

Company Registration No. 00744445 (England and Wales)

**THE INTERNATIONAL COTTON ASSOCIATION LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
**PAGES FOR FILING WITH REGISTRAR**

**THE INTERNATIONAL COTTON ASSOCIATION LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**COMPANY INFORMATION**

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<b>Company number</b>	00744445
<b>Registered office</b>	6th Floor Walker House Exchange Flags Liverpool L2 3YL
<b>President</b>	A A Syed
<b>First Vice-President</b>	A S Hsu
<b>Second Vice-President</b>	T North
<b>Treasurer</b>	A Kelley
<b>Ex-President</b>	B Ballenden
<b>Ordinary Directors</b>	G Marshall C Peltzer L Picon A Kelley P Chehab K Hanna P Wakefield D J Welsh P Marques (appointed 29 October 2020) F Niedergang (appointed 29 October 2020)
<b>Associate Directors</b>	M Shah A McClay R Faus A F Lins S Sarker D Wookey E McDonagh B Yang M Bashir (appointed 1 January 2021) A Olah (appointed 1 January 2021)
<b>Company Secretary</b>	W Kingdon

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**THE INTERNATIONAL COTTON ASSOCIATION LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**COMPANY INFORMATION**

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<b>Auditors</b>	BWM Castle Chambers 43 Castle Street Liverpool L2 9SH
<b>Bankers</b>	Barclays Bank Plc Liverpool Branch 48B - 50 Lord Street Liverpool L2 1TD
<b>Solicitors</b>	Hill Dickinson No. 1 St Paul's Square Liverpool L3 9SJ
<b>Investment advisors</b>	Rathbone Investment Management Port of Liverpool Building Pier Head Liverpool L3 1NW

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COMPANY LIMITED BY GUARANTEE  
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**THE INTERNATIONAL COTTON ASSOCIATION LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**BALANCE SHEET**

**AS AT 31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	5	18,541		37,718	
Investments	6	2,414,745		1,858,217	
		<u>2,433,286</u>		<u>1,895,935</u>	
<b>Current assets</b>					
Debtors	8	482,338		376,311	
Cash at bank and in hand		1,763,855		2,120,709	
		<u>2,246,193</u>		<u>2,497,020</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(1,001,750)</u>		<u>(830,191)</u>	
<b>Net current assets</b>		<u>1,244,443</u>		<u>1,666,829</u>	
<b>Total assets less current liabilities</b>		<u>3,677,729</u>		<u>3,562,764</u>	
<b>Provisions for liabilities</b>	10	<u>(382)</u>		<u>(909)</u>	
<b>Net assets</b>		<u><u>3,677,347</u></u>		<u><u>3,561,855</u></u>	
<b>Reserves</b>					
Income and expenditure account		<u>3,677,347</u>		<u>3,561,855</u>	
<b>Members' funds</b>		<u><u>3,677,347</u></u>		<u><u>3,561,855</u></u>	

The directors of the company have elected not to include a copy of the income and expenditure account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime with the provision of FRS 102 Section 1A Small Entities.

The financial statements were approved by the board of directors and authorised for issue on 12 May 2021 and are signed on its behalf by:

A A Syed  
**Chairman of the Board**

A Kelley  
**Treasurer**

W Kingdon  
**Secretary**

**Company Registration No. 00744445**

**THE INTERNATIONAL COTTON ASSOCIATION LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Income and expenditure account £
<b>Balance at 1 January 2019</b>	3,320,501
<b>Year ended 31 December 2019:</b>	
Surplus and total comprehensive income for the year	241,354
<b>Balance at 31 December 2019</b>	3,561,855
<b>Year ended 31 December 2020:</b>	
Surplus and total comprehensive income for the year	115,492
<b>Balance at 31 December 2020</b>	3,677,347

**THE INTERNATIONAL COTTON ASSOCIATION LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1 Accounting policies**

**Company information**

The International Cotton Association Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is 6th Floor, Walker House, Exchange Flags, Liverpool, L2 3YL.

**1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

**1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Following a detailed assessment by the Management Team and Board of Directors, given the level of reserves held, it is still highly appropriate for 2020 accounts to be filed on a going concern basis.

**1.3 Income**

Income represents the amount of subscriptions due in respect of the accounting period together with fees receivable for services rendered to Members of the Association and others engaged in cotton trading, excluding VAT.

Income in respect of arbitration is recognised once the matter is stamped and completed.

Event and training income is recognised once the event is held.

**1.4 Tangible fixed assets**

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Modifications to short leasehold premises	Over the length of the lease
Fixtures, fittings & equipment	20% straight line
Computer equipment	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to income and expenditure account.

**THE INTERNATIONAL COTTON ASSOCIATION LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1 Accounting policies**

**(Continued)**

**1.5 Fixed asset investments**

Quoted investments are stated at current market value at the balance sheet date. All gains and losses, both realised and unrealised, are included in the income and expenditure account. The Association has adopted a low risk strategy and seeks an equal balance between capital and income growth, consistent with achieving a reasonable level of income and a low level of capital volatility, whilst protecting the capital from the effect of inflation.

Interests in subsidiary, associated companies or joint ventures are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in income and expenditure account.

**1.6 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**1.7 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

**1.8 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the income and expenditure account, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.



**THE INTERNATIONAL COTTON ASSOCIATION LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1 Accounting policies**

**(Continued)**

***Impairment of financial assets***

Financial assets, other than those held at fair value through the income and expenditure account, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in income and expenditure account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the income and expenditure account.

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in surplus or deficit in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

**THE INTERNATIONAL COTTON ASSOCIATION LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1 Accounting policies**

**(Continued)**

**1.9 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 profit and loss account 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 reporting end date.

**Deferred tax**

Deferred taxation is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. Timing differences are differences between taxable profits and the results as stated in the financial statements which arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised for tax purposes.

A net deferred tax asset is regarded as recoverable and therefore recognised only when it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued asset and the resulting gain or loss has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates which are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws which have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**1.10 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

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

**1.11 Retirement benefits**

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

**1.12 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

**1.13 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income and expenditure account for the period.

**THE INTERNATIONAL COTTON ASSOCIATION LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**1 Accounting policies** **(Continued)**

**1.14 Income from investments**

Investment income comprises dividends declared during the accounting period, interest received on listed and unlisted investments and bank interest receivable.

**2 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**3 Employees**

The average monthly number of persons employed by the company during the year was 12 (2019 - 12).

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Total	12	12
	<u>          </u>	<u>          </u>

**4 Taxation**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	(370)	1,908
Adjustments in respect of prior periods	490	-
	<u>          </u>	<u>          </u>
Total current tax	120	1,908
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(527)	(933)
	<u>          </u>	<u>          </u>
Total tax (credit)/charge	(407)	975
	<u>          </u>	<u>          </u>

**THE INTERNATIONAL COTTON ASSOCIATION LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**5 Tangible fixed assets**

	Modifications to short leasehold premises	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2020	73,910	6,923	39,653	120,486
Additions	-	-	713	713
At 31 December 2020	73,910	6,923	40,366	121,199
<b>Depreciation and impairment</b>				
At 1 January 2020	59,708	4,257	18,803	82,768
Depreciation charged in the year	7,391	1,127	11,372	19,890
At 31 December 2020	67,099	5,384	30,175	102,658
<b>Carrying amount</b>				
At 31 December 2020	6,811	1,539	10,191	18,541
At 31 December 2019	14,202	2,666	20,850	37,718

**6 Fixed asset investments**

	2020 £	2019 £
Investments	2,414,745	1,858,217

**Movements in fixed asset investments**

	Investments other than loans £
<b>Cost or valuation</b>	
At 1 January 2020	1,858,217
Additions	648,875
Valuation changes	78,468
Net movement in capital account	1,834
Disposals	(172,649)
At 31 December 2020	2,414,745
<b>Carrying amount</b>	
At 31 December 2020	2,414,745
At 31 December 2019	1,858,217

Investments include unlisted investments at cost of £22,346 (2019: £22,346).

**THE INTERNATIONAL COTTON ASSOCIATION LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**7 Joint ventures**

Details of the company's joint ventures at 31 December 2020 are as follows:

<b>Name of undertaking</b>	<b>Registered office</b>	<b>Nature of business</b>	<b>Class of shares held</b>	<b>% Held Direct</b>
ICA Bremen GmbH	Germany	Cotton testing	Ordinary	50.00

The aggregate capital and reserves and the result for the year of the joint venture noted above was as follows:

ICA Bremen GmbH Profit £11,552 Capital and reserves £140,067

The joint venture is included in the financial statements in investments at cost.

**8 Debtors**

	<b>2020</b>	<b>2019</b>
<b>Amounts falling due within one year:</b>	<b>£</b>	<b>£</b>
Trade debtors	225,469	188,482
Corporation tax recoverable	370	490
Other debtors	256,499	187,339
	<u>482,338</u>	<u>376,311</u>

**9 Creditors: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade creditors	28,379	44,480
Corporation tax	-	1,908
Other creditors	973,371	783,803
	<u>1,001,750</u>	<u>830,191</u>

**10 Provisions for liabilities**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Deferred tax liabilities	382	909
	<u>382</u>	<u>909</u>

**THE INTERNATIONAL COTTON ASSOCIATION LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**11 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	<b>Liabilities</b>	<b>Liabilities</b>
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Balances:</b>		
Accelerated capital allowances	3,159	6,722
Tax losses	(2,777)	(5,813)
	<u>382</u>	<u>909</u>
	<u><u>382</u></u>	<u><u>909</u></u>
<b>Movements in the year:</b>		<b>2020</b>
		<b>£</b>
Liability at 1 January 2020		909
Credit to income or expenditure		(527)
		<u>382</u>
Liability at 31 December 2020		<u><u>382</u></u>

**12 Members' liability**

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

**13 Audit report information**

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.  
The Senior Statutory Auditor was Peter Taaffe FCA CTA DChA  
The auditor was BWM.

**THE INTERNATIONAL COTTON ASSOCIATION LIMITED**  
**COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**14 Operating lease commitments**

**Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2020 £	2019 £
Within one year	54,416	54,416
Between two and five years	-	54,416
	<u>54,416</u>	<u>108,832</u>

**15 Related party transactions**

The directors who served in this period, shown on the company information page, are all representatives/directors of member companies from which The International Cotton Association Limited derives its subscription income, or representatives of other segments of the industry.

At 31 December 2020, the Association is holding monies on behalf of members in respect of arbitrations totalling £2 56,623 (2019: £234,962). These monies are not included within the Association's financial statements.

During the year, Bill Ballenden a director provided consultancy services totalling £1,725 to the company.

**16 Events after the reporting date**

A review of the Membership Pricing Structure is planned for 2021. This will be the first for 11 years. The Directors and Management Team will be initiating a review in order to reflect the "added value" that certain classifications benefit from.

The International Trade Event is scheduled for October 2021 in Singapore. However there is a risk of this becoming a virtual event if quarantine restrictions are still in place by July/August.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.