

**Allied Textiles Limited**

**Directors' report and consolidated  
financial statements**

**Registered number 3941408**

**31 December 2014**

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## Strategic report

### Principal activities

The group is principally engaged in the manufacturing, processing and distribution of textile products.

### Business model

The various branches of the group, specialize in different areas of synthetic fibre production, thereby giving a diverse product offering. Mayfield Yarns (through its operations in the UK and Canada) provides synthetic yarn preparation services, William Reed weaves quality continuous filament fabrics and Coating Applications manufactures performance technical textiles, specializing in polyurethane and poly vinyl chloride coating.

### Review of Business

In the 12 months to 31 December 2014, the group achieved turnover of £22.0 million compared to £22.5 million in the equivalent period of 2013. The on-going business remained largely consistent with the previous year; £0.4 million of the reduction was attributable to the strategic decision to dispose of the group's Century Dyeing business in May 2013.

The coating business remained quiet during the year – continuing to be impacted by the absence of significant military contracts. In addition, safety and regulatory concerns regarding the balloon industry in Turkey and Egypt impacted on demand in this sector. However, whilst the specific sector of the European automotive industry supplied by the group remained weak throughout the year, the recovery in the US automotive industry benefited the group.

The weaving business was impacted by a weakening in the electrical cabling business in the second half of the year. Stock turnover (see below) suffered as a result of this although this has been addressed in the current year. Improved demand for green energy related products offset this weakness.

Despite the reduced turnover, operating profit before exceptional items improved to £1.3 million compared to £1.0 million in the prior year. The group benefited from its continued efforts to improve gross profit margins through production efficiencies and its focus on tight cost control. The year also benefited from actions taken in the prior year to streamline management structures.

The disposal of a vacant site in Wilsden to a local property developer generated a profit of £3.0 million in the prior year. During the current year, deferred payments related to this disposal of £1.9 million were received. The final payment of £0.9 million was received in January 2015.

The group also had its property portfolio revalued in 2014 at £3.7 million resulting in a £0.7 million increase in the revaluation reserve.

During the year, the trustees of the Allied Textile Companies plc Retirement Benefits plan entered into a contract with an insurance company which it is confident will lead to a fully insured buy out of this scheme's liabilities. The contract significantly reduces the risks associated with running a defined benefit scheme. However, from an accounting view point, this has had a negative impact as the net liability is now based on the estimated buy-out cost of the scheme. Costs of £0.2 million were funded by the group in securing this contract. In addition, the group contributed advanced contributions of £0.4 million in the year to facilitate the position.

The group once again saw a significant reduction in net debt with the group having minimal net debt of £0.1 million compared to £1.9 million in 2013.

The group remains grateful to its extremely skilled and loyal employees for their continued hard work in what can be a very demanding industry.

## Strategic report *(continued)*

### Key performance indicators

The group has a number of key performance indicators, both financial and non-financial, that are used to manage the business.

	2014	2013	
Return on capital employed (pre-exceptional)	19.0%	19.1%	(EBITDA/Shareholders' funds)
Debtors days	53	53	(Trade debtors/Turnover x 365 days)
Stock days	120	108	(Stock/Cost of sales x 365 days)
Reportable accidents per employee	0.0%	1.3%	(Reportable accidents/Average employees)

### Key risks & uncertainties

The group carefully manages its exposure to key risks and uncertainties. Nevertheless, a number of risks and uncertainties are not fully under its control.

For example, major geo-political and economic conditions can quickly impact key markets. The global automotive and military examples are major sources of revenue, and can be quickly influenced by macro-economic events.

Trading activity takes place in Euros, sterling and USD. Whilst contract positions are taken in key currencies, the group is not fully hedged against volatility in its key trading currencies.

The manufacturing operations depend on the availability of high quality raw materials, and the group aims to maintain and develop relationships with a strategic supply base. This minimizes, but does not fully eliminate the risks to raw material supply.

### Future developments

Trading in the early part of 2015 has seen improvements in a number of key business areas with military, balloon and both European and American automotive demand all performing ahead of 2014. This is partly countered by a continued weakness in the electrical cabling business although this is expected to recover in the second half of the year. The first half in particular suffered due to overstocking. The Group is therefore confident about its 2015 performance.

### Post balance sheet event

On 2 February 2015, the group was acquired by a new company, Haughton Textiles Limited. Although this will have no impact on day to day business it puts the group in a better position to progress to its next stage of development.

By order of the board



**J Grace**  
Secretary

First Floor  
5 Morston Claycliffe Office Park  
Whaley Road  
Barnsley  
South Yorkshire  
S75 1HQ

*25 September 2015*

## Directors' report

The directors present their annual report together with the audited accounts for the year ended 31 December 2014.

### Results and dividends

The profit for the year ended 31 December 2014 amounted to £0.6 million (2013: £3.1 million). The directors paid an interim dividend during the year of £nil (2013: £0.6 million). The directors paid a final ordinary dividend in respect of the 2013 financial year of £0.6 million in February 2014. The directors do not propose a final dividend in respect of the 2014 financial year.

### Executive directors

SR McGuffie  
J Grace

### Non-executive directors

C Edge (resigned 2 February 2015)

### Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. They are eligible for promotion and within the limits of their disabilities are given equal consideration with other applicants. It is the group's policy to continue to employ any persons who become disabled whilst in the group's employment.

### Employee involvement

The group is committed to the development of employee consultation so that the views of the employees can be taken into account when making decisions which are likely to affect their interests.


### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



J Grace  
Secretary

First Floor  
5 Morston Claycliffe Office Park  
Whaley Road  
Barnsley  
South Yorkshire  
S75 1HQ

26 September 2015

## **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



## KPMG LLP

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

### **Independent auditor's report to the members of Allied Textiles Limited**

We have audited the financial statements of Allied Textiles Limited for the year ended 31 December 2014 set out on pages 7 to 36. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Independent auditor's report to the members of Allied Textiles Limited (*continued*)**

### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



**David Morritt (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

29 September 2015



**Consolidated profit and loss account**  
**Year ended 31 December 2014**

*Notes*

		2014 £m	2013 £m
<b>Turnover</b>	2	22.0	22.5
Cost of sales		(17.2)	(18.0)
<b>Gross profit</b>		<b>4.8</b>	4.5
Distribution costs		(1.1)	(1.3)
Administrative expenses		(2.6)	(2.6)
<b>Exceptional, depreciation and amortisation costs included in operating profit:</b>			
- exceptional costs – royalties	3	-	(0.1)
- exceptional costs - pension liability management	3	-	(0.2)
- exceptional costs – pension buy-out costs	3	(0.2)	-
- exceptional costs – provision for onerous contract	3	-	(0.1)
- depreciation costs	3	(0.3)	(0.6)
- amortisation costs	3	(0.3)	(0.2)
<b>Operating profit before exceptional, depreciation and amortisation costs</b>		<b>1.9</b>	1.8
<b>Operating profit</b>	3-5	<b>1.1</b>	0.6
Profit on sale of fixed assets		-	3.0
<b>Profit on ordinary activities before interest</b>		<b>1.1</b>	3.6
Interest	6	-	(0.1)
<b>Profit on ordinary activities before taxation</b>		<b>1.1</b>	3.5
Tax on profit on ordinary activities	7	(0.5)	(0.4)
<b>Profit for the financial year</b>	20,21	<b>0.6</b>	3.1

A reconciliation of the movement in shareholders' funds is given in note 21.

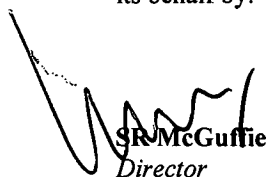
The notes on pages 12 to 36 form part of these financial statements.

**Consolidated balance sheet**  
**at 31 December 2014**

	<i>Note</i>	<b>2014 £m</b>	<b>2013 £m</b>
<b>Fixed assets</b>			
Intangible assets	<i>9</i>	<b>1.3</b>	1.6
Tangible assets	<i>10</i>	<b>4.5</b>	3.8
		<hr/> <b>5.8</b> <hr/>	<hr/> 5.4 <hr/>
<b>Current assets</b>			
Stocks	<i>12</i>	<b>5.7</b>	5.4
Debtors	<i>13</i>	<b>4.4</b>	6.3
Cash at bank and in hand		<b>1.5</b>	0.7
		<hr/> <b>11.6</b> <hr/>	<hr/> 12.4 <hr/>
<b>Creditors: amounts falling due within one year</b>	<i>14</i>	<b>(4.1)</b>	(4.5)
		<hr/>	<hr/>
<b>Net current assets</b>		<b>7.5</b>	7.9
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>13.3</b>	13.3
<b>Creditors: amounts falling due after more than one year</b>	<i>15</i>	<b>(1.4)</b>	(1.6)
		<hr/>	<hr/>
<b>Net assets excluding net pension (liability) / asset</b>		<b>11.9</b>	11.7
Net pension (liability) / asset	<i>22</i>	<b>(0.7)</b>	0.9
		<hr/>	<hr/>
<b>Net assets including net pension (liability) / asset</b>		<b>11.2</b>	12.6
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
Called up share capital	<i>19</i>	<b>5.1</b>	5.1
Share premium account	<i>20</i>	<b>0.9</b>	0.9
Capital redemption reserve	<i>20</i>	<b>0.1</b>	0.1
Revaluation reserve	<i>20</i>	<b>2.5</b>	1.8
Profit and loss account	<i>20</i>	<b>2.6</b>	4.7
		<hr/>	<hr/>
<b>Shareholders' funds</b>	<i>21</i>	<b>11.2</b>	12.6
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 12 to 36 form part of these financial statements.

These financial statements were approved by the board of directors on ~~25 September~~ 2015 and were signed on its behalf by:

  
SR McGuffie  
Director

  
J Grace  
Director

## Consolidated statement of total recognised gains and losses

*Year ended 31 December 2014*

	2014 £m	2013 £m
<b>Profit for the financial year</b>	<b>0.6</b>	<b>3.1</b>
Currency translation differences on foreign currency investments	-	(0.1)
Revaluation gain	0.7	-
Actuarial (loss) / gain recognised on pension schemes	(2.6)	0.4
Deferred tax associated with pension schemes	0.5	(0.1)
	<hr/>	<hr/>
<b>Total recognised gains and losses relating to the year</b>	<b>(0.8)</b>	<b>3.3</b>
	<hr/> <hr/>	<hr/> <hr/>

## Note of historical profits and losses

*Year ended 31 December 2014*

	2014 £m	2013 £m
<b>Reported profit on ordinary activities before taxation</b>	<b>1.1</b>	<b>3.5</b>
Difference between a historical profit on sale of fixed assets and the actual profit on sale of fixed assets calculated on the revalued amount	-	0.8
	<hr/>	<hr/>
<b>Historical cost profit on ordinary activities before taxation</b>	<b>1.1</b>	<b>4.3</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Historical cost profit after taxation for the financial period</b>	<b>0.6</b>	<b>3.9</b>
	<hr/> <hr/>	<hr/> <hr/>

**Company balance sheet**  
**at 31 December 2014**

	<i>Notes</i>	<b>2014</b> <b>£m</b>	2013 <b>£m</b>
<b>Fixed assets</b>			
Investments	<i>11</i>	<b>105.1</b>	106.1
<b>Current assets</b>			
Debtors	<i>13</i>	<b>0.1</b>	-
<b>Creditors: amounts falling due within one year</b>	<i>14</i>	<b>(99.9)</b>	(96.9)
<b>Net current liabilities</b>		<b>(99.8)</b>	(96.9)
<b>Total assets less current liabilities</b>		<b>5.3</b>	9.2
<b>Creditors: amounts falling due after more than one year</b>	<i>15</i>	<b>(1.4)</b>	(1.6)
<b>Net assets</b>		<b>3.9</b>	7.6
<b>Capital and reserves</b>			
Called up share capital	<i>19</i>	<b>5.1</b>	5.1
Share premium account	<i>20</i>	<b>0.9</b>	0.9
Capital redemption reserve	<i>20</i>	<b>0.1</b>	0.1
Profit and loss account	<i>20</i>	<b>(2.2)</b>	1.5
<b>Shareholders' funds</b>	<i>21</i>	<b>3.9</b>	7.6

The notes on pages 12 to 36 form part of these financial statements.

The financial statements were approved by the board of directors on ~~25 September~~ 2015 and were signed on its behalf by:

  
**SR McGuffie**  
*Director*

  
**J Grace**  
*Director*

**Consolidated cash flow statement**  
*Year ended 31 December 2014*

	<i>Notes</i>	<b>2014</b>		<b>2013</b>	
		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Net cash inflow from operating activities</b>	23		1.1		1.7
<b>Returns on investments and servicing of finance</b>					
Interest paid			-		(0.1)
<b>Taxation</b>			(0.3)		(0.4)
<b>Capital expenditure</b>					
Payments to acquire tangible fixed assets		(0.3)		(0.2)	
Proceeds from sales of tangible fixed assets		1.9		0.8	
		_____	1.6	_____	0.6
<b>Acquisitions and disposals</b>					
Proceeds from sale of businesses	24	-		0.7	
		_____	-	_____	0.7
<b>Equity dividends paid</b>			(0.6)		(0.6)
			_____		_____
<b>Cash inflow before use of liquid resources and financing</b>			1.8		1.9
<b>Financing</b>	25		(0.2)		(1.2)
			_____		_____
<b>Increase in net cash</b>			1.6		0.7
			=====		=====

**Reconciliation of net cash flow to movement in net debt**  
*Year ended 31 December 2014*

	<i>Notes</i>	<b>2014</b>	<b>2013</b>
		<b>£m</b>	<b>£m</b>
<b>Increase in net cash in the year</b>		1.6	0.7
Decrease in debt resulting from cash flows		0.2	1.2
Non-cash flow movement		-	(0.1)
		_____	_____
<b>Change in net debt</b>		1.8	1.8
<b>Net debt at start of year</b>		(1.9)	(3.7)
		_____	_____
<b>Net debt at end of year</b>	26	(0.1)	(1.9)
		=====	=====

## Notes to the financial statements (forming part of the financial statements)

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, modified to include the revaluation of land and buildings. The following accounting policies have been followed consistently in dealing with items which are considered material in relation to the group's financial statements.

#### *Going concern*

The financial statements have been prepared on a going concern basis. The Group has net assets of £11.2 million (2013: £12.6 million), and net current assets of £7.5 million (2013: £7.9 million). The directors believe the going concern basis to be appropriate following a review of the group's working capital requirements and cash position, and following an analysis of the banking covenants ruling the group's loans.

#### *Consolidation and goodwill*

The consolidated financial statements incorporate the financial statements of the company and all its subsidiary undertakings ("subsidiaries"). All financial statements are made up to 31 December 2014.

The acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertaking acquired or disposed of in the year are included in the consolidated profit and loss from the date of acquisition or up to the date of disposal. At the date of acquisition of a business, fair values are attributed to the net assets acquired. Goodwill is capitalised and written off to the profit and loss account over a period appropriate to each investment but no more than 20 years in accordance with Financial Reporting Standard 10.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

#### *Turnover*

Turnover is the aggregate invoiced value of sales and services, excluding value added tax and intra-group transactions, and is shown net of returns and allowances.

#### *Stocks*

Stocks are valued at cost or, if lower, at net realisable value. Cost comprises raw materials, direct labour and, where appropriate, includes a proportion of production overheads.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost or valuation less accumulated depreciation.

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their anticipated useful lives at the following annual rates:

Freehold buildings	2%
Plant and machinery	10-33⅓ %

No depreciation is provided on freehold land.

A policy of revaluation exists for freehold land and buildings. Valuations are performed by external valuation specialists.

The surplus or deficit on book value is transferred to the revaluation reserve. Where a deficit or impairment is in excess of any previously recognised surplus over historical cost, the deficit or impairment is deducted from any aggregate surplus relating to land and buildings of the same type. Where there is no such surplus or if the carrying value may not be recoverable, and the deficit or impairment is deemed permanent, it is charged to the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Investment Properties*

Investment properties are stated at their fair values at the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are included in the statement of recognised gains and losses in the period in which they arise.

#### *Investments in subsidiaries*

Investments in subsidiaries are stated at cost less provision for any impairment in value.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing difference between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

#### *Leased assets*

Tangible fixed assets operated under the terms of finance leases are capitalised at a value equal to the cost incurred in acquiring the relevant assets and depreciated in the same manner as owned assets or over the term of the lease if shorter. Finance charges are charged to the profit and loss account over the period of the lease. Payments made under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Post retirement benefits*

The Group operates a group personal pension plan. The assets of the plan are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the plan in respect of the accounting year.

The Group also operates a number of pension schemes providing benefits based on final pensionable pay. The assets of these schemes are held separately from those of the Group.

Pension scheme assets are measured using market values, except where an annuity policy is in place, in which case the assets are matched to the value of the scheme liabilities. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

#### *Foreign currency*

All assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling on the balance sheet date. The income and cash flow statements of overseas undertaking are translated at the average rates of exchange for the relevant accounting periods. Gains or losses arising on the translation of the financial statements of foreign subsidiaries are taken to reserves. Other exchange gains and losses are dealt with in the group profit and loss account.

#### *Cash and liquid resources*

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise investments in money market managed funds, and are stated at the lower of cost or market value.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Classification of financial instruments issued by the company*

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- They include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- Where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that included no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

#### *Dividends on shares presented within shareholders' funds*

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

### 2 Segmental analysis

	2014 £m	2013 £m
<b>Geographical analysis of turnover by market</b>		
UK	13.4	14.2
Other EU	5.7	5.8
North America	2.6	2.2
Other areas	0.3	0.3
	<u>22.0</u>	<u>22.5</u>
	<u>22.0</u>	<u>22.5</u>
 <b>Analysis of turnover by business activity</b>	 2014 £m	 2013 £m
Synthetic Fibres	<u>22.0</u>	<u>22.5</u>



## Notes (continued)

### 3 Operating profit

	2014 £m	2013 £m
<i>Operating profit is stated after charging/(crediting):</i>		
Depreciation and other amounts written off tangible fixed assets	0.3	0.6
Goodwill amortisation	0.3	0.2
Provision for onerous contract	-	0.1
Profit on disposal of investment property	-	(3.0)
Operating lease payments – rental land & buildings	0.1	0.1
Operating lease payments – other	0.1	0.1
Exchange losses & (gains)	0.1	(0.1)
Pension buy-out costs	0.2	-
Pension liability management costs	-	0.2
Royalties	-	0.1
	<hr/>	<hr/>

#### *Auditor remuneration*

Audit	0.1	0.1
Fees receivable by the auditor and their associates in respect of other services	0.1	0.1
	<hr/>	<hr/>

The company audit fee was £3,125 (2013: £3,090).

### 4 Directors and employees

	2014 £m	2013 £m
<i>Staff costs (including directors):</i>		
Wages and salaries	5.0	5.6
Social security costs	0.5	0.5
Other pension costs	0.2	0.2
	<hr/>	<hr/>
	5.7	6.3
	<hr/>	<hr/>

The average number of employees (including directors), principally in textile manufacturing, was 222 (2013: 236).

## Notes (continued)

### 5 Directors' remuneration

	2014 £m	2013 £m
Directors' emoluments	0.3	0.4
Pension contributions	-	0.1
	<u>0.3</u>	<u>0.5</u>

	2014 £m	2013 £m
<b>Highest paid director</b>		
Directors' emoluments	0.2	0.2
Pension contributions	-	0.1
	<u>0.2</u>	<u>0.3</u>

Two directors had benefits accruing under individual defined contribution pension arrangements (2013: four). No director had benefits accruing under a defined benefit scheme (2013: none).

### 6 Interest (net)

	2014 £m	2013 £m
Interest payable and similar charges on bank loans and overdrafts	(0.1)	(0.2)
Finance income from pension schemes (note 22)	0.1	0.1
	<u>-</u>	<u>(0.1)</u>

### 7 Taxation

<i>Analysis of charge in year</i>	2014 £m	2013 £m
<i>Corporation tax</i>		
Current tax on income for the year	0.4	0.4
Total current tax	0.4	0.4
<i>Deferred tax</i>		
Origination and reversal of timing differences	0.1	-
Tax charge on profit on ordinary activities	<u>0.5</u>	<u>0.4</u>

## Notes (continued)

### 7 Taxation (continued)

#### Factors affecting the tax charge for the current year

The current tax charge for the year is higher than (2013: lower than) the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are explained below.

	2014 £m	2013 £m
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1.1	3.5
	<hr/>	<hr/>
Current tax at 21.49% (2013: 23.25%)	0.2	0.8
<i>Effects of:</i>		
Permanent disallowables	-	(0.7)
Movement in fixed asset timing differences not recognised	-	(0.1)
Withholding tax on dividends	0.1	0.1
Goodwill	0.1	0.1
Difference in overseas tax rate	0.1	-
Losses available to carry forward	-	0.2
FRS17 movement	(0.1)	-
	<hr/>	<hr/>
Total current tax charge (see above)	0.4	0.4
	<hr/>	<hr/>

### 8 Loss for the financial year

Under the provisions of Section 408 of the Companies Act 2006, the company has not produced its own profit and loss account. The loss of the company dealt with in the consolidated profit and loss account amounted to £3.1m (2013: £2.8m) and has been transferred from reserves as shown in note 20.

### 9 Intangible fixed assets

Group	Goodwill £m
<b>Cost</b>	
At 1 January 2014 and 31 December 2014	5.2
	<hr/>
<b>Amortisation</b>	
At 1 January 2014	3.6
Provided during the year	0.3
	<hr/>
At 31 December 2014	3.9
	<hr/>
<b>Net book value at 31 December 2014</b>	<b>1.3</b>
	<hr/>
Net book value at 31 December 2013	1.6
	<hr/>

## Notes (continued)

### 10 Tangible fixed assets

Group	Investment properties £m	Freehold land and buildings £m	Plant and machinery £m	Total £m
<b>Cost</b>				
At 1 January 2014	-	3.3	13.1	16.4
Additions	-	-	0.3	0.3
Revaluation	0.2	0.2	-	0.4
Exchange difference	-	-	(0.1)	(0.1)
At 31 December 2014	0.2	3.5	13.3	17.0
<b>Depreciation</b>				
At 1 January 2014	-	0.3	12.3	12.6
Charge for the year	-	-	0.3	0.3
Revaluation	-	(0.3)	-	(0.3)
Exchange difference	-	-	(0.1)	(0.1)
At 31 December 2014	-	-	12.5	12.5
<b>Net book value</b>				
At 31 December 2014	0.2	3.5	0.8	4.5
At 31 December 2013	-	3.0	0.8	3.8

A policy of revaluation exists for freehold land and buildings. The last full valuation was performed by CB Richard Ellis at 29 November 2014. Investment properties were revalued by Steer Ethelston Rural Limited at 2 June 2014. The directors were not aware of any material change in value at the balance sheet date and therefore the valuations set out above have not been updated as at 31 December 2014.

The historic cost of the freehold land and buildings at the 31 December 2014 is £1.9 million (2013: £1.9 million).

### 11 Fixed asset investments

Company	Shares in subsidiary undertakings £m
<b>Cost</b>	
At 1 January 2014 and 31 December 2014	106.1
<b>Impairment</b>	
At 1 January 2014	-
Charge in the year	1.0
At 31 December 2014	1.0
<b>Net book value</b>	
At 31 December 2014	105.1
At 31 December 2013	106.1

The impairment charge in the year relates to the investment in Allied Textile Co BV. This company was liquidated in February 2015.

Allied Textiles Limited owned 100%, either directly or via a subsidiary undertaking, of the ordinary shares of the following subsidiary undertakings:

Subsidiary	Country of incorporation	Activity
Allied Textile Companies Limited	Great Britain	Holding company
ATC Manufacturing Limited*	Great Britain	Manufacturer and processor of textile products
Allied Textile Co BV	Holland	Holding company
Mayfield Warping Inc	Canada	Processor of synthetic yarns
ATC Property Limited*	UK	Dormant
BL2002 Limited*	UK	Dormant
Hugh Mackay Inc*	US	Dormant
* sub-subsidiary		

## 12 Stocks

	Group	
	2014 £m	2013 £m
Raw materials and consumables	1.4	1.6
Work in progress	0.7	0.8
Finished goods	3.6	3.0
	<u>5.7</u>	<u>5.4</u>

The company held no stocks (2013: £nil).

## 13 Debtors

	Group		Company	
	2014 £m	2013 £m	2014 £m	2013 £m
Trade debtors	3.2	3.2	-	-
Other debtors	0.9	2.8	-	-
Prepayments and accrued income	0.3	0.3	0.1	-
	<u>4.4</u>	<u>6.3</u>	<u>0.1</u>	<u>-</u>

## Notes (continued)

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

	Group		Company	
	2014 £m	2013 £m	2014 £m	2013 £m
Bank loans (see note 16)	0.2	0.2	0.2	0.2
Other bank facility	-	0.8	-	-
Bank overdrafts	-	-	0.4	0.3
Trade creditors	1.2	1.0	-	-
Amounts owed to group undertakings	-	-	99.0	96.0
Corporation tax	0.2	-	-	-
Other taxes and social security	0.4	0.4	0.1	0.1
Accruals and deferred income	2.1	2.1	0.2	0.3
	<u>4.1</u>	<u>4.5</u>	<u>99.9</u>	<u>96.9</u>

Bank loans and other bank facilities are secured by way of fixed and floating charges over the assets of group companies.

All of the borrowings are denominated in Sterling and have interest rate terms either 2.0% above base rate or 2.25% above LIBOR.

### 15 Creditors: amounts falling due after more than one year

	Group		Company	
	2014 £m	2013 £m	2014 £m	2013 £m
Bank loans (see note 16)	<u>1.4</u>	<u>1.6</u>	<u>1.4</u>	<u>1.6</u>

Bank loans are secured by way of fixed and floating charges over the assets of group companies.

### 16 Loans

	Group		Company	
	2014 £m	2013 £m	2014 £m	2013 £m
Due within one year	0.2	0.2	0.2	0.2
Amount due between one and two years	1.4	0.2	1.4	0.2
Amounts due between two and five years	-	1.4	-	1.4
	<u>1.6</u>	<u>1.8</u>	<u>1.6</u>	<u>1.8</u>
Less issue costs	-	-	-	-
	<u>1.6</u>	<u>1.8</u>	<u>1.6</u>	<u>1.8</u>
Analysed as:				
Creditors: amounts falling due within one year				
Bank loans (see note 14)	0.2	0.2	0.2	0.2
Creditors: amounts falling due after more than one year (see note 15)	1.4	1.6	1.4	1.6
	<u>1.6</u>	<u>1.8</u>	<u>1.6</u>	<u>1.8</u>

The loan was repaid in February 2015 as part of the acquisition.

## Notes (continued)

### 17 Deferred taxation

#### Deferred taxation

The elements of deferred taxation are as follows:

	2014 £m	Group 2013 £m
Difference between accumulated depreciation and amortisation and capital allowances	(1.0)	(0.8)
Other timing differences	(0.6)	(0.7)
	<u>(1.6)</u>	<u>(1.5)</u>

The deferred tax asset has not been recognised in the accounts, in line with the requirements of FRS 19 'Deferred tax', as its reversal is not certain in the near future.

### 18 Commitments

Capital expenditure of approximately £82,000 (2013: £nil) has been authorised and contracted for at the year end.

Annual commitments under non-cancellable operating leases are as follows:

	2014 Land and buildings £m	Other £m	2013 Land and buildings £m	Other £m
Operating leases which expire:				
Within one year	-	-	0.1	-
In the second to fifth years inclusive	0.1	0.1	-	0.1
	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>

### 19 Called up share capital

	2014 Number	£m	2013 Number	£m
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	115,384	0.1	115,384	0.1
Ordinary 'A' shares of 10p each	979,650	0.1	979,650	0.1
Preference shares of £1 each	4,900,000	4.9	4,900,000	4.9
	<u>5,995,034</u>	<u>5.1</u>	<u>5,995,034</u>	<u>5.1</u>

For the purpose of rights to dividends or other distributions, return of assets or other reduction in capital, the ordinary shares and ordinary 'A' shares rank pari passu as if they were one class of share and as if each 'A' ordinary share had a nominal value equal to that of each ordinary share. Ordinary shares and 'A' ordinary shares carry one vote per share.

The preference shares have no right to receive any dividend or other income distribution and have no fixed redemption date. On a return of assets on liquidation or capital reduction the assets of the company remaining after the payment of its liabilities shall be applied first in paying to the holder of the preference shares £1 per share.

The preference shares do not confer any further right to participation in the profit or assets of the company.

The holders of the preference shares shall be entitled to receive notice of all general meetings but shall not by reason of such holding be entitled to attend or vote there at.

## Notes (continued)

### 20 Reserves

	Capital redemption reserve £m	Revaluation reserve £m	Share premium account £m	Profit and loss account £m	Total £m
<b>Group</b>					
At 1 January 2014	0.1	1.8	0.9	4.7	7.5
Profit for the financial year	-	-	-	0.6	0.6
Actuarial loss recognised in the pension schemes	-	-	-	(2.6)	(2.6)
Deferred tax arising on the pension schemes	-	-	-	0.5	0.5
Revaluation of fixed assets	-	0.7	-	-	0.7
Dividends paid	-	-	-	(0.6)	(0.6)
<b>At 31 December 2014</b>	<b>0.1</b>	<b>2.5</b>	<b>0.9</b>	<b>2.6</b>	<b>6.1</b>
<b>Company</b>					
At 1 January 2014	0.1	-	0.9	1.5	2.5
Loss for the financial year	-	-	-	(3.1)	(3.1)
Dividends paid	-	-	-	(0.6)	(0.6)
<b>At 31 December 2014</b>	<b>0.1</b>	<b>-</b>	<b>0.9</b>	<b>(2.2)</b>	<b>(1.2)</b>

### 21 Reconciliations of movements in shareholders' funds

	Group		Company	
	2014 £m	2013 £m	2014 £m	2013 £m
<b>Opening shareholders' funds</b>	<b>12.6</b>	<b>9.9</b>	<b>7.6</b>	<b>0.5</b>
Profit / (loss) for the financial year	0.6	3.1	(3.1)	(2.8)
Currency translation differences on foreign currency investments	-	(0.1)	-	-
Actuarial (loss) / gain recognised in the pension schemes	(2.6)	0.4	-	-
Deferred tax arising on the pension schemes	0.5	(0.1)	-	-
Revaluation of fixed assets	0.7	-	-	-
Dividends received from group companies	-	-	-	10.5
Dividends paid	(0.6)	(0.6)	(0.6)	(0.6)
<b>Closing shareholders' funds</b>	<b>11.2</b>	<b>12.6</b>	<b>3.9</b>	<b>7.6</b>



## Notes (continued)

### 22 Pension costs

The group operates pension schemes for its employees of both the defined benefit and group personal pension scheme types. The schemes are managed independently and funded to cover future pension liabilities (including expected future earnings and pension increases) in respect of service up to the balance sheet date. They are subject to independent valuations at least every three years on the basis of which the qualified actuary certifies the rates of the employer's contributions.

#### Defined benefit arrangements

The net pension liability of £658,000 (2013 asset: £911,000) represents the four schemes detailed below. Disclosures required by FRS 17 follow.

	2014 £m	2013 £m
Allied Textile Companies plc Retirement Benefits Plan	(0.4)	0.9
Mayfield Yarns Pension Scheme	-	-
The William Reed Weaving Retirement Benefits Scheme	-	-
JB Broadley Retirement Benefit Scheme	(0.3)	-
	<hr/>	<hr/>
Net pension (liability) / asset	(0.7)	0.9
	<hr/>	<hr/>

#### Allied Textile Companies plc Retirement Benefits Plan

The latest full actuarial valuation was carried out at 6 April 2012 (2012: 6 April 2012) and was updated for FRS 17 purposes to 31 December 2014.

The major assumptions for this valuation were:

	2014	2013
Inflation rate (CPI – RPI)	2.0% - 3.0%	2.35% - 3.35%
Pension increases	2.9%	3.35%
Expected rate of return on plan assets	n/a	5.5%
Discount rate	3.2%	4.3%
Mortality	SIPXA in line with CMI_2011 projections and a long term rate of improvement of 1.25% pa	SIPXA in line with CMI_2011 projections and a long term rate of improvement of 1.25% pa

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 December 2014:

	Male	Female
Member aged 65 (current life expectancy)	22.4	24.7
Member aged 45 (life expectancy at age 65)	24.2	26.7

## Notes (continued)

### 22 Pension costs (continued)

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at 2014 £m	Value at 2013 £m
Equities	-	8.2
Gilts/bonds	-	9.0
Cash	0.1	0.9
Bulk Annuity	16.9	-
	<hr/>	<hr/>
Total market value of assets	17.0	18.1
Present value of scheme liabilities	(17.5)	(16.2)
	<hr/>	<hr/>
(Deficit) / surplus	(0.5)	1.9
	<hr/>	<hr/>
(Deficit) / restricted surplus*	(0.5)	1.1
Related deferred tax asset / (liability)	0.1	(0.2)
	<hr/>	<hr/>
Net pension (liability) / asset	(0.4)	0.9
	<hr/>	<hr/>
Actual return on plan assets	(0.3)	1.4
	<hr/>	<hr/>

\*The surplus must be restricted to the maximum benefit the company can derive from this surplus in terms of reduced future contributions over the remaining lifetime of the pension scheme membership.

	Long term rate of return 2014	Long term rate of return 2013
Equities	n/a	7.7%
Gilts/Bonds	n/a	4.0%
Cash	n/a	0.5%
Property	n/a	7.3%

#### Movements in present value of defined benefit obligation

	2014 £m	2013 £m
At 1 January	16.2	17.0
Interest cost	0.7	0.7
Actuarial losses	1.9	-
Benefits paid	(1.3)	(1.5)
	<hr/>	<hr/>
At 31 December	17.5	16.2
	<hr/>	<hr/>

## Notes (continued)

### 22 Pension costs (continued)

#### *Movements in fair value of plan assets*

	2014 £m	2013 £m
At 1 January	18.1	18.1
Expected return on plan assets	1.0	1.0
Actuarial (losses) / gains	(1.3)	0.4
Contributions by employer	0.5	0.1
Benefits paid	(1.3)	(1.5)
	<hr/>	<hr/>
<b>At 31 December</b>	<b>17.0</b>	<b>18.1</b>
	<hr/> <hr/>	<hr/> <hr/>

#### *Expense recognised in the profit and loss account*

	2014 £m	2013 £m
<i>Administrative expenses:</i>		
Current service cost	-	-
	<hr/>	<hr/>
<i>Interest:</i>		
Interest on pension scheme liabilities	0.7	0.7
Expected return on pension scheme assets	(1.0)	(1.0)
Restriction on expected returns due to irrecoverable surplus	0.3	0.3
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<b>Total</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>

#### *Statement of total recognised gains and losses*

	31 December 2014 £m	31 December 2013 £m
Actuarial (loss) / gain recognised in statement of total recognised gains and losses	(3.2)	0.4
Adjustment to surplus capital net gain recognised	1.1	(0.5)
	<hr/>	<hr/>
<b>Adjusted actuarial loss</b>	<b>(2.1)</b>	<b>(0.1)</b>
	<hr/> <hr/>	<hr/> <hr/>

Cumulative actuarial losses reported in the consolidated statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior adjustment under paragraph 96 of FRS 17, are £3,218,000 (2013: £1,575,000).

## Notes (continued)

### 22 Pension costs (continued)

#### Five year history

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Present value of scheme liabilities	(17.5)	(16.2)	(17.0)	(16.2)	(15.3)
Fair value of scheme assets	17.0	18.1	18.1	17.2	17.4
(Deficit) / surplus	(0.5)	1.9	1.1	1.0	2.1
Difference between actual and expected return on scheme assets					
Amount (£ms)	(1.3)	0.4	0.8	(0.2)	1.1
% of scheme assets	(7.3)%	2.4%	4.4%	(1.4)%	6.3%
Experience gains and losses on scheme liabilities					
Amount (£ms)	0.1	-	0.2	(0.1)	(0.5)
% of scheme liabilities	0.8%	0.1%	1.1%	(0.7)%	(3.3)%

The group expects to contribute £nil to this defined benefit plan in the next financial year.

#### Mayfield Yarns Pension Scheme

The latest full actuarial valuation was carried out at 31 March 2014 (2013: 31 March 2011) and was updated for FRS 17 purposes to 31 December 2014.

The major assumptions for this valuation were:

	2014	2013
Inflation rate	2.0% - 3.0%	2.4%-3.4%
Pension increases	3.0%-3.4%	3.0%-3.5%
Discount rate	3.6%	4.4%
Expected long-term return on plan assets	3.6%	3.72%
Mortality	SNAO2 (YOB_CMI_2009) with 1.5% long term Improvement rate	SNAO2 (YOB_CMI_2009) with 1.5% long term Improvement rate

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 December 2014:

	Male	Female
Member aged 65 (current life expectancy)	22.8	25.1
Member aged 45 (life expectancy at age 65)	25.1	27.5

## Notes (continued)

### 22 Pension costs (continued)

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at 2014 £m	Value at 2013 £m
Gilts/Bonds	0.9	0.7
Bulk annuity	16.6	14.8
Cash	0.6	1.3
	<hr/>	<hr/>
Total market value of assets	18.1	16.8
Present value of funded defined benefit obligations	(16.6)	(14.8)
	<hr/>	<hr/>
Surplus	1.5	2.0
	<hr/>	<hr/>
Restricted surplus*	-	-
Related deferred tax liability	-	-
	<hr/>	<hr/>
Net pension asset	-	-
	<hr/>	<hr/>
Actual return on plan assets	2.1	(1.7)
	<hr/>	<hr/>

\*The surplus must be restricted to the maximum benefit the company can derive from this surplus in terms of reduced future contributions over the remaining lifetime of the pension scheme membership.

	Long term rate of return 2014	Long term rate of return 2013
Gilts/Bonds	3.6%	2.9%
Bulk annuity	3.6%	4.1%
Cash	3.6%	0.0%

The overall expected rate of return is calculated by weighting the expected return for each asset class based on the target asset allocation.

## Notes (continued)

### 22 Pension costs (continued)

#### *Movements in present value of defined benefit obligation*

	2014 £m	2013 £m
At 1 January	14.8	15.9
Current service cost	-	-
Interest cost	0.6	0.6
Past service cost / (gain)	0.7	(0.2)
Actuarial losses / (gains)	1.3	(0.8)
Benefits paid	(0.8)	(0.7)
	<hr/>	<hr/>
<b>At 31 December</b>	<b>16.6</b>	<b>14.8</b>
	<hr/> <hr/>	<hr/> <hr/>

#### *Movements in fair value of plan assets*

	2014 £m	2013 £m
At 1 January	16.8	19.2
Expected return on plan assets	0.6	0.4
Actuarial gains / (losses)	1.5	(2.1)
Benefits paid	(0.8)	(0.7)
	<hr/>	<hr/>
<b>At 31 December</b>	<b>18.1</b>	<b>16.8</b>
	<hr/> <hr/>	<hr/> <hr/>

#### *Expense recognised in the profit and loss account*

	2014 £m	2013 £m
<i>Administrative expenses:</i>		
Current service cost	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<i>Interest:</i>		
Interest on pension scheme liabilities	0.6	0.6
Expected return on pension scheme assets	(0.6)	(0.4)
Recognition of past service cost / (gain)	0.7	(0.2)
Effect of asset limit	(0.7)	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<b>Total</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 22 Pension costs (continued)

#### Statement of total recognised gains and losses

	2014 £m	2013 £m
Actuarial gain / (loss) recognised in statement of total recognised gains and losses	0.2	(1.3)
Adjustment to surplus capital net gain recognised	(0.2)	1.3
	<hr/>	<hr/>
Adjusted actuarial gain	-	-
	<hr/> <hr/>	<hr/> <hr/>

Cumulative actuarial gains reported in the consolidated statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior adjustment under paragraph 96 of FRS 17, are £62,000 (2013: £35,000).

#### Five year history

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Present value of scheme liabilities	(16.6)	(14.8)	(15.9)	(15.6)	(15.2)
Fair value of scheme assets	18.1	16.8	19.2	17.4	19.2
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Surplus	1.5	2.0	3.3	1.8	4.0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Difference between actual and expected return on scheme assets					
Amount (£m's)	1.5	(2.1)	1.8	(1.9)	1.2
% of scheme assets	8.7%	(12.9)%	9.1%	(10.7)%	6.1%
Experience gains and losses on scheme liabilities					
Amount (£m's)	(0.2)	-	-	1.0	-
% of scheme liabilities	-1.2%	-	-	6.4%	-

The group expects to contribute £nil to this defined benefit plan in the next financial year.

#### The William Reed Weaving Retirement Benefits Scheme

The latest full actuarial valuation was carried out at 31 December 2012 (2013: 31 December 2009) and was updated for FRS 17 purposes to 31 December 2014.

The major assumptions for this valuation were:

	2014	2013
Inflation rate	1.95%	2.4%
Pension increases	1.95%-3.0%	2.4%-3.0%
Discount rate	3.4%	4.4%
Expected rate of return on scheme assets	4.9%	5.9%
Mortality	S2PA with CMI 2014 min improvement rate 1.5%	S1PA mc + underpin

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The overall expected rate of return is calculated by applying the individual sector expected rates of return set at the end of the previous accounting period to the actual asset allocation on the accounting date.

## Notes (continued)

### 22 Pension costs (continued)

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 December 2014:

	Male	Female
Member aged 65 (current life expectancy)	22.5	24.5
Member aged 45 (life expectancy at age 65)	24.6	26.9

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at 2014 £m	Value at 2013 £m
Equities	5.9	5.9
Cash	-	-
	<hr/>	<hr/>
Total market value of assets	5.9	5.9
Present value of funded defined benefit obligations	(5.5)	(5.0)
	<hr/>	<hr/>
Surplus	0.4	0.9
	<hr/>	<hr/>
Restricted surplus*	-	-
Related deferred tax liability	-	-
	<hr/>	<hr/>
Net pension asset	-	-
	<hr/>	<hr/>
Actual return on plan assets	0.3	1.1
	<hr/>	<hr/>

\*The surplus must be restricted to the maximum benefit the company can derive from this surplus in terms of reduced future contributions over the remaining lifetime of the pension scheme membership.

	Long term rate of return 2014	Long term rate of return 2013
Equities	4.9%	5.9%
Other	0.5%	0.5%



## Notes (continued)

### 22 Pension costs (continued)

#### *Movements in present value of defined benefit obligation*

	2014 £m	2013 £m
At 1 January	5.0	5.4
Current service cost	-	-
Interest cost	0.2	0.2
Actuarial losses	0.6	-
Benefits paid	(0.3)	(0.6)
	<hr/>	<hr/>
<b>At 31 December</b>	<b>5.5</b>	<b>5.0</b>
	<hr/> <hr/>	<hr/> <hr/>

#### *Movements in fair value of plan assets*

	2014 £m	2013 £m
At 1 January	5.9	5.4
Expected return on plan assets	0.3	0.3
Actuarial (losses) / gains	-	0.8
Benefits paid	(0.3)	(0.6)
	<hr/>	<hr/>
<b>At 31 December</b>	<b>5.9</b>	<b>5.9</b>
	<hr/> <hr/>	<hr/> <hr/>

#### *Expense recognised in the profit and loss account*

	2014 £m	2013 £m
<i>Administrative expenses:</i>		
Current service cost	-	-
	<hr/>	<hr/>
<i>Interest:</i>		
Interest on pension scheme liabilities	0.2	0.2
Expected return on pension scheme assets	(0.3)	(0.3)
	<hr/>	<hr/>
	(0.1)	(0.1)
	<hr/>	<hr/>
<b>Total</b>	<b>(0.1)</b>	<b>(0.1)</b>
	<hr/> <hr/>	<hr/> <hr/>

## 22 Pension costs (continued)

### Statement of total recognised gains and losses

	2014 £m	2013 £m
Actuarial (loss) / gain recognised in statement of total recognised gains and losses	(0.6)	0.8
Adjustment to surplus capital net gain recognised	0.5	(0.9)
	<hr/>	<hr/>
Adjusted actuarial loss	(0.1)	(0.1)
	<hr/>	<hr/>

Cumulative actuarial losses reported in the consolidated statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior adjustment under paragraph 96 of FRS 17, are £701,000 (2013: 601,000).

### Five year history

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Present value of scheme liabilities	(5.5)	(5.0)	(5.4)	(5.1)	(4.7)
Fair value of scheme assets	5.9	5.9	5.4	5.2	5.7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Surplus	0.4	0.9	-	0.1	1.0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Difference between actual and expected return on scheme assets					
Amount (£m's)	-	0.8	0.2	(0.8)	0.4
% of scheme assets	-	14.1%	4.3%	(15.4)%	6.9%
Experience gains and losses on scheme liabilities					
Amount (£m's)	(0.1)	(0.4)	(0.1)	-	0.1
% of scheme liabilities	(2.1)%	(8.9)%	(1.85)%	(0.5)%	2.3%

The group expects to contribute £nil to this defined benefit plan in the next financial year.

### JB Broadley Retirement Benefits Scheme

The latest full actuarial valuation was carried out at 1 June 2011 (2013: 1 June 2011) and was updated for FRS 17 purposes to 31 December 2014.

The major assumptions for this valuation were:

	2014	2013
Inflation rate	2.3%	2.7%
Pension increases	2.3%	2.7%
Discount rate	3.4%	4.5%
Expected return on scheme assets	4.0%	5.5%
Life expectancy of a male aged 65	21.3	21.2
Mortality	110% of S2PA with CMI 2014 with 1% long term improvement	110% of S1PA with CMI 2013 with 1% long term improvement

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The overall expected rate of return is calculated by weighting the rates of return in the investment sectors in which the assets are invested.

## Notes (continued)

### 22 Pension costs (continued)

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at 2014 £m	Value at 2013 £m
Equities	1.9	2.3
Gilts/bonds	1.8	1.6
Cash	0.1	0.2
Property	0.2	-
	<hr/>	<hr/>
Total market value of assets	4.0	4.1
Present value of funded defined benefit obligations	(4.4)	(4.1)
	<hr/>	<hr/>
Deficit	(0.4)	-
Related deferred tax asset	0.1	-
	<hr/>	<hr/>
Net pension liability	(0.3)	-
	<hr/>	<hr/>
Actual return on plan assets	0.3	0.5
	<hr/>	<hr/>

	Long term rate of return 2014	Long term rate of return 2013
Equities	7.0%	8.5%
Gilts/Bonds	2.9%	3.6%
Cash	0.5%	0.5%
Property	7.0%	-

<i>Movements in present value of defined benefit obligation</i>	2014 £m	2013 £m
At 1 January	4.1	4.3
Current service cost	-	-
Interest cost	0.2	0.2
Actuarial losses / (gains)	0.5	(0.2)
Benefits paid	(0.4)	(0.2)
	<hr/>	<hr/>
At 31 December	4.4	4.1
	<hr/>	<hr/>

## Notes (continued)

### 22 Pension costs (continued)

#### *Movements in fair value of plan assets*

	2014 £m	2013 £m
At 1 January	4.1	3.8
Expected return on plan assets	0.2	0.2
Actuarial gains	0.1	0.3
Benefits paid	(0.4)	(0.2)
	<hr/>	<hr/>
<b>At 31 December</b>	<b>4.0</b>	<b>4.1</b>
	<hr/>	<hr/>

#### *Expense recognised in the profit and loss account*

	2014 £m	2013 £m
<i>Administrative expenses:</i>		
Current service cost	-	-
	<hr/>	<hr/>
<i>Interest:</i>		
Interest on pension scheme liabilities	0.2	0.2
Expected return on pension scheme assets	(0.2)	(0.2)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<b>Total</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>

#### *Statement of total recognised gains and losses*

	2014 £m	2013 £m
Actuarial (loss) / gain recognised in statement of total recognised gains and losses	(0.4)	0.5
	<hr/>	<hr/>

Cumulative actuarial losses reported in the consolidated statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior adjustment under paragraph 96 of FRS 17, are £521,000 (2013: £195,000).

## Notes (continued)

### 22 Pension costs (continued)

#### Five year history

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Present value of scheme liabilities	(4.4)	(4.1)	(4.3)	(4.0)	(3.6)
Fair value of scheme assets	4.0	4.1	3.8	3.8	4.0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(Deficit) / surplus	(0.4)	-	(0.5)	(0.2)	0.4
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Difference between actual and expected return on scheme assets					
Amount (£m's)	0.1	0.3	-	(0.2)	0.2
% of scheme assets	1.5%	6.7%	0.4%	(5.8)%	3.9%
Experience gains and losses on scheme liabilities					
Amount (£m's)	0.1	0.1	-	0.1	0.2
% of scheme liabilities	2.7%	1.9%	(0.5)%	2.2%	4.5%

The group expects to contribute £nil for this defined benefit scheme in the next financial year.

#### ATC Manufacturing Limited Cash Benefit and Life Assurance Scheme

This scheme was not recognised in the group's balance sheet at the period end. The scheme was not material to the group accounts.

A valuation of the scheme was performed by an independent actuary at 1 January 2013. The solvency valuation suggests an unrecorded surplus on the scheme of £147,000.

#### Group Personal Pension Plan

Group companies also operate a group personal pension plan, the assets of which are held separately from those of the company, as independently administered funds. The amount charged to the profit and loss account in respect of the plan is the contribution in the year and amounted to £0.1 million (2013: £0.1million).

### 23 Reconciliation of operating profit to net cash inflow from operating activities

	2014 £m	2013 £m
Operating profit	1.1	0.7
Depreciation	0.3	0.6
Amortisation of goodwill	0.3	0.2
(Increase) / decrease in stocks	(0.3)	0.2
Decrease in debtors	-	0.4
Increase / (decrease) in creditors and provisions	0.2	(0.3)
Difference between pension charges and cash contributions	(0.5)	(0.1)
	<hr/>	<hr/>
Net cash inflow from operating activities	1.1	1.7
	<hr/>	<hr/>

## Notes (continued)

### 24 Sale of businesses

On 17 May 2013, the group disposed of its Century Dyeing business.

	£m
<i>Net assets disposed of:</i>	
Fixed Assets	0.7
Stock	-
Loss on disposal	-
	<u>0.7</u>
<i>Satisfied by:</i>	
Cash	<u>0.7</u>

### 25 Financing

	2014 £m	2013 £m
Repayment of loans	(0.2)	(1.2)
	<u>(0.2)</u>	<u>(1.2)</u>

### 26 Analysis of changes in net debt

	At 1 January 2014 £m	Cash flows £m	Non-cash movements £m	At 31 December 2014 £m
Cash at bank and in hand	0.7	0.8	-	1.5
Bank overdrafts/other bank facility	(0.8)	0.8	-	-
	<u>(0.1)</u>	<u>1.6</u>	<u>-</u>	<u>1.5</u>
Debt due within one year	(0.2)	0.2	(0.2)	(0.2)
Debt due after one year	(1.6)	-	0.2	(1.4)
	<u>(1.9)</u>	<u>1.8</u>	<u>-</u>	<u>(0.1)</u>