

Company Registration No. 01599377 (England and Wales)

**UK FASHION AND TEXTILE ASSOCIATION LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

TUESDAY



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# UK FASHION AND TEXTILE ASSOCIATION LTD

## COMPANY INFORMATION

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<b>Directors</b>	Mrs B J Dickson OBE Mr N J Lugg Mr W Macbeth OBE Mr S McGuffie Mr M L F Strzelecki Mr A Mansell Mrs L K Hills Mr I C McLean Mr D Breckenridge Mr S C Carter Mrs L Fitzsimons Mr P Dudley-Williams	(Appointed 31 May 2017) (Appointed 14 March 2017)
<b>Secretary</b>	Mr A Mansell	
<b>Company number</b>	01599377	
<b>Registered office</b>	3 Queen Square London WC1N 3AR	
<b>Auditors</b>	PKF Littlejohn LLP Statutory Auditor Canary Wharf London E14 4HD	
<b>Business address</b>	3 Queen Square London WC1N 3AR	

The Office of President was held by HRH The Princess Royal  
The Office of Honorary Vice President was held by P Lucas  
The Office of Chairman was held by N J Lugg  
The Office of Treasurer was held by S McGuffie

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# UK FASHION AND TEXTILE ASSOCIATION LTD

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# UK FASHION AND TEXTILE ASSOCIATION LTD

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2017

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The directors present their annual report and financial statements for the year ended 31 December 2017.

#### Principal activities

The principal activity of the UK Fashion and Textile Association Ltd (the Association) is to encourage, promote, develop and protect the clothing and textiles industries of the United Kingdom.

The results for the year set out in the profit and loss account, show a profit before taxation for the year of £88,474 (2016 - £6,954). With total comprehensive income of £78,599 (2016 - £4,381).

UKFT is continuing to help fashion and textile businesses navigate the evolving environment surrounding Brexit, enabling them to respond to the issues that are pertinent to their continued business success. UKFT is working closely with the UK Government to ensure that the needs of the industry are an important consideration in the negotiations over the UK's exit from the EU. UKFT continues to lobby strongly on behalf of the industry across a wide range of policy issues and 2017 saw UKFT appear as witness in two House of Commons Select Committees, submit a response to the Government's Industrial Strategy, as well as hold meetings with a wide range of Ministers, MPs and Civil Servants.

Export is a fundamental part of UKFT's activities and the Association is the largest user of the Government's Tradeshaw Access Programme. In 2017 UKFT took over 700 companies to over 40 tradeshows across the world. Key UK groups organised by UKFT and promoted in our Brits Around the World campaign included Berlin, Paris, Florence, Frankfurt, New York, Tokyo and Shanghai.

UKFT's skills and training programme saw significantly increased activity in 2017. The Association helped deliver five new apprenticeship standards for the sector and launched its apprenticeship advice service. In November 2017 UKFT were appointed as the Sector Skills Body for the Fashion & Textiles industry. As the Sector Skills Body, UKFT took on the management of current apprenticeship frameworks with the responsibility of both registration and certification of apprentices in England, Scotland and Wales.

UKFT works hard to promote the manufacturing talent in the UK and in 2017 there was a significant growth in the number of manufacturers that joined UKFT. We also sponsored the Meet the Manufacturer Show and ran the first installment of 'Made It' during which several hundred students received a masterclass on manufacturing in the UK.

The landscape of the sector is changing and this, coupled with the unknown impact of the vote to leave the EU, means that the Association and its priorities need to change and adapt. The Director's focus remains on growing the business and its activities in 2018 on the back of a significantly improved operating performance in 2017.

Remaining central to the Association's business plan is the delivery of a highly attractive membership offer to the industry, to significantly increase the sector's exports, to extend the Association's role in skills and training, to continue to raise the profile of UKFT to our stakeholders and to maximise the commercial benefits of these relationships.

The strength of the balance sheet and the retention of liquid funds underpin the Director's guidance of the business. The value of members' funds as at end 2017 has increased further since 2016. In addition, the Association retains sufficient funds to see through their plans for the foreseeable future. Importantly, the Association remains and intends to remain, unencumbered by debt or borrowing.

# UK FASHION AND TEXTILE ASSOCIATION LTD

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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### Directors

The directors during the year and up to the date of approval of these financial statements were, unless otherwise stated:

Mr A Constantinou	(Resigned 30 May 2017)
Mrs B J Dickson OBE	
Mr N J Lugg	
Mr W Macbeth OBE	
Mr S McGuffie	
Mr M L F Strzelecki	
Mr R S A Hurtley	(Resigned 5 May 2017)
Mr A Mansell	
Mrs L K Hills	
Mr I C McLean	
Mr D Breckenridge	
Mr S C Carter	
Mrs L Fitzsimons	(Appointed 31 May 2017)
Mr P Dudley-Williams	(Appointed 14 March 2017)

### Results

The results for the year are set out on page 6.

### Auditor

In accordance with the company's articles, a resolution proposing that PKF Littlejohn LLP be reappointed as auditor of the company will be put at a General Meeting.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and the company is therefore exempt from the requirement to prepare a Strategic Report.

On behalf of the board

.....  
Mr A Mansell

Director

Date: 16<sup>th</sup> April 2018

# **UK FASHION AND TEXTILE ASSOCIATION LTD**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2017***

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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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

# UK FASHION AND TEXTILE ASSOCIATION LTD

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF UK FASHION AND TEXTILE ASSOCIATION LTD

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#### Opinion

We have audited the financial statements of UK Fashion and Textile Association Ltd (the 'company') for the year ended 31 December 2017 which comprise the Profit And Loss Account, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# UK FASHION AND TEXTILE ASSOCIATION LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF UK FASHION AND TEXTILE ASSOCIATION LTD

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#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

#### 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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Eric Hindson FCA (Senior Statutory Auditor)  
for and on behalf of PKF Littlejohn LLP

16 April 2018

Chartered Accountants  
Statutory Auditor

1 Westferry Circus  
Canary Wharf  
London  
E14 4HD



# UK FASHION AND TEXTILE ASSOCIATION LTD

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

		2017 £	2016 £
Turnover	Notes 3	955,347	955,365
Administrative expenses		(1,165,477)	(1,240,299)
Other operating income	3	297,754	294,971
<b>Operating profit</b>	<b>4</b>	<b>87,624</b>	<b>10,037</b>
Interest receivable and similar income	7	850	1,026
Interest payable and similar expenses	8	-	(4,109)
<b>Profit before taxation</b>		<b>88,474</b>	<b>6,954</b>
Taxation	9	(9,875)	(11,335)
<b>Profit/(loss) for the financial year</b>		<b>78,599</b>	<b>(4,381)</b>
<b>Total comprehensive income for the year</b>		<b>78,599</b>	<b>(4,381)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

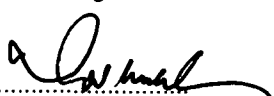
# UK FASHION AND TEXTILE ASSOCIATION LTD

## BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	10	2,577,628		2,646,189	
Investment properties	11	3,981,000		3,981,000	
		<u>6,558,628</u>		<u>6,627,189</u>	
<b>Current assets</b>					
Debtors	13	234,488		320,619	
Cash at bank and in hand		853,610		733,352	
		<u>1,088,098</u>		<u>1,053,971</u>	
<b>Creditors: amounts falling due within one year.</b>	14	(504,186)		(617,219)	
<b>Net current assets</b>			583,912		436,752
<b>Total assets less current liabilities</b>			<u>7,142,540</u>		<u>7,063,941</u>
<b>Capital and reserves</b>					
Revaluation reserve	17	605,696		605,696	
Profit and loss reserves	18	6,536,844		6,458,245	
<b>Total equity</b>			<u>7,142,540</u>		<u>7,063,941</u>

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



Mr N J Lugg  
Director

Company Registration No. 01599377

# UK FASHION AND TEXTILE ASSOCIATION LTD

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

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	Revaluation reserve	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2016	605,696	6,462,626	7,068,322
Year ended 31 December 2016:			
Loss and total comprehensive income for the year	-	(4,381)	(4,381)
Balance at 31 December 2016	605,696	6,458,245	7,063,941
Year ended 31 December 2017:			
Profit and total comprehensive income for the year	-	78,599	78,599
Balance at 31 December 2017	605,696	6,536,844	7,142,540

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# UK FASHION AND TEXTILE ASSOCIATION LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	22	130,743		82,384	
Interest paid		-		(4,109)	
Taxes paid		(11,335)		-	
<b>Net cash inflow from operating activities</b>		119,408		78,275	
<b>Investing activities</b>					
Purchase of tangible fixed assets		-		(58,303)	
Interest received		850		1,026	
<b>Net cash generated from/(used in) investing activities</b>		850		(57,277)	
<b>Net cash used in financing activities</b>		-		-	
<b>Net increase in cash and cash equivalents</b>		120,258		20,998	
Cash and cash equivalents at beginning of year		733,352		712,354	
<b>Cash and cash equivalents at end of year</b>		853,610		733,352	
<b>Relating to:</b>					
Cash at bank and in hand		853,610		733,352	

# UK FASHION AND TEXTILE ASSOCIATION LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 Accounting policies

#### Company information

UK Fashion and Textile Association Ltd is a company limited by guarantee domiciled and incorporated in England and Wales. The registered office is 3 Queen Square, London, WC1N 3AR.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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 £1.

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 Going concern

These financial statements have been prepared on a going concern basis. Based on forecasts and projections for the foreseeable future the directors consider this basis of preparation appropriate to meet its liabilities as and when they fall due and for a minimum period of twelve months from the date of the approval of these financial statements.

#### 1.3 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 company generates income from subscriptions, export activities and other events, secretariat services and the organisation of the climate change levy scheme.

Membership subscriptions are taken into income in the year to which they relate. Amounts received by the balance sheet date in respect of future years are deferred.

Income generated from secretariat services are taken into income in the year to which the service relates.

Climate change levy income is taken at the point of the invoice being raised and any income in respect of future years are deferred.

Export activities and other events are taken into income in the year to which they relate. Amounts received by the balance sheet date in respect of future years are deferred.

#### 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.

Tangible fixed assets (except investment property) are stated at historic purchase price or valuation less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Buildings; long leasehold  
Fixtures, fittings & equipment

Straight line over 40 years  
Straight line over 4 years

# UK FASHION AND TEXTILE ASSOCIATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

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 properties

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.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

#### 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.

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 Cash and cash equivalents

Cash at bank and in hand 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.

#### 1.8 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.

# UK FASHION AND TEXTILE ASSOCIATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### **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 profit or loss, 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.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, 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 profit or loss.

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 profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **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.

# UK FASHION AND TEXTILE ASSOCIATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### **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.

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.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 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 has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. A deferred tax asset is only recognised when it is considered more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be deducted. Deferred tax assets and liabilities recognised have not been discounted.

### 1.10 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.

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

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



# UK FASHION AND TEXTILE ASSOCIATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### 1.12 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.

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

### 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.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Depreciation

The company exercises judgement to determine useful lives and residual values of leasehold property, plant and equipment. The assets are depreciated down to their residual values over their estimated useful lives.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
<b>Class of Business</b>		
Subscriptions income	330,572	332,391
Events income	109,418	113,574
Secretariat income	31,000	31,000
Climate change levy income	145,128	155,373
Export activities income	339,229	323,027
	<u>955,347</u>	<u>955,365</u>
 <b>Other significant revenue</b>		
Rental income	<u>297,754</u>	<u>294,971</u>

# UK FASHION AND TEXTILE ASSOCIATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 3 Turnover and other revenue (Continued)

#### Turnover analysed by geographical market

	2017 £	2016 £
United Kingdom	955,347	955,365

### 4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	8,442	8,212
Depreciation of owned tangible fixed assets	68,561	69,594
Operating lease charges	5,047	4,886

### 5 Employees

The average monthly number of persons employed by the company during the year was:

	2017 Number	2016 Number
Administration	7	7

The average numbers reported includes 1 (2016 - 1) director who is remunerated as the CEO of the company.

The aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	490,298	489,996
Social security costs	42,744	51,081
Pension costs	59,309	50,511
	592,351	591,588

Redundancy payments in the year amount to £- (2016 - £26,000) which are not included in the above.

### 6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	146,468	135,650

# UK FASHION AND TEXTILE ASSOCIATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 7 Interest receivable and similar income

	2017 £	2016 £
<b>Interest income</b>		
Interest on bank deposits	850	1,026

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	850	1,026
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### 8 Interest payable and similar expenses

	2017 £	2016 £
<b>Other finance costs:</b>		
Other interest	-	4,109

### 9 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	9,875	11,335
<b>Total tax charge</b>	<b>9,875</b>	<b>11,335</b>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	88,474	6,954
Expected tax charge based on a corporation tax rate of 19.25% (2016 - 20.00%)	17,031	1,391
Tax effect of expenses that are not deductible in determining taxable profit	1,732	3,105
Unutilised tax losses carried forward	(20,264)	-
Permanent capital allowances in excess of depreciation	11,376	6,839
<b>Tax expense for the year</b>	<b>9,875</b>	<b>11,335</b>

# UK FASHION AND TEXTILE ASSOCIATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 9 Taxation

(Continued)

The company has estimated losses of £4,756,024 (2016 - £4,899,262) available for carry forward against future trading profits from the fashion trade. The value of these losses at the future 17% tax rate is £808,525 (2016 - £979,852), however, the directors believe that the asset should not be recognised as the criteria for recognition has not been met.

The taxation that would be payable if the company's investment property was sold at the revalued amount at the balance sheet date is £nil (2016 - £nil) and as such no deferred taxation has been provided (2016 - £nil).

### 10 Tangible fixed assets

	<b>Buildings; long leasehold £</b>	<b>Fixtures, fittings &amp; equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 1 January 2017	2,712,303	62,787	2,775,090
At 31 December 2017	2,712,303	62,787	2,775,090
<b>Depreciation and impairment</b>			
At 1 January 2017	67,545	61,356	128,901
Depreciation charged in the year	67,545	1,016	68,561
At 31 December 2017	135,090	62,372	197,462
<b>Carrying amount</b>			
At 31 December 2017	2,577,213	415	2,577,628
At 31 December 2016	2,644,758	1,431	2,646,189

The valuation of the leasehold land and building was made as at 31 December 2017 by the directors.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	<b>2017 £</b>	<b>2016 £</b>
Cost	2,367,342	2,367,342
Accumulated depreciation	(437,300)	(378,116)
Carrying value	1,930,042	1,989,226

# UK FASHION AND TEXTILE ASSOCIATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 11 Investment property

	2017 £
<b>Fair value</b>	
At 1 January 2017 and 31 December 2017	3,981,000

Investment property comprises three self contained floors of offices. The fair value of the investment property has been made by the directors. The last independent valuation was carried out as at 31 December 2015 at £3,981,000 by Messrs Flude Commercial, 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.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2017 £	2016 £
Cost	3,467,667	3,467,667
Accumulated depreciation	-	-
Carrying amount	<u>3,467,667</u>	<u>3,467,667</u>

### 12 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<u>165,141</u>	<u>223,099</u>

Financial assets measured at amortised cost comprise trade debtors.

<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>90,081</u>	<u>155,516</u>

Financial liabilities measured at amortised cost comprise trade creditors and other creditors.

# UK FASHION AND TEXTILE ASSOCIATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 13 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	165,141	223,099
Other debtors	21,006	47,308
Prepayments and accrued income	48,341	50,212
	<u>234,488</u>	<u>320,619</u>

### 14 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	23,606	88,292
Corporation tax payable	9,875	11,335
Other taxation and social security	48,637	47,962
Accruals and deferred income	422,068	469,630
	<u>504,186</u>	<u>617,219</u>

### 15 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.

### 16 Retirement benefit schemes

	2017	2016
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>59,309</u>	<u>50,511</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 17 Revaluation reserve

The revaluation reserve represents all surpluses created upon the revaluation of the property.

### 18 Profit and loss reserves

The profit and loss account represents all current and prior period retained profits and losses.

# UK FASHION AND TEXTILE ASSOCIATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 19 Operating lease commitments

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

	2017 £	2016 £
Within one year	3,660	3,672
Between two and five years	12,480	306
In over five years	585	-
	<u>16,725</u>	<u>3,978</u>

### 20 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>249,823</u>	<u>237,822</u>

During the year, the company paid £4,800 (2016 - £nil) to Meet the Manufacturer Limited, a company of which Mrs L K Hills is a director. The amount outstanding at the year end was £nil (2016 - £nil).

### 21 Controlling party

In the opinion of the directors, the members of the company, by acting in concert, ultimately control the company.

# UK FASHION AND TEXTILE ASSOCIATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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### 22 Cash generated from operations

	2017 £	2016 £
Profit/(loss) for the year	78,599	(4,381)
<b>Adjustments for:</b>		
Income tax expense	9,875	11,335
Finance costs	-	4,109
Investment income	(850)	(1,026)
Depreciation and impairment of tangible fixed assets	68,561	69,594
<b>Movements in working capital:</b>		
Decrease/(increase) in debtors	86,131	(46,863)
(Decrease)/increase in creditors	(111,573)	49,616
<b>Cash generated from operations</b>	<u>130,743</u>	<u>82,384</u>