REGISTERED NUMBER: 00274345 (England and Wales)

Group Strategic Report,

Report of the Directors and

Consolidated Financial Statements

for the Year Ended

28 February 2019

for

H. Dawson, Sons and Company (Wool) Limited

H. Dawson, Sons and
Company (Wool) Limited (Registered number: 00274345)

Contents of the Consolidated Financial Statements for the Year Ended 28 February 2019

H. Dawson, Sons and Company (Wool) Limited

Company Information for the Year Ended 28 February 2019

DIRECTORS:	A G Dawson J H Dawson
SECRETARY:	J H Dawson
REGISTERED OFFICE:	1st Floor Salts Mill Victoria Road Shipley BD18 3LA
REGISTERED NUMBER:	00274345 (England and Wales)
AUDITORS:	Kirk Newsholme Chartered Accountants and Statutory Auditors 4315 Park Approach Thorpe Park Leeds West Yorkshire LS15 8GB

H. Dawson, Sons and
Company (Wool) Limited (Registered number: 00274345)

Group Strategic Report
for the Year Ended 28 February 2019

The directors present their strategic report of the company and the group for the year ended 28 February 2019.

The year ended 28th February 2019 was a challenging one for both H. Dawson, Sons & Company (Wool) Limited and Axminster Carpets Limited.

REVIEW OF BUSINESS

H Dawson, Sons & Co. (Wool) Ltd

A significant decline in turnover was reflective of tough trading conditions amid shrinking margins and overall there was a worsening Operating Loss, compared to the previous year. This prompted a major cost reduction exercise and a complete rethink of the strategy required for future sustainability and growth. Shortly after this period, a Creditors Voluntary Arrangement was entered into as part of this restructuring exercise, which is explained in more detail below.

The Directors have successfully implemented the majority of cost reduction activities referred to in last year's report. Measures to reduce the company's overhead base included the sale of business interests in the Far East, the relocation of UK operations to smaller premises and a significant redundancy process within the worldwide team. These combined actions have allowed H Dawson to operate with a substantially reduced cost base alongside the development of business strategies that are designed to make the business more sustainable in the long term.

As noted above, as part of the company turnaround plan, a Creditors Voluntary Agreement was reached between the company and its creditors in April 2019. The Directors believe that the business is on track to meet its commitments under the CVA and, although the current trading year is not expected to show a significant improvement in financial performance, the expectation is the that business should return to profit in 2020-21 subject to the uncertainties surrounding the unquantifiable financial implications of Covid-19.

This has been a time for refocusing, innovating and developing new strategic partnerships which have have led to exclusive supply agreements in new markets which build on the business's strengths and knowledge base.

Axminster Carpets Limited

Despite the best efforts of the Directors and the entire team, Axminster Carpets entered administration in February 2020. These accounts have been adjusted to reflect the expected recoverable value of the company's assets.

KEY PERFORMANCE INDICATORS

The Group's key performance indicators are Turnover, Profit and Cash-Flow. As reported in the financial statements, turnover of £21.9m (£26.8m in 2018) and a loss of £2.7m before exceptional items (£1.8m in 2018) reflects the tough trading conditions experienced throughout the year.

The Directors have focused on improving both the company and group balance sheets, with a focus on working capital improvement (for example stock reduction). At a Company level Net Current Assets, before inter-company impairment provision, has increased to £2.6m (£1.2m in 2018) and at a Group Level the Net Current Liabilities have reduced to £3.7m (£4.9m in 2018).

This report reflects the financial results of the group for the year ended 28 February 2019 but ultimately highlights the plans and intention for the future therefore in light of the events surrounding Axminster Carpets Limited hereafter the main content of the report is in relation to H. Dawson, Sons and Company (Wool) Limited only.

RISKS AND UNCERTAINTIES

The Dawson family have been wool merchants since 1888. Despite more than a century of knowledge and a strong network of international trading partners, the business has not been immune to shifts in the global wool market, which have hit profit margins and prompted a re-evaluation of strategy in order to safeguard this commercial heritage and make it fit for purpose for future generations and new trading partners.

Despite best efforts to evolve the way business was undertaken, the slow progress forced the owners to take the drastic cost reduction action described in order to safeguard the Company's survival. Pleasingly, there are reassuring signs that the steps taken are having the desired effect.

In order to mitigate working capital risk the Company constantly monitors its cash position to ensure obligations can be met within agreed financing facilities. The directors have prepared and closely monitor, and where necessary flex, profit and cash-flow forecasts. At the balance sheet date these forecasts indicate that the Company has sufficient liquid resources to meet its obligations under all reasonably expected circumstances, and hopefully those circumstances which are more difficult to predict such as those faced by all businesses at the current time.

In common with all businesses across the globe, the Company faces risk and great uncertainty as a consequence of the impact of the Coronavirus, Covid-19 pandemic, and the disruption this continues to cause, including but not limited to the threat of continuity of supplies, the health of our employees and the ability of customers to meet payments, and for they too to endure these same risks and uncertainties. What toll the impact of Covid-19 will take on this and many other businesses will not be known for some time but we continue to monitor the situation as it progresses and take all necessary measures including the use of Government backed support packages to ensure the Company will survive. Our objectives during this time are to protect our workforce to ensure they all remain fit and healthy and able to continue to work, and to ensure we maintain our strong supply chain and customer relationships.

As well as for cash, the Company sells on a range of credit terms where the policy is to protect against the inherent credit risk as necessary by means of letters of credit, credit insurance, or other forms of security.

The Company transacts in foreign currencies and protects against movements in exchange rates by a combination of natural hedges between purchases and sales, forward exchange contracts and similar financial instruments and foreign currency bank accounts in accordance with policies set by the directors.

The Company is prepared for the economic and political uncertainty in the future resulting from the UK vote to leave the EU and for a variety of reasons the directors are of the opinion that the Company will not be adversely affected.

The volatility of a commodity based raw material and its impact on both price and quality necessitates that close working relationships are maintained with key suppliers to ensure quality is assured and medium-term pricing contracts are secured to insulate against adverse price movements.

The Company aims to align external borrowings with the appropriate level of stock and debtors and ensures that any changes in finance costs are reflected in the pricing of wool contracts.

In order to mitigate the risks surrounding the demand for wool products the Company commits to significant Research and Development each year to ensure product ranges are in line with current trends.

LOOKING AHEAD
Global trading conditions are expected to remain difficult and obligations under the CVA will, in the short term, temper the impact of more positive trading opportunities on profitability. However, a growing demand for natural, sustainable, eco-friendly raw materials and products, presents significant opportunities for H Dawson going forward. These markets are being robustly explored and it is felt that a determination to embrace change and a commitment to create added value in the wool supply chain, whilst also promoting wool as fit for purpose for the 21st Century, will position the company for future sustainable growth.

ON BEHALF OF THE BOARD:

J H Dawson - Director

29 April 2020

H. Dawson, Sons and Company (Wool) Limited (Registered number: 00274345)

Report of the Directors for the Year Ended 28 February 2019

The directors present their report with the financial statements of the company and the group for the year ended 28 February 2019.

PRINCIPAL ACTIVITIES
The principal activities of the group in the year under review were those of international wool suppliers and the manufacture of carpets and rugs.

DIVIDENDS
No dividends will be distributed for the year ended 28 February 2019.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 March 2018 to the date of this report.

A G Dawson
J H Dawson

Other changes in directors holding office are as follows:

J P Swift - resigned 14 September 2018
S A Greenwood - resigned 31 December 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

H. Dawson, Sons and
Company (Wool) Limited (Registered number: 00274345)

Report of the Directors
for the Year Ended 28 February 2019

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

J H Dawson - Director

29 April 2020

Report of the Independent Auditors to the Members of H. Dawson, Sons and Company (Wool) Limited

Opinion

We have audited the financial statements of H. Dawson, Sons and Company (Wool) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 28 February 2019 which comprise the Consolidated Profit and Loss Account, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and of the parent company affairs as at 28 February 2019 and of the group's loss 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

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

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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 a Report of the Auditors 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.

Andrew Thomas BA FCA (Senior Statutory Auditor)
for and on behalf of Kirk Newsholme
Chartered Accountants and Statutory Auditors
4315 Park Approach
Thorpe Park
Leeds
West Yorkshire
LS15 8GB

30 April 2020

H. Dawson, Sons and Company (Wool) Limited (Registered number: 00274345)

Consolidated Profit and Loss Account for the Year Ended 28 February 2019

	Notes	2019 £	2019 £	2018 as restated £	2018 as restated £
TURNOVER	3		21,913,843		26,794,680
Cost of sales			16,660,842		21,391,271
GROSS PROFIT			5,253,001		5,403,409
Distribution costs		2,005,968		2,289,504	
Administrative expenses		6,679,852		5,777,696	
			8,685,820		8,067,200
			(3,432,819)		(2,663,791)
Other operating income			695,114		884,028
OPERATING LOSS	5		(2,737,705)		(1,779,763)
Gain on restructuring of finance	6		2,443,227		-
Impairment of assets	6		(4,238,911)		-
			(4,533,389)		(1,779,763)
Interest receivable and similar income	7		58,280		70,076
			(4,475,109)		(1,709,687)
Interest payable and similar expenses	8		249,066		245,446
LOSS BEFORE TAXATION			(4,724,175)		(1,955,133)
Tax on loss	9		(206,800)		(499,697)
LOSS FOR THE FINANCIAL YEAR			(4,517,375)		(1,455,436)
Loss attributable to:					
Owners of the parent			(3,005,307)		(1,119,031)
Non-controlling interests			(1,512,068)		(336,405)
			(4,517,375)		(1,455,436)

The notes form part of these financial statements

H. Dawson, Sons and
Company (Wool) Limited (Registered number: 00274345)

Consolidated Other Comprehensive Income
for the Year Ended 28 February 2019

	Notes	2019 £	2018 as restated £
LOSS FOR THE YEAR		(4,517,375)	(1,455,436)
OTHER COMPREHENSIVE INCOME			
(Losses)/Gains arising on revaluation of tangible fixed assets		(293,007)	482,704
Income tax relating to other comprehensive income		89,106	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		(203,901)	482,704
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(4,721,276)	(972,732)
Total comprehensive income attributable to:			
Owners of the parent		(3,209,208)	(636,327)
Non-controlling interests		(1,512,068)	(336,405)
		(4,721,276)	(972,732)

H. Dawson, Sons and
Company (Wool) Limited (Registered number: 00274345)

Consolidated Balance Sheet
28 February 2019

		2019		2018 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	12		424,415		3,484,098
Tangible assets	13		1,324,577		3,840,771
Investments	14		-		-
			1,748,992		7,324,869
CURRENT ASSETS					
Stocks	15	3,199,427		6,296,278	
Debtors	16	3,032,211		4,292,618	
Cash at bank and in hand		194,009		43,197	
		6,425,647		10,632,093	
CREDITORS					
Amounts falling due within one year	17	10,125,718		15,518,759	
NET CURRENT LIABILITIES			(3,700,071)		(4,886,666)
TOTAL ASSETS LESS CURRENT LIABILITIES			(1,951,079)		2,438,203
CREDITORS					
Amounts falling due after more than one year	18		(884,290)		(463,190)
PROVISIONS FOR LIABILITIES	21		-		(89,106)
NET (LIABILITIES)/ASSETS			(2,835,369)		1,885,907
CAPITAL AND RESERVES					
Called up share capital	22		93,456		93,456
Share premium	23		65,309		65,309
Revaluation reserve	23		253,375		1,395,240
Capital redemption reserve	23		199,284		199,284
Retained earnings	23		(313,241)		1,754,102
SHAREHOLDERS' FUNDS			298,183		3,507,391
NON-CONTROLLING INTERESTS			(3,133,552)		(1,621,484)
TOTAL EQUITY			(2,835,369)		1,885,907

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2020 and were signed on its behalf by:

J H Dawson - Director

The notes form part of these financial statements

H. Dawson, Sons and
Company (Wool) Limited (Registered number: 00274345)

Company Balance Sheet
28 February 2019

	Notes	2019 £	2019 £	2018 as restated £	2018 as restated £
FIXED ASSETS					
Intangible assets	12		-		-
Tangible assets	13		265,708		1,762,136
Investments	14		2		2
			265,710		1,762,138
CURRENT ASSETS					
Stocks	15	1,548,835		3,235,429	
Debtors	16	2,387,324		9,459,240	
Cash at bank and in hand		63,141		14,380	
		3,999,300		12,709,049	
CREDITORS					
Amounts falling due within one year	17	6,734,539		11,557,312	
NET CURRENT (LIABILITIES)/ASSETS			(2,735,239)		1,151,737
TOTAL ASSETS LESS CURRENT LIABILITIES			(2,469,529)		2,913,875
CREDITORS					
Amounts falling due after more than one year	18		-		(36,039)
PROVISIONS FOR LIABILITIES	21		-		(89,106)
NET (LIABILITIES)/ASSETS			(2,469,529)		2,788,730
CAPITAL AND RESERVES					
Called up share capital	22		93,456		93,456
Share premium	23		65,309		65,309
Revaluation reserve	23		253,375		1,395,240
Capital redemption reserve	23		199,284		199,284
Retained earnings	23		(3,080,953)		1,035,441
SHAREHOLDERS' FUNDS			(2,469,529)		2,788,730
Company's loss for the financial year			(5,054,358)		(512,664)

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2020 and were signed on its behalf by:

J H Dawson - Director

The notes form part of these financial statements

H. Dawson, Sons and Company (Wool) Limited (Registered number: 00274345)

Consolidated Statement of Changes in Equity for the Year Ended 28 February 2019

	Called up share capital £	Retained earnings £	Share premium £	Revaluation reserve £
Balance at 1 March 2017	93,456	2,238,140	65,309	912,536
Prior year adjustment	-	708,646	-	-
As restated	93,456	2,946,786	65,309	912,536
Changes in equity				
Total comprehensive income	-	(1,119,031)	-	482,704
Change in non-controlling interest following additional investment	-	(73,653)	-	-
Balance at 28 February 2018	93,456	1,754,102	65,309	1,395,240
Changes in equity				
Total comprehensive income	-	(3,005,307)	-	(203,901)
Disposal of revalued tangible fixed assets	-	897,500	-	(897,500)
Deferred tax movement on revaluation	-	(5,589)	-	5,589
Reserve transfer - depreciation on revalued tangible fixed assets	-	46,053	-	(46,053)
Balance at 28 February 2019	93,456	(313,241)	65,309	253,375

	Capital redemption reserve £	Total £	Non-controlling interests £	Total equity £
Balance at 1 March 2017	199,284	3,508,725	(650,086)	2,858,639
Prior year adjustment	-	708,646	(708,646)	-
As restated	199,284	4,217,371	(1,358,732)	2,858,639
Changes in equity				
Total comprehensive income	-	(636,327)	(336,405)	(972,732)
Change in non-controlling interest following additional investment	-	(73,653)	73,653	-
Balance at 28 February 2018	199,284	3,507,391	(1,621,484)	1,885,907
Changes in equity				
Total comprehensive income	-	(3,209,208)	(1,512,068)	(4,721,276)
Balance at 28 February 2019	199,284	298,183	(3,133,552)	(2,835,369)

The notes form part of these financial statements

H. Dawson, Sons and
Company (Wool) Limited (Registered number: 00274345)

Company Statement of Changes in Equity
for the Year Ended 28 February 2019

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 March 2017	93,456	1,548,105	65,309
Changes in equity			
Total comprehensive income	-	(512,664)	-
Balance at 28 February 2018	93,456	1,035,441	65,309
Changes in equity			
Total comprehensive income	-	(5,054,358)	-
Disposal of revalued tangible fixed assets	-	897,500	-
Deferred tax movement on revaluation	-	(5,589)	-
Reserve transfer - depreciation on revalued tangible fixed assets	-	46,053	-
Balance at 28 February 2019	93,456	(3,080,953)	65,309

	Revaluation reserve £	Capital redemption reserve £	Total equity £
Balance at 1 March 2017	912,536	199,284	2,818,690
Changes in equity			
Total comprehensive income	482,704	-	(29,960)
Balance at 28 February 2018	1,395,240	199,284	2,788,730
Changes in equity			
Total comprehensive income	(203,901)	-	(5,258,259)
Disposal of revalued tangible fixed assets	(897,500)	-	-
Deferred tax movement on revaluation	5,589	-	-
Reserve transfer - depreciation on revalued tangible fixed assets	(46,053)	-	-
Balance at 28 February 2019	253,375	199,284	(2,469,529)

The notes form part of these financial statements

H. Dawson, Sons and
Company (Wool) Limited (Registered number: 00274345)

Consolidated Cash Flow Statement
for the Year Ended 28 February 2019

	Notes	2019	2018 as restated
		£	£
Cash flows from operating activities			
Cash generated from operations	27	4,778,007	809,894
Interest paid		(248,936)	(245,316)
Interest element of hire purchase payments paid		(130)	(130)
Tax paid		(9,739)	-
Taxation refund		-	390,138
Net cash from operating activities		4,519,202	954,586
Cash flows from investing activities			
Purchase of tangible fixed assets		(94,430)	(17,658)
Sale of tangible fixed assets		1,215,500	35,777
Interest received		58,280	70,076
Net cash from investing activities		1,179,350	88,195
Cash flows from financing activities			
New loans in year		2,625,052	-
Loan repayments in year		(1,015,673)	(112,225)
Capital repayments in year		(842)	(842)
Amount introduced by directors		35,572	-
Net cash from financing activities		1,644,109	(113,067)
Increase in cash and cash equivalents		7,342,661	929,714
Cash and cash equivalents at beginning of year	28	(8,485,590)	(9,415,304)
Cash and cash equivalents at end of year	28	(1,142,929)	(8,485,590)

The notes form part of these financial statements

1. COMPANY INFORMATION

H. Dawson, Sons and Company (Wool) Limited is a private company, limited by shares, registered in England and Wales. The company's registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in UK and Republic of Ireland" and the Companies Act 2006.

The financial statements have been prepared under the historical cost convention modified to include certain items at fair value.

Going concern
During the financial year, the Parent Company experienced a significant slow-down in sales in to the Chinese market, allied with generally depressed market conditions, which led the Directors to review the future cashflows of the business in early 2019. The conclusion from this review was that the best outcome for creditors overall would be to conduct a Creditors Voluntary Arrangement ("CVA"). A CVA was agreed in April 2019 with no creditor voting against it.

As part of the CVA, the Directors committed to implement a strategic review including the sale of certain assets, a reduction in overheads and surrender of a lease, followed by the restructure of continuing operations.

The company is delivering on its restructuring plans to ensure that the CVA payments can be met going forward. The new banking and finance facilities are working well and providing an appropriate level of support to the trading business.

The management team has delivered a major cost reduction exercise and a conducted a complete rethink of the strategy required for future sustainability and growth.

The company now operates on a significantly lower overhead structure, whilst retaining much of its core strengths and knowledge. In addition, the company is now supplying higher added-value products, with unique propositions to new customers.

The Directors have prepared forecasts for a period up to February 2021 that show the company returning to profitability. Working capital requirements have been reduced significantly, significant debt has been written off as part of the CVA and the business now has the headroom needed to achieve success for many years to come. However, at the point of approving these financial statements the Directors are aware of the uncertainties and risks Covid-19 poses to all businesses. H. Dawson, Sons (Wool) Limited is no exception but the Directors continue to work on contingency plans to manage through what are likely to be difficult economic times and have prepared revised forecasts reflecting the possible short-term financial connotations offset by available Government support packages. Following the changes referred to above and in the Strategic Report the Directors feel that the business is now better equipped to cope with these challenging circumstances.

Regrettably, on 19 February 2020 the company's subsidiary Axminster Carpets Limited was placed into administration as a suitable rescue solution for the business could not be found. It is now expected that the parent company's interest in Axminster Carpets Limited will be dissolved. In the light of these events the Directors have made all necessary adjustments to these financial statements in order to reflect the deemed recoverable value of the subsidiary's assets.

Due to the independence of each company's finances, the financial position of Axminster Carpets Limited is not expected to have any adverse impact on H Dawson, Sons and Company (Wool) Limited.

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As a consequence the Directors are of the opinion that the Parent Company and the Group are a going concern and that it remains appropriate for the financial statements to be prepared on a going concern basis.

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirement of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Basis of consolidation
The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 28 February each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

Non-controlling interests in the net assets of consolidated subsidiary undertakings are identified separately from the groups' net assets therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests share of changes in net asset value since the date of combination.

Turnover
Turnover is measured at the fair value of the consideration received or receivable, excluding discounts and value added tax. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Turnover is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised on delivery to the customer. Where payments are received from customers in advance of delivery the amounts are recorded as deferred income and included as part of creditors due within one year.

Intangible assets
Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its economic life, which is 10 years. Provision is made for any impairment.

Negative goodwill arises on acquisitions where the fair value of net assets acquired exceeds the fair value of the consideration and is included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 'Impairment of Assets' when there is an indication that goodwill or an intangible asset may be impaired.

continued...

2. **ACCOUNTING POLICIES - continued**

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the profit and loss account on a straight line basis over the estimated useful lives of the intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Brands	20 years
Technology value	5 years
Customer relationships	5 years
Goodwill	10 years
Negative goodwill	Credited to profit and loss account in the periods in which the acquired assets are recovered through depreciation or sale.

Tangible fixed assets

Tangible fixed assets are stated at purchase cost or valuation together with any incidental expenses of acquisition, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible assets, with the exception of freehold land, at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life.

Freehold buildings	50 years and 10 years
Plant and machinery	10 - 20 years
Fixtures and fittings	3 - 10 years
Office equipment	2 - 4 years
Computer equipment and software	3 - 5 years
Motor vehicles	3 - 10 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset after deducting estimated costs of disposal, if the asset were already at an age and in the condition expected at the end of its estimated useful life.

The need for any fixed asset impairment write down is assessed by comparison of the carrying value of the assets against the higher of realisable value and value in use.

The gain or loss arising on the disposal of an asset is determined on the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

Freehold land and buildings are stated at fair value less any subsequent accumulated depreciation and impairment losses. Gains on revaluation are recognised in other comprehensive income and accumulated in the revaluation reserve. Any gain reversing a loss previously recognised in the profit and loss account is also recognised in the profit and loss account. Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity. Any excess is recognised in the profit and loss account.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Raw materials are stated at either the average purchase price over the period as an estimate of cost or using FIFO (first-in, first-out method). Work-in-Progress and Finished Goods are valued using the Standard Cost method. Provision is made for obsolete, slow-moving or defective items where appropriate.

continued...

2. **ACCOUNTING POLICIES - continued**

Financial instruments
Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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 company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The following assets and liabilities are classified as basic financial instruments - trade debtors, other debtors, cash and bank balances, trade creditors, other creditors, bank and other loans, directors' current accounts, accruals and deferred income and inter-company balances.

Trade debtors, other debtors, cash and bank balances, trade creditors, other creditors, directors' current accounts, accruals and deferred income and inter-company balances are measured at the amortised cost equivalent to the undiscounted amount of cash or other consideration expected to be paid or received.

Bank and other loans are initially measured at the present value of future payments, discounted at a market rate of interest and subsequently measured at amortised cost using the effective interest method.

Taxation
Current tax, including UK and foreign corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, 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 is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to the reversal of the timing difference.

For non-depreciable assets that are measured using the revaluation model, deferred tax is provided at the rates and allowances and applicable to the sale of the asset.

Research and development
All expenditure in respect of product development projects are written off to the profit and loss account as incurred.

continued...

2. **ACCOUNTING POLICIES - continued**

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are recognised in the profit and loss account.

Hire purchase and leasing commitments
Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Investments
Investments in subsidiaries and joint ventures are measured at cost less impairment.

Retirement benefits
The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme and that of directors' personal pension schemes are charged to profit or loss in the period to which they relate.

Impairment of assets
Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit and loss as described below.

Non financial assets
An asset is impaired when there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets
For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had impairment not been recognised.

continued...

2. **ACCOUNTING POLICIES - continued**

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock.

Where material, the cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination payments.

Cash and cash equivalents
Cash and cash equivalents include cash in hand deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Critical accounting judgements and key sources of estimation uncertainty
In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements that the directors have made in applying the group's accounting policies and the key sources of estimation uncertainty that have had the most significant effect on the amounts recognised in the financial statements are described below:

Stock valuation
In calculating the value of stock budgeted production labour and factory overheads are used to determine the appropriate level of direct and indirect production costs which should be absorbed into the valuation of stock. In making their assessment the directors have relied upon their detailed knowledge of the production process, as well as, detailed historical and forecast cost and production data:

Net realisable value of stock
The Group establishes an impairment provision for stock estimated to realise a lower value than cost. When calculating the stock impairment provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of stocks and its estimated selling value less costs expected to be incurred to sell the item. The directors also consider the purchase history of the stock items to assess whether the items remain in use, and in respect of the remaining stock of Axminster Carpets Limited, its estimated realisable value under the administration process.

Impairment of intangible assets
The Group considers whether intangible assets and goodwill are impaired. Where indication of impairment is identified the estimation of the recoverable amount requires estimation of future cash flows from the cash generating units and a selection of appropriate discount rates in order to calculate the net present value of those future cash flows.

Recoverability of trade and other debtors
Outstanding trade and other debtor balances are reviewed on a line by line basis by management to identify possible amounts where an impairment provision is required. When assessing recoverability the directors have considered factors such as the ageing of the debts, past experience of recoverability, and the credit profile of individual customers.

continued...

2. ACCOUNTING POLICIES - continued

Useful economic lives of intangible and tangible assets
The annual depreciation charge for intangible and tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. In respect of the property, plant and equipment of Axminster Carpets Limited, the directors have given consideration to the estimated realisable value under the administration process.

3. TURNOVER

An analysis of turnover by class of business is given below:

	2019	2018
	£	£
Wool suppliers	10,744,450	16.689,274
Carpet and rug manufacture	11,169,393	10,105,405
	21,913,843	26,794,680

Turnover relates solely to the sale of goods.

An analysis of turnover by geographical market is not provided as to do so would, in the opinion of the directors, seriously prejudice the interests of the company.

Other significant income

	2019	2018
	£	£
Commission received	566,912	669.634
Management charges to related parties	51,225	137,472
Rent receivable	75,000	75,000
Other income	1,977	1,922
	695,114	884,028

4. EMPLOYEES AND DIRECTORS

	2019	2018 as restated
	£	£
Wages and salaries	4,148,712	4,236,194
Social security costs	377,186	407,225
Other pension costs	123,352	147,049
	4,649,250	4,790,468

continued...

4. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2019	2018 as restated
Production	63	60
Management, trading and office	74	68
	137	128

	2019 £	2018 as restated £
Directors' remuneration	289,257	372,011
Directors' pension contributions to money purchase schemes	43,013	44,711

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	2	2

Information regarding the highest paid director is as follows:

	2019 £	2018 as restated £
Emoluments etc	110,711	110,505
Pension contributions to money purchase schemes	40,372	39,991

5. OPERATING LOSS

	2019 £	2018 as restated £
Hire of plant and machinery	2,436	2,682
Depreciation - owned assets	231,434	292,814
Depreciation - assets on hire purchase contracts	432	432
Impairment of tangible fixed assets	909,676	-
Profit on disposal of fixed assets	(39,425)	(16,365)
Negative goodwill amortisation	(53,446)	(53,446)
Brands amortisation	154,800	110,600
Technology and customer relationships amortisation	166,400	118,800
Goodwill amortisation	160,295	114,632
Impairment of intangible fixed assets	2,631,634	-
Foreign exchange differences	(8,768)	(10,143)
Auditors remuneration - audit of the financial statements	40,000	93,028
Auditors remuneration - taxation - compliance and related services	7,350	101,028
Stock charged as an expense	16,187,693	19,740,838
Impairment of stock	193,090	441,826
Impairment of debtors	865,390	17,984

continued...

6. EXCEPTIONAL ITEMS

	2019	2018 as restated
	£	£
Gain on restructuring of finance	2,443,227	-
Impairment of assets of subsidiary undertaking	(4,238,911)	-

Included within the asset impairment provisions of the subsidiary undertaking is £697,601 in respect of the impairment of stock. The remainder of the provision relates to the impairment of both intangible and tangible fixed assets as disclosed in notes 12 and 13.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018 as restated
	£	£
Deposit account interest	34	-
Interest receivable from related parties	58,142	70,076
Interest on tax	104	-
	58,280	70,076

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Bank loans and overdrafts	202,046	240,522
Invoice discounting	33,533	-
Other interest payable	1,860	752
Interest payable to related parties	11,497	4,042
Obligations under hire purchase contracts	130	130
	249,066	245,446

9. TAXATION

Analysis of the tax credit
The tax credit on the loss for the year was as follows:

	2019	2018 as restated
	£	£
Current tax:		
Adjustments in respect of prior periods	(216,539)	(503,959)
Foreign tax	9,739	4,262
Tax on loss	(206,800)	(499,697)

continued...

9. **TAXATION - continued**

Reconciliation of total tax credit included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018 as restated
	£	£
Loss before tax	(4,724,175)	(1,955,133)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19.085%)	(897,593)	(373,137)
Effects of:		
Expenses not deductible for tax purposes	261,993	98,856
Income not taxable for tax purposes	-	(10,200)
Adjustments to tax charge in respect of previous periods	(216,539)	(503,964)
Foreign tax charge	9,739	4,262
Other adjustments	-	13,811
Change in tax rate on deferred tax balances	-	29,567
Movement in deferred tax asset not recognised	635,600	241,108
Total tax credit	(206,800)	(499,697)

Tax effects relating to effects of other comprehensive income

	Gross	2019 Tax	Net
	£	£	£
(Losses)/Gains arising on revaluation of tangible fixed assets	(293,007)	89,106	(203,901)
	(293,007)	89,106	(203,901)

	Gross	2018 Tax	Net
	£	£	£
Gains arising on revaluation of tangible fixed assets	482,704	-	482,704
	482,704	-	482,704

10. **INDIVIDUAL PROFIT AND LOSS ACCOUNT**

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements.

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11. PRIOR YEAR ADJUSTMENT

Following review the directors identified an error in the calculation of prior years non-controlling interest. As a consequence an adjustment of £708,646 was made to the opening retained earnings to increase that relating to non-controlling interests. The value of other comprehensive income attributable to the owners of the parent and non-controlling interests in the comparative period was adjusted from £(569,320) and £(403,412) to £(636,327) and £(336,405) respectively. The value of other comprehensive income attributable to the owners of the parent has also been adjusted from £(1,052,024) to £(569,320) in order to account of the gain on revaluation of tangible fixed assets of £482,704.

Having reviewed the classification of certain costs and revenue streams the directors have taken the decision to adjust the prior year figures to ensure greater comparability to the current year. As a consequence Turnover has increased by £184,475, Cost of Sales by £400,315 and Administrative expenses have reduced by £215,840.

The directors have also reviewed the components of cash and cash equivalents and having done so have adjusted the opening cash and cash equivalents in the comparative period cash flow statement from £(10,287,323) to £(9,415,304).

In the parent company only, a review of terms connected to certain of the company's loans has been conducted. This has resulted in amounts owed by group undertakings of £5,628,242 included in debtors; amounts falling due after more than one year in the prior period being reclassified as amounts falling due within one year.

12. INTANGIBLE FIXED ASSETS

Group

	Negative goodwill	Brands	Technology and customer relationships	Goodwill	Totals
	£	£	£	£	£
COST					
At 1 March 2018 and 28 February 2019	(1,684,765)	2,654,000	713,000	1,374,633	3,056,868
AMORTISATION					
At 1 March 2018	(1,184,025)	243,300	261,400	252,095	(427,230)
Amortisation for year	(53,446)	154,800	166,400	160,295	428,049
Impairments	(407,209)	1,897,900	178,700	962,243	2,631,634
At 28 February 2019	(1,644,680)	2,296,000	606,500	1,374,633	2,632,453
NET BOOK VALUE					
At 28 February 2019	(40,085)	358,000	106,500	-	424,415
At 28 February 2018	(500,740)	2,410,700	451,600	1,122,538	3,484,098

Management consider both internal and external factors for indications of impairment of the net book value of intangibles on an annual basis. The CVA agreed in H. Dawson, Sons and Company (Wool) Limited, together with any possible impact on Axminster Carpets Limited and its brand and customer base, along with Axminster Carpets Limited subsequently entering administration have been considered as a trigger events in the year. Consequently an impairment review has been undertaken based on a value in use assessment, where appropriate, as at the date of preparation of these financial statements, and including consideration of probable downside scenarios following the administration of Axminster Carpets Limited.

continued...

13. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST OR VALUATION			
At 1 March 2018	1,797,409	2,918,791	710,496
Additions	-	93,264	1,166
Disposals	(1,204,973)	-	-
Revaluations	(293,007)	-	-
At 28 February 2019	299,429	3,012,055	711,662
DEPRECIATION			
At 1 March 2018	59,177	868,306	668,947
Charge for year	20,269	175,036	30,623
Eliminated on disposal	(33,393)	-	-
Impairments	-	909,676	-
At 28 February 2019	46,053	1,953,018	699,570
NET BOOK VALUE			
At 28 February 2019	253,376	1,059,037	12,092
At 28 February 2018	1,738,232	2,050,485	41,549

	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 March 2018	202,996	177,195	5,806,887
Additions	-	-	94,430
Disposals	(33,276)	-	(1,238,249)
Revaluations	-	-	(293,007)
At 28 February 2019	169,720	177,195	4,370,061
DEPRECIATION			
At 1 March 2018	192,609	177,077	1,966,116
Charge for year	5,887	51	231,866
Eliminated on disposal	(28,781)	-	(62,174)
Impairments	-	-	909,676
At 28 February 2019	169,715	177,128	3,045,484
NET BOOK VALUE			
At 28 February 2019	5	67	1,324,577
At 28 February 2018	10,387	118	3,840,771

The Group and Company's remaining property situated in Beijing, China was being marketed for sale as at 28 February 2019. Subsequent to the year end the property has been sold for an amount of £253,376. The property value, as per the financial statements, has been adjusted to reflect the fair market valuation per the purchase agreement.

continued...

13. **TANGIBLE FIXED ASSETS - continued**

Group

The following information relates to tangible fixed assets carried on the basis of revaluation.

Land and Buildings	28 February 2019 £	28 February 2018 £
At fair value	253,376	1,738,232
Historical cost net book value	1	284,740

The net book value of tangible fixed assets includes £3,290 (2018 - £3,722) in respect of assets held under hire purchase contracts.

Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST OR VALUATION			
At 1 March 2018	1,797,409	61,785	259,232
Additions	-	-	1,166
Disposals	(1,204,973)	-	-
Revaluations	(293,007)	-	-
At 28 February 2019	299,429	61,785	260,398
DEPRECIATION			
At 1 March 2018	59,177	53,714	248,826
Charge for year	20,269	1,482	5,902
Eliminated on disposal	(33,393)	-	-
At 28 February 2019	46,053	55,196	254,728
NET BOOK VALUE			
At 28 February 2019	253,376	6,589	5,670
At 28 February 2018	1,738,232	8,071	10,406

continued...

13. TANGIBLE FIXED ASSETS - continued

Company

	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 March 2018	169,720	177,195	2,465,341
Additions	-	-	1,166
Disposals	-	-	(1,204,973)
Revaluations	-	-	(293,007)
At 28 February 2019	169,720	177,195	968,527
DEPRECIATION			
At 1 March 2018	164,411	177,077	703,205
Charge for year	5,303	51	33,007
Eliminated on disposal	-	-	(33,393)
At 28 February 2019	169,714	177,128	702,819
NET BOOK VALUE			
At 28 February 2019	6	67	265,708
At 28 February 2018	5,309	118	1,762,136

The following information relates to tangible fixed assets carried on the basis of revaluation.

Land and Buildings	28 February 2019 £	28 February 2018 £
At fair value	253,376	1,738,232
Historical cost net book value	1	284,740

14. FIXED ASSET INVESTMENTS

Group

	Interest in joint venture £	Listed investments £	Unlisted investments £	Totals £
COST				
At 1 March 2018 and 28 February 2019	16,992	1,353	205,744	224,089
PROVISIONS				
At 1 March 2018 and 28 February 2019	16,992	1,353	205,744	224,089
NET BOOK VALUE				
At 28 February 2019	-	-	-	-
At 28 February 2018	-	-	-	-

continued...

14. FIXED ASSET INVESTMENTS - continued

Company

	Shares in group undertakings £	Interest in joint venture £	Listed investments £	Unlisted investments £	Totals £
COST					
At 1 March 2018 and 28 February 2019	2	16,992	1,353	205,744	224,091
PROVISIONS					
At 1 March 2018 and 28 February 2019	-	16,992	1,353	205,744	224,089
NET BOOK VALUE					
At 28 February 2019	2	-	-	-	2
At 28 February 2018	2	-	-	-	2

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

Axminster Carpets Limited
Registered office: Gamberlake, Woodmead Road, Axminster, Devon, EX13 5PQ
Nature of business: Manufacturer of carpets and rugs

Class of shares:	% holding
Ordinary	59.38

Joint venture

HDTT Textiles S.R.L
Registered office: Com. Gruiu, Jud. Ilfov, Romania
Nature of business: Dormant

Class of shares:	% holding
Ordinary	50.00

15. STOCKS

	Group		Company	
	2019 £	2018 as restated £	2019 £	2018 as restated £
Raw materials and consumables	2,204,619	4,210,525	1,548,835	3,235,429
Work-in-progress	76,170	105,492	-	-
Finished goods	918,638	1,980,261	-	-
	3,199,427	6,296,278	1,548,835	3,235,429

The group has pledged stocks of £948,548 as security for an inventory facility.

continued...

16. DEBTORS

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,528,180	3,758,618	1,263,798	2,856,407
Amounts owed by group undertakings	-	-	232,808	6,128,242
Other debtors	15,159	112,831	778,246	108,068
Corporation tax	216,539	-	67,504	-
Prepayments and accrued income	272,333	421,169	44,968	196,192
	3,032,211	4,292,618	2,387,324	9,288,909
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	-	170,331
Aggregate amounts	3,032,211	4,292,618	2,387,324	9,459,240

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Bank loans and overdrafts (see note 19)	3,201,990	9,328,787	3,201,990	7,757,939
Other loans (see note 19)	194,404	72,019	38,154	72,019
Hire purchase contracts (see note 20)	842	842	-	-
Trade creditors	2,945,064	4,453,628	2,184,697	3,537,786
Social security and other taxes	306,578	272,529	51,463	22,015
Other creditors	2,505,444	487,897	954,964	-
Directors' current accounts	71,143	35,571	71,143	35,571
Accruals and deferred income	900,253	867,486	232,128	131,982
	10,125,718	15,518,759	6,734,539	11,557,312

continued...

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

Invoice discounting and inventory facilities, included within other creditors, as well as the other loans relating to Axminster Carpets Limited are secured by a fixed charge over stock, plant and machinery and trade debtors and also a floating charge that covers all the property or undertakings of Axminster Carpets Limited.

Invoice discounting and trade facilities also included within other creditors are secured by a fixed charge over trade debtors and also a floating charge that covers all the property or undertakings of H. Dawson, Sons and Company (Wool) Limited.

Other loans include an unsecured loan of £38,154 (Group and Company) due within one year. The loan is interest bearing.

Bank loans and overdrafts (Group and Company) are secured by way of a debenture and fixed and floating charges over the assets of the company to which the facilities have been advanced.

The hire purchase liabilities are secured on the assets to which they relate

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Other loans (see note 19)	882,134	460,192	-	36,039
Hire purchase contracts (see note 20)	2,156	2,998	-	-
	884,290	463,190	-	36,039

Loan notes of £49,153 (Group only) of loan notes issued to shareholders of Axminster Carpets Limited on 5 April 2013 which are repayable on 30 April 2023 at par value to the extent they are not previously repaid and are non-interest-bearing.

Other loans totalling £375,000 (Group only) do not carry interest and are unsecured. This loan is subject to repayment conditions which the directors consider will not be met in the foreseeable future.

continued...

19. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2019	2018 as restated	2019	2018 as restated
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	1,336,938	8,528,787	1,336,938	7,757,939
Bank loans	1,865,052	800,000	1,865,052	-
Other loans	194,404	72,019	38,154	72,019
	3,396,394	9,400,806	3,240,144	7,829,958
Amounts falling due between one and two years:				
Other loans	156,250	36,039	-	36,039
Amounts falling due between two and five years:				
Loan notes	49,153	-	-	-
Other loans	301,731	-	-	-
	350,884	-	-	-
Amounts falling due in more than five years:				
Repayable otherwise than by instalments				
Loan notes	-	49,153	-	-
Other loans	375,000	375,000	-	-
	375,000	424,153	-	-

20. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2019	2018 as restated
	£	£
Net obligations repayable:		
Within one year	842	842
Between one and five years	2,156	2,998
	2,998	3,840

continued...

20. **LEASING AGREEMENTS - continued**

Group

	Non-cancellable operating leases	
	2019	2018 as restated
	£	£
Within one year	268,688	254,480
Between one and five years	746,844	791,755
In more than five years	1,482,171	1,667,171
	2,497,703	2,713,406

During the year £258,207 (2018 - £222,571) was recognised as an expense in the profit and loss account in respect of operating leases.

Subsequent to the year end the parent company entered into a six month lease on a property for £20,000. Also after the balance sheet date the directors of the subsidiary company renegotiated its property leases, extending them to 31 December 2030, with a total future financial commitment of £2,181,458.

Company

	Non-cancellable operating leases	
	2019	2018 as restated
	£	£
Within one year	1,400	-

continued...

21. **PROVISIONS FOR LIABILITIES**

Deferred tax assets and liabilities are attributed to the following:

Group

	2019 £	2018 £
Accelerated capital allowances	-	39,520
Depreciation in excess of capital allowances	(124,437)	-
Arising on business combinations	80,639	486,591
Short-term timing differences	(14,276)	(13,213)
Unused tax losses	(1,278,027)	(648,922)
Deferred tax asset not provided	1,336,101	136,024
Other	-	89,106
Tax (assets)/liabilities	-	89,106
Charge/(credit) to Profit and Loss	-	-
Charge/(credit) to Other comprehensive income	(89,106)	-
	(89,106)	-

The deferred tax asset has not been recognised due to the uncertainty surrounding its recoverability.

A deferred tax liability arose on the acquisition of the intangible assets of Axminster Carpets Limited at acquisition. This deferred tax liability has been offset against the deferred tax asset arising on the gross tax losses of Axminster Carpets Limited and has not been recognised as a deferred tax liability in the accounts.

Company

	2019 £	2018 £
Depreciation in excess of capital allowances	(20,344)	(16,863)
Short-term timing differences	-	(1,819)
Unused tax losses	(376,286)	(400,635)
Deferred tax asset not provided	396,630	419,317
Other	-	89,106
Tax (assets)/liabilities	-	89,106
Charge/(credit) to Profit and Loss	-	-
Charge/(credit) to Other comprehensive income	(89,106)	-
	(89,106)	-

The deferred tax asset has not been recognised due to the uncertainty surrounding its recoverability.

Deferred tax has been calculated at a tax rate of 19% (2018 - 17%).

continued...

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018 as restated
			£	£
93,456	Ordinary	£1	93,456	93,456

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

23. RESERVES

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses.

Where tangible fixed assets are revalued the cumulative increase in the fair value of the assets in excess of current carrying value based on historical cost is included in the revaluation reserve.

The capital redemption reserve represents the nominal value of share capital repurchased by the company.

Retained earnings represent cumulative profits or losses net of dividends and other adjustments.

24. CONTINGENT LIABILITIES

The bank has provided a guarantee of £10,000 in favour of HMRC Central Deferment Office.

25. RELATED PARTY DISCLOSURES

During the period the company made sales totalling £47,460 (2018 - £Nil) to Axminster Carpets Limited. The company also charged £274,255 (2018 - £242.747) in respect of interest and monitoring fees to. As at 28 February 2019 the company was owed £232,808 by Axminster Carpets Limited (2018 - £6,298,573), following a provision against this balance of £6,119,814.

The company was owed £67,928 (2018 - £67,928) by HDTT Textiles S.R.L., a joint venture. This balance has been subject to a full impairment provision in the period.

During the period the company charged rent, management fees and interest totalling £139,140 (2018 - £178,452) to entities under common control and were charged interest, salaries and storage and handling fees totalling £209,585 (2018 - £188,215). As at 28 February 2019 the company was owed £1,285,241 (2018 - £1,283,636) and owed £298,215 (2018 - £304,378) to these companies. Against the balance owed to the company by certain entities under common control an impairment provision totalling £782,889 was made during the period.

During the year total key management personnel compensation of £694,597 (2018 - £984,487) was paid.

26. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is considered to be J H Dawson.

continued...

27. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019	2018 as restated
	£	£
Loss before taxation	(4,724,175)	(1,955,133)
Depreciation charges	231,866	293,243
Profit on disposal of fixed assets	(39,425)	(15,358)
Amortisation of intangibles	428,049	290,586
Impairment of assets	4,238,911	-
Finance costs	249,066	245,446
Finance income	(58,280)	(70,076)
	326,012	(1,211,292)
Decrease in stocks	2,399,250	904,300
Decrease in trade and other debtors	1,476,946	2,031,816
Increase/(decrease) in trade and other creditors	575,799	(914,930)
Cash generated from operations	4,778,007	809,894

28. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 28 February 2019

	28.2.19	1.3.18
	£	£
Cash and cash equivalents	194,009	43,197
Bank overdrafts	(1,336,938)	(8,528,787)
	(1,142,929)	(8,485,590)

Year ended 28 February 2018

	28.2.18 as restated	1.3.17
	£	£
Cash and cash equivalents	43,197	47,763
Bank overdrafts	(8,528,787)	(9,463,067)
	(8,485,590)	(9,415,304)