

Registered number: 00060209

STEPHEN WALTERS & SONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022



STEPHEN WALTERS & SONS LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | D J Walters J D B Walters T L Goldsmith C D Yates |
| Company secretary | N J Currie |
| Registered number | 00060209 |
| Registered office | Sudbury Silk Mills Cornard Road Sudbury Suffolk CO10 2XB |
| Independent auditors | Larking Gowen LLP Chartered Accountants & Statutory Auditors 1 Claydon Business Park Great Blakenham Ipswich IP6 0NL |

STEPHEN WALTERS & SONS LIMITED

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STEPHEN WALTERS & SONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

Introduction

The company is principally engaged in the designing and weaving of silk and other luxury fabrics.

Business review

During the year, turnover increased by 18.6% to £6.2m (2021 - £5.2m), with a gross margin of 25.2% (2021 - 8%). The Company made a net profit before tax of £424,879 (2021 – net loss of £690,515) predominantly due to the increase in revenue and a sustained reduction in costs following a restructuring programme as a result of the COVID -19 pandemic. Liquidity remains healthy with a current ratio of 2.04 (2021 - 1.71).

Given the current market conditions the directors are satisfied with the results for the year.

Principal risks and uncertainties

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

The trading environment for the coming year remains indeterminate with global rising costs and the UK economy predicted to enter into a recession. The directors have responded quickly and practically to these scenarios; ensuring the safety and wellbeing of our staff, controlling costs, preserving cash and improving efficiencies. The directors anticipate both continued investment in technology and profitable results.

Financial key performance indicators

The directors measure the Company's performance on gross profit and net profit achieved.

The Company's directors believe that further key performance indicators are not necessary or appropriate for an understanding of the development, performance or position of the business.

This report was approved by the board and signed on its behalf.



.....
J D B Walters

Director

Date: 7 December 2022

STEPHEN WALTERS & SONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Results and dividends

The profit for the year, after taxation, amounted to £349,941 (2021 - loss £628,740).

The directors do not propose a dividend in 2022 (2021 - £Nil).

Directors

The directors who served during the year were:

D J Walters
J D B Walters
T L Goldsmith
C D Yates
G R Gooday (resigned 31 July 2021)

Going concern and future developments

The Directors have been actively and closely involved in the affairs of the Company throughout the year to 31 March 2022, they continue to be involved and as such are aware of the effect of rising costs and economic uncertainty on the business and operations of the Company.

Revenues in Stephen Walters & Sons Limited for the year ended 31 March 2022 have increased by 18.6% compared to the prior year as markets have begun to recover from impact of the COVID-19 pandemic. Net assets within the Company remain more than sufficient to meet its financial obligations when they become due.

The Directors continue to explore new market opportunities and plan to continue the investment in developing and sustaining the business going forward. Whilst there is clearly currently some future economic uncertainty, these conditions do not cast significant doubt about the ability of the company to continue as a going concern.

Based on this, the Directors have concluded that they have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future, and, based on the economic environment recovering within the timeframe being widely anticipated, at least twelve months from the date of signing these financial statements, they continue to adopt the going concern basis of accounting in preparing these financial statements. Further detail is included in the going concern accounting policy.

STEPHEN WALTERS & SONS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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 to 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.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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 auditors are aware of that information.

Auditors

The auditors, Larking Gowen LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....
J D B Walters

Director

Date: 7 December 2022

STEPHEN WALTERS & SONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEPHEN WALTERS & SONS LIMITED

Opinion

We have audited the financial statements of Stephen Walters & Sons Limited (the 'Company') for the year ended 31 March 2022, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 Company's affairs as at 31 March 2022 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

STEPHEN WALTERS & SONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEPHEN WALTERS & SONS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion 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 year 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 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, 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

STEPHEN WALTERS & SONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEPHEN WALTERS & SONS LIMITED (CONTINUED)

Auditors' 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 Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiries with management and those charged with governance around actual and potential litigation and claims;
- Reviewing legal and professional invoices to identify any other potential litigations or claims;
- Reviewing minutes of management meetings;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness and evaluating the business rationale of significant transactions outside the normal course of business.

Because of the field in which the client operates, we identified the following areas or laws and regulations as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); anti-bribery and corruption; General Data Protection Regulations and compliance with the UK Companies Act.

Because of the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

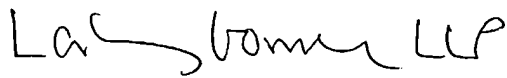
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

STEPHEN WALTERS & SONS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEPHEN WALTERS & SONS LIMITED
(CONTINUED)**

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 Auditors' 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.



Ian Fitch FCA (Senior statutory auditor)

for and on behalf of
Larking Gowen LLP

Chartered Accountants
Statutory Auditors

Ipswich

Date: 19 December 2022

STEPHEN WALTERS & SONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

| | Note | 2022 £ | 2021 £ |
|---|------|------------------|------------------|
| Turnover | 4 | 6,161,406 | 5,193,112 |
| Cost of sales | | (4,608,032) | (4,825,487) |
| Gross profit | | 1,553,374 | 367,625 |
| Distribution costs | | (674,608) | (771,232) |
| Administrative expenses | | (554,763) | (744,380) |
| Other operating income | 5 | 68,478 | 433,004 |
| Fair value movements | | 39,621 | 31,609 |
| Operating profit/(loss) | 6 | 432,102 | (683,374) |
| Interest receivable and similar income | 10 | 4,314 | 5,017 |
| Interest payable and expenses | 11 | (11,537) | (12,158) |
| Profit/(loss) before tax | | 424,879 | (690,515) |
| Tax on profit/(loss) | 12 | (74,938) | 61,775 |
| Profit/(loss) for the financial year | | 349,941 | (628,740) |

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

The notes on pages 11 to 25 form part of these financial statements.

STEPHEN WALTERS & SONS LIMITED
REGISTERED NUMBER: 00060209

BALANCE SHEET
AS AT 31 MARCH 2022

| | Note | 2022 £ | 2021 restated £ |
|---|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 1,517,219 | 1,572,612 |
| | | <u>1,517,219</u> | <u>1,572,612</u> |
| Current assets | | | |
| Stocks | 14 | 2,379,777 | 2,179,846 |
| Debtors: amounts falling due within one year | 15 | 963,275 | 959,288 |
| Cash at bank and in hand | | 853,803 | 859,848 |
| | | <u>4,196,855</u> | <u>3,998,982</u> |
| Creditors: amounts falling due within one year | 16 | (2,053,511) | (2,342,995) |
| Net current assets | | <u>2,143,344</u> | <u>1,655,987</u> |
| Total assets less current liabilities | | <u>3,660,563</u> | <u>3,228,599</u> |
| Creditors: amounts falling due after more than one year | 17 | (228,578) | (277,338) |
| Provisions for liabilities | | | |
| Deferred tax | 19 | (139,983) | (9,200) |
| Net assets | | <u><u>3,292,002</u></u> | <u><u>2,942,061</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 | 3,239,978 | 2,890,037 |
| | | <u><u>3,292,002</u></u> | <u><u>2,942,061</u></u> |

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



J D B Walters

Director

Date: 7 December 2022

The notes on pages 11 to 25 form part of these financial statements.

STEPHEN WALTERS & SONS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

| | Called up share capital £ | Capital redemption reserve £ | Profit and loss account £ | Total equity £ |
|---|---------------------------------|---------------------------------------|---------------------------------|-------------------|
| At 1 April 2020 | 32,466 | 19,558 | 3,518,777 | 3,570,801 |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (628,740) | (628,740) |
| Total comprehensive income for the year | - | - | (628,740) | (628,740) |
| At 1 April 2021 | 32,466 | 19,558 | 2,890,037 | 2,942,061 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 349,941 | 349,941 |
| Total comprehensive income for the year | - | - | 349,941 | 349,941 |
| At 31 March 2022 | 32,466 | 19,558 | 3,239,978 | 3,292,002 |

The notes on pages 11 to 25 form part of these financial statements.

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. General information

Stephen Walters & Sons Limited is a private company, limited by shares and incorporated in England and Wales. Registered number 00060209. The registered office is Sudbury Silk Mills, Cornard Road, Sudbury, Suffolk, CO10 2XB.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in sterling which is the functional currency of the company rounded to the nearest £.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sudbury Silk Mills Limited as at 31 March 2022 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.3 Going concern

As a result of impact of COVID-19 on the business' income, the Directors took significant action in terms of cost reduction activities in order to scale the business appropriately for future revenues.

The Directors have also rolled out a companywide programme to improve efficiencies and sustainability through waste elimination to ensure the Company meets its future financial targets.

The Company benefits from a strong net asset position and continued support from the group where cash reserves remain strong.

Current economic conditions do not cast significant doubt on the ability of the company to continue as a going concern. Profit and loss forecasts for the coming 12 months indicate a continued profitability and based on this, along with positive cash forecasts and a focus across the organisation on cost control, the Directors have concluded that they have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future.

Based on applicable market sectors and the wider economic environment recovering within the timeframe anticipated, considering at least twelve months from the date of signing these financial statements, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Operating leases: the Company as lessor

Rental income from operating leases is credited to the Statement of comprehensive income on a straight line basis over the lease term.

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 April 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.9 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of comprehensive income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|------------------------|---------------------------|
| Leasehold improvements | - 4% straight line |
| Plant and machinery | - 10% - 33% straight line |
| Motor vehicles | - 20% straight line |
| Fixtures and fittings | - 20% straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.14 Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

2.15 Debtors

Short-term debtors are measured at transaction price, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.17 Creditors

Short-term creditors are measured at the transaction price.

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Areas of judgement and key sources of estimation uncertainty relate to stock valuation.

Stock valuation

Stock is valued at standard cost which incorporates estimations of the values of various elements of the procurement and production process. The estimations are made using the directors past experience and the most relevant information available at the time. The standard costs are reviewed and updated every 6 months.

4. Turnover

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

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

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

5. Other operating income

| | 2022 £ | 2021 £ |
|----------------------------------|---------------|----------------|
| Commissions receivable | 2,332 | 1,523 |
| Net rents receivable | 16,250 | 16,250 |
| Coronavirus Job Retention Scheme | 26,980 | 415,231 |
| Insurance claims receivable | 22,916 | - |
| | <u>68,478</u> | <u>433,004</u> |

6. Operating profit/(loss)

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

| | 2022 £ | 2021 £ |
|---------------------------------------|----------------|----------------|
| Depreciation of tangible fixed assets | 253,466 | 249,215 |
| Exchange differences | (75,895) | 14,599 |
| Other operating lease rentals | 108,250 | 108,250 |
| | <u>185,821</u> | <u>372,064</u> |

7. Auditors' remuneration

| | 2022 £ | 2021 £ |
|--|---------------|---------------|
| Fees payable to the Company's auditor for the audit of the Company's annual financial statements | 16,300 | 11,850 |
| | <u>16,300</u> | <u>11,850</u> |

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

STEPHEN WALTERS & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

8. Employees

Staff costs, including directors' remuneration, were as follows:

| | 2022 £ | 2021 £ |
|-------------------------------------|------------------|------------------|
| Wages and salaries | 2,456,220 | 2,781,266 |
| Social security costs | 225,710 | 254,165 |
| Cost of defined contribution scheme | 265,170 | 291,887 |
| | <u>2,947,100</u> | <u>3,327,318</u> |

The average monthly number of employees, including the directors, during the year was as follows:

| | 2022 No. | 2021 No. |
|--------------------|-------------|-------------|
| Textile operatives | 35 | 42 |
| Administration | 57 | 53 |
| | <u>92</u> | <u>95</u> |

9. Directors' remuneration

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Directors' emoluments | 313,176 | 330,490 |
| Company contributions to defined contribution pension schemes | 36,381 | 26,577 |
| Compensation for loss of office | 30,000 | - |
| | <u>379,557</u> | <u>357,067</u> |

During the year retirement benefits were accruing to 3 directors (2021 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £100,067 (2021 - £91,448).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,523 (2021 - £14,560).

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

10. Interest receivable

| | 2022 £ | 2021 £ |
|---------------------------|--------------|--------------|
| Other interest receivable | 4,314 | 5,017 |
| | <u>4,314</u> | <u>5,017</u> |

11. Interest payable and similar expenses

| | 2022 £ | 2021 £ |
|-----------------------|---------------|---------------|
| Bank interest payable | 11,537 | 12,158 |
| | <u>11,537</u> | <u>12,158</u> |

12. Taxation

| | 2022 £ | 2021 £ |
|---|-----------------|-----------------|
| Group taxation relief | (55,845) | (20,477) |
| | <u>(55,845)</u> | <u>(20,477)</u> |
| Total current tax | <u>(55,845)</u> | <u>(20,477)</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 130,783 | (41,298) |
| Total deferred tax | <u>130,783</u> | <u>(41,298)</u> |
| Taxation on profit/(loss) on ordinary activities | <u>74,938</u> | <u>(61,775)</u> |

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Profit/(loss) on ordinary activities before tax | 424,879 | (690,515) |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%) | 80,727 | (131,198) |
| Effects of: | | |
| Fixed asset differences | (10,821) | 374 |
| Expenses not deductible for tax purposes | 458 | 52 |
| Non-taxable income | 252 | 599 |
| Other factors leading to a (decrease)/increase in tax charge | (29,274) | - |
| Remeasurement of deferred tax for changes in tax rates | 33,596 | - |
| Group relief | - | 68,398 |
| Total tax charge for the year | 74,938 | (61,775) |

Factors that may affect future tax charges

Legislation to increase the main rate of corporation tax to 25% from 1st of April 2023 was included in the Finance Act 2021 and has become substantively enacted.

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

13. Tangible fixed assets

| | Leasehold improvements £ | Plant and machinery £ | Motor vehicles £ | Fixtures and fittings £ | Total £ |
|--|--------------------------------|-----------------------------|------------------------|-------------------------------|------------|
| Cost or valuation | | | | | |
| At 1 April 2021 | 18,445 | 6,189,738 | 14,000 | 1,600,142 | 7,822,325 |
| Additions | - | 189,118 | - | 8,955 | 198,073 |
| At 31 March 2022 | 18,445 | 6,378,856 | 14,000 | 1,609,097 | 8,020,398 |
| Depreciation | | | | | |
| At 1 April 2021 | 3,013 | 4,730,501 | 14,000 | 1,502,199 | 6,249,713 |
| Charge for the year on owned assets | 738 | 212,809 | - | 39,919 | 253,466 |
| At 31 March 2022 | 3,751 | 4,943,310 | 14,000 | 1,542,118 | 6,503,179 |
| Net book value | | | | | |
| At 31 March 2022 | 14,694 | 1,435,546 | - | 66,979 | 1,517,219 |
| At 31 March 2021 | 15,432 | 1,459,237 | - | 97,943 | 1,572,612 |

14. Stocks

| | 2022 £ | 2021 £ |
|-------------------------------------|-----------|-----------|
| Raw materials and consumables | 1,549,157 | 1,348,794 |
| Work in progress (goods to be sold) | 315,587 | 355,230 |
| Finished goods and goods for resale | 515,033 | 475,822 |
| | 2,379,777 | 2,179,846 |

The carrying value of stocks are stated net of impairment losses totalling £688,882 (2021 - £639,449) . Impairment losses totalling £215,181 (2021 - £53,697) were recognised in the Statement of Comprehensive Income.

STEPHEN WALTERS & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

15. Debtors

| | 2022 | 2021 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Trade debtors | 573,177 | 499,278 |
| Amounts owed by group undertakings | 95,198 | 49,222 |
| Other debtors | 34,759 | 34,236 |
| Prepayments and accrued income | 122,694 | 218,610 |
| Grants receivable | - | 7,499 |
| Financial instruments | 137,447 | 150,443 |
| | <u>963,275</u> | <u>959,288</u> |

16. Creditors: Amounts falling due within one year

| | 2022 | 2021 |
|------------------------------------|------------------|------------------|
| | £ | restated |
| | | £ |
| Bank overdrafts | 1,118,468 | 996,749 |
| Bank loans | - | 3,333 |
| Trade creditors | 547,377 | 457,708 |
| Amounts owed to group undertakings | - | 507,099 |
| Other taxation and social security | 68,843 | 163,634 |
| Other creditors | 72,227 | 50,474 |
| Accruals and deferred income | 246,596 | 163,998 |
| | <u>2,053,511</u> | <u>2,342,995</u> |

Government grants totalling £254,332 (2021 - £252,854) in respect of fixed assets were included within deferred income in the prior year. The restatement of prior year splits £252,854 as £22,182 falling due within one year and £230,671 falling due after one year.

17. Creditors: Amounts falling due after more than one year

| | 2022 | 2021 |
|-----------------|----------------|-----------------|
| | £ | restated |
| | | £ |
| Bank loans | - | 46,667 |
| Deferred income | 228,578 | 230,671 |
| | <u>228,578</u> | <u>277,338</u> |

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

18. Loans

Analysis of the maturity of loans is given below:

| | 2022 £ | 2021 £ |
|--|-------------|-------------|
| Amounts falling due within one year | | |
| Bank loans | - | 3,333 |
| | <hr/> | <hr/> |
| | - | 3,333 |
| | <hr/> | <hr/> |
| Amounts falling due 1-2 years | | |
| Bank loans | - | 10,000 |
| | <hr/> | <hr/> |
| | - | 10,000 |
| | <hr/> | <hr/> |
| Amounts falling due 2-5 years | | |
| Bank loans | - | 30,000 |
| | <hr/> | <hr/> |
| | - | 30,000 |
| | <hr/> | <hr/> |
| Amounts falling due after more than 5 years | | |
| Bank loans | - | 6,667 |
| | <hr/> | <hr/> |
| | - | 6,667 |
| | <hr/> | <hr/> |
| | - | 50,000 |
| | <hr/> <hr/> | <hr/> <hr/> |

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

19. Deferred taxation

| | 2022 £ | 2021 £ |
|---------------------------|------------------|----------------|
| At beginning of year | (9,200) | (50,498) |
| Charged to profit or loss | (130,783) | 41,298 |
| At end of year | (139,983) | (9,200) |

The provision for deferred taxation is made up as follows:

| | 2022 £ | 2021 £ |
|--------------------------------|------------------|----------------|
| Accelerated capital allowances | (234,408) | (193,059) |
| Losses and other deductions | 87,130 | 175,985 |
| Short term timing differences | 7,295 | 7,874 |
| | (139,983) | (9,200) |

20. Share capital

| | 2022 £ | 2021 £ |
|--|-----------|-----------|
| Allotted, called up and fully paid | | |
| 32,466 (2021 - 32,466) Ordinary shares of £1.00 each | 32,466 | 32,466 |

Share capital represents the nominal value of shares issued. Shares carry voting rights and an entitlement to dividends.

21. Reserves

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Profit and loss account

This account includes all current and prior period retained profits and losses.

STEPHEN WALTERS & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

22. Contingent liabilities

A guarantee has been issued in favour of H M Revenue and Customs up to a limit of £40,000 (2021 - £40,000).

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £265,170 (2021 - £291,887). Contributions totalling £24,226 (2021 - £23,059) were payable to the fund at the balance sheet date.

24. Related party transactions

During the year the company made design royalty payments of £86,542 (2021 - £74,495) and recharged expenses of £60 (2021 - £60) to Spitalfields Fabrics Limited, a company with the same ultimate controlling party. At the year end £9,764 (2021 - £8,240) was owed to Spitalfields Fabrics Limited.

During the year the company charged management fees of £60,535 (2021 - £27,816) and recharged expenses of £2,722 (2021 - £1,990) to 1697 Limited, a company with the same ultimate controlling party. At the year end the company was owed £1,314 (2021 - £28,356) from 1697 Limited.

25. Controlling party

The Company is a wholly owned subsidiary of Sudbury Silk Mills Limited, a company incorporated in England and Wales. Sudbury Silk Mills Limited is the parent of the group in which these financial statements are consolidated. The registered office address of Sudbury Silk Mills Limited is Sudbury Silk Mills, Cornard Road, Sudbury, Suffolk, CO10 2XB.

The Walters family is the ultimate controlling party by virtue of their shareholding in Sudbury Silk Mills Limited.