

COMPANY REGISTRATION NUMBER: 04140877

**AMR Textiles Limited**  
**Financial Statements**  
**For the Year Ended**  
**31 March 2020**

**BEEVER AND STRUTHERS**

Chartered accountants & statutory auditor  
Central Buildings  
Richmond Terrace  
Blackburn  
BB1 7AP

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**AMR Textiles Limited**  
**Financial Statements**  
**Year Ended 31 March 2020**

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**AMR Textiles Limited**  
**Officers and Professional Advisers**

**The Board of Directors**

A M Sciama  
M E Sciama  
R N Sciama

**Company Secretary**

M E Sciama

**Registered Office**

Moss Rose Mill  
Springfield Road  
Kearsley  
Nr Bolton  
BL4 8JW

**Auditor**

Beever and Struthers  
Chartered accountants & statutory auditor  
Central Buildings  
Richmond Terrace  
Blackburn  
BB1 7AP

# **AMR Textiles Limited**

## **Strategic Report**

### **Year Ended 31 March 2020**

The directors present their report and the financial statements for the year ended 31 March 2020.

The principal activity of the company is the manufacture of non-woven textiles.

#### **Review of the Business**

The turnover for the year of £24.3m represents a 3% increase on the previous year, despite the disruptive impact of the Covid-19 crisis in the second half of March 2020. Despite a 3.5% increase in direct labour costs, margins have seen a modest improvement from 13.8% to 14.8% which was pleasing given the usual volatility in raw material prices and exchange rates. The average number of employees engaged in the business has increased slightly from 168 to 171. The higher than expected increase in overhead costs is largely attributable to the professional fees associated with the successful claim for R&D tax credits. The total operating profit is £1,430,454 (2019: £1,263,629). After incurring interest charges this year's profit before tax is £1,403,372 compared to £1,249,028 in the previous year. Instead of incurring a tax charge, the company has recorded a tax credit of £460,877 as a result of the successful claim for R&D tax credits.

Investment in capital expenditure for the year was £243,770. There has been a net outflow of cash for the year of £222,489, after the repayment of HP borrowings (£466,797) and the payment of a dividend (£600,000). At 31 March 2020 the company had net debt of £372,041 (2019: £615,866).

After reflecting dividends paid of £600,000, the company's balance sheet stood at £7.7m, an improvement of £1.3m compared with the previous year.

The narrative above includes the principal key performance indicators used by the business on a monthly basis to monitor the development, performance and position of the business.

The Covid-19 crisis had a significant short term impact on the business, with the majority of the workforce being furloughed during the last week of March 2020. The company recommenced some production activity in May with substantial production activity being restored in June 2020.

#### **Future Developments**

The directors' expect to build on the company's continuing success and are continuously looking for improvements within the business in order to improve profitability and for further business opportunities as they arise through a policy of product innovation.

# AMR Textiles Limited

## Strategic Report *(continued)*

Year Ended 31 March 2020

### Financial Risk Management

The company is a long established supplier of needle-punched and thermally bonded non-woven textiles for a wide variety of industrial sectors such as automotive, aerospace, construction, civil engineering, composite and furniture and bedding.

The principal business risks and uncertainties faced by the company comprise the level of activity and the volatility of raw material prices.

The level of activity is impacted by competition (the company is a long established and well respected supplier in this sector) and consumer confidence and demand for the end product supplied by its customers primarily in the UK. The wide variety of sectors supplied mitigates the risk of suffering a downturn in one particular area of the economy.

To mitigate price risk, the directors constantly monitor market fluctuations, varying the quantity and timing of orders, and make use of forward exchange contracts to provide some certainty over future prices, particularly in respect of future Dollar purchases.

The company's activities are also exposed to various financial risks such as price risk, credit risk, liquidity risk and interest rate risk.

To mitigate the credit risk, the company has policies in place to ensure that sales are made to customers with an appropriate credit history.

The company's borrowings are managed to ensure it has sufficient funds available for current operations and future expansion plans. The current borrowings are short term in the form of a loan from a related company (as and when required) loans from directors and hire purchase contracts in respect of major capital projects, all financed at competitive variable rates.

This report was approved by the board of directors on 4.9.2020 and signed on behalf of the board by:



M E Sciama  
Director

# **AMR Textiles Limited**

## **Directors' Report**

### **Year Ended 31 March 2020**

The directors present their report and the financial statements of the company for the year ended 31 March 2020.

#### **Directors**

The directors who served the company during the year were as follows:

A M Sciama  
M E Sciama  
R N Sciama

#### **Dividends**

Particulars of dividends are detailed in note 11 to the financial statements.

#### **Disclosure of Information in the Strategic Report**

The company has chosen to disclose information regarding the future development opportunities for the company and financial instrument risk management policies in the strategic report rather than the directors report.

#### **Directors' Responsibilities Statement**

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all 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.

# **AMR Textiles Limited**

## **Directors' Report** *(continued)*

**Year Ended 31 March 2020**

This report was approved by the board of directors on ..... 19.2.20 ..... and signed on behalf of the board by:



M E Sciama  
Director

# **AMR Textiles Limited**

## **Independent Auditor's Report to the Members of AMR Textiles Limited**

**Year Ended 31 March 2020**

### **Opinion**

We have audited the financial statements of AMR Textiles Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for Opinion**

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

### **Conclusions Relating to Going Concern**

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

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



# **AMR Textiles Limited**

## **Independent Auditor's Report to the Members of AMR Textiles Limited** *(continued)*

**Year Ended 31 March 2020**

### **Other Information**

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

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

We have nothing to report in this regard.

### **Opinions on Other Matters Prescribed by the Companies Act 2006**

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

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on Which We are Required to Report by Exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# AMR Textiles Limited

## Independent Auditor's Report to the Members of AMR Textiles Limited *(continued)*

**Year Ended 31 March 2020**

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of Our Report**

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.



Adam Thom BA FCA (Senior Statutory Auditor)

For and on behalf of  
Beever and Struthers  
Chartered accountants & statutory auditor  
Central Buildings  
Richmond Terrace  
Blackburn  
BB1 7AP

14/9/20

**AMR Textiles Limited**  
**Statement of Comprehensive Income**  
**Year Ended 31 March 2020**

	Note	2020 £	2019 £
<b>Turnover</b>	<b>4</b>	24,337,259	23,619,480
Cost of sales		(20,734,828)	(20,358,859)
<b>Gross profit</b>		<u>3,602,431</u>	<u>3,260,621</u>
Administrative expenses		(2,281,684)	(2,081,296)
Other operating income		109,707	84,304
<b>Operating profit</b>	<b>5</b>	<u>1,430,454</u>	<u>1,263,629</u>
Other interest receivable and similar income	<b>8</b>	2,882	–
Interest payable and similar expenses	<b>9</b>	(29,964)	(14,601)
<b>Profit before taxation</b>		<u>1,403,372</u>	<u>1,249,028</u>
Tax on profit	<b>10</b>	460,877	(241,234)
<b>Profit for the financial year</b>		<u>1,864,249</u>	<u>1,007,794</u>
Foreign currency retranslation		–	10,339
Reclassification from fair value reserve to profit and loss account		(10,339)	(60,476)
Tax relating to components of other comprehensive income		1,964	9,526
<b>Other comprehensive income for the year</b>		<u>(8,375)</u>	<u>(40,611)</u>
<b>Total comprehensive income for the year</b>		<u>1,855,874</u>	<u>967,183</u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

**AMR Textiles Limited**  
**Statement of Financial Position**  
**31 March 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	12	2,295,569	2,654,271
<b>Current assets</b>			
Stocks	13	1,481,614	1,716,683
Debtors	14	7,282,023	5,819,324
Cash at bank and in hand		208,458	430,947
		<u>8,972,095</u>	<u>7,966,954</u>
<b>Creditors: amounts falling due within one year</b>	15	(3,176,938)	(3,451,728)
<b>Net current assets</b>		<u>5,795,157</u>	<u>4,515,226</u>
<b>Total assets less current liabilities</b>		<u>8,090,726</u>	<u>7,169,497</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(265,729)	(602,832)
<b>Provisions</b>			
Taxation including deferred tax	18	(100,922)	(98,464)
<b>Net assets</b>		<u><u>7,724,075</u></u>	<u><u>6,468,201</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	955,000	955,000
Share premium account	24	945,000	945,000
Capital redemption reserve	24	300,000	300,000
Other reserves, including the fair value reserve	24	–	8,375
Profit and loss account	24	<u>5,524,075</u>	<u>4,259,826</u>
<b>Shareholders funds</b>		<u><u>7,724,075</u></u>	<u><u>6,468,201</u></u>

These financial statements were approved by the board of directors and authorised for issue on 1.9.2020,  
and are signed on behalf of the board by:



M E Sciama  
Director

Company registration number: 04140877

The notes on pages 14 to 26 form part of these financial statements.

**AMR Textiles Limited**  
**Statement of Changes in Equity**  
**Year Ended 31 March 2020**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Other reserves, including the fair value reserve £	Profit and loss account £	<b>Total £</b>
<b>At 1 April 2018</b>	955,000	945,000	300,000	48,986	3,252,032	5,501,018
Profit for the year					1,007,794	1,007,794
Other comprehensive income for the year:						
Foreign currency retranslation	—	—	—	10,339	—	10,339
Reclassification from fair value reserve to profit and loss account	—	—	—	(60,476)	—	(60,476)
Tax relating to components of other comprehensive income	10			9,526	—	9,526
<b>Total comprehensive income for the year</b>	—	—	—	(40,611)	1,007,794	967,183
<b>At 31 March 2019</b>	955,000	945,000	300,000	8,375	4,259,826	6,468,201
Profit for the year					1,864,249	1,864,249
Other comprehensive income for the year:						
Reclassification from fair value reserve to profit and loss account	—	—	—	(10,339)	—	(10,339)
Tax relating to components of other comprehensive income	10			1,964	—	1,964
<b>Total comprehensive income for the year</b>	—	—	—	(8,375)	1,864,249	1,855,874

The statement of changes in equity  
continues on the following page.

The notes on pages 14 to 26 form part of these financial statements.

# AMR Textiles Limited

## Statement of Changes in Equity *(continued)*

### Year Ended 31 March 2020

		Called up share capital £	Share premium account £	Capital redemption reserve £	Other reserves, including the fair value reserve £	Profit and loss account £	<b>Total £</b>
Dividends paid and payable	11	—	—	—	—	(600,000)	(600,000)
<b>Total investments by and distributions to owners</b>		—	—	—	—	(600,000)	(600,000)
<b>At 31 March 2020</b>		<u>955,000</u>	<u>945,000</u>	<u>300,000</u>	<u>—</u>	<u>5,524,075</u>	<u>7,724,075</u>

The notes on pages 14 to 26 form part of these financial statements.

# AMR Textiles Limited

## Statement of Cash Flows

Year Ended 31 March 2020

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,864,249	1,007,794
<i>Adjustments for:</i>		
Depreciation of tangible assets	602,472	608,086
Government grant income	(5,844)	(17,304)
Other interest receivable and similar income	(2,882)	–
Interest payable and similar expenses	29,964	14,601
Gains on disposal of tangible assets	–	(6,000)
Tax on profit	(460,877)	241,234
<i>Changes in:</i>		
Stocks	235,069	(173,109)
Trade and other debtors	(1,007,740)	(1,011,560)
Trade and other creditors	69,000	610,302
Cash generated from operations	1,323,411	1,274,044
Interest paid	(29,964)	(14,601)
Interest received	2,882	–
Tax paid	(208,734)	(162,385)
Net cash from operating activities	<u>1,087,595</u>	<u>1,097,058</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(243,770)	(340,541)
Proceeds from sale of tangible assets	–	6,000
Net cash used in investing activities	<u>(243,770)</u>	<u>(334,541)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	483	–
Repayments of borrowings	–	(253,901)
Payments of finance lease liabilities	(466,797)	(225,809)
Dividends paid	(600,000)	–
Net cash used in financing activities	<u>(1,066,314)</u>	<u>(479,710)</u>
Net (decrease)/increase in cash and cash equivalents	(222,489)	282,807
Cash and cash equivalents at beginning of year	<u>430,947</u>	<u>148,140</u>
Cash and cash equivalents at end of year	<u>208,458</u>	<u>430,947</u>

The notes on pages 14 to 26 form part of these financial statements.

**AMR Textiles Limited**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2020**

**1. General Information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Moss Rose Mill, Springfield Road, Kearsley, Nr Bolton, BL4 8JW.

The nature of the company's operations and its principal activity is the manufacture of non-woven textiles.

**2. Statement of Compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

**3. Accounting Policies**

**Basis of Preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

**Restatement of Comparatives**

The allocation of costs between cost of sales and administrative expenses has been amended in order to give a more accurate analysis between these categories. The total combined charge for these categories is unchanged.

**Judgements and Key Sources of Estimation Uncertainty**

In the application of the company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In the opinion of the directors there are no critical accounting judgements that require further disclosure.



# AMR Textiles Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2020

#### 3. Accounting Policies *(continued)*

##### Judgements and Key Sources of Estimation Uncertainty *(continued)*

###### Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Determination of recoverability of trade debtors. A specific provision is made against certain debts where in the opinion of the directors the debt is not fully recoverable.
- Determination of recoverability of stock. A specific provision is made against certain stock where in the opinion of the directors the stock will be recovered at less than cost.

##### Revenue Recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

##### Income Tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

##### Operating Leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

# AMR Textiles Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2020

#### 3. Accounting Policies *(continued)*

##### Tangible Assets

All fixed assets are initially recorded at cost less depreciation. The useful economic lives of tangible fixed assets are reviewed at the end of each reporting period and revised if expectations are significantly different from previous estimates. If a useful economic life is revised, the carrying amount of the tangible fixed asset at the date of revision should be depreciated over their revised economic useful life.

##### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold improvements	-	10% Straight line
Plant and Machinery	-	10 - 20% Straight line
Fixtures, fittings and equipment	-	20% Straight line
Motor vehicles	-	25% Straight line

##### Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and appropriate production overheads.

##### Finance Leases and Hire Purchase Contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

##### Government Grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

# AMR Textiles Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2020

#### 3. Accounting Policies *(continued)*

##### Government Grants *(continued)*

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

##### Financial Instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship (see hedge accounting policy).

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

##### Hedge Accounting

Hedge accounting is used where the hedging relationship is designated, documented and expected to be highly effective, and is only used for specific risks, as defined by FRS 102 section 12.

Where the hedged risk is the variable interest rate risk or foreign exchange risk in a debt instrument measured at amortised cost, the foreign exchange risk or interest rate risk in a firm commitment or highly probable forecast transaction, the commodity price risk in a highly probable forecast transaction or the foreign exchange risk in a net investment in a foreign operation, then the financial instrument is initially and subsequently recognised at fair value at each reporting date. Movements in fair value are recognised in other comprehensive income, to the extent that the hedge is effective. Any ineffective movements are recognised in profit or loss.

Hedge accounting is discontinued where the hedging instrument expires, is sold or terminated, the hedge no longer meets the criteria for hedge accounting, the forecast transaction is no longer highly probable in a hedge of a forecast transaction, or the designation is revoked.

# AMR Textiles Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2020

#### 3. Accounting Policies *(continued)*

##### Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

##### Foreign Currency

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

#### 4. Turnover

Turnover arises from:

	2020 £	2019 £
Sale of goods	<u>24,337,259</u>	<u>23,619,480</u>

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2020 £	2019 £
United Kingdom	23,526,457	22,788,029
Overseas	<u>810,802</u>	<u>831,451</u>
	<u>24,337,259</u>	<u>23,619,480</u>

#### 5. Operating Profit

Operating profit or loss is stated after charging/crediting:

	2020 £	2019 £
Depreciation of tangible assets	602,472	608,086
Gains on disposal of tangible assets	–	(6,000)
Impairment of trade debtors	75,592	14,476
Operating lease rentals - land and buildings	670,923	647,562
Government grants amortised	(5,844)	(17,304)
Foreign currency losses/(gains)	12,763	(312,111)
Defined contribution plans expense	145,211	111,120
Furlough income	<u>(36,863)</u>	<u>-</u>

#### 6. Auditor's Remuneration

	2020 £	2019 £
Fees payable for the audit of the financial statements	<u>15,500</u>	<u>15,500</u>

# AMR Textiles Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2020

#### 7. Staff Costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2020 No.	2019 No.
Production staff	148	146
Management staff	23	22
	<u>171</u>	<u>168</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020 £	2019 £
Wages and salaries	4,464,558	4,236,852
Social security costs	414,929	390,909
Other pension costs	145,211	111,120
	<u>5,024,698</u>	<u>4,738,881</u>

#### 8. Other Interest Receivable and Similar Income

	2020 £	2019 £
Interest on bank deposits	2,877	–
Corporation tax interest	5	–
	<u>2,882</u>	<u>–</u>

#### 9. Interest Payable and Similar Expenses

	2020 £	2019 £
Interest on obligations under finance leases and hire purchase contracts	29,958	13,997
Other interest payable and similar charges	6	604
	<u>29,964</u>	<u>14,601</u>

#### 10. Tax on Profit

##### Major components of tax (income)/expense

	2020 £	2019 £
<b>Current tax:</b>		
UK current tax expense	265,486	208,734
Adjustments in respect of prior periods	(730,785)	–
Total current tax	<u>(465,299)</u>	<u>208,734</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	4,422	32,500
<b>Tax on profit</b>	<u>(460,877)</u>	<u>241,234</u>

# AMR Textiles Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2020

#### 10. Tax on Profit *(continued)*

##### Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £(1,964) (2019: £(9,526)).

##### Reconciliation of tax (income)/expense

The tax assessed on the profit on ordinary activities for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
Profit on ordinary activities before taxation	1,403,372	1,249,028
Profit on ordinary activities by rate of tax	266,641	237,315
Adjustment in respect of prior periods - R&D relief	(730,785)	–
Effect of expenses not deductible for tax purposes	3,404	4,338
Change in deferred tax not provided	(137)	(419)
Tax on profit	(460,877)	241,234

#### 11. Dividends

	2020 £	2019 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	600,000	–

#### 12. Tangible Assets

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 April 2019	293,955	12,691,056	578,561	218,607	13,782,179
Additions	–	212,942	30,828	–	243,770
<b>At 31 March 2020</b>	<u>293,955</u>	<u>12,903,998</u>	<u>609,389</u>	<u>218,607</u>	<u>14,025,949</u>
<b>Depreciation</b>					
At 1 April 2019	169,732	10,285,679	496,657	175,840	11,127,908
Charge for the year	17,656	539,271	25,338	20,207	602,472
<b>At 31 March 2020</b>	<u>187,388</u>	<u>10,824,950</u>	<u>521,995</u>	<u>196,047</u>	<u>11,730,380</u>
<b>Carrying amount</b>					
<b>At 31 March 2020</b>	<u>106,567</u>	<u>2,079,048</u>	<u>87,394</u>	<u>22,560</u>	<u>2,295,569</u>
At 31 March 2019	<u>124,223</u>	<u>2,405,377</u>	<u>81,904</u>	<u>42,767</u>	<u>2,654,271</u>

Depreciation charge for the year with respect to assets held under hire purchase was £262,412 (2019: £186,477).

# AMR Textiles Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2020

#### 12. Tangible Assets *(continued)*

##### Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £
At 31 March 2020	1,493,659
At 31 March 2019	1,756,071

#### 13. Stocks

	2020 £	2019 £
Raw materials and consumables	1,250,237	1,394,466
Finished goods and goods for resale	231,377	322,217
	<u>1,481,614</u>	<u>1,716,683</u>

#### 14. Debtors

	2020 £	2019 £
Trade debtors	5,047,225	4,790,911
Prepayments and accrued income	447,447	442,269
Corporation tax repayable	465,298	–
Derivative financial assets	–	10,339
Other debtors	1,322,053	575,805
	<u>7,282,023</u>	<u>5,819,324</u>

#### 15. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	2,007,591	2,211,911
Accruals and deferred income	185,709	264,292
Corporation tax	–	208,734
Social security and other taxes	619,870	247,667
Obligations under finance leases and hire purchase contracts	331,261	466,799
Director loan accounts	553	70
Other creditors	31,954	52,255
	<u>3,176,938</u>	<u>3,451,728</u>

The hire purchase contracts are secured on the assets to which they relate.

# AMR Textiles Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2020

#### 16. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Accruals and deferred income	17,044	22,888
Obligations under finance leases and hire purchase contracts	248,685	579,944
	<u>265,729</u>	<u>602,832</u>

The hire purchase contracts are secured on the assets to which they relate.

#### 17. Finance Leases and Hire Purchase Contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2020	2019
	£	£
Not later than 1 year	331,261	466,799
Later than 1 year and not later than 5 years	248,685	579,944
	<u>579,946</u>	<u>1,046,743</u>

#### 18. Provisions

	Deferred tax (note 19)
	£
At 1 April 2019	98,464
Charge against profit and loss account	4,422
Charge against other reserves	(1,964)
At 31 March 2020	<u>100,922</u>

#### 19. Deferred Tax

The deferred tax included in the statement of financial position is as follows:

	2020	2019
	£	£
Included in provisions (note 18)	<u>100,922</u>	<u>98,464</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020	2019
	£	£
Accelerated capital allowances	100,922	96,500
Forward contract gains/losses	—	1,964
	<u>100,922</u>	<u>98,464</u>

#### 20. Employee Benefits

##### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £145,211 (2019: £111,120).



# AMR Textiles Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2020

#### 21. Government Grants

The amounts recognised in the financial statements for government grants are as follows:

	2020	2019
	£	£
Recognised in creditors:		
Deferred government grants due within one year	5,844	5,844
Deferred government grants due after more than one year	17,044	22,888
	<u>22,888</u>	<u>28,732</u>
Recognised in other operating income:		
Government grants released to profit or loss	<u>5,844</u>	<u>17,304</u>

#### 22. Financial Instruments

##### Hedge Accounting

The company has ongoing commitments and requirements to purchase raw materials in US dollars. The company periodically enters into forward currency contracts to purchase dollars in order to hedge the foreign exchange risk arising from these anticipated future transactions, which are designated as cash flow hedges.

The hedged cash flows are expected to occur and to affect the profit and loss within the next financial year.

In the prior year gains of £10,339 were recognised in Other Comprehensive Income and £60,476 was reclassified to profit and loss for the period.

There were no forward currency contracts outstanding at 31 March 2020.

#### 23. Called Up Share Capital

##### Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>955,000</u>	<u>955,000</u>	<u>955,000</u>	<u>955,000</u>

#### 24. Reserves

Share premium account - This reserves holds the difference in the value of the consideration of new shares issued less their par value.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Hedging reserve - This reserve records fair value movements on cash flow and net investment hedging instruments.

Profit and loss account - This reserve records retained earnings and accumulated losses.

# AMR Textiles Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2020

#### 25. Fair Value Reserve

The following movements on the fair value reserve are included within other reserves, including the fair value reserve in the statement of changes in equity:

	2020	2019
	£	£
At start of year	8,375	48,986
Foreign currency retranslation	–	10,339
Reclassification from fair value reserve to profit and loss account	(10,339)	(60,476)
Tax relating to components of other comprehensive income	1,964	9,526
At end of year	<u>–</u>	<u>8,375</u>

#### 26. Analysis of Changes in Net Debt

	At 1 Apr 2019	Cash flows	At 31 Mar 2020
	£	£	£
Cash at bank and in hand	430,947	(222,489)	208,458
Debt due within one year	(466,869)	135,055	(331,814)
Debt due after one year	(579,944)	331,259	(248,685)
	<u>(615,866)</u>	<u>243,825</u>	<u>(372,041)</u>

#### 27. Capital Commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2020	2019
	£	£
Tangible assets	<u>80,719</u>	<u>–</u>

#### 28. Operating Leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Not later than 1 year	701,882	577,863
Later than 1 year and not later than 5 years	1,376,697	1,239,452
Later than 5 years	290,177	413,096
	<u>2,368,756</u>	<u>2,230,411</u>

# AMR Textiles Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2020

#### 29. Contingencies

The company has ongoing commitments and requirements to purchase raw materials in US dollars. The company periodically enters into forward currency contracts to purchase dollars in order to hedge the foreign exchange risk arising from these anticipated future transactions, which are designated as cash flow hedges. The hedged cash flows are expected to occur and to affect the profit and loss within the next financial year.

In the prior year the company had entered into forward currency contracts to acquire \$630,000. The average exchange rate with these contracts was 1.3283 which compared to the spot exchange rate at 31 March 2019 of 1.3043. There were no such outstanding contracts at 31 March 2020.

When applicable, the outstanding contracts are valued in the financial statements at market value, which is based on the spot exchange rate effective at the relevant year end.

#### 30. Directors' Advances, Credits and Guarantees

During the year the directors entered into the following advances and credits with the company:

	2020			
	Balance brought forward £	Advances/ (credits) to the directors £	Amounts repaid £	Balance outstanding £
A M Sciama	(24)	(200,161)	200,000	(185)
M E Sciama	(23)	(200,161)	200,000	(184)
R N Sciama	(23)	(226,161)	226,000	(184)
	<u>(70)</u>	<u>(626,483)</u>	<u>626,000</u>	<u>(553)</u>
	2019			
	Balance brought forward £	Advances/ (credits) to the directors £	Amounts repaid £	Balance outstanding £
A M Sciama	(169,079)	(121,130)	290,185	(24)
M E Sciama	(67,530)	(31,839)	99,346	(23)
R N Sciama	(17,362)	(1,130)	18,469	(23)
	<u>(253,971)</u>	<u>(154,099)</u>	<u>408,000</u>	<u>(70)</u>

# AMR Textiles Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2020

#### 31. Related Party Transactions

Transactions and balances with companies under common control are summarised as follows:-

##### Included within the profit and loss account:

	2020 £	2019 £
Sales to companies under common control	1,661,744	1,867,348
Purchases from companies under common control	65,318	101,634
Management charge from company under common control	360,000	392,000

##### Included in the balance sheet:

	2020 £	2019 £
Trade amounts due from companies under common control	151,385	201,348
Trade amounts owed to companies under common control	20,428	23,356
Loan amounts owed by companies under common control	1,229,962	542,731
Loan amounts owed to companies under common control	—	52,225

The company occupies properties leased from A M Sciama, R N Sciama and M E Sciama. Rent payable in the year in respect of these properties amounted to £320,000 (2019: £320,000).

Loans between companies under common control are unsecured and are repayable on demand. Interest is included within the management charge (see above).

Details of movements in directors' loan accounts are set out in note 30. During the year, net interest of £483 (2019: £603) was accrued as payable to the directors in respect of the net advances made to the company.

The company's key management personnel are considered to be the directors. They are not remunerated by the company. They are remunerated by a company under common control, with any cost relevant to this company being included within the management charge referred to above.