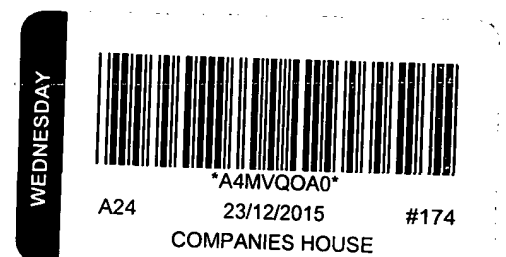


Financial Statements

Stephen Walters & Sons Limited

For the year ended 31 March 2015



Registered number: 00060209

Company Information

Directors	Mr D J 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 80 Compair Crescent Ipswich Suffolk IP2 0EH
Bankers	Lloyds TSB Bank plc
Solicitors	Birkett Long

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Directors' Report

For the year ended 31 March 2015

The directors present their report and the financial statements for the year ended 31 March 2015.

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.

Directors

The directors who served during the year were:

Mr D J Walters
Mr J S Walters (deceased 2 May 2014)
Mr J D Walters
Mr B Crabtree
Mr M James
Mr R Heap

Future developments

The Directors continue to explore new market opportunities and plan to continue the investment in developing and sustaining the Business going forward.

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

Directors' Report

For the year ended 31 March 2015

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

15/12/15

and signed on its behalf.



Mr J D Walters
Director

Strategic Report

For the year ended 31 March 2015

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 2.6% to £8.8m, with a gross margin of 26.3% (2014 – 29.2%).

The company made a net profit before tax of £340k (2014 - £442k).

Liquidity remains strong, with a current ratio of 3.5 (2014 – 1.9).

The directors are satisfied with the result for the year.

The outlook for the coming year is more uncertain particularly with regard to foreign exchange rates, and silk prices, but the directors anticipate continued profitability and investment.

This report was approved by the board on 15/12/15

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 2015, 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, set out on page 1, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 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

Statutory Auditor

Chartered Accountants

Ipswich

Date:

17 December 2015.

Profit and Loss Account

For the year ended 31 March 2015

	Note	2015 £	2014 £
Turnover	1,2	8,784,713	8,566,155
Cost of sales		(6,477,508)	(6,066,216)
Gross profit		2,307,205	2,499,939
Distribution costs		(1,171,258)	(1,227,051)
Administrative expenses		(804,641)	(854,849)
Other operating income	3	20,184	22,435
Operating profit	4	351,490	440,474
Interest receivable and similar income	7	5,592	6,850
Interest payable and similar charges	8	(17,084)	(5,744)
Profit on ordinary activities before taxation		339,998	441,580
Tax on profit on ordinary activities	9	(67,804)	(99,980)
Profit for the financial year	20	272,194	341,600

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 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 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	10		990,944		911,796
Current assets					
Stocks	11	2,108,174		2,219,089	
Debtors	12	1,179,824		3,432,963	
Cash at bank and in hand		973,726		451,504	
		<u>4,261,724</u>		<u>6,103,556</u>	
Creditors: amounts falling due within one year	13	<u>(1,223,999)</u>		<u>(3,285,800)</u>	
Net current assets			<u>3,037,725</u>		<u>2,817,756</u>
Total assets less current liabilities			<u>4,028,669</u>		<u>3,729,552</u>
Provisions for liabilities					
Deferred tax	16		<u>(75,885)</u>		<u>(48,962)</u>
Net assets			<u><u>3,952,784</u></u>		<u><u>3,680,590</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>3,900,760</u>		<u>3,628,566</u>
Shareholders' funds	21		<u><u>3,952,784</u></u>		<u><u>3,680,590</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15/12/15



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 2015

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% straight line
Motor vehicles	-	20% straight line
Fixtures & fittings	-	20% straight line

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 2015

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

	2015	2014
	£	£
Other operating income	20,184	22,435

Notes to the Financial Statements

For the year ended 31 March 2015

4. Operating profit

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

	2015	2014
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	315,309	287,426
Auditor's remuneration	9,492	9,306
Difference on foreign exchange	(91,305)	(6,290)
Profit on disposal of fixed assets	4,798	(17,910)
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:

	2015	2014
	£	£
Textile operatives	54	51
Administration	58	58
	<u>112</u>	<u>109</u>

The aggregate payroll costs of the above were:

	2015	2014
	£	£
Wages and salaries	2,957,647	2,864,431
Social security costs	265,119	271,103
Other pension costs	154,949	138,794
Total	<u>3,377,715</u>	<u>3,274,328</u>

Notes to the Financial Statements

For the year ended 31 March 2015

6. Directors

Remuneration in respect of directors was as follows:

	2015	2014
	£	£
Remuneration receivable	383,490	388,525
Value of company pension contributions	27,598	30,502
	<u>411,088</u>	<u>419,027</u>

Remuneration of highest paid director

	2015	2014
	£	£
Total remuneration (excluding pension contributions)	106,375	102,581
Value of company pension contributions	14,240	13,760
Total	<u>120,616</u>	<u>116,341</u>

The number of directors who accrued benefits under company pension schemes was 3 (2014 - 3).

7. Interest receivable

	2015	2014
	£	£
Other interest receivable	<u>5,592</u>	<u>6,850</u>

8. Interest payable

	2015	2014
	£	£
On bank overdrafts	<u>17,084</u>	<u>5,744</u>

Notes to the Financial Statements

For the year ended 31 March 2015

9. Taxation

	2015 £	2014 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	40,950	81,113
Adjustments in respect of prior periods	(69)	-
Total current tax	<u>40,881</u>	<u>81,113</u>
Deferred tax (see note 16)		
Origination and reversal of timing differences	26,923	18,867
Tax on profit on ordinary activities	<u>67,804</u>	<u>99,980</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 21% (2014 - 23%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>339,998</u>	<u>441,580</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014 - 23%)	71,400	101,563
Effects of:		
Expenses not deductible for tax purposes	8,947	4,988
Differences between depreciation and capital allowances	(41,921)	(26,788)
Adjustments to tax charge in respect of prior periods	(69)	-
Other timing differences leading to an increase (decrease) in taxation	2,783	1,350
Marginal relief	(259)	-
Current tax charge for the year (see note above)	<u>40,881</u>	<u>81,113</u>

Notes to the Financial Statements

For the year ended 31 March 2015

10. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost				
At 1 April 2014	5,483,230	96,705	1,851,043	7,430,978
Additions	339,139	-	55,318	394,457
Disposals	(37,972)	(17,975)	-	(55,947)
At 31 March 2015	5,784,397	78,730	1,906,361	7,769,488
Depreciation				
At 1 April 2014	4,782,665	67,103	1,669,414	6,519,182
Charge for the year	223,308	15,746	76,255	315,309
On disposals	(37,972)	(17,975)	-	(55,947)
At 31 March 2015	4,968,001	64,874	1,745,669	6,778,544
Net book value				
At 31 March 2015	816,396	13,856	160,692	990,944
At 31 March 2014	700,565	29,602	181,629	911,796

11. Stocks

	2015 £	2014 £
Raw materials	1,317,146	1,568,320
Work in progress	271,734	207,198
Finished goods and goods for resale	519,294	443,571
	<u>2,108,174</u>	<u>2,219,089</u>

12. Debtors

	2015 £	2014 £
Trade debtors	904,151	1,238,425
Amounts owed by group undertakings	109,940	1,869,863
Other debtors	5,737	1,734
Prepayments and accrued income	159,996	322,941
	<u>1,179,824</u>	<u>3,432,963</u>

Notes to the Financial Statements

For the year ended 31 March 2015

13. Creditors:

Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	681,637	566,336
Amounts owed to group undertakings	137,172	2,315,907
Corporation tax	40,950	81,182
Other taxation and social security	116,787	150,824
Other creditors	60,796	50,460
Accruals and deferred income	186,657	121,091
	<u>1,223,999</u>	<u>3,285,800</u>

Included within creditors due within one year is £23,227 (2014 - £18,203) 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 £154,949 (2014 - £138,794).

15. Other financial commitments

At 31 March 2015 the company had commitments to sell €500,000 and US\$2,000,000 (2014 - €300,000 and US\$600,000). The fair value of these contracts as at 31 March 2015 is an asset of £17,081 (2014 - asset of £54,960).

16. Deferred taxation

	2015	2014
	£	£
At beginning of year	48,962	30,095
Charge for year (P&L)	26,923	18,867
	<u>75,885</u>	<u>48,962</u>

The provision for deferred taxation is made up as follows:

	2015	2014
	£	£
Excess of taxation allowances over depreciation on fixed assets	87,096	56,395
Other timing differences	(11,211)	(7,433)
	<u>75,885</u>	<u>48,962</u>

Notes to the Financial Statements

For the year ended 31 March 2015

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 Customs up to a limit of £40,000 (2014 - £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.

	2015 £	2014 £
Spitalfields Fabrics Limited	-	-
Payment of design royalties	129,111	125,579
	<u>129,111</u>	<u>125,579</u>

At 31 March 2015, the following balances existed with group undertakings and related parties:

	2015 £	2014 £
Glemsford Silk Mills Limited		
Creditor	-	363,300
Spitalfields Fabrics Limited		
Creditor	9,567	9,212

19. Share capital

	2015 £	2014 £
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 2015

20. Reserves

	Capital redempt'n reserve £	Profit and loss account £
At 1 April 2014	19,558	3,628,566
Profit for the financial year	-	272,194
	<hr/>	<hr/>
At 31 March 2015	<u>19,558</u>	<u>3,900,760</u>

21. Reconciliation of movement in shareholders' funds

	2015 £	2014 £
Opening shareholders' funds	3,680,590	3,338,990
Profit for the financial year	272,194	341,600
	<hr/>	<hr/>
Closing shareholders' funds	<u>3,952,784</u>	<u>3,680,590</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.