

Cosmopolitan Textile Company Limited

Registered number: 00670717

Directors' report and financial statements

For the year ended 31 December 2013



COSMOPOLITAN TEXTILE COMPANY LIMITED

CONTENTS

	Page
Company Information Page	1
Directors' Report	2 - 4
Strategic Report	5
Independent Auditors' Report	6 - 7
Profit and Loss Account	8
Note of Historical Cost Profits and Losses	9
Balance Sheet	10
Notes to the Financial Statements	11 - 21

COSMOPOLITAN TEXTILE COMPANY LIMITED

COMPANY INFORMATION

Directors	Sir Hal Miller J E Boubal A R Worsley J P Winnie
Company secretary	A R Worsley
Registered number	00670717
Registered office	St James' Building 79 Oxford Street Manchester M1 6EJ
Independent auditors	Mazars LLP Chartered Accountants & Statutory Auditors The Lexicon 10/12 Mount Street Manchester M2 5NT
Bankers	HSBC 4 Hardman Square Spinningfields Manchester M3 3EB

COSMOPOLITAN TEXTILE COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

Principal activities

The principal activity of the company during the period continued to be the manufacture and marketing of non-woven fabrics.

Results and dividends

The profit for the year, after taxation, amounted to £4,007,000 (2012 - £3,360,000).

During the year the company paid dividends of £5,157,580 (2012 - £3,740,000).

Directors

The directors who served during the year were:

Sir Hal Miller
J E Boubal
A R Worsley
J P Winnie

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

COSMOPOLITAN TEXTILE COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

Financial risk management objectives and policies

The company's operations expose it to a variety of financial risks that include the effect of credit risk, liquidity risk and interest rate risk. The company has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate risks and as such, no hedge accounting is applied.

Given the size of the company the directors have not yet delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Price risk

The company is exposed to commodity price risk as a result of its operations. However given the size of the company's operations, the cost of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Credit risk

The company has policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

The company actively maintains a mixture of long and short term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The company has both interest bearing assets and liabilities. Interest bearing assets include only cash balances which earn interest at a fixed rate. The company has a policy of maintaining debt at rates fixed to general interest rates to minimise the risk of future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Disclosure of information to auditors

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

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

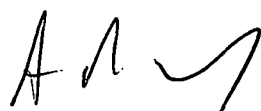
COSMOPOLITAN TEXTILE COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

Auditors

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

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



A R Worsley
Secretary

Date: 5 June 2014

St James' Building
79 Oxford Street
Manchester
M1 6EJ

COSMOPOLITAN TEXTILE COMPANY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

Business review

The company is a wholly owned subsidiary of Cha Technologies Group Plc which is a global manufacturer of Fiber, Yarn and Nonwovens with a specific filtration division manufacturing filters and providing installment and maintenance services.

The group's principal activity is the manufacture and marketing of non-woven textile fabrics and the manufacture and marketing of printed textiles. The group's experience and technical expertise in these industries enable it to offer a flexible and customer orientated service.

Principal risks and uncertainties

The main risk to the company's profitability is the price of key raw materials (primarily polyester).

Despite the majority of purchases being in US dollars (USD) the company is exposed to currency fluctuations with Chinese renminbi (RMB). As the RMB has strengthened compared to the USD during 2013 prices charged for Chinese imports inevitably do rise. This is likely to continue into 2014.

The company is relatively diversified and therefore is not exposed significantly to any one particular market sector.

Financial key performance indicators

The company consolidated further on the gains made in the previous financial years.

Turnover has increased from £15.5m in 2012 to £16.2m in 2013 and operating profit has remained consistent at £0.9m. Retained profit for the year has increased from £3.4m in 2012 to £4.0m in the current financial year as a result of the increase in dividend income from subsidiaries from £2.5m in 2012 to £3.1m in 2013.


The current economic climate will lead to a challenging business environment over the next twelve months. Despite this the business is expected to grow organically and build on its current manufacturing expertise. The business will continue to invest further in new product development as a strategy for future success. As further investment is made in sales and marketing, the business is expected to expand into new markets and territories.

Customer and supplier payment terms have been maintained in line with the previous year. At 31 December 2013 the company had cash at bank and in hand of £0.3m. The balance sheet position of the company remains strong at £7.9m at 31 December 2013 compared to £9.0m at 31 December 2012. The company has paid dividends to the parent company of £5.1m this year which is in excess of the retained profit for the year of £4.0m resulting in the decrease in net assets from last year.

Other key performance indicators

As the primary cost for the company is the purchase of raw materials it is vitally important that wastage is monitored and kept to a minimum. In order to meet customer requirements and to ensure yields are as high as possible the weight of products is monitored carefully and compared to specification.

This report was approved by the board on 5 June 2014 and signed on its behalf.



A R Worsley
Director

COSMOPOLITAN TEXTILE COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COSMOPOLITAN TEXTILE COMPANY LIMITED

We have audited the financial statements of Cosmopolitan Textile Company Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Note of Historical Cost Profits and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

COSMOPOLITAN TEXTILE COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COSMOPOLITAN TEXTILE COMPANY LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Timothy Hudson (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditors

The Lexicon
10/12 Mount Street
Manchester
M2 5NT

6 June 2014

COSMOPOLITAN TEXTILE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £000	2012 £000
Turnover	1,2	16,251	15,516
Cost of sales		(14,577)	(13,616)
Gross profit		1,674	1,900
Distribution costs		(906)	(951)
Administrative expenses		(805)	(811)
Other operating income	3	908	782
Operating profit	4	871	920
Income from shares in group undertakings		3,180	2,479
Profit on ordinary activities before taxation		4,051	3,399
Tax on profit on ordinary activities	7	(44)	(39)
Profit for the financial year	18	4,007	3,360

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account.

The notes on pages 11 to 21 form part of these financial statements.

COSMOPOLITAN TEXTILE COMPANY LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 £000	2012 £000
Reported profit on ordinary activities before taxation	4,051	3,399
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	10	10
Historical cost profit on ordinary activities before taxation	<u>4,061</u>	<u>3,409</u>
Historical profit for the year after taxation	<u>4,017</u>	<u>3,370</u>

The notes on pages 11 to 21 form part of these financial statements.

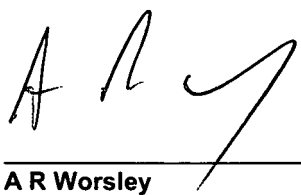
COSMOPOLITAN TEXTILE COMPANY LIMITED

Registered number: 00670717

BALANCE SHEET AS AT 31 DECEMBER 2013

	Note	£000	2013 £000	2012 £000
Fixed assets				
Tangible assets	8		4,111	4,519
Investments	9		515	619
			<u>4,626</u>	<u>5,138</u>
Current assets				
Stocks	10	2,240		3,000
Debtors	11	4,064		4,274
Cash at bank		301		392
		<u>6,605</u>		<u>7,666</u>
Creditors: amounts falling due within one year	12	(3,376)		(3,798)
Net current assets			<u>3,229</u>	<u>3,868</u>
Net assets			<u>7,855</u>	<u>9,006</u>
Capital and reserves				
Called up share capital	17		3,270	3,270
Share premium account	18		1,553	1,553
Revaluation reserve	18		229	239
Capital redemption reserve	18		180	180
Profit and loss account	18		2,623	3,764
Shareholders' funds	19		<u>7,855</u>	<u>9,006</u>

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


A R Worsley
Director

Date: 5 June 2014

The notes on pages 11 to 21 form part of these financial statements.

COSMOPOLITAN TEXTILE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain freehold land and buildings and in accordance with applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax. It is recognised when the significant risks and rewards of the goods have passed to the buyer and the amount of revenue can be reliably measured.

1.4 Other operating income

Other operating income comprises royalties which are accounted for on an accruals basis.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	25 years straight line
Plant & machinery	-	10% - 33% straight line
Fixtures & fittings	-	10% - 33% straight line

1.6 Revaluation of tangible fixed assets

The directors are taking advantage of the transitional rules of FRS 15. It is their intention that freehold land and buildings will not be revalued on a regular basis in the future but will be carried at their current book value as reduced by depreciation charges in future years.

The part of the annual depreciation charge on revalued assets which relates to the surplus on revaluation is transferred from the revaluation reserve to the profit and loss account reserve.

1.7 Investments

Investments are stated at cost less provision for permanent diminution in value.

COSMOPOLITAN TEXTILE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting Policies (continued)

1.8 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value on a first in first out basis. In the case of finished goods and work-in-progress, cost is defined as the cost of raw materials plus production overheads based on normal levels of activity. Where necessary, provision is made for obsolete, slow moving and defective stocks to write them down to net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

1.10 Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:-

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an un-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.11 Foreign currencies

Profit and losses on transactions in foreign currencies are included in results from ordinary activities before taxation.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

1.12 Pensions

Pension schemes operated on behalf of the company are defined contribution schemes which are administered by insurance companies. The charge to the profit and loss account comprises the total contributions payable to the schemes in respect of the accounting period.

No other material post-retirement benefits are granted to employees.

1.13 Financial instruments

Financial assets and liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

COSMOPOLITAN TEXTILE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2. Turnover

The table below provides a summary of turnover:

	2013 £000	2012 £000
United Kingdom	12,399	11,090
Rest of world	3,852	4,426
	<u>16,251</u>	<u>15,516</u>

3. Other operating income

	2013 £000	2012 £000
Royalties	<u>908</u>	<u>782</u>

4. Operating profit

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

	2013 £000	2012 £000
Depreciation of tangible fixed assets:		
- owned by the company	589	555
Impairment of investments	104	174
Auditors' remuneration	26	25
Auditors' remuneration - non-audit	4	4
Difference on foreign exchange	(188)	(155)
Profit on sale of tangible assets	<u>(72)</u>	<u>-</u>

COSMOPOLITAN TEXTILE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

5. Staff costs

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

	2013 £000	2012 £000
Wages and salaries	1,999	1,821
Social security costs	174	191
Other pension costs	91	98
	<u>2,264</u>	<u>2,110</u>

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

	2013 No.	2012 No.
Sales, production, and administrative staff	<u>65</u>	<u>69</u>

6. Directors' remuneration

	2013 £000	2012 £000
Remuneration	<u>114</u>	<u>65</u>
Company pension contributions to defined contribution pension schemes	<u>5</u>	<u>3</u>

During the year retirement benefits were accruing to 1 director (2012 - 1) in respect of defined contribution pension schemes.

7. Taxation

	2013 £000	2012 £000
UK corporation tax charge on profit for the year	<u>44</u>	<u>39</u>

COSMOPOLITAN TEXTILE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23% (2012 - 24%). The differences are explained below:

	2013 £000	2012 £000
Profit on ordinary activities before tax	4,051	3,399
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2012 - 24%)	932	816
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2	47
Capital allowances for year in deficit of depreciation	37	55
Utilisation of tax losses	-	(35)
Other timing differences leading to an increase in taxation	-	4
Non-taxable income	(737)	(595)
Adjustment in research and development tax credit leading to a decrease in the tax charge	(10)	-
Group relief	(180)	(253)
Current tax charge for the year (see note above)	44	39

Factors that may affect future tax charges

From 1 April 2014 the corporation tax rate applicable to the company will change from 23% to 21%.

COSMOPOLITAN TEXTILE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

8. Tangible fixed assets

	Freehold property £000	Plant & machinery £000	Fixtures & fittings £000	Total £000
Cost or valuation				
At 1 January 2013	3,122	10,259	248	13,629
Additions	-	188	-	188
Disposals	-	(2,332)	-	(2,332)
At 31 December 2013	3,122	8,115	248	11,485
Depreciation				
At 1 January 2013	675	8,315	120	9,110
Charge for the year	60	504	25	589
On disposals	-	(2,325)	-	(2,325)
At 31 December 2013	735	6,494	145	7,374
Net book value				
At 31 December 2013	2,387	1,621	103	4,111
At 31 December 2012	2,447	1,944	128	4,519

Freehold land and buildings include £537,000 (2012: £537,000) in respect of land which is not depreciated.

Freehold land and buildings were professionally valued in November 1995 at £1,852,000 by Chartered Surveyors, at their existing use value. Additions since that date and all other fixed assets are included at cost.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2013 £000	2012 £000
Cost	2,836	2,836
Accumulated depreciation	(995)	(945)
Net book value	1,841	1,891

COSMOPOLITAN TEXTILE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

9. Fixed asset investments

	Investments in subsidiary companies £000	Investment in joint ventures £000	Total £000
Cost or valuation			
At 1 January 2013 and 31 December 2013	907	608	1,515
Impairment			
At 1 January 2013	803	93	896
Charge for the year	104	-	104
At 31 December 2013	907	93	1,000
Net book value			
At 31 December 2013	-	515	515
At 31 December 2012	104	515	619

Subsidiary undertakings

The following was the principal subsidiary undertaking of the company which was held indirectly through investment in CTC Asia Ltd, a company registered in the British Virgin Islands:

Name	Class of shares	Holding
CTC Asia (Hong Kong) Ltd	Ordinary	92%

Name	Principal activity	Registered office
CTC Asia (Hong Kong) Ltd	Manufacture of non-woven fabrics	Hong Kong

CTC Asia Ltd disposed of the entire interest in CTC Asia (Hong Kong) Ltd on 31 October 2013.

The directors considered it necessary to recognise an impairment charge in respect of the remaining net book value of investments at 31 December 2013.

The following are the principal joint ventures of the company which are held indirectly through investment in Cosmostar Ltd, a company registered in the Cayman Islands:

COSMOPOLITAN TEXTILE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

9. Fixed asset investments (continued)

Joint ventures

Name	Country of incorporation	Class of shares	Holding	Principal activity
Cosmo Hong Kong Ltd	Hong Kong	Ordinary	50%	Import and export of non-woven fabrics in Hong Kong and investment holding
Mountain Star Ltd	Hong Kong	Ordinary	25%	Import and export of fabrics in China
Jadestar Holdings Ltd	Hong Kong	Ordinary	43%	Import and export of laminated fabrics in the Far East
Camstar International Ltd	Hong Kong	Ordinary	25%	Import and export of fabrics in China

10. Stocks

	2013 £000	2012 £000
Raw materials	649	491
Finished goods and goods for resale	1,591	2,509
	<u>2,240</u>	<u>3,000</u>

11. Debtors

	2013 £000	2012 £000
Trade debtors	2,474	1,874
Amounts owed by group undertakings	1,317	2,055
Social security and other taxes	113	233
Other debtors	-	7
Prepayments and accrued income	160	105
	<u>4,064</u>	<u>4,274</u>

COSMOPOLITAN TEXTILE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

12. Creditors: Amounts falling due within one year

	2013 £000	2012 £000
Bank loans and overdrafts	-	435
Trade creditors	1,255	1,538
Amounts owed to group undertakings	-	105
Amounts owed to associates	1,623	1,154
Corporation tax	1	1
Other creditors	1	319
Accruals and deferred income	496	246
	<u>3,376</u>	<u>3,798</u>

Bank loans and overdrafts are secured against freehold land and buildings and by a fixed and floating charge over all other assets of the company.

There is an unlimited multilateral guarantee in existence given by the company, its immediate holding company Cha Technologies Group Plc, and fellow subsidiary undertaking Cha Textiles Limited to their bankers.

13. Deferred taxation

	2013 £000	2012 £000
At beginning and end of year	<u>-</u>	<u>-</u>

The company has not recognised an undiscounted deferred tax liability of £206,000 at 31 December 2013 arising from timing differences between depreciation and accelerated capital allowances, calculated at the rate at which the timing differences are expected to reverse of 21%. The liability is not recognised as there are substantial accumulated tax losses in group entities in the same tax jurisdiction which could be group relieved in the periods when the timing differences are expected to reverse.

14. Contingent liabilities

The company has indemnified its bankers to a maximum of £100,000 for a guarantee given by the bank to H.M. Revenue & Customs.

15. Pension commitments

The company operates a money purchase pension scheme with defined contribution levels covering the majority of its employees. Contributions to the scheme are independently administered. The assets of the scheme are held separately from those of the company. The charge to the profit and loss account is the amount of contribution payable to the pension scheme in respect of the accounting period. This amounted to £91,000 in the year ended 31 December 2013 (2012: £98,000). Contributions of £Nil (2012: £9,000) were outstanding at 31 December 2013.

COSMOPOLITAN TEXTILE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

16. Operating lease commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	2013 £000	2012 £000
Expiry date:		
Within 1 year	9	3
Between 2 and 5 years	12	17

17. Share capital

	2013 £000	2012 £000
Allotted, called up and fully paid		
3,269,916 Ordinary shares of £1 each	3,270	3,270

18. Reserves

	Share premium account £000	Capital redempt'n reserve £000	Revaluation reserve £000	Profit and loss account £000
At 1 January 2013	1,553	180	239	3,764
Profit for the financial year	-	-	-	4,007
Dividends: Equity capital	-	-	-	(5,158)
Transfer between revaluation reserve and profit and loss account reserve	-	-	(10)	10
At 31 December 2013	1,553	180	229	2,623

19. Reconciliation of movement in shareholders' funds

	2013 £000	2012 £000
Opening shareholders' funds	9,006	9,386
Profit for the financial year	4,007	3,360
Dividends (Note 20)	(5,158)	(3,740)
Closing shareholders' funds	7,855	9,006

COSMOPOLITAN TEXTILE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

20. Dividends

	2013 £000	2012 £000
Dividends paid on equity capital	<u>5,158</u>	<u>3,740</u>

21. Related party transactions

As at 31 December 2013, the company owed £609,000 (2012: £658,000) to Haining Textile Allied Industries Co Limited, a company related by common ownership incorporated in the Peoples Republic of China.

As at 31 December 2013, the company owed £162,000 (2012: £21,000) to Fibril Trading (HK) Limited, a company related by common ownership incorporated in Hong Kong.

As the company is a wholly owned subsidiary of Cha Technologies Group Plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Cha Technologies Group Plc, within which this company is included, can be obtained from the address given in note 22.

22. Ultimate parent undertaking and controlling party

The immediate holding company is Cha Technologies Group Plc, a company registered in England and Wales. Copies of the consolidated financial statements of Cha Technologies Group Plc may be obtained from the Registrar of Companies at Crown Way, Cardiff, CF14 3UZ. Cha Technologies Group Plc is the largest group of companies into which the company's results are consolidated where the financial statements are available to the public. The ultimate parent company is Gold Peak Holdings (BVI) Limited, a company incorporated in British Virgin Islands.