

Company registration number 01323622 (England and Wales)

AZIZ TEXTILES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022
PAGES FOR FILING WITH REGISTRAR

AZIZ TEXTILES LIMITED

CONTENTS

	Page
Balance sheet	1
Notes to the financial statements	2 - 11

AZIZ TEXTILES LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	6		5,109,067		5,172,031
Investment property	7		10,632,802		9,629,382
			<u>15,741,869</u>		<u>14,801,413</u>
Current assets					
Stocks		3,637,149		3,323,631	
Debtors	8	1,253,358		988,672	
Cash at bank and in hand		135,509		134,219	
		<u>5,026,016</u>		<u>4,446,522</u>	
Creditors: amounts falling due within one year	9	<u>(6,332,675)</u>		<u>(4,971,046)</u>	
Net current liabilities			<u>(1,306,659)</u>		<u>(524,524)</u>
Total assets less current liabilities			14,435,210		14,276,889
Creditors: amounts falling due after more than one year	10		(998,736)		(1,359,342)
Provisions for liabilities	11		<u>(2,116,157)</u>		<u>(1,851,837)</u>
Net assets			<u>11,320,317</u>		<u>11,065,710</u>
Capital and reserves					
Called up share capital			1,533,335		1,533,335
Revaluation reserve	12		4,580,326		4,539,931
Capital redemption reserve			966,666		966,666
Profit and loss reserves			4,239,990		4,025,778
Total equity			<u>11,320,317</u>		<u>11,065,710</u>

The directors of the company have elected not to include a copy of the profit and loss 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.

The financial statements were approved by the board of directors and authorised for issue on 29 June 2023 and are signed on its behalf by:

Mr N Ahmed
Director

Company Registration No. 01323622

AZIZ TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

Company information

Aziz Textiles Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2 Cranby Street, Saltley, Birmingham, United Kingdom, B8 1JU.

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 company has net current liabilities on the balance sheet. This is due to the bank overdrafts and bank loans in short term creditors. These loans and overdrafts are secured by the banks against the properties of the company.

The directors are considering the options with regards to long term finance, which once secured would move the liabilities to long term creditors and improve the net current liability position.

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 the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), 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.

1.3 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

AZIZ TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

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

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

Freehold land and buildings	2% straight line
Fixtures and fittings	25% reducing balance
Motor vehicles	25% reducing balance

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 profit or loss.

1.5 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.6 Impairment of fixed assets

At each reporting period end 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 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.

Recoverable amount is the higher of fair value less costs to sell 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

AZIZ TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 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.

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.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

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

AZIZ TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

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 tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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 period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

AZIZ TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

1.16 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 in the period are included in profit or loss.

2 Exceptional items

The company made an exceptional foreign exchange loss of £774,250 (2021: £30,745 gain) The loss was largely the result of the weakening of Sterling against the dollar in September 2022. The Pound recovered after the year end.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 35 (2021 - 38).

	2022 Number	2021 Number
Total	35	38

4 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	-	100,207
Adjustments in respect of prior periods	(58,314)	-
Total current tax	(58,314)	100,207
Deferred tax		
Origination and reversal of timing differences	250,855	156,462
Total tax charge	192,541	256,669

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2022 £	2021 £
Deferred tax arising on:		
Revaluation of property	13,465	288,738

AZIZ TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

5 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 October 2021 and 30 September 2022	12,212
	<hr/>
Amortisation and impairment	
At 1 October 2021 and 30 September 2022	12,212
	<hr/>
Carrying amount	
At 30 September 2022	-
	<hr/> <hr/>
At 30 September 2021	-
	<hr/> <hr/>

AZIZ TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

6 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost or valuation			
At 1 October 2021	6,963,834	594,548	7,558,382
Additions	17,090	12,499	29,589
Revaluation	(407,565)	-	(407,565)
At 30 September 2022	6,573,359	607,047	7,180,406
Depreciation and impairment			
At 1 October 2021	1,809,366	576,985	2,386,351
Depreciation charged in the year	140,102	6,311	146,413
Revaluation	(461,425)	-	(461,425)
At 30 September 2022	1,488,043	583,296	2,071,339
Carrying amount			
At 30 September 2022	5,085,316	23,751	5,109,067
At 30 September 2021	5,154,468	17,563	5,172,031

Land and buildings with a carrying amount of £3.5m were revalued in July/August 2022 by independent valuers not connected with the company on the basis of open market value. All valuations were updated at the balance sheet date on the same basis.

Historic cost of freehold property

	Freehold property	
	2022	2021
	£	£
Cost	2,179,424	2,162,434
Accumulated depreciation	(1,055,928)	(1,004,137)
Carrying value	1,123,496	1,158,297

AZIZ TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

7 Investment property

	2022 £
Fair value	
At 1 October 2021	9,629,382
Revaluations	1,003,420
	<u>10,632,802</u>
At 30 September 2022	<u>10,632,802</u>

The fair value of the investment property has been arrived at on the basis of a valuation carried out at July/August 2022 by independent Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. All valuations were updated at the balance sheet date on the same basis.

8 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	1,151,257	903,474
Other debtors	102,101	85,198
	<u>1,253,358</u>	<u>988,672</u>

9 Creditors: amounts falling due within one year

	2022 £	2021 £
Bank loans and overdrafts	5,699,633	4,258,842
Trade creditors	299,401	316,298
Corporation tax	16,219	154,302
Other taxation and social security	58,334	109,517
Other creditors	259,088	132,087
	<u>6,332,675</u>	<u>4,971,046</u>

Bank loans and overdrafts are secured on the Investment and freehold property, fixed and floating debenture over the company's assets and personal guarantees given by the director Mr N Ahmed.

10 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Bank loans	998,736	1,359,342
	<u>998,736</u>	<u>1,359,342</u>

See note 9 for security details on the bank loans.

AZIZ TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

11 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Revaluations of property	2,116,157	1,851,837
Movements in the year:		2022 £
Liability at 1 October 2021		1,851,837
Charge to profit or loss		250,855
Charge to other comprehensive income		13,465
Liability at 30 September 2022		2,116,157

12 Revaluation reserve

	2022 £	2021 £
At the beginning of the year	4,539,931	4,828,669
Revaluation surplus arising in the year	53,860	-
Deferred tax on revaluation of tangible assets	(13,465)	(288,738)
At the end of the year	4,580,326	4,539,931

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.

Senior Statutory Auditor: Mr Rishil Patel
Statutory Auditor: KPSR LLP

14 Directors' transactions

Dividends totalling £200,000 (2021 - £220,000) were paid in the year to the directors, either directly through shares held or indirectly via shares held in trust.

As at the balance sheet date £2,351 (2021: £1,293) was owed to the directors of the company.

AZIZ TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

15 Ultimate controlling party

The company is controlled by the director Mr N Ahmed through his shareholding directly or indirectly.

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.