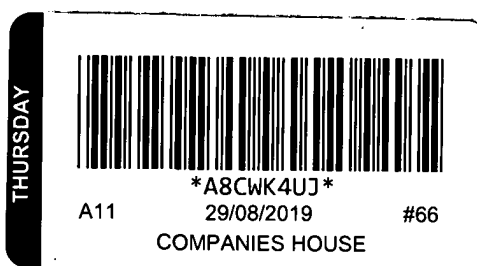


Registered number: 2215654

CAMIRA FABRICS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



CAMIRA FABRICS LIMITED

COMPANY INFORMATION

Directors	N A Brown (resigned 23 April 2019) A L Williams A S Croall A L Bomford G L Russell M T Young L C Bolton (appointed 1 February 2019)
Company secretary	A S Croall
Registered number	2215654
Registered office	The Watermill Wheatley Park Hopton Mirfield West Yorkshire WF14 8HE
Independent auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA

CAMIRA FABRICS LIMITED

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CAMIRA FABRICS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Principal activities

Camira Fabrics Limited is an award winning textile innovator and European market leader in the design and manufacture of contract performance fabrics for the commercial interiors sector. The company manufactures and distributes contract fabrics globally for seating and vertical panel applications, as used in offices, education, retail, healthcare, hospitality, cinema and auditoria.

The wider Camira Group is a current holder of Queen's Awards for Sustainable Development and International Trade. The company is recognised for environmental stewardship and is a world leader in the development of innovative bast fibre fabrics made from wool blended with harvested nettles, hemp and flax.

Business model

Camira's core purpose is "Delivering Style with Substance", bringing colour, design, comfort and personality to wide ranging interior environments, whilst ensuring supply chain and manufacturing integrity along with environmental best practice. Camira's stated mission is "to celebrate textile design and manufacturing, pushing boundaries, valuing people, and bringing interiors to life".

Over recent years, the Company has invested heavily in securing the continuity of key elements of its supply chain, which is a fundamental principle of ensuring reliable service in terms of lead times, quality and environmental performance. To this end, in February 2019 the company completed the acquisition of Holmfirth Dyers Limited, a valued partner and long-term supplier, in order to secure our long-term fabric dyeing supply chain and to offer more control over key supply chain costs. The business is active globally, with a particularly strong presence in its home UK territory and core European markets. Ongoing business development has ensured continued growth across mainland Europe as well as in North America, China and Australasia. Exports account for approximately 62% of turnover and this continues to increase year on year. Routes to market are via furniture manufacturers who make office and contract furniture, through fabric specification channels such as architects, interior designers and furniture dealers, and direct to corporate end user clients.

The Company is positioned as an innovative, design-led, environmental textile resource for global specifiers, with a brand name synonymous with service, quality and sustainability. Camira is a five times Queen's Award winner in all three Queen's Award categories (International Trade, Innovation and Sustainable Development), with the most recent awards being in International Trade in 2016 and Sustainable Development in 2015.

We use a mix of sales resource, including Camira employees based in the UK and in specific international markets, as well as overseas agents, distributors and strategic partnerships.

Business review and results

During the year ended 31 December 2018, Camira Fabrics turnover increased by £9.7m (15.0%) from £65.0m to £74.7m. This follows on from a £10.2m increase between 2016 and 2017. Operating profit reduced from £9.3m to £8.4m as the company incurred additional salary and other operating costs such as marketing and property costs due to investment in its resource base, building a platform to deliver further growth in future years.

The UK market continued to perform well with sales being driven by increased specifications through successful A&D selling strategies, which allows Camira to continue to support the important London (and international) design markets for end-user projects in offices, universities and healthcare.

CAMIRA FABRICS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

All of our key European markets showed turnover and volume growth in 2018. In particular, sales continued to show excellent year on year increases in Southern and Central Europe whilst turnover in Germany and Scandinavia reached record levels.

North America and China continue to see very strong growth which has continued from previous years. This growth, which was organic in nature, was delivered by increases in metres sold and value. Further investments in new employees and offices/showrooms illustrate our confidence that we will continue with the growth curve in these markets going forward.

The contract fabrics business continues to be impacted positively on a macro trend level, as the appetite for a more flexible, adaptive and relaxed workspace continues unabated. This has fuelled demand for larger pieces of soft seating, acoustic enclosures and pod systems which not only consume more fabric, but also typically use higher value natural wool products rather than lower priced synthetics. We see this trend continuing in education and office, added to which is a greater emphasis on health and wellbeing, including emphasis on indoor acoustics and noise reduction. Camira is well placed to continue to take advantage of this demand with its acoustically designed fabrics backed by scientific acoustic tests. During 2018 we continued to build upon our "Made by Camira" brand marketing programme, which highlights the uniqueness of our proposition thanks to our vertical textile manufacturing capabilities, which offer unrivalled flexibility, speed of delivery, guaranteed quality and environmental performance.

We also anticipate strong growth in the hospitality and healthcare sectors in the coming years and believe we are well placed to take advantage of such growth, having invested in both dedicated sales resource and focused product development in these areas in recent years.

Sustainability in its widest sense (environmental, social and economic) continues to be a core value and differentiator for Camira which is recognised as a world leader in environmental stewardship in textiles. We extended our range of eco-labelled products accredited to the EU Ecolabel, which is a growing requirement in certain geographic regions and for public tenders, plus we continue to enjoy Oeko-tex certification (a labelling system concerned with the protection of human health) on a wide number of polyester fabrics. Many fabrics also contribute to LEED credits for environmental building projects under USGBC (US Green Building Council) schemes.

Environmental materials range from natural wools and bast fibres from plants, to recycled polyesters, including post-industrial, post-consumer and closed loop polyester using our own waste yarns. This is complemented by a CSR programme called Wool for Water, supporting water projects managed by international water aid charity Just a Drop, and an award winning modern apprenticeship model to nurture our stars of the future and ensure a sustainable skills base.

During the year the company declared dividends of £9,950,000 (2017: £24,000,000).

Financial key performance indicators

A comparison of KPI's in the 2018 and 2017 financial years is shown below:

	2018	2017	
Stock days	107	109	<i>Stock/COS*365</i>
Debtor days	59	57	<i>Trade debtors/sales*365</i>
Creditor days	65	61	<i>Trade creditors/COS*365</i>
Return on capital employed	53%	63%	<i>PBT/(Net Assets-Deferred tax)</i>

CAMIRA FABRICS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Principal risks and uncertainties

The directors are seeking to build an increasingly profitable business by utilising its resources and relationships and at the same time carefully managing the risks to the operation. Such risks include:

- foreign currency exchange risk, which is managed through hedging assets against liabilities in foreign currency. In addition, where possible the Group mitigates transactional exposures by maximising natural hedges and matching income and expenditure in the same currency. From time to time, the Group also takes out, where appropriate, forward exchange contracts to further reduce the exchange risks.
- raw material supply and pricing. The Group works closely with a number of key suppliers to ensure a consistent, reliable and constant supply of good quality raw materials are produced. New supply chains are constantly being evaluated to ensure there is scope for growth.
- the potential impact of legislative changes to both UK and overseas operations, ie Health and Safety, environmental and sustainability impacts.
- Brexit. The UK's exit from the European Union brings widespread uncertainties, especially in the event of a "No Deal" scenario, with potential border delays for inbound raw materials and outbound finished goods, as well as increased duties and administration costs. No Deal contingency planning has been detailed and resource intensive, involving increasing stocks of both yarn and finished fabric to provide a buffer for transit delays, along with a series of potential administrative changes to mitigate duties by trading using our German subsidiary Camira Fabrics GmbH.

Future developments

2019 has started very strongly with continued growth in sales and orders across all key geographical areas. This has been achieved from growth in both project based business and the result of increased sales investment in direct personnel across Europe. We have also recently strengthened our UK team at all levels and continue to actively recruit in the USA and Asia, delivering further platforms for growth.

This report was approved by the board on 5 June 2019 and signed on its behalf.

L C Bolton
Director



CAMIRA FABRICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £7,060,757 (2017: £8,473,627). Dividends of £9,950,000 (2017: £24,000,000) were declared in the year, amounting to £90,455 per ordinary share (2017: £218,182).

Directors

The directors who served during the year and up to the date of approving these financial statements were:

N A Brown (resigned 23 April 2019)
A L Williams
A S Croall
A L Bomford
G L Russell
M T Young
L C Bolton (appointed 1 February 2019)

CAMIRA FABRICS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Research and development

The company incurred expenditure of £13,149 (2017: £8,448) on research and development appropriate to its trading activities.

Employee involvement

Arrangements exist to inform and consult with employees' representatives on matters of concern to employees.

Disabled employees

It is the policy of the company to give full and fair consideration to the employment of disabled persons, their training and career development with every effort being made to retain and assist employees who become disabled in the course of their employment.

Disclosure of information to auditor

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

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

Post balance sheet events

The company completed the acquisition of Holmfirth Dyers Holdings Limited, a trusted and long-standing supplier, in February 2019. Full details are presented in note 24.

Auditors

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

This report was approved by the board on 5 June 2019 and signed on its behalf.



L C Bolton
Director

CAMIRA FABRICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAMIRA FABRICS LIMITED

Opinion

We have audited the financial statements of Camira Fabrics Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of comprehensive income, Balance sheet, Statement of Changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, including the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

CAMIRA FABRICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAMIRA FABRICS LIMITED

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.


A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

CAMIRA FABRICS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAMIRA FABRICS LIMITED


Malcolm Harding (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

7 June 2019

CAMIRA FABRICS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	2	74,696,606	64,973,281
Cost of sales		(45,328,924)	(38,397,848)
Gross profit		29,367,682	26,575,433
Distribution costs		(2,882,598)	(2,665,949)
Administrative expenses		(18,124,775)	(14,636,750)
Operating profit	3	8,360,309	9,272,734
Income from shares in group companies		496,975	829,170
Income from participating interests		-	225,000
Interest payable and expenses	7	(299,009)	(54,677)
Profit before tax		8,558,275	10,272,227
Tax on profit	8	(1,497,518)	(1,798,600)
Profit for the year		7,060,757	8,473,627
Total comprehensive income for the year		7,060,757	8,473,627

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

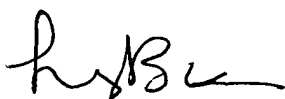
The notes on pages 13 to 28 form part of these financial statements.

CAMIRA FABRICS LIMITED
REGISTERED NUMBER: 2215654

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	9	51,452	56,597
Tangible assets	10	3,700,392	3,599,912
Investments	11	565,555	1,217,322
		<u>4,317,399</u>	<u>4,873,831</u>
Current assets			
Stocks	12	13,309,391	11,469,204
Debtors	13	47,041,063	40,055,791
Cash at bank and in hand	14	5,733,980	3,975,012
		<u>66,084,434</u>	<u>55,500,007</u>
Creditors: amounts falling due within one year	15	(56,974,569)	(44,047,210)
Net current assets		<u>9,109,865</u>	<u>11,452,797</u>
Total assets less current liabilities		<u>13,427,264</u>	<u>16,326,628</u>
Provisions for liabilities			
Deferred tax	16	(102,787)	(112,908)
		<u>(102,787)</u>	<u>(112,908)</u>
Net assets		<u><u>13,324,477</u></u>	<u><u>16,213,720</u></u>
Capital and reserves			
Called up share capital	17	110	110
Share premium account		2,525,847	2,525,847
Profit and loss account		10,798,520	13,687,763
		<u>13,324,477</u>	<u>16,213,720</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 June 2019.



L C Bolton
Director

The notes on pages 12 to 27 form part of these financial statements.

CAMIRA FABRICS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	110	2,525,847	13,687,763	16,213,720
Comprehensive income for the year				
Profit for the year	-	-	7,060,757	7,060,757
Total comprehensive income for the year	-	-	7,060,757	7,060,757
Dividends paid on equity shares	-	-	(9,950,000)	(9,950,000)
Total transactions with owners	-	-	(9,950,000)	(9,950,000)
At 31 December 2018	110	2,525,847	10,798,520	13,324,477

The notes on pages 13 to 28 form part of these financial statements.

CAMIRA FABRICS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	110	2,525,847	29,214,136	31,740,093
Comprehensive income for the year				
Profit for the year	-	-	8,473,627	8,473,627
Total comprehensive income for the year	-	-	8,473,627	8,473,627
Total transactions with owners	-	-	(24,000,000)	(24,000,000)
Total transactions with owners	-	-	(24,000,000)	(24,000,000)
At 31 December 2017	110	2,525,847	13,687,763	16,213,720

The notes on pages 13 to 28 form part of these financial statements.

CAMIRA FABRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. Accounting policies

1.1 Basis of preparation of financial statements

Camira Fabrics Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes;
- Key Management Personnel compensation; and
- Financial Instruments.

These exemptions are consistent with the prior year as the company continues to adopt this reduced disclosure framework.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on page 1.

The financial position of the company, liquidity position and borrowing facilities are described in the company's notes to the financial statements.

The company's forecasts and projections, taking into account reasonable sensitivities in trading performance, show that the company is able to operate within the level of its current facility and meet its covenants.

The Directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

CAMIRA FABRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. Accounting policies (continued)

1.3 Revenue

Revenue is measure by the fair value of the consideration received or receivable. The fair value of the consideration takes into account the amount of trade discounts, prompt settlement discounts and volume rebates allowed by the entity.

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

The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
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.

1.4 Intangible assets

Goodwill arising on the acquisition of a business is the difference between the fair value of the consideration paid, and the fair value of assets and liabilities acquired. It is amortised through the profit and loss account over the directors' estimate of its useful economic life, currently estimated to be no more than 20 years. Impairment tests on the carrying value of goodwill are undertaken if events or changes in circumstances indicate that the carrying value may not be recoverable.

The trade and certain net assets of Camira Limited (formerly Teknit Limited), a subsidiary undertaking, were transferred to the company at their fair value. The cost of the company's investment in this subsidiary undertaking reflected the underlying fair value of its assets and goodwill at the time of acquisition. As a result of this transfer, the value of the company's investment in this subsidiary undertaking fell below the amount at which they were stated in the company's accounting records. Schedule 4 to the Companies Act 1985 requires that the investments be written down accordingly and that the amount be charged as a loss in the company's profit and loss account. However, the directors consider that, as there has been no overall loss to the company, it would fail to give a true and fair view to charge that diminution to the company's profit and loss account for the year and it should instead be re-allocated to goodwill so as to recognise in the company's individual balance sheet the effective cost to the company of all its subsidiary undertakings.

1.5 Tangible fixed assets

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

CAMIRA FABRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. Accounting policies (continued)

1.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 2.5-10%
Plant and machinery	- 10-20%
Motor vehicles	- 20-25%
Office equipment	- 10-33.3%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1.6 Investments

Investments in subsidiary undertakings are stated at cost or net recoverable value.

1.7 Stocks

Stocks are stated at direct cost plus attributable overheads or net realisable value if lower.

1.8 Cash and cash equivalents

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

1.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

CAMIRA FABRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. Accounting policies (continued)

1.9 Financial instruments (continued)

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

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 profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

1.10 Foreign currency translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

1.11 Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

CAMIRA FABRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. Accounting policies (continued)

1.12 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

1.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

CAMIRA FABRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. Accounting policies (continued)

1.15 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Sale of goods	74,696,606	64,973,281
	<u>74,696,606</u>	<u>64,973,281</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	28,526,492	25,271,808
Rest of World	46,170,114	39,701,473
	<u>74,696,606</u>	<u>64,973,281</u>

A more detailed breakdown of turnover has not been provided as the Directors believe to publish such an analysis would be seriously prejudicial to the interests of the company.

CAMIRA FABRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. Operating profit

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

	2018 £	2017 £
Research & development charged as an expense	13,149	8,448
Depreciation of tangible fixed assets	793,330	528,038
Amortisation of intangible assets, including goodwill	5,145	5,145
Exchange differences	(105,479)	28,487
Defined contribution pension cost	450,756	377,596
Operating Lease rentals	<u>1,580,768</u>	<u>1,287,929</u>

4. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	57,900	57,900
	<u>57,900</u>	<u>57,900</u>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Camira Group Holdings Limited.

CAMIRA FABRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Employees

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	8,552,654	8,467,181
Social security costs	829,665	796,262
Cost of defined contribution scheme and life insurance	450,756	377,596
	<u>9,833,075</u>	<u>9,641,039</u>

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

	2018 No.	2017 No.
Selling and Administration	173	146
Manufacturing, distribution and maintenance	135	116
	<u>308</u>	<u>262</u>

6. Directors' remuneration

Directors remuneration is borne by Camira Holdings Limited and recharged across the Group according to external turnover levels, to represent the proportional amount of Directors' time that each company incurs. The company incurred recharges of £477,969 (2017: £541,445) in the year. Full details of Directors' remuneration are presented in the financial statements of the ultimate parent company, Camira Group Holdings Limited.

7. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	299,009	54,677
	<u>299,009</u>	<u>54,677</u>

CAMIRA FABRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	1,604,279	1,756,642
Adjustments in respect of previous periods	(96,640)	(6,697)
	<u>1,507,639</u>	<u>1,749,945</u>
Total current tax	<u>1,507,639</u>	<u>1,749,945</u>
Deferred tax		
Origination and reversal of timing differences	(9,646)	48,745
Adjustments in respect of prior years	(475)	(90)
	<u>(10,121)</u>	<u>48,655</u>
Total deferred tax	<u>(10,121)</u>	<u>48,655</u>
Taxation on profit	<u>1,497,518</u>	<u>1,798,600</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit before tax	<u>8,558,275</u>	<u>10,272,227</u>
Profit multiplied by standard rate of corporation tax in the UK of 19.00 % (2017 - 19.25%)	1,626,072	1,977,404
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	80,795	37,579
Adjustments to tax charge in respect of prior periods	(97,115)	(6,697)
Other differences	1,134	(6,440)
Income not subject to tax	(113,368)	(203,246)
Total tax charge for the year	<u>1,497,518</u>	<u>1,798,600</u>

CAMIRA FABRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Taxation (continued)

Factors that may affect future tax charges

From 1 April 2015, the main rate of corporation tax was reduced to 20%. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. Any deferred tax at 31 December 2018 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

9. Intangible assets

	Goodwill £
Cost	
At 1 January 2018	2,634,562
At 31 December 2018	<u>2,634,562</u>
Amortisation	
At 1 January 2018	2,577,965
Charge for the year	5,145
At 31 December 2018	<u>2,583,110</u>
Net book value	
At 31 December 2018	<u><u>51,452</u></u>
At 31 December 2017	<u><u>56,597</u></u>

CAMIRA FABRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Assets in the course of constr'n £	Total £
Cost or valuation						
At 1 January 2018	1,234,145	10,134,300	193,149	1,663,454	997,655	14,222,703
Additions	36,098	568,055	-	318,325	5,220	927,698
Transfers intra group	-	824,695	-	169,702	(994,397)	-
Disposals	-	(111,186)	(25,544)	-	-	(136,730)
At 31 December 2018	1,270,243	11,415,864	167,605	2,151,481	8,478	15,013,671
Depreciation						
At 1 January 2018	1,003,533	8,097,224	189,837	1,332,197	-	10,622,791
Charge for the year on owned assets	2,905	549,832	1,225	239,368	-	793,330
Disposals	-	(77,298)	(25,544)	-	-	(102,842)
At 31 December 2018	1,006,438	8,569,758	165,518	1,571,565	-	11,313,279
Net book value						
At 31 December 2018	263,805	2,846,106	2,087	579,916	8,478	3,700,392
At 31 December 2017	230,612	2,037,076	3,312	331,257	997,655	3,599,912

11. Investments

	Share in Group Undertakings £
Cost and net book value	1,217,322
Transferred to a fellow group company	(651,767)
At 31 December 2018	565,555
At 31 December 2017	1,217,322

CAMIRA FABRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Stocks

	2018 £	2017 £
Raw materials and work in progress	3,508,947	3,549,819
Design cards and pattern room materials	2,946,255	2,159,727
Finished goods and goods for resale	6,854,189	5,759,658
	<u>13,309,391</u>	<u>11,469,204</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £42,323,485 (2017: £37,840,940). In the year there were provisions totalling £919,372 (2017: £488,216). There were no reversal of write-downs (2017 : £nil).

There was no stock pledged as security for liabilities in the year (2017:same).

13. Debtors

	2018 £	2017 £
Trade debtors	12,003,200	10,151,158
Amounts owed by group undertakings	32,948,457	28,607,307
Other debtors	1,326,727	885,831
Prepayments and accrued income	762,679	411,495
	<u>47,041,063</u>	<u>40,055,791</u>

Amounts owed by group companies totalled £32,948,457 (2017: £28,607,307). The balances are interest free and repayable on demand. £12,335,988 (2017: £13,584,221) is owed by a parent company, Camira Group Limited. £20,612,469 (2017: £15,023,149) is owed by fellow group companies.

Trade debtors includes £2,210,141 (2017: £nil) of balances owed by other group companies.

14. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	5,733,980	3,975,012
	<u>5,733,980</u>	<u>3,975,012</u>

CAMIRA FABRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	8,094,146	6,458,068
Amounts owed to group undertakings	45,728,330	33,666,799
Corporation tax	274,449	474,449
Taxation and social security	316,395	268,927
Other creditors	137,346	15,066
Accruals and deferred income	2,423,903	3,163,901
	<u>56,974,569</u>	<u>44,047,210</u>

Amounts owed to group companies totalled £45,728,330 (2017: £33,666,799). The balances are interest free and repayable on demand. £nil (2017: £nil) is owed by a parent company.

16. Deferred taxation

	2018 £
At beginning of year	(112,908)
Credit to profit or loss	10,121
At end of year	<u>(102,787)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(114,512)	(119,862)
Short term timing differences	11,725	6,954
	<u>(102,787)</u>	<u>(112,908)</u>

CAMIRA FABRICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

17. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
110 Ordinary Shares of £1 each	110	110

Dividends of £9,950,000 (2017: £24,000,000) were declared in the year, amounting to £90,455 per ordinary share (2017: £218,182).

18. Contingent liabilities

The company has guaranteed bank borrowings of its fellow group companies, specifically relating to the Investor loan from Pricoa of £30,072,445 (2017: £32,072,446).

19. Pension commitments

Contributions are made to a defined contribution scheme for certain directors. The assets of the schemes are held separately from those of the company in an independently administered fund. In addition contributions are made, based on present levels of salaries, to individual pension policies of certain directors and employees. The pension cost charge represents contributions payable by the company under the above arrangements and amounts to £450,756 (2017: £298,174).

Contributions amounting to £68,970 (2017: £50,134) are payable to the scheme as at the year end and are included in creditors.

20. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	1,475,147	1,279,731
Later than 1 year and not later than 5 years	4,981,942	4,118,090
Later than 5 years	4,525,288	3,655,757
Total	10,982,377	9,053,578

CAMIRA FABRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

21. Related party transactions

The company traded on normal commercial terms during the year with Park Valley Dyers Limited, a related party of the company.

In respect of Park Valley Dyers Limited, amounts purchased in the year totalled £500,882 (2017: £299,784) and £107,930 (2017: £55,656) was payable by the company as at the year end and was included within trade creditors (2017:same).

22. Controlling party

The company is a subsidiary of Camborne Holdings Limited, and the ultimate parent company is Camira Group Holdings Limited incorporated in England.

The largest group in which the results of the company are consolidated is that headed by Camira Group Holdings Limited. No other group financial statements include the results of the company. The consolidated financial statements of the group are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

23. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Camira Limited	Ordinary	100 %	Dormant
UAB Camira Fabrics	Ordinary	100 %	Textile Manufacturers & distributors
Flying Magic Limited (owners of Camira Yarns Limited (Yarn spinners) and Natural Fibre Tex Limited (Dormant))	Ordinary	100 %	Textile services

CAMIRA FABRICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

23. Subsidiary undertakings (continued)

Name	Country of incorporation and Registered address
Camira Limited	The Watermill, Wheatley Park, Mirfield, West Yorkshire, WF14 8HE, England.
UAB Camira Fabrics	Zemaiciu g, 47 Ariogala, LT 60252, Raseiniu raj, Lithuania.
Flying Magic Limited(owners of Camira Yarns Limited(Yarn Spinners) and Natural Fibre Tex Limited(Dormant)).	The Watermill, Woodbottom, Mirfield, West Yorkshire, WF14 8HE, England.

24. Acquisition of subsidiary undertaking

Subsequent to the balance sheet date, the Company completed the acquisition of 100% of the share capital of Holmfirth Dyers Holdings Limited and its trading subsidiary Holmfirth Dyers Limited, on 18 February 2019.

The principal activity of Holmfirth Dyers Limited is the dyeing and finishing of textile fabrics. The acquisition represents a significant investment in securing a crucial part of the Company's supply chain.

The total consideration transferred and fees incurred in respect of the acquisition was £13,100,000.

The fair value of the net assets acquired was £9,800,000. Initial fair value adjustments are estimated at £700,000.

A full analysis of the assets and liabilities acquired, including a consideration of book value and fair value of each category of asset and liability, will be presented in the Company's financial statements for the year ending 31 December 2019.