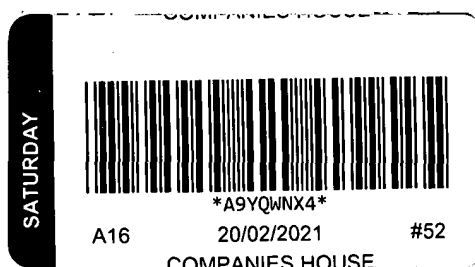


REGISTERED NUMBER: 00274345 (England and Wales)

**Strategic Report,
Report of the Directors and
Financial Statements
for the Year Ended
29 February 2020
for
H.Dawson Sons and Company (Wool) Limited**



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

**Contents of the Financial Statements
for the Year Ended 29 February 2020**

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H.Dawson Sons and Company (Wool) Limited

**Company Information
for the Year Ended 29 February 2020**

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

**Strategic Report
for the Year Ended 29 February 2020**

The year ended 29th February 2020 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

During the year, the Directors have worked hard to focus the business on sustainable, wool-based products that provide a practical alternative to oil based synthetic man-made fibres. This year has seen the implementation of forward-thinking strategies to improve financial performance by building on the business's strengths and knowledge base.

The decline in turnover has continued, which was due to the fundamental repositioning of the business and its product offerings. The additional costs incurred this year have been necessary as part of this exercise. The Directors have ensured that the business has met all its commitments under the Company Voluntary Arrangement, and the final payment (in full and final settlement) will be made in February 2021. The final agreed position with creditors included under the Company Voluntary Arrangement has been taken into consideration in preparing these financial statements (see note 7).

H Dawson, along with its customers and suppliers, has suffered considerable disruption during 2020 due to the Covid-19 Pandemic. The Company is showing sustained signs of profitability and liquidity and is optimistic about a return to profitability over subsequent financial years, as the world economy returns to normal.

As a consequence of the measures taken in this and the previous financial period it is comforting to see the Company's balance sheet return to a position of solvency, providing the business with a more stable platform from which to continue to improve financial performance.

Axminster Carpets Limited

Despite the best efforts of the Directors and the entire team, Axminster Carpets entered administration on 19th February 2020 and therefore H. Dawson, Sons & Co. (Wool) Ltd have lost control of the subsidiary.

RISKS AND UNCERTAINTIES

In common with all businesses across the globe, the Company faces risk and great uncertainty as a consequence of the 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 them to endure these same risks and uncertainties. The Directors have worked hard to mitigate these risks wherever possible, as noted in the going concern note to the financial statements on pages 12 and 13.

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 the 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 has prepared for the economic and political effects of the UK's exit from the European Union, and for a variety of reasons the directors are of the opinion that the Company will not be adversely affected.

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.

**Strategic Report
for the Year Ended 29 February 2020**

KEY PERFORMANCE INDICATORS

The Company's key performance indicators are Turnover, Profit and Cash-Flow. As reported in the financial statements, turnover of £3.6m (£10.8m in 2019) and a loss of £0.63m before exceptional items (£2.3m in 2019) reflects the tough trading conditions experienced throughout the year as well as the impact of the strategic decisions taken, as referred to above.

The Directors have focused on improving the company balance sheet, with a focus on working capital improvement (for example fixed asset and stock reduction). At a Company level Net Current Assets have improved to £0.8m compared to Net Current Liabilities of £2.7m in 2019.

This report reflects the financial results of the company only for the year ended 29 February 2020 following loss of control over Axminster Carpets Limited.

LOOKING AHEAD

Global trading conditions are expected to remain challenging until the Covid-19 Pandemic subsides. Whilst over the coming weeks the company expects to make the final payments necessary to conclude the Company Voluntary Arrangement, we do anticipate that its legacy will, in the short-term at least, continue to 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 or the 21st Century, will position the company for future sustainable growth.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'J H Dawson', written over a horizontal line.

J H Dawson - Director

19 February 2021

**Report of the Directors
for the Year Ended 29 February 2020**

The directors present their report with the financial statements of the company for the year ended 29 February 2020.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of international wool suppliers.

DIVIDENDS

No dividends will be distributed for the year ended 29 February 2020.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 March 2019 to the date of this report.

A G Dawson
J H Dawson

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 company'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 company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



J H Dawson - Director

19 February 2021

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 'company') for the year ended 29 February 2020 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, 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 company's affairs as at 29 February 2020 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 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 company'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 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 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 Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

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 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, 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 Statement of Directors' Responsibilities set out on page four, 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 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.

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

19 February 2021

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

**Profit and Loss Account
for the Year Ended 29 February 2020**

	Notes	2020 £	2019 £
TURNOVER	3	3,617,922	10,791,910
Cost of sales		3,192,997	10,372,855
GROSS PROFIT		424,925	419,055
Distribution costs		52,219	302,306
Administrative expenses		1,180,593	3,174,411
		1,232,812	3,476,717
		(807,887)	(3,057,662)
Other operating income	4	178,567	756,137
OPERATING LOSS	6	(629,320)	(2,301,525)
Impairment of assets	7	(134,561)	(5,348,363)
Gain on restructuring of finance	7	-	2,443,227
Creditor balance compromised under Company Voluntary Arrangement	7	3,833,946	-
		3,070,065	(5,206,661)
Interest receivable and similar income	8	224,855	269,535
		3,294,920	(4,937,126)
Interest payable and similar expenses	9	42,015	174,997
PROFIT/(LOSS) BEFORE TAXATION		3,252,905	(5,112,123)
Tax on profit/(loss)	10	3,645	(57,765)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		3,249,260	(5,054,358)

The notes form part of these financial statements

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

**Statement of Comprehensive Income
for the Year Ended 29 February 2020**

	Notes	2020 £	2019 £
PROFIT/(LOSS) FOR THE YEAR		3,249,260	(5,054,358)
OTHER COMPREHENSIVE INCOME			
Loss on revaluation of tangible fixed assets		-	(293,007)
Income tax relating to other comprehensive income		-	89,106
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		-	(203,901)
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>3,249,260</u>	<u>(5,258,259)</u>

The notes form part of these financial statements

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

Balance Sheet
29 February 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	11	8,296	265,708
Investments	12	-	2
		<u>8,296</u>	<u>265,710</u>
CURRENT ASSETS			
Stocks	13	581,202	1,548,835
Debtors	14	1,596,248	2,387,324
Cash at bank and in hand		129,837	63,141
		<u>2,307,287</u>	<u>3,999,300</u>
CREDITORS			
Amounts falling due within one year	15	1,535,852	6,734,539
NET CURRENT ASSETS/(LIABILITIES)		<u>771,435</u>	<u>(2,735,239)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>779,731</u></u>	<u><u>(2,469,529)</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	93,456	93,456
Share premium	20	65,309	65,309
Revaluation reserve	20	-	253,375
Capital redemption reserve	20	199,284	199,284
Retained earnings	20	421,682	(3,080,953)
SHAREHOLDERS' FUNDS		<u><u>779,731</u></u>	<u><u>(2,469,529)</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 19 February 2021 and were signed on its behalf by:



J.H. Dawson - Director

**Statement of Changes in Equity
for the Year Ended 29 February 2020**

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 March 2018	93,456	1,035,441	65,309
Changes in equity			
Total comprehensive income	-	(5,054,358)	-
Disposal of revalued freehold property	-	897,500	-
Deferred tax on revaluation of freehold property	-	(5,589)	-
Reserve transfer - depreciation of revalued tangible fixed assets	-	46,053	-
Balance at 28 February 2019	93,456	(3,080,953)	65,309
Changes in equity			
Total comprehensive income	-	3,249,260	-
Disposal of revalued freehold property	-	253,375	-
Balance at 29 February 2020	93,456	421,682	65,309
	Revaluation reserve £	Capital redemption reserve £	Total equity £
Balance at 1 March 2018	1,395,240	199,284	2,788,730
Changes in equity			
Total comprehensive income	(203,901)	-	(5,258,259)
Disposal of revalued freehold property	(897,500)	-	-
Deferred tax on revaluation of freehold property	5,589	-	-
Reserve transfer - depreciation of revalued tangible fixed assets	(46,053)	-	-
Balance at 28 February 2019	253,375	199,284	(2,469,529)
Changes in equity			
Total comprehensive income	-	-	3,249,260
Disposal of revalued freehold property	(253,375)	-	-
Balance at 29 February 2020	-	199,284	779,731

The notes form part of these financial statements

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

**Cash Flow Statement
for the Year Ended 29 February 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	25	(213,142)	3,375,409
Interest paid		(42,015)	(174,997)
Tax paid		63,859	(9,739)
Net cash from operating activities		<u>(191,298)</u>	<u>3,190,673</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(3,926)	(1,166)
Sale of tangible fixed assets		260,602	1,180,000
Interest received		224,855	269,535
Net cash from investing activities		<u>481,531</u>	<u>1,448,369</u>
Cash flows from financing activities			
New loans in year		2,000,000	2,000,052
Loan repayments in year		(882,500)	(204,904)
Amount introduced by directors		-	35,572
Amount withdrawn by directors		(4,099)	-
Net cash from financing activities		<u>1,113,401</u>	<u>1,830,720</u>
Increase in cash and cash equivalents		<u>1,403,634</u>	<u>6,469,762</u>
Cash and cash equivalents at beginning of year	26	(1,273,797)	(7,743,559)
Cash and cash equivalents at end of year	26	<u><u>129,837</u></u>	<u><u>(1,273,797)</u></u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 29 February 2020**

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

The financial statements contain information about H Dawson Sons and Company (Wool) Limited as an individual company and do not contain consolidated financial information as the parent of a group. In the opinion of the directors when its subsidiary entered administration on 19 February 2020 it created a severe long-term restriction that would substantially hinder the exercise of the parent company entity's rights over the assets or over the management of the subsidiary undertaking.

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 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 Company 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 are met and in fact the final payment (in full and final settlement) is due to be made later this month. The new banking and finance facilities are working well and providing an appropriate level of support to the trading business.

In the prior year the management team delivered a major cost reduction exercise and conducted a complete rethink of the strategy required for future sustainability and growth, which has been implemented in operations for the financial year ending 29th February 2020.

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 2022 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 as recorded in these financial statements, 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 continues to pose to all businesses. H. Dawson, Sons (Wool) Limited is no exception but the Directors continue to adjust the contingency plans prepared to manage through what are difficult economic times and are aware of the support packages that are available from the Government if required. 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.

**Notes to the Financial Statements - continued
for the Year Ended 29 February 2020**

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.

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

The Directors accept that the unprecedented economic circumstances created by the Covid-19 pandemic continue to give rise to some financial uncertainty but are of the opinion that the Company is a going concern and that it remains appropriate for the financial statements to be prepared on a going concern basis.

Turnover

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.

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, 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 property	50 years
Plant and machinery	10 years
Fixtures and fittings	4 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 property is 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.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

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 material, duty and freight charges and is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

**Notes to the Financial Statements - continued
for the Year Ended 29 February 2020**

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), 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.

Trade creditors, accruals, bank and other loans included within the Company Voluntary Arrangement have seen a change to their contractual terms resulting in either a revision to the estimates of payments or a substantial modification to the terms of these financial liabilities. As a consequence the original financial liability has been extinguished and a new financial liability recognised representing the amounts payable under the CVA, or if materially different, the present value of estimated future cash flows at the original effective interest rate. The difference between the carrying amount of the financial liability extinguished and the new financial liability has been recognised as a creditor balance compromised under the Company Voluntary Arrangement in the profit and loss account.

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.

Notes to the Financial Statements - continued
for the Year Ended 29 February 2020

2. ACCOUNTING POLICIES - continued

Research and development

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

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.

Pension costs

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

Leases

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.

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.

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.

**Notes to the Financial Statements - continued
for the Year Ended 29 February 2020**

2. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company'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 company'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:

Net realisable value of stock

The Company 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.

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.

3. TURNOVER

Turnover relates to the resale of goods and manufacture of goods for sale.

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.

4. OTHER OPERATING INCOME

	2020	2019
	£	£
Commission received	98,463	566,912
Rents received	18,750	75,000
Management charges and fees to related parties	61,354	114,225
	<u>178,567</u>	<u>756,137</u>

5. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	338,839	1,130,007
Social security costs	69,498	100,355
Other pension costs	53,914	59,950
	<u>462,251</u>	<u>1,290,312</u>

**Notes to the Financial Statements - continued
for the Year Ended 29 February 2020**

5. EMPLOYEES AND DIRECTORS - continued

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

	2020	2019
Management, trading and office	<u>17</u>	<u>27</u>

	2020 £	2019 £
Directors' remuneration	110,835	289,257
Directors' pension contributions to money purchase schemes	<u>40,873</u>	<u>43,013</u>

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

	2020	2019
Money purchase schemes	<u>1</u>	<u>2</u>

6. OPERATING LOSS

	2020 £	2019 £
Depreciation - owned assets	3,240	33,007
Profit on disposal of fixed assets	(10,435)	(8,420)
Foreign exchange differences	109,895	(17,220)
Operating lease charges and equipment hire	3,446	-
Auditors remuneration - audit of the financial statements	12,250	26,600
Auditors remuneration - taxation - compliance and related services	3,400	3,400
(Reversal of impairment)/Impairment of stock	(391,717)	124,929
Impairment of debtors	<u>82,477</u>	<u>862,208</u>

7. EXCEPTIONAL ITEMS

	2020 £	2019 £
Impairment of loan due from subsidiary undertaking	134,561	5,348,363
Gain on restructuring of finance	-	(2,443,227)
Creditor balance compromised under Company Voluntary Arrangement	(3,974,549)	-
Company Voluntary Arrangement fees	<u>140,603</u>	<u>-</u>
	<u>(3,699,385)</u>	<u>2,905,136</u>

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £	2019 £
Deposit account interest	9,367	34
Interest receivable from related parties	215,418	269,397
Interest on tax	<u>70</u>	<u>104</u>
	<u>224,855</u>	<u>269,535</u>

**Notes to the Financial Statements - continued
for the Year Ended 29 February 2020**

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £	2019 £
Bank loan and overdraft interest	24,536	131,558
Interest payable to related parties	7,427	11,497
Invoice discounting	5,060	30,082
Other interest payable	4,992	1,860
	<u>42,015</u>	<u>174,997</u>

10. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2020 £	2019 £
Current tax:		
Adjustments in respect of prior periods	-	(67,504)
Foreign tax	3,645	9,739
	<u>3,645</u>	<u>(57,765)</u>
Tax on profit/(loss)	<u>3,645</u>	<u>(57,765)</u>

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Profit/(loss) before tax	<u>3,252,905</u>	<u>(5,112,123)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	618,052	(971,303)
Effects of:		
Expenses not deductible for tax purposes	28,725	1,043,321
Income not taxable for tax purposes	(755,164)	-
Adjustments to tax charge in respect of previous periods	-	(67,504)
Foreign tax	3,645	9,739
Movement in unprovided deferred tax asset	108,387	(72,018)
Total tax charge/(credit)	<u>3,645</u>	<u>(57,765)</u>

Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 29 February 2020.

Notes to the Financial Statements - continued
for the Year Ended 29 February 2020

10. TAXATION - continued

	Gross £	2019 Tax £	Net £
(Loss)/Gain on revaluation of tangible fixed assets	(293,007)	89,106	(203,901)
	<u>(293,007)</u>	<u>89,106</u>	<u>(203,901)</u>

A deferred tax asset of £590,000 (2019 - £482,000), calculated at a tax rate of 19%, has not been recognised due to the uncertainty surrounding the timing of its realization.

11. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST OR VALUATION			
At 1 March 2019	299,429	61,785	260,398
Additions	-	-	3,926
Disposals	(299,429)	(42,019)	(41,206)
At 29 February 2020	-	19,766	223,118
DEPRECIATION			
At 1 March 2019	46,053	55,196	254,728
Charge for year	6,912	1,019	3,240
Eliminated on disposal	(52,965)	(39,454)	(40,074)
At 29 February 2020	-	16,761	217,894
NET BOOK VALUE			
At 29 February 2020	-	3,005	5,224
At 28 February 2019	<u>253,376</u>	<u>6,589</u>	<u>5,670</u>
	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 March 2019	169,720	177,195	968,527
Additions	-	-	3,926
Disposals	(169,720)	-	(552,374)
At 29 February 2020	-	177,195	420,079
DEPRECIATION			
At 1 March 2019	169,714	177,128	702,819
Charge for year	-	-	11,171
Eliminated on disposal	(169,714)	-	(302,207)
At 29 February 2020	-	177,128	411,783
NET BOOK VALUE			
At 29 February 2020	-	67	8,296
At 28 February 2019	<u>6</u>	<u>67</u>	<u>265,708</u>

**Notes to the Financial Statements - continued
for the Year Ended 29 February 2020**

11. TANGIBLE FIXED ASSETS - continued

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

	29 February 2020 £	28 February 2019 £
Land and Buildings		
At fair value	-	253,376
Historical cost net book value	-	1

12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Interest in joint venture £	Listed investments £	Unlisted investments £	Totals £
COST					
At 1 March 2019	2	16,992	1,353	205,744	224,091
Disposals	-	(16,992)	(1,353)	(205,744)	(224,089)
At 29 February 2020	2	-	-	-	2
PROVISIONS					
At 1 March 2019	-	16,992	1,353	205,744	224,089
Provision for year	2	-	-	-	2
Eliminated on disposal	-	(16,992)	(1,353)	(205,744)	(224,089)
At 29 February 2020	2	-	-	-	2
NET BOOK VALUE					
At 29 February 2020	-	-	-	-	-
At 28 February 2019	2	-	-	-	2

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

ACL 2020 Limited (previously Axminster Carpets Limited)

Registered office: The Shard, 32 London Bridge Street, London, SE1 9SG

Nature of business: Manufacturer of carpets and rugs

Class of shares:	% holding
Ordinary	59.38

13. STOCKS

	2020 £	2019 £
Raw materials and consumables	581,202	1,548,835

**Notes to the Financial Statements - continued
for the Year Ended 29 February 2020**

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	784,186	1,263,798
Amounts owed by group undertakings	-	232,808
Other debtors	793,383	778,246
Corporation tax	-	67,504
Prepayments and accrued income	18,679	44,968
	<u>1,596,248</u>	<u>2,387,324</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans and overdrafts (see note 16)	40,000	3,201,990
Other loans (see note 16)	7,154	38,154
Trade creditors	1,037,704	2,184,697
Social security and other taxes	110,622	51,463
Other creditors	129,292	954,964
Directors' current accounts	67,044	71,143
Accruals and deferred income	144,036	232,128
	<u>1,535,852</u>	<u>6,734,539</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	1,336,938
Bank loans	40,000	1,865,052
Other loans	7,154	38,154
	<u>47,154</u>	<u>3,240,144</u>

17. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	<u>7,121</u>	<u>1,400</u>

18. SECURED DEBTS

The company's invoice discounting facility is secured on book debts and other assets of the company. The bank loan is secured by a fixed and floating charge over the company's assets, alongside the assignment of certain contract monies. Other loans are unsecured.

**Notes to the Financial Statements - continued
for the Year Ended 29 February 2020**

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2020	2019
Number:	Class:		£	£
93,456	Ordinary	£1	<u>93,456</u>	<u>93,456</u>

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.

20. 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.

21. CONTINGENT LIABILITIES

Should the company fail to adhere to the terms of the Company Voluntary Arrangement then it is likely that the value of the original debt would become payable on demand. The value of this debt is £1,279,956.

22. RELATED PARTY DISCLOSURES

During the period the company made sales totalling £Nil (2019 - £47,460) to Axminster Carpets Limited. The company also charged £230,879 (2019 - £274,255) in respect of interest and monitoring fees to Axminster Carpets Limited. As at 29 February 2020 the company was owed £Nil by Axminster Carpets Limited (2019 - £232,808) following a provision against this balance of £134,561 (2019 - £5,348,363).

During the period the company made sales and charged salaries, rent, management fees and interest totalling £123,057 (2019 - £139,140) to entities under common control and were charged interest and storage and handling fees totalling £44,414 (2019 - £209,585). As at 29 February 2020 the company was owed £353,309 (2019 - £1,285,241) and owed £408,286 (2019 - £298,215) to these companies. No provision has been made against the balances due to the company (2019 - £850,817).

23. POST BALANCE SHEET EVENTS

As a direct consequence of the Coronavirus (COVID-19) pandemic like the majority of other businesses, the company's trading operations have been impacted since 23 March 2020.

At the date of approval of the financial statements it has not been possible to quantify or ascertain with any certainty the financial impact of Covid-19. As it is a non-adjusting event occurring after the year end, no adjustments have been made to any figures in the financial statements as a result of the pandemic.

24. ULTIMATE CONTROLLING PARTY

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

Notes to the Financial Statements - continued
for the Year Ended 29 February 2020

25. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020 £	2019 £
Profit/(loss) before taxation	3,252,905	(5,112,123)
Depreciation charges	11,171	33,007
Profit on disposal of fixed assets	(10,435)	(8,420)
Impairment of investment in subsidiary	2	-
Creditor balance compromised under CVA	(2,973,552)	-
Finance costs	42,015	174,997
Finance income	(224,855)	(269,535)
	<u>97,251</u>	<u>(5,182,074)</u>
Decrease in stocks	967,633	1,686,594
Decrease in trade and other debtors	723,572	7,139,420
Decrease in trade and other creditors	(2,001,598)	(268,531)
Cash generated from operations	<u>(213,142)</u>	<u>3,375,409</u>

26. 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 29 February 2020

	29.2.20 £	1.3.19 £
Cash and cash equivalents	129,837	63,141
Bank overdrafts	-	(1,336,938)
	<u>129,837</u>	<u>(1,273,797)</u>

Year ended 28 February 2019

	28.2.19 £	1.3.18 £
Cash and cash equivalents	63,141	14,380
Bank overdrafts	(1,336,938)	(7,757,939)
	<u>(1,273,797)</u>	<u>(7,743,559)</u>

27. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1.3.19 £	Cash flow £	At 29.2.20 £
Net cash			
Cash at bank and in hand	63,141	66,696	129,837
Bank overdrafts	(1,336,938)	1,336,938	-
	<u>(1,273,797)</u>	<u>1,403,634</u>	<u>129,837</u>
Debt			
Debts falling due within 1 year	(1,903,206)	1,856,052	(47,154)
	<u>(1,903,206)</u>	<u>1,856,052</u>	<u>(47,154)</u>
Total	<u>(3,177,003)</u>	<u>3,259,686</u>	<u>82,683</u>