Registered number: 00506170

JAMES DEWHURST LIMITED

Annual report and financial statements

For the Year Ended 31 December 2019

Company information

DIRECTORS	M Sioen G Asselman F Veranneman M Blackwell (resigned 30 June 2020) I J Ford (appointed 14 May 2019)
REGISTERED NUMBER	00506170
COMPANY TYPE	Private Limited Company
REGISTERED OFFICE	James Dewhurst Limited Altham Lane Altham Accrington Lancashire BB5 5YA
STATUTORY AUDITOR	Deloitte LLP Statutory Auditor 2 Hardman Street Manchester M3 3HF

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INTRODUCTION

The Directors, in preparing this Strategic Report, have complied with s414c of the Companies Act 2006. The directors present their Strategic Report of the Company for the 12 months ended 31 December 2019.

BUSINESS REVIEW

The principal activity of the Company in the 12 months under review was that of textile manufacturing. Notable events in the year in support of the Company's strategy include:

- An increase in capacity through investment in additional production lines was realised with the successful commissioning of a new line at the end of Q2 and a second line at the end of Q4. This is in support of the growth in our key customer markets whilst enabling our entry into new sectors.
- Significant investment of time and resource into our New Business Development programme has started to deliver results with new products and new applications of existing products delivering tangible commercial benefits with a strong outlook for the future.
- A new ERP system project was launched at the end of Q2 with the intended benefits of further integration with our parent company and cost saving opportunities through the streamlining of various business processes. The Go-Live date for this is scheduled for Q2 2020.

The Company continues to focus its efforts on Continuous Improvement methodologies to reduce the cost of quality, improve raw material utilisation by reducing waste and further enhancing service levels to our customers. This will include continued investment in research and development for product and process improvement.

The profit for the year ended 31 December 2019 was £3,335,000 (2018: £5,010,000). The decrease in profit was due to a combination of factors including reduced interest received from Dewtex Inc as a result of a debt/equity swap in January 2019 (see note 14 for further information), adverse effects of foreign exchange rate movements, losses on disposal of certain equipment as part of a factory reorganisation following investment in new machinery, a change in the mix of products sold, higher gas prices, employment costs and increased raw material duty costs.

KEY PERFORMANCE INDICATORS

The Company's key performance indicators are sales, gross profit percentage and earnings before tax, interest, depreciation, amortisation and exceptional items (EBITDA). For the year to 31 December 2019:

- Sales were £30.6m (2018: £30.5m). Total sales volume year on year was comparable with a slight reduction in weaving sales offset by increased Dewtex sales.

- Gross profit percentage was 33.5% (2018: 34.7%). The margin reduction of 1.2% from 2018 was due to a change in the mix of products sold, higher gas prices, employment costs and increased raw material duty costs.

- EBITDA was £4.3m (2018: £5.3m). The decrease was as a result of a change in product mix to lower margin products, losses on disposal of certain equipment, increased costs for energy consumption, and increases in employment costs.

The aim of the directors for the forthcoming year is to leverage the sales opportunity facilitated by the investment in new production capability. To capitalise on the market opportunities identified through the New Business Development process and to transition to the Sioen Group ERP system with minimal disruption to the business and our customers, whilst extracting maximum benefit from the synergies it offers. The directors consider 2019 to be a successful year for the Company, 2020 has proved to be more challenging with the effects of Covid-19 and the loss of some business, but given the investments and improvements made coupled with a strong order book the outlook for 2021 is positive.

SECTION 172 (1) STATEMENT

In governing the company on behalf of its shareholders and discharging their duties under section 172, the board has had regard to the factors set out in section 172 (see below) and other factors which the board considers appropriate.

Matters identified that may affect the company's performance in the long term are set out in the principal risks disclosed in the strategic report below.

The company has engaged with key stakeholders and the outcome from such engagement has been considered by the directors during the decision making process where appropriate.

Section 172 factors
Section 172 requires directors to have regard to the following in performing their duties, and as part of the process are required to consider, where relevant:

a) The likely long-term consequences of the decision.
b) The interests of the company's employees.
c) The need to foster the company's business relationships with suppliers, customers and others.
d) The impact of the company's operations on the community and the environment.
e) The desire to maintain the company's reputation for high standards of business conduct.
f) The need to act fairly between members of the company.

As a subsidiary of Sioen, the directors have the support of the group in the discharge of their duties and whilst making a decision on behalf of the company. The Group's investment strategy and management of the subsidiary businesses is primarily performed by the management of Sioen and the directors of the company have access to functional assurance support from Sioen to identify matters which may have an impact on any proposed decision including, where relevant, section 172 factors as outlined above.

During the year the directors continued to monitor progress against the company's strategy, as highlighted in the business review section of the strategic report of the company.

The key decisions taken by the directors during the financial year and the impact on stakeholders considered are:

- Investment in additional production lines during the year to support the growth in our key customer markets whilst enabling our entry into new sectors.
- Investment of time and resource into our New Business Development programme to continue to develop new products and new applications of existing products for the benefit of our customers and provide development opportunities for employees.
- Planning for the implementation of a new ERP system to provide further integration with our parent company and improvements in various business processes.
- Close communication with a range of customers and our employees post year end during the COVID-19 pandemic to understand the impact on their business and work closely with them and our employees to ensure we can meet the needs of our customers whilst ensuring the safety and wellbeing of our employees.
- Conversion of the loans made by the company to Dewtex Inc into equity to ensure the appropriate capitalisation of the subsidiary.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to various financial risks such as credit risk, liquidity risk, interest rate risk and currency risk. The use of financial derivatives are governed by policies approved by the board of directors, which provide principles on the use of financial derivatives to manage these risks. The Company does not hold any derivative financial instruments and the Company does not use derivative financial instruments for speculative purposes.

Credit Risk
The Company's principal financial assets are bank balances and cash, trade and other receivables, and loans to group companies. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The company grants credit when it makes sales to certain customers. To mitigate credit risk, the Company has policies in place to ensure that sales are made to customers with an appropriate credit history. The Company's ultimate parent company has a dedicated Credit Control Department and has a group credit insurance scheme.

Liquidity Risk
The Company's borrowings are managed to ensure it has sufficient funds available for current operations and any future expansion plans. The majority of borrowings are in the form of intercompany loans

Interest Rate Risk
The Company is financed by its Ultimate Parent and is charged interest according to a combination of interest rates and hedges put in place by the Ultimate Parent.

Currency Risk
The Company is exposed to a number of foreign currencies in its trading activities, mainly the Euro. Its borrowings are also denominated in Euros, which provides a natural offset to Euro denominated income. The Company continues to monitor the foreign currency exposures to manage the currency risk.

PRINCIPAL RISKS AND UNCERTAINTIES

In addition to the financial risks described above, the principal risks and uncertainties faced by the Company include the impact of Brexit resulting from the uncertainty over the implementation and impact of the trade deal as the vast majority of the Company's sales are made within the EU trading area. The most significant risk would be the application of duty to the movement of goods, especially our European exports which would make the Company less competitive.

Other risks feature lower on our risk scale and include a major interruption to production in the UK, a significant increase in the cost or interruption in availability of raw materials and a sharp reduction in the demand for or price achieved on the sale of finished goods. These risks are reduced by buying raw materials from a number of suppliers who manufacture in different parts of the world, by buying under twelve-month supply agreements and buying forward. In addition, a significant proportion of goods sold are supplied under twelve-month sales contracts. The Company has business interruption insurance in place to cover a significant interruption in the supply of raw materials and a major interruption in production.

The Company continues to review its strategies to mitigate these risks.

CLIMATE CHANGE

The company has assessed the likely future impact of climate change and determined that it will not have a material impact. The risk of rising sea-levels and adverse weather patterns does not put the company's operations at risk, and is not expected to impact key suppliers. The company may find opportunities to increase revenue in some markets as a result of climate change but may also see additional costs relating to energy.

This report was approved by the board on 22 February 2021 and signed on its behalf by:

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I J Ford
Director

The directors present their annual report and the audited financial statements for the year ended 31 December 2019. As allowed by s414C (11) of the Companies Act 2006, the Company has included disclosure of the financial risk management objectives and policies in the strategic report and they form part of this report by cross reference.

RESULTS AND DIVIDENDS

The profit for the year to 31 December 2019 amounted to £3,335,000 (2018: £5,010,000).

No dividends were paid during the year and the directors do not recommend payment of a final dividend for the year ended 31 December 2019 (2018: £nil).

DIRECTORS

The directors who served during the year and up to the date of signing were:
M Sioen
G Asselman
F Veranneman
M Blackwell (resigned 30 June 2020)
I J Ford (appointed 14 May 2019)

DIRECTORS INDEMNITIES

The company and its subsidiaries has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

GOING CONCERN

In assessing the ability of the Company to continue as a going concern, the directors have considered board approved forecasts which show an improvement in EBITDA, positive cash-flow generation and show the company operating within existing facilities. Furthermore, the company has received assurances that the ultimate parent company (Sioen Industries NV) intends to maintain the group's existing facilities for the foreseeable future. Accordingly, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of signing this report and it is appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements.

FUTURE DEVELOPMENTS

Looking ahead to 2021 and beyond, the aim of the Directors will be to minimise the potential impact of Brexit and to focus on rebuilding the sales revenue lost as a result of the Covid-19 pandemic. Further development of the Company's product portfolio and expansion into new market sectors is intended to offset the demise of some of our older and more traditional markets. Ongoing collaboration with the Sioen Group in the areas of operational excellence, global purchasing, and ERP is expected to deliver further benefits and opportunities for further cost optimisation.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the Company newsletter. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

NON-ADJUSTING POST BALANCE SHEET EVENTS

There were no other non-adjusting events after the reporting period.

DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

INDEPENDENT AUDITOR

Deloitte LLP will be proposed for reappointment as auditor in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 February 2021 and signed on its behalf by:

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I J Ford - Director

Directors' responsibilities statement
For the Year Ended 31 December 2019

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of James Dewhurst Limited (the 'company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 auditor's 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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on other legal and regulatory requirements

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Giles Murphy

Giles Murphy FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester
United Kingdom
22 February 2021

Statement of comprehensive income
For the Year Ended 31 December 2019

	Note	2019 £000	*2018 £000*
Turnover	4	**30,567**	*30,507*
Cost of sales		**(20,329)**	*(19,927)*
GROSS PROFIT		**10,238**	*10,580*
Administrative expenses		**(6,395)**	*(5,651)*
OPERATING PROFIT	5	**3,843**	*4,929*
Interest receivable and similar income	9	**288**	*1,193*
Interest payable and similar expenses	10	**(230)**	*(117)*
PROFIT BEFORE TAXATION		**3,901**	*6,005*
Tax on profit	11	**(566)**	*(995)*
PROFIT FOR THE FINANCIAL YEAR		**3,335**	*5,010*
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,335**	*5,010*

The notes on pages 15 to 39 form part of these financial statements.

All profits and losses included in the statement of comprehensive income for both years presented are from continuing activities.

Statement of financial position
As at 31 December 2019

	Note		2019 £000		2018 £000
FIXED ASSETS					
Property, plant and equipment	12		**10,266**		*6,053*
Intangible assets	13		**65**		*44*
Investments	14		**4,197**		*5,462*
			14,528		*11,559*
CURRENT ASSETS					
Stocks	15	**4,263**		*4,185*	
Debtors	16	**10,083**		*8,931*	
Cash at bank and in hand		**783**		*1,246*	
		15,129		*14,362*	
Creditors: amounts falling due within one year	17	**(5,547)**		*(5,418)*	
NET CURRENT ASSETS			**9,582**		*8,944*
TOTAL ASSETS LESS CURRENT LIABILITIES			**24,110**		*20,503*
Creditors: amounts falling due after more than one year	18	**(90)**		-	
Deferred taxation	20	**(291)**		*(109)*	
			(381)		*(109)*
NET ASSETS			**23,729**		*20,394*
CAPITAL AND RESERVES					
Called up share capital	21		**20**		*20*
Share premium account	22		**27**		*27*
Capital redemption reserve	22		**21**		*21*
Profit and loss account	22		**23,661**		*20,326*
Total equity			**23,729**		*20,394*

The notes on pages 15 to 39 form part of these financial statements.

The financial statements of James Dewhurst Limited (registered number 00506170) were approved by the Board of Directors and authorised for issue on 22 February 2021. They were signed on its behalf by:

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I J Ford
Director

Statement of changes in equity
For the Year Ended 31 December 2019

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2018	**20**	**27**	**21**	**15,316**	**15,384**
Profit for the year	-	-	-	5,010	5,010
Other comprehensive income for the year	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**-**	**5,010**	**5,010**
At 31 December 2018	**20**	**27**	**21**	**20,326**	**20,394**
Profit for the year	-	-	-	3,335	3,335
Other comprehensive income for the year	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**-**	**3,335**	**3,335**
At 31 December 2019	**20**	**27**	**21**	**23,661**	**23,729**

The notes on pages 15 to 39 form part of these financial statements.

1. GENERAL INFORMATION

James Dewhurst Limited (the 'Company') is a private company limited by shares, incorporated in United Kingdom under the Companies Act 2006 and registered in England and Wales.

The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 4. The address of the Company's registered office is Altham Lane, Altham, Accrington, Lancashire, BB5 5YA.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the consolidated financial statements of Sioen Industries NV ('Sioen') under s400. The Consolidated financial statements of Sioen Industries NV are available to the public and can be obtained as set out in note 25.

Adoption of new and revised Standards

New and amended IFRS Standards that are effective for the current year

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 16 *Leases*	The Company has applied IFRS 16 which introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.
Amendments to IFRS 9 *Prepayment Features with Negative Compensation*	The Company has adopted the amendments to IFRS 9 for the first time in the current year. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

1. GENERAL INFORMATION (continued)

New and amended IFRS Standards that are effective for the current year (continued)

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	The Company has adopted the amendments to IAS 28 for the first time in the current year. The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The Company applies IFRS 9 to such long-term interests
Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs	The Company has adopted the amendments included in the Annual Improvements to IFRS Standards 2015–2017 Cycle for the first time in the current year. The Annual Improvements include amendments to four Standards: IAS 12 Income Taxes The amendments clarify that the Company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. IAS 23 Borrowing Costs The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. IFRS 11 Joint Arrangements The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Company does not remeasure its PHI in the joint operation.
IFRIC 23 Uncertainty over Income Tax Treatments	The Company has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Company to: • determine whether uncertain tax positions are assessed separately or as a group; and • assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings: – If yes, the Company should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. – If no, the Company should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

1. GENERAL INFORMATION (continued)

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

Amendments to IFRS 3 (Oct 2018)	Definition of Business
Amendments to IAS 1 and IAS 8 (Oct 2018)	Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7 (September 2019)	Interest Rate Benchmark Reform
Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2
Annual Improvements to IFRS Standards 2018–2020 (May 2020)	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IFRS 3 (May 2020)	Annual Improvements to IFRS Standards 2018–2020 (May 2020)
Amendments to IAS 37 (May 2020)	Reference to the Conceptual Framework
IFRS 17	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to IFRS 17	Insurance Contracts
Amendments to IAS 1	IFRS 17
Amendments to IAS 1	Classification of liabilities as current or non-current
Amendments to IFRS 10 and IAS 28 (Sept 2014)	Classification of Liabilities as Current or Non-current — Deferral of Effective Date

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

As permitted by FRS 101, and where applicable, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement and certain related party transactions. Where relevant, equivalent disclosures have been given in the consolidated financial statements of Sioen Industries NV.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

2.2 Going concern

The financial statements have been prepared using the going concern basis of accounting. Further details regarding adoption of the going concern basis are included in the directors' report.

2.3 Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

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

- the Company has transferred control of the goods to the customer;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2. ACCOUNTING POLICIES (continued)

2.5 Dividend and interest income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.6 Tangible fixed assets

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

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is written off. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Freehold property	2%	on cost
Leasehold Property	2%	on cost
Plant & machinery	10% to 25%	on cost
Motor vehicles	25%	on cost

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2. ACCOUNTING POLICIES (continued)

2.7 Intangible fixed assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the following bases:

Computer software	25%	on cost

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.8 Impairment of tangible and intangible assets

At each statement of financial position date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. ACCOUNTING POLICIES (continued)

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'at amortised cost'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position (note 17).

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVPL.

2. ACCOUNTING POLICIES (continued)

2.11 Financial instruments (continued)

Held-to-maturity investments
Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Available for sale (AFS) financial assets
AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. As at 31 December 2019, the Company does not hold any financial assets classified as at AFS.

Impairment of trade receivables
The Company applies the simplified approach to impairment for trade receivables, measuring expected credit losses ("ECL") using a lifetime expected credit loss allowance. The expected credit losses are estimated using a provision matrix based on the Company's historical loss experience. The historical loss rates are adjusted for factors that are specific to the general economic conditions and an assessment of the current and forecast direction of economic conditions at the reporting date.

The Company writes off a trade receivable when there is information indicating that a counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures. Any recoveries made are recognised in profit or loss.

When a payment of trade receivables is in doubt due to factors other than credit risk, the contractual considerations are reassessed under IFRS 15 Revenue from Contracts with Customers and revenue may be reduced accordingly.

Reclassification of financial assets
An entity cannot reclassify financial liabilities under IFRS 9.

Derecognition of financial assets
The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity instrument

Classification as debt or equity
Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement.

2. ACCOUNTING POLICIES (continued)

2.11 Financial instruments (continued)

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities
There are no changes to financial liabilities under IFRS 9

Financial liabilities are classified as either financial liabilities 'at FVPL' or 'other financial liabilities'. At 31 December 2019, the Company does not hold any financial liabilities classified as at FVPL.

Other financial liabilities
Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.12 Defined contribution pension plan

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

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

2.13 Borrowing costs

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

2. ACCOUNTING POLICIES (continued)

2.14 Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.15 Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions in order to convert to the presentational currency in the financial statements. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the year in which they occur.

2.16 Current and deferred taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

2. ACCOUNTING POLICIES (continued)

2.16 Current and deferred taxation (continued)

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the statement of financial position date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.17 Operating profit

Operating profit is stated after charging exceptional items but before investment income and finance costs.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Impairment of investments

Investment in subsidiaries are valued at cost less provision for impairment and the carrying amount of investments at the balance sheet date was £4,197,000. At the end of each reporting period the Company considers whether there is any indication that investments in subsidiary companies may be impaired. If any such indication exists, the entity is required to estimate the recoverable amount of the asset.

Judgement is required to determine whether an indicator of potential impairment exists in relation to the company's investments. In applying this judgement the Company considers the impairment indicators in IAS 36, including assessing the historic and forecast performance of the Company's subsidiaries, and no such indicators of impairment have been identified during the current year. Therefore no impairment test has needed to be performed.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible and intangible 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. See note 12 for the carrying amount of the property, plant and equipment, and note 2.6 for the useful economic lives for each class of assets.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

(ii) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. The company's total exposure to outstanding debtors is the carrying value of trade and other debtors as reported in note 16.

4. TURNOVER

An analysis of the Company's turnover and revenue is as follows:

	2019 £000	2018 £000
Sales of goods	**30,567**	*30,507*
Total turnover	**30,567**	*30,507*
Interest receivable and similar income (note 9)	**288**	*1,193*
Total revenue	**30,855**	*31,700*

Turnover is wholly attributable to the manufacture of woven and laid products and arises from continuing operations. Analysis of turnover by country of destination is as follows:

	2019 £000	2018 £000
United Kingdom	**2,822**	*2,868*
Rest of Europe	**26,288**	*25,699*
Rest of the world	**1,457**	*1,940*
	30,567	*30,507*

5. OPERATING PROFIT

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

	2019 £000	*2018 £000*
Depreciation of tangible fixed assets	**484**	*413*
Depreciation of right-of-use assets	**16**	-
Amortisation of intangible fixed assets	**15**	6
Loss on disposal of fixed assets	**243**	-
Research & Development Expenditure Credit (RDEC) Tax Relief	**(45)**	*(20)*
Defined contribution pension cost	**288**	*231*

RDEC delivers tax relief on qualifying Research & Development expenditure. The mechanism for obtaining the benefit is to offset the income against the tax payable/recoverable.

6. AUDITOR'S REMUNERATION

	2019 £000	*2018 £000*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**45**	*45*

The amounts above also include fees payable to the Company's auditor for the audit of the Company's parent (Jade Equity Limited) for the year ended 31 December 2019 and 31 December 2018.

There were no non-audit services provided by the Company's auditor in either year.

7. STAFF COSTS

Staff costs for the Company, including directors' remuneration, were as follows:

	2019 £000	*2018 £000*
Wages and salaries	**5,915**	*5,663*
Social security costs	**542**	*535*
Pension costs	**288**	*231*
	6,745	*6,429*

7. STAFF COSTS (continued)

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

	2019 No.	*2018 No.*
Office and management	43	*46*
Manufacturing	138	*137*
	181	*183*

8. DIRECTORS' REMUNERATION

The remuneration of the directors, who are the key management personnel of the Company, is set out below:

	2019 £000	*2018 £000*
Directors' emoluments	154	*97*

During the year, retirement benefits were accruing to 1 director (2018: nil) in respect of defined contribution pension schemes.
The highest paid director received remuneration of £76,000 *(2018 - £79,000)*.
The highest paid director did not exercise any share options in the year and had no shares receivable under long-term incentive schemes.

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £000	*2018 £000*
Interest receivable from group companies	242	963
Exchange gain on foreign currency borrowings	46	230
Interest receivable from group companies	288	*1,193*

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £000	*2018 £000*
Interest payable to group companies	50	*81*
Interest on IFRS16 lease payments	1	-
Exchange loss on foreign currency borrowings	179	*36*
	230	*117*

11. TAX ON PROFIT

	2019 £000	2018 £000
CORPORATION TAX		
UK corporation tax	402	893
Adjustments in respect of previous years	(18)	56
TOTAL CURRENT TAX	384	949
DEFERRED TAX		
Origination and reversal of timing differences	203	51
Effect of changes in tax rates	(21)	(5)
TOTAL DEFERRED TAX	182	46
TAX ON PROFIT	566	995

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit before tax	3,901	6,005
Tax on profit multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	741	1,141
EFFECTS OF:		
Expenses not deductible for tax purposes	(25)	(20)
Adjustments in respect of previous	(18)	56
Depreciation of non-qualifying assets	22	22
Tax rate changes	(22)	(5)
RDEC credit	7	6
Group relief received free of charge	(139)	(205)
TOTAL TAX CHARGE FOR THE YEAR	566	995

The Finance Act 2016, which was substantively enacted in September 2016, included provisions to reduce the rate of corporation tax to 17% from 1 April 2020 has been deferred as announced in the 2020 UK Budget. Accordingly, 19% has been applied when calculating the tax as at 31 December 2019.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £000	Plant & machinery £000	Motor vehicles £000	Total £000
COST OR VALUATION				
At 1 January 2018	5,838	13,710	93	19,641
Additions	1	1,061	-	1,062
Disposals	-	(274)	-	(274)
At 31 December 2018	5,839	14,497	93	20,429
Additions	1,588	3,297	49	4,934
Disposals	(20)	(1,615)	(13)	(1,648)
At 31 December 2019	7,407	16,179	129	23,715
DEPRECIATION				
At 1 January 2018	2,081	12,068	82	14,231
Charge for the year	117	289	7	413
Disposals	-	(268)	-	(268)
At 31 December 2018	2,198	12,089	89	14,376
Charge for the year	117	351	16	484
Disposals	(10)	(1,391)	(10)	(1,411)
At 31 December 2019	2,305	11,049	95	13,449
NET BOOK VALUE				
At 31 December 2019	5,102	5,130	34	10,266
At 31 December 2018	*3,641*	*2,408*	*4*	*6,053*

Freehold property additions is the purchase of a building at Metcalf Drive, Altham. At the balance sheet date, the Company had not yet occupied the building as it was being used by the previous owner so no depreciation has been applied.

There are no restrictions on title and no items pledged as security for liabilities.

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Within property, plant and equipment are the following right-of-use assets resulting from application of IFRS 16 Leases on 1 January 2019.

	Plant & machinery £000	Motor vehicles £000	Total £000
COST OR VALUATION			
At 1 January 2019	-	-	-
Additions	56	49	105
At 31 December 2019	56	49	105
AMORTISATION			
At 1 January 2019	-	-	-
Charge for the year	2	14	16
At 31 December 2019	2	14	16
NET BOOK VALUE			
At 31 December 2019	54	35	89
At 31 December 2018	-	-	-

13. INTANGIBLE ASSETS

	Computer Software £000	Total £000
COST OR VALUATION		
At 1 January 2018	53	53
Additions	48	48
Disposals	(4)	(4)
At 31 December 2018	97	97
Additions	36	36
At 31 December 2019	133	133
DEPRECIATION		
At 1 January 2018	51	51
Charge for the year	6	6
Disposals	(4)	(4)
At 31 December 2018	53	53
Charge for the year	15	15
At 31 December 2019	68	68
NET BOOK VALUE		
At 31 December 2019	65	65
At 31 December 2018	44	44

14. INVESTMENTS

The Company has the following investments in subsidiary undertakings:

Name	Class of shares	Holding	Principal activity	Registered office address
Dewtex Inc	Ordinary	100%	Textile Manufacturer	2071 Clary Connector, Eastanollee, GA 30538, USA
James Dewhurst Trustees Limited	Ordinary	100%	Corporate Trustee	Altham Lane, Altham, Accrington, Lancashire, BB5 5YA

	Investments - subsidiary companies £000	Loans to subsidiaries £000	Total £000
COST			
At 1 January 2018 and 31 December 2018	-	21,094	21,094
Reclassification	19,829	(21,094)	(1,265)
At 31 December 2019	19,829	-	19,829
PROVISION FOR IMPAIRMENT			
At 1 January 2018 and 31 December 2018	-	15,632	15,632
Reclassification	15,632	(15,632)	-
At 31 December 2019	15,632	-	15,632
NET BOOK VALUE			
At 31 December 2019	4,197	-	4,197
At 31 December 2018	-	5,462	5,462

During the year the company exchanged the loans to its subsidiary (Dewtex Inc) to a combination of equity and a new loan receivable. The new loan is repayable on demand, therefore amounts related to the loan note have been reclassified to debtors (note 16) with the remaining amount related to equity reclassified to investments in subsidiary companies.

15. STOCKS

	2019 £000	2018 £000
Raw materials and consumables	2,283	2,002
Work in progress (goods to be sold)	374	421
Finished goods and goods for resale	1,606	1,762
	4,263	4,185

The difference between purchase price or production cost of stocks and their replacement cost is not material. During the year £14.1m (2018 £14.0m) of stocks was recognised as an expense.

16. DEBTORS

	2019 £000	2018 £000
Due within one year		
Trade debtors	3,316	3,710
Amounts owed by group undertakings	5,698	4,594
Other debtors	934	510
Prepayments and accrued income	135	117
	10,083	8,931

Amounts owed by group undertakings relates to a loan to Dewtex Inc that is unsecured, repayable on demand and bears interest at a rate of 2.00% above US LIBOR.

17. CREDITORS: Amounts falling due within one year

	2019 £000	2018 £000
Intercompany loans (see note 19)	2,986	3,034
Trade creditors	1,778	1,303
Amounts owed to group undertakings	-	-
Corporation tax	122	404
Other taxation and social security	170	168
Accruals and deferred income	491	509
	5,547	5,418

Amounts owed to group undertakings relates to loans provided by Sloen that are unsecured, interest free and repayable on demand.

18. CREDITORS: Amounts falling due after more than one year

	2019 £000	2018 £000
Leasing obligations under IFRS 16	90	-
	90	-

The Company leases several assets including motor vehicles, plant and equipment. The average lease term is 3 years and the total cash outflow for leases was £16,000.

19. LOANS

Included within the above creditors are loan amounts falling due as follows:

	2019 £000	2018 £000
Intercompany loans falling due within one year	2,986	3,034
	2,986	3,034

INTERCOMPANY LOANS

The intercompany loans comprise a €10m loan facility from the Sioen that is valid for an indefinite period but can be ended by each party after a 3-month notice period or should the subsidiary no longer be part of the Sioen group. The principal terms of this intercompany facility are:

Loan facility drawdowns
The Company can draw down amounts from the loan facility to finance working capital and normal capital expenditure by requesting the funds one week in advance. Important capital expenditure projects should be approved by the Board of Directors of Sioen before funds made available.

Netting service system
Any subsidiary of the Sioen group that adheres to the netting service system will automatically transfer a current account it has with another member of the group to Sioen on the 30th day of each month.

Cash pooling
In order to centralise the cash Sioen operates periodic (daily/weekly) balancing transactions from the subsidiary's bank account(s) to the bank account(s) of Sioen. Any cash surplus a subsidiary is holding will be transferred to Sioen and the current account the subsidiary holds with Sioen will be credited. If the subsidiary has a (planned) cash shortfall this cash shortfall will be financed by a transfer from Sioen's bank account and the current account of the subsidiary will be debited.

19. LOANS (continued)

Structural debt or receivable position

When the subsidiary has a structural debt position the current account position will be split into long-term and short-term elements at least each year end. The short-term part of the loan will be calculated as budgeted EBITDA for the next year minus budgeted capital expenditure for the next year and considered as a proxy for the repayment capacity of the subsidiary for the next year. When the subsidiary has a structural receivable position, the parties might decide on a dividend payment or other solutions to decrease the current accounts receivable of the subsidiary. However, as the facility is cancellable with 3 months' notice, the company has classified all borrowings under this facility as due within 12 months.

Interest

The current account carries interest that is calculated on a quarterly basis and also settled via the current account. In the case of debt position of the subsidiary towards Sioen the interest rate charged to the subsidiary is based on Sioen's external cost of funding, increased with a loan margin. As a consequence, interest rates might change on a quarterly basis depending on the changes in Sioen's cost of external funding. In the case of a receivable position of the subsidiary to Sioen the interest rate the subsidiary receives is equal to the EURIBOR interest rate increased by 0.05% and will be a minimum of 0.05% if the EURIBOR is negative. The interest will be calculated on the basis of a year of 360 days (with 12 30-day months) divided by 360.

Repayment

The interaction between the loan facility, netting service system and cash pooling means the subsidiary's cash positions will be transferred to Sioen that result in a repayment of the loan facility. If the subsidiary leaves the Sioen group the current account will become repayable immediately.

20. DEFERRED TAXATION

	£000
At 1 January 2018	(63)
Charged to the profit or loss	(46)
At 31 December 2018	(109)
Charged to the profit or loss	(182)
At 31 December 2019	**(291)**

The deferred tax liability is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	(296)	(114)
Other short term timing differences	5	5
	(291)	(109)

20. DEFERRED TAXATION (continued)

At the balance sheet date, the Company has unused tax capital losses of £962,464 (2018: £962,464) available for offset against future capital gains. No deferred tax asset has been recognised in respect of these losses as it is not considered probable that there will be future taxable profits available resulting in an unrecognised deferred tax asset of £163,619 (2018: £163,619). Losses may be carried forward indefinitely.

21. CALLED UP SHARE CAPITAL

	2019 £000	*2018 £000*
Authorised		
50,000 - (2018: 50,000) Ordinary shares of £1 each	**50**	*50*
1,425 - (2018: 1,425) B Ordinary shares of £1 each	**1**	*1*
	51	*51*
Allotted, called up and fully paid		
18,930 - (2018: 18,930) Ordinary shares of £1 each	**19**	*19*
1,425 - (2018: 1,425) B Ordinary shares of £1 each	**1**	*1*
	20	*20*

The Ordinary shares and B Ordinary shares rank pari passu in all respects save as follows:

Dividends
The B Ordinary shares have no rights to dividends, whereas the Ordinary shares confer the rights to receive dividends declared pro-rata to the number of shares held.

Capital
In the event of an exit where Total Equity Proceeds are greater than or equal to £21.7m, the Total Equity Proceeds are distributed amongst the holders of the Ordinary Shares and B Ordinary Shares pro-rata to the number of shares held.

In the event of an exit where Total Equity Proceeds are less than £21.7m, the capital is returned in the following order:

- First in paying the holders of Ordinary shares the subscription price of the shares (including any share premium);
- Second in paying the holders of B Ordinary shares £20 for each share held; and
- Third in distributing the balance of any proceeds on a pro-rata basis amongst the holders of the Ordinary shares.

Voting
The B Ordinary Shares confer no rights to receive notice of, attend, speak or vote at any general meeting of the Company or vote on any written resolution of the Company.

22. RESERVES

Share premium account

This reserve records the excess of the fair value attributed to the shares above the nominal value.

Capital redemption reserve

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

Profit & loss account

This includes all current year and prior years' retained profits and losses net of dividends.

23. PENSION COMMITMENTS

The Company operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £288,000 (2018: £231,000). At 31 December 2019 all contributions due had been paid (2018: same).

24. RELATED PARTY TRANSACTIONS

Transactions and balances with wholly owned subsidiaries of Sioen Industries NV have not been disclosed as permitted by FRS 101.

25. CONTROLLING PARTY

In the opinion of the directors, Sioen Industries NV, a company registered in Belgium, is the company's ultimate parent company and ultimate controlling party. The parent undertaking of the largest and smallest group, which includes the Company and for which group financial statements are prepared, is also Sioen Industries NV, incorporated in Belgium.

Copies of the group financial statements of Sioen Industries NV's are available from its registered address, which is Fabriekstraat 23, 8850 Ardooie, Belgium.

The Company's immediate controlling party is Jade Equity Limited, a company registered in England and Wales whose registered address is Altham Lane, Altham, Accrington, Lancashire, BB5 5YA.

26. EVENTS AFTER REPORTING PERIOD

At the date of signing the Brexit negotiations between the UK and EU governments has led to a UK-EU trade deal which avoids some of the more significant impacts for the Company around the imposition of additional tariffs and quotas. However, the Company does not see any significant positive impact from Brexit and we have assessed the negative risks as follows:

26. EVENTS AFTER REPORTING PERIOD (Continued)

- The Company exports over 80% of its products to Europe and, whilst the trade deal limits the impact to our business through new tariffs, businesses must meet stringent Rules of Origin on the amount of 'local' content in order to qualify, which might make the Company less competitive and could lead to pressure on sales price or volume.
- On skills and labour, there is expected to be little effect as the company has a stable workforce and can attract sufficient skills from within the local area.
- The area of regulation is also assessed as being of low potential impact on the Company due to the nature of raw materials imported and finished goods produced and exported.
- There exists a risk of delays at borders, but it is anticipated that such delays may be short-lived given the impact this situation would have on business and the country as a whole. The Company continually monitors the level of its stock-holdings of certain materials to mitigate against this risk and deliver goods to our EU customers.

The Company continues to monitor the impact of Brexit (along with plans to assess the relevant guidance notes as these are issued by the UK, the EU and each EU Member State) in order to develop and refine the company's operations and risk management strategy.

In 2020, the Company has been impacted by the global pandemic, Covid-19. The Company was able to remain operating throughout the pandemic in support of our customer base but nevertheless experienced a downturn in orders due to a reduction in demand and the uncertainty surrounding the situation. At the date of signing, orders have improved, and the outlook is more positive.
The Company has made claims under the Coronavirus Job Retention Scheme operated by the UK government from March 2020 and has claimed £317,565 of support to the date of signing. The number of employees within the scheme has varied each month with the largest being 58 in each of May 2020 and August 2020. In the latest month, January 2021, the number is 4.