's remuneration	9,306	9,306
Difference on foreign exchange	(6,290)	(55,072)
Profit on disposal of fixed assets	(17,910)	(8,250)
Operating lease rentals	143,750	143,750
	<u>143,750</u>	<u>143,750</u>

5. Directors and employees

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

	2014	2013
	£	£
Textile operatives	51	51
Administration	58	58
	<u>109</u>	<u>109</u>

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	2,864,431	2,729,808
Social security costs	271,103	256,539
Other pension costs	138,794	137,085
	<u>3,274,328</u>	<u>3,123,432</u>

Notes to the Financial Statements

For the year ended 31 March 2014

6. Directors

Remuneration in respect of directors was as follows:

	2014 £	2013 £
Remuneration receivable	388,525	375,854
Value of company pension contributions	30,502	29,720
	<u>419,027</u>	<u>405,574</u>

Remuneration of highest paid director

	2014 £	2013 £
Total remuneration (excluding pension contributions)	102,581	97,953
Value of company pension contributions	13,760	13,280
Total	<u>116,341</u>	<u>111,233</u>

The number of directors who accrued benefits under company pension schemes was 3 (2013 - 3).

7. Interest receivable

	2014 £	2013 £
Other interest receivable	<u>6,850</u>	<u>7,138</u>

8. Interest payable

	2014 £	2013 £
On bank overdrafts	<u>5,744</u>	<u>7,830</u>

9. Taxation

	2014 £	2013 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	81,113	70,173
Deferred tax (see note 16)		
Origination and reversal of timing differences	<u>18,867</u>	<u>(15,989)</u>
Tax on profit on ordinary activities	<u>99,980</u>	<u>54,184</u>

Notes to the Financial Statements

For the year ended 31 March 2014

9. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2013 - higher than) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	441,580	211,623
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	101,563	50,790
Effects of:		
Expenses not deductible for tax purposes	4,988	3,942
Differences between depreciation and capital allowances	(26,788)	14,735
Other timing differences leading to an increase (decrease) in taxation	1,350	780
Marginal relief	-	(74)
Current tax charge for the year (see note above)	81,113	70,173

10. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost				
At 1 April 2013	5,551,793	96,705	1,789,598	7,438,096
Additions	129,401	-	65,593	194,994
Disposals	(197,964)	-	(4,148)	(202,112)
At 31 March 2014	5,483,230	96,705	1,851,043	7,430,978
Depreciation				
At 1 April 2013	4,785,123	51,357	1,597,388	6,433,868
Charge for the year	195,506	15,746	76,174	287,426
On disposals	(197,964)	-	(4,148)	(202,112)
At 31 March 2014	4,782,665	67,103	1,669,414	6,519,182
Net book value				
At 31 March 2014	700,565	29,602	181,629	911,796
At 31 March 2013	766,670	45,348	192,210	1,004,228

Notes to the Financial Statements

For the year ended 31 March 2014

11. Stocks

	2014	2013
	£	£
Raw materials	1,568,320	1,423,033
Work in progress	207,198	206,474
Finished goods and goods for resale	443,571	435,158
	<u>2,219,089</u>	<u>2,064,665</u>

12. Debtors

	2014	2013
	£	£
Due after more than one year		
Other debtors	-	76,758
Due within one year		
Trade debtors	1,238,425	1,448,119
Amounts owed by group undertakings	1,869,863	2,290,506
Other debtors	1,734	35,126
Prepayments and accrued income	322,941	157,249
	<u>3,432,963</u>	<u>4,007,758</u>

Notes to the Financial Statements

For the year ended 31 March 2014

13. Creditors:

Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	566,336	581,864
Amounts owed to group undertakings	2,315,907	2,720,163
Corporation tax	81,182	70,173
Other taxation and social security	150,824	146,029
Other creditors	50,460	44,184
Accruals and deferred income	121,091	256,135
	<u>3,285,800</u>	<u>3,818,548</u>

Included within creditors due within one year is £18,203 (2013 - £17,891) relating to outstanding pension contributions.

14. 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 £138,794 (2013 - £137,085).

15. Other financial commitments

At 31 March 2014 the company had commitments to sell €300k and US\$600k (2013 - €600k and US\$800k). The fair value of these contracts as at 31 March 2014 is an asset of £54,960 (2013 - liability of £335).

16. Deferred taxation

	2014	2013
	£	£
At beginning of year	30,095	46,084
Charge for/(released during) year (P&L)	18,867	(15,989)
At end of year	<u>48,962</u>	<u>30,095</u>

The provision for deferred taxation is made up as follows:

	2014	2013
	£	£
Excess of taxation allowances over depreciation on fixed assets	56,395	37,293
Other timing differences	(7,433)	(7,198)
	<u>48,962</u>	<u>30,095</u>

Notes to the Financial Statements

For the year ended 31 March 2014

17. Contingent liabilities

The company has entered into an unlimited guarantee in connection with overdraft facilities provided to Glemsford 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 (2013 - £50,000).

18. 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.

	2014 £	2013 £
Spitalfields Fabrics Limited		
Payment of design royalties	125,579	78,848
	<u>125,579</u>	<u>78,848</u>

At 31 March 2014, the following balances existed with group undertakings and related parties:

	2014 £	2013 £
Glemsford Silk Mills Limited		
Creditor	(363,300)	(363,300)
Spitalfields Fabrics Limited		
Creditor	(9,212)	(6,859)

19. Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
32,466 Ordinary shares of £1 each	<u>32,466</u>	<u>32,466</u>

Notes to the Financial Statements

For the year ended 31 March 2014

20. Reserves

	Capital redempt'n reserve £	Profit and loss account £
At 1 April 2013	19,558	3,286,966
Profit for the financial year		341,600
At 31 March 2014	<u>19,558</u>	<u>3,628,566</u>

21. Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Opening shareholders' funds	3,338,990	3,181,551
Profit for the financial year	<u>341,600</u>	<u>157,439</u>
Closing shareholders' funds	<u>3,680,590</u>	<u>3,338,990</u>

22. Ultimate parent undertaking and controlling party

Walters Holdings Limited is this company's parent undertaking. Group accounts can be obtained from Companies House. The Walters family is this company's ultimate controlling related party by virtue of its shareholdings in the ultimate parent undertaking, Walters Holdings Limited.