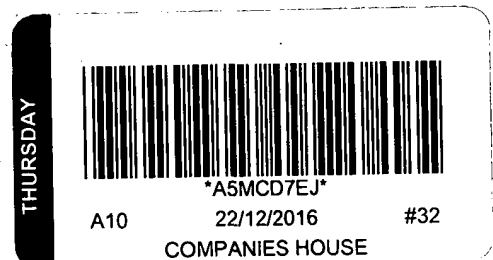


REGISTERED NUMBER: 4675403

CLOVERBROOK HOLDINGS LTD
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS

For the year ended 31 March 2016

PM+M Solutions for Business LLP
Chartered Accountants
Statutory Auditors
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB



CLOVERBROOK HOLDINGS LTD

COMPANY INFORMATION

Directors	S Chippendale J Wilkinson
Company secretary	J Wilkinson
Registered number	4675403
Registered office	Sandringham Court Bentley Wood Way Burnley Lancashire BB11 5PY
Independent auditors	PM+M Solutions for Business LLP Chartered Accountants & Statutory Auditors Greenbank Technology Park Challenge Way Blackburn Lancashire BB1 5QB
Bankers	HSBC Bank PLC 12 Manchester Road Burnley Lancashire BB11 1JH

CLOVERBROOK HOLDINGS LTD

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CLOVERBROOK HOLDINGS LTD

GROUP STRATEGIC REPORT
For the Year Ended 31 March 2016

Business review

The principal activity of the Group is the design, manufacture and marketing of high-performance knitted fabrics and trims for the leisurewear, sports, bedding, industrial and automotive markets.

The Group trades as a worldwide supplier of products sourced both from its subsidiary companies, Cloverbrook Ltd and Cloverbrook Textiles Egypt SAE, and also products commissioned from other UK suppliers.

The Group specialises in

- Technical and performance fabrics
- Jersey fabrics
- Brushed fabrics
- Fabrics for the automotive market
- Fabrics for the bed market

During the year we further expanded our product portfolio and manufacturing capability and capacity whilst streamlining our management team to improve effectiveness and reduce costs.

Redundancy costs associated with this are included in the results published.

Group turnover reduced as one major product completed its market life. However the Directors can advise that the group is working with a number of new and significant customers to enhance sales of the Group's products in Egypt and Europe. In the UK, sales of Trims, brushed fabrics, and mattress fabrics continue to grow.

The Group operating loss was £588,207, after charging depreciation of £395,477 but before writing down the value of a debt by £222,060 to its recoverable value. After finance charges the loss for the year was £1,077,152.

The group property in Egypt was revalued upwards to £3m giving a surplus of £1,368,871 on the carrying value.

Subsequent to the balance sheet date, proceeds of £860,000 were received on the sale of land held by a participating interest, have been received and used to repay an outstanding loan.

In the opinion of the directors the group has adequate funding to take advantage of future growth as it arises.

Principal risks and uncertainties

The principal risks to the group remain those associated with international political and economic uncertainties, in the Middle East, globally post Brexit, and in any significant change of direction by the leadership of the USA. The group sells and buys its materials in US dollars, euros and sterling, whilst incurring other expenses in Egyptian pounds. Currency fluctuations therefore are an additional risk factor.

CLOVERBROOK HOLDINGS LTD

GROUP STRATEGIC REPORT (CONTINUED)
For the Year Ended 31 March 2016

Financial and other key performance indicators

Our key performance indicators include:

- Sales and profit before taxation of the group against budget
- Cash flow against forecasts
- The level of debt to our principal bank measured as a % of equity and against total available facility

In addition the following indicators are monitored due to their importance in maintaining cost effectiveness, short term liquidity and profitability, and long term business effectiveness and performance in the view of our existing and target global, OEM customer base.

- Sales order intake and order book.
- Manufacturing quality and performance data
- New product developments
- Material prices
- Customer quality and delivery performance feedback
- Continuing performance review of our formal industry quality accreditations [ISO9001, TS16149, ISO14001]

This report was approved by the board on 16 December 2016 and signed on its behalf.


S Chippendale
Director

CLOVERBROOK HOLDINGS LTD

DIRECTORS' REPORT

For the Year Ended 31 March 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £1,077,152 (2015 - loss £560,924).

The directors cannot recommend payment of a dividend.

Directors

The directors who served during the year were:

S Chippendale
J Wilkinson

Disclosure of information to auditors

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

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

CLOVERBROOK HOLDINGS LTD

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 31 March 2016

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, PM+M Solutions for Business LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 16 December 2016 and signed on its behalf.



S Chippendale
Director

CLOVERBROOK HOLDINGS LTD**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CLOVERBROOK HOLDINGS LTD**

We have audited the financial statements of Cloverbrook Holdings Ltd for the year ended 31 March 2016, set out on pages 9 to 33. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 auditors' 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 Auditors

As explained more fully in the directors' responsibilities statement on page 5, 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the group strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 March 2016 and of the Group's profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements.

CLOVERBROOK HOLDINGS LTD

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CLOVERBROOK HOLDINGS LTD
(CONTINUED)**

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.

PM+M Solutions for Business LLP

Helen Clayton BSc. FCA (Senior statutory auditor)

for and on behalf of

PM+M Solutions for Business LLP

Chartered Accountants

Statutory Auditors

Greenbank Technology Park

Challenge Way

Blackburn

Lancashire

BB1 5QB

20 December 2016

CLOVERBROOK HOLDINGS LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 March 2016

	Note	2016 £	2015 £
Turnover	4	9,349,054	10,518,293
Cost of sales		(8,311,109)	(8,687,200)
Gross profit		1,037,945	1,831,093
Distribution costs		(72,695)	(79,521)
Administrative expenses		(1,553,457)	(1,885,468)
Operating loss	5	(588,207)	(133,896)
Amounts written off investments		(222,060)	(210,700)
Interest payable and expenses	8	(266,885)	(216,328)
Loss before tax		(1,077,152)	(560,924)
Loss for the year		(1,077,152)	(560,924)
Other comprehensive income for the year			
Unrealised surplus on revaluation of tangible fixed assets		1,368,871	85,768
Other comprehensive income for the year		1,368,871	85,768
Total comprehensive income for the year		291,719	(475,156)
Loss for the year attributable to:			
Owners of the parent company		1,077,152	560,924

The notes on pages 16 to 33 form part of these financial statements.

CLOVERBROOK HOLDINGS LTD
Registered number:4675403

CONSOLIDATED BALANCE SHEET
As at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	10	4,352,007	3,318,049
Investments	11	54,623	54,623
		<u>4,406,630</u>	<u>3,372,672</u>
Current assets			
Stocks	12	2,553,884	3,170,615
Debtors: amounts falling due within one year	13	3,409,385	4,562,343
Cash at bank and in hand	14	361,305	896,666
		<u>6,324,574</u>	<u>8,629,624</u>
Creditors: amounts falling due within one year	15	(4,615,993)	(5,882,674)
Net current assets		<u>1,708,581</u>	<u>2,746,950</u>
Total assets less current liabilities		<u>6,115,211</u>	<u>6,119,622</u>
Creditors: amounts falling due after more than one year	16	(677,405)	(973,535)
Net assets		<u><u>5,437,806</u></u>	<u><u>5,146,087</u></u>
Capital and reserves			
Called up share capital	20	576,500	576,500
Share premium account	21	6,834,043	6,834,043
Revaluation reserve	21	2,216,955	848,084
Other reserves	21	3,830,051	3,830,051
Profit and loss account	21	(8,569,288)	(7,492,136)
Equity attributable to owners of the parent Company		<u>4,888,261</u>	<u>4,596,542</u>
Non-controlling interests		549,545	549,545
		<u><u>5,437,806</u></u>	<u><u>5,146,087</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 December 2016.



S Chippendale
 Director

The notes on pages 16 to 33 form part of these financial statements.

CLOVERBROOK HOLDINGS LTD
Registered number:4675403

COMPANY BALANCE SHEET
As at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	11	4,221,849	4,678,321
		<u>4,221,849</u>	<u>4,678,321</u>
Current assets			
Debtors: amounts falling due within one year	13	880,485	1,100,000
Cash at bank and in hand	14	915	-
		<u>881,400</u>	<u>1,100,000</u>
Creditors: amounts falling due within one year	15	(1,564,402)	(1,561,036)
Net current liabilities		<u>(683,002)</u>	<u>(461,036)</u>
Total assets less current liabilities		<u>3,538,847</u>	<u>4,217,285</u>
Net assets		<u><u>3,538,847</u></u>	<u><u>4,217,285</u></u>
Capital and reserves			
Called up share capital	20	576,500	576,500
Share premium account	21	6,834,043	6,834,043
Profit and loss account	21	(3,871,696)	(3,193,258)
		<u>3,538,847</u>	<u>4,217,285</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 December 2016.


S Chippendale
 Director

The notes on pages 16 to 33 form part of these financial statements.

CLOVERBROOK HOLDINGS LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 March 2016

	Called up share capital	Share premium account	Revaluation reserve	Other reserves	Profit and loss account
	£	£	£	£	£
At 1 April 2015	576,500	6,834,043	848,084	3,830,051	(7,492,136)
Loss for the year	-	-	-	-	(1,077,152)
Surplus on revaluation of freehold property	-	-	1,368,871	-	-
At 31 March 2016	576,500	6,834,043	2,216,955	3,830,051	(8,569,288)
			Equity attributable to owners of parent Company	Non- controlling interests	Total equity
			£	£	£
At 1 April 2015			4,596,542	549,545	5,146,087
Loss for the year			(1,077,152)	-	(1,077,152)
Surplus on revaluation of freehold property			1,368,871	-	1,368,871
At 31 March 2016			4,888,261	549,545	5,437,806

CLOVERBROOK HOLDINGS LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 March 2015

	Called up share capital	Share premium account	Revaluation reserve	Other reserves	Profit and loss account
	£	£	£	£	£
At 1 April 2014	576,500	6,834,043	762,316	3,830,051	(6,931,212)
Loss for the year	-	-	-	-	(560,924)
Surplus on revaluation of freehold property	-	-	85,768	-	-
At 31 March 2015	576,500	6,834,043	848,084	3,830,051	(7,492,136)

	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£
At 1 April 2014	5,071,698	549,545	5,621,243
Loss for the year	(560,924)	-	(560,924)
Surplus on revaluation of freehold property	85,768	-	85,768
At 31 March 2015	4,596,542	549,545	5,146,087

The notes on pages 16 to 33 form part of these financial statements.

CLOVERBROOK HOLDINGS LTD**COMPANY STATEMENT OF CHANGES IN EQUITY**
For the Year Ended 31 March 2016

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015	576,500	6,834,043	(3,193,258)	4,217,285
Loss for the year	-	-	(678,438)	(678,438)
At 31 March 2016	576,500	6,834,043	(3,871,696)	3,538,847

COMPANY STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 March 2015

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2014	576,500	6,834,043	(4,691,353)	2,719,190
Profit for the year	-	-	1,498,095	1,498,095
At 31 March 2015	576,500	6,834,043	(3,193,258)	4,217,285

The notes on pages 16 to 33 form part of these financial statements.

CLOVERBROOK HOLDINGS LTD

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 31 March 2016

	2016 £	2015 £
Cash flows from operating activities		
Loss for the financial year	(1,077,152)	(560,924)
Adjustments for:		
Depreciation of tangible assets	395,477	358,524
Profit on disposal of tangible assets	(2,223)	(650)
Interest paid	266,885	216,328
Decrease/(increase) in stocks	616,731	(367,900)
Decrease/(increase) in debtors	1,152,958	(659,130)
(Decrease)/increase in creditors	(386,011)	445,807
Net cash generated from operating activities	966,665	(567,945)
Cash flows from investing activities		
Purchase of tangible fixed assets	(69,072)	(1,142,295)
Sale of tangible fixed assets	10,731	9,416
HP interest paid	(2,781)	(4,070)
Net cash from investing activities	(61,122)	(1,136,949)
Cash flows from financing activities		
New secured loans	-	1,306,970
Repayment of loans	(332,590)	-
Repayment of/new finance leases	(19,697)	(1,466)
Interest paid	(264,104)	(212,258)
Net cash used in financing activities	(616,391)	1,093,246
Net increase/(decrease) in cash and cash equivalents	289,152	(611,648)
Cash and cash equivalents at beginning of year	(2,434,701)	(1,823,053)
Cash and cash equivalents at the end of year	(2,145,549)	(2,434,701)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	361,305	896,666
Bank overdrafts	(2,506,854)	(3,331,367)
	(2,145,549)	(2,434,701)

CLOVERBROOK HOLDINGS LTD**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 March 2016

1. General information

The company is a company limited by shares, incorporated in England and Wales. Its registered office is given on page 1.

The group's principal activities are the design, manufacture and marketing of high performance knitted fabrics for the fashion, sports, outdoor, industrial and automotive markets.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of long leasehold property and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 27.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 April 2014.

2.3 Going concern

The financial statements have been prepared on the going concern basis. Trading subsequent to the year end, has seen the group return to profitability and forecasts have been prepared for the period to March 2018 which show the group continuing to be profitable and operating within its banking facility. Accordingly the directors believe it is appropriate to prepare the financial statements on the going concern basis.

CLOVERBROOK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016
2. Accounting policies (continued)**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Tangible fixed assets

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

The group has decided not to continue with its policy of revaluation, as permitted by FRS102, and has decided to adopt the revalued amount as deemed cost.

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

Depreciation is provided on the following basis:

Long leasehold property	- 5% straight line
Plant & Machinery	- 14% & 13.3% straight line
Motor Vehicles	- 25% straight line
Office Equipment	- 10% & 33% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

CLOVERBROOK HOLDINGS LTD**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 March 2016

2. Accounting policies (continued)**2.6 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

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

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.10 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured,

CLOVERBROOK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016

2. Accounting policies (continued)

2.10 Financial instruments (continued)

initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

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

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

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

CLOVERBROOK HOLDINGS LTD**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 March 2016

2. Accounting policies (continued)**2.12 Foreign currency translation****Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.13 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

CLOVERBROOK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016
2. Accounting policies (continued)**2.15 Pensions****Defined contribution pension plan**

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.16 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, which are described above, management has made some judgments that have an effect on the amounts recognised in the financial statements. These also include key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date. The main areas of judgment are in relation to debtor and stock provisions and the useful economic lives of the group's fixed assets.

4. Turnover

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	540,749	568,697
Rest of Europe	4,707,151	4,356,410
Rest of the world	4,101,154	5,593,186
	<u>9,349,054</u>	<u>10,518,293</u>

CLOVERBROOK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016
5. Operating loss

The operating loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	395,477	358,524
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	9,000	20,250
Exchange differences	25,303	467,442
Other operating lease rentals	26,283	16,451
Defined contribution pension cost	9,752	15,982
	<u>395,477</u>	<u>358,524</u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	1,471,175	1,337,169
Social security costs	166,524	161,269
Cost of defined contribution scheme	9,752	15,982
	<u>1,647,451</u>	<u>1,514,420</u>

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

	2016 No.	2015 No.
Production	246	311
Administration	38	45
	<u>284</u>	<u>356</u>

7. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	127,707	128,128
	<u>127,707</u>	<u>128,128</u>

CLOVERBROOK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016
8. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	264,104	212,258
Finance leases and hire purchase contracts	2,781	4,070
	<u>266,885</u>	<u>216,328</u>

9. Taxation

2016 £	2015 £
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Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - *higher than*) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	(1,077,152)	(560,924)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	(215,430)	(112,185)

Effects of:

Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	49,171	51,973
Capital allowances for year in excess of depreciation	(35,853)	(44,472)
Unrelieved tax losses carried forward	127,696	47,008
Unrelieved loss on foreign subsidiaries	74,416	57,676
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

There are tax losses of £6.2m (2015 - £6.0m) available for future relief.

10. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £678,438 (2015 - profit £1,498,095).

CLOVERBROOK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016
11. Tangible fixed assets**Group**

	Long Leasehold property £	Plant & Machinery £	Motor Vehicles £	Office Equipment £	Total £
Cost or valuation					
At 1 April 2015	1,804,989	7,930,869	181,360	772,828	10,690,046
Additions	-	33,390	29,347	6,335	69,072
Disposals	-	-	(31,963)	(4,585)	(36,548)
Revaluations	1,195,011	-	-	-	1,195,011
At 31 March 2016	<u>3,000,000</u>	<u>7,964,259</u>	<u>178,744</u>	<u>774,578</u>	<u>11,917,581</u>
Depreciation					
At 1 April 2015	82,355	6,624,674	106,023	558,945	7,371,997
Charge for the period on owned assets	91,505	205,874	14,383	69,739	381,501
Charge for the period on financed assets	-	5,010	8,966	-	13,976
Disposals	-	-	(23,455)	(4,585)	(28,040)
On revalued assets	(173,860)	-	-	-	(173,860)
At 31 March 2016	<u>-</u>	<u>6,835,558</u>	<u>105,917</u>	<u>624,099</u>	<u>7,565,574</u>
Net book value					
At 31 March 2016	<u>3,000,000</u>	<u>1,128,701</u>	<u>72,827</u>	<u>150,479</u>	<u>4,352,007</u>
At 31 March 2015	<u>1,722,634</u>	<u>1,306,195</u>	<u>75,337</u>	<u>213,883</u>	<u>3,318,049</u>

The long leasehold property was revalued by the directors at the year, having taken appropriate professional advice.

Cost or valuation at 31 March 2016 is as follows:

	Land and buildings £
At cost	-
At valuation:	
31 March 2014	<u>3,000,000</u>
	<u>3,000,000</u>

CLOVERBROOK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016
11. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2016 £	2015 £
Group		
Cost	1,391,129	1,391,129
Accumulated depreciation	(707,294)	(615,789)
Net book value	<u>683,835</u>	<u>775,340</u>

12. Fixed asset investments**Group**

	Listed Investments £	Unlisted Investments £	Total £
Cost or valuation			
At 1 April 2015	4,623	50,000	54,623
At 31 March 2016	<u>4,623</u>	<u>50,000</u>	<u>54,623</u>
Net book value			
At 31 March 2016	<u>4,623</u>	<u>50,000</u>	<u>54,623</u>
At 31 March 2015	<u>4,623</u>	<u>50,000</u>	<u>54,623</u>

The unlisted investment comprises 1 ordinary share of 1 Rand in Cedarbrook (Pty) Limited, a company incorporated in South Africa. The shareholding comprises 16.6% of the issued share capital of the company. The principal activity of the company is that of soft furnishings and allied fabrics. The investment is stated at cost.

CLOVERBROOK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016
12. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Cloverbrook Limited	UK	Ordinary	100 %	Design and merchandising of textiles
Cloverbrook Textiles Egypt	Egypt	Ordinary	100 %	Knitting and finishing of textiles
Springbrook Limited	UK	Ordinary	100 %	Dormant
Riverside Knitting Co. Limited	UK	Ordinary	100 %	Dormant
Brook Knitting Limited	UK	Ordinary	100 %	Dormant
Brook Finishing Company Limited	UK	Ordinary	50 %	Dormant
R. T. & W. Wilding Limited	UK	Ordinary	100 %	Dormant

The shares in Cloverbrook Limited and R. T. & W. Wilding Limited are held directly. Other subsidiaries are indirectly held by Cloverbrook Limited.

Listed investments

The fair value of the listed investments at 31 March 2016 was £4,623 (2015 - £4,623).

CLOVERBROOK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016
12. Fixed asset investments (continued)**Company**

	Investment in subsidiary companies £
Cost or valuation	
At 1 April 2015	7,410,542
At 31 March 2016	<u>7,410,542</u>
Impairment	
At 1 April 2015	2,732,221
Charge for the period	456,472
At 31 March 2016	<u>3,188,693</u>
Net book value	
At 31 March 2016	<u>4,221,849</u>
At 31 March 2015	<u><u>4,678,321</u></u>

13. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Raw materials and consumables	1,839,208	2,416,446	-	-
Work in progress (goods to be sold)	177,612	214,130	-	-
Finished goods and goods for resale	537,064	540,039	-	-
	<u>2,553,884</u>	<u>3,170,615</u>	<u>-</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £8,311,109 (2015 - £8,687,200).

An impairment loss of £60,263 (2015 - £27,053) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

CLOVERBROOK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended 31 March 2016
14. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	2,165,363	2,968,915	-	-
Other debtors	1,212,131	1,540,371	880,485	1,100,000
Prepayments and accrued income	31,891	53,057	-	-
	3,409,385	4,562,343	880,485	1,100,000

15. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	361,305	896,666	915	-
Less: bank overdrafts	(2,506,854)	(3,331,367)	-	-
	(2,145,549)	(2,434,701)	915	-

CLOVERBROOK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016
16. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank overdrafts	2,506,854	3,331,367	-	-
Bank loans	305,944	348,526	-	-
Other loans	860,000	860,000	-	-
Trade creditors	470,436	1,185,078	-	-
Amounts owed to group undertakings	-	-	1,564,402	1,561,036
Taxation and social security	18,482	22,999	-	-
Obligations under finance lease and hire purchase contracts	6,532	20,107	-	-
Other creditors	305,000	10,000	-	-
Accruals and deferred income	142,745	104,597	-	-
	4,615,993	5,882,674	1,564,402	1,561,036

The Commercial International Bank of Egypt has provided facilities of US\$4m, in the form of letters of credit, IDC, time loan and overdraft, to Cloverbrook Textiles Egypt S.A.E. The bank reserves the right to create charges over that company in the event that they have good reason, based upon the company's performance, to formalise those charges. No indication has been given, or events arisen, that have given reason to believe that this right is likely to be exercised.

Net obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

17. Creditors: Amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	668,436	958,444	-	-
Net obligations under finance leases and hire purchase contracts	8,969	15,091	-	-
	677,405	973,535	-	-

Net obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

CLOVERBROOK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016
18. Loans

The bank loan is repayable in equal quarterly instalments, commencing in June 2016, with an interest rate of 4.25% over 6 months LIBOR rate. The loan is secured on all new machinery and equipment in Cloverbrook Textiles Egypt.

The other loan of £860,000 is due to the David Chippendale 1998 Settlement, of which S Chippendale is a trustee. The loan has no fixed repayment terms.

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Amounts falling due within one year				
Bank loans	305,944	348,526	-	-
Other loans	860,000	860,000	-	-
	1,165,944	1,208,526	-	-
Amounts falling due 2-5 years				
Bank loans	668,436	958,444	-	-
	1,834,380	2,166,970	-	-

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2016 £	Group 2015 £
Within one year	6,532	20,107
Between 1-2 years	8,969	13,413
Between 2-5 years	-	1,678
	15,501	35,198

CLOVERBROOK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016
20. Financial instruments

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Financial assets				
Financial assets measured at fair value through profit or loss	411,305	946,666	915	-
Financial assets that are debt instruments measured at amortised cost	3,377,494	4,509,286	880,485	1,100,000
	3,788,799	5,455,952	881,400	1,100,000
Financial liabilities				
Financial liabilities measured at amortised cost	(5,274,916)	(6,833,210)	(1,564,402)	(1,561,036)
	(5,274,916)	(6,833,210)	(1,564,402)	(1,561,036)

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents

Financial assets that are debt instruments measured at amortised cost comprise debtors excluding prepayments.

Financial liabilities measured at amortised cost comprise creditors excluding taxation.

CLOVERBROOK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016
21. Share capital

	2016	2015
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
176,500 Ordinary shares of £1 each	176,500	<i>176,500</i>
400,000 4% non-cumulative non-voting preference shares of £1 each	400,000	<i>400,000</i>
	576,500	<i>576,500</i>

22. Reserves**Share premium**

The share premium account balance remains unchanged at 31 March 2015 and 2016 and comprises premium on shares issued on a group reorganisation.

Revaluation reserve

The revaluation reserve comprises a reserve arising on revaluation of the group's long leasehold property in Egypt.

Other reserves

The other reserve represents a reserve arising on consolidation.

Profit & loss account

The profit and loss reserve represents cumulative profits or losses. The current year profit and loss reserve balance amounts to (£8,569,288) (2015 - (£7,492,136)).

23. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £9,752 (2015 - £15,982). Contributions totalling £1,996 (2015 - £2,194) were payable to the fund at the balance sheet date

CLOVERBROOK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016
24. Commitments under operating leases

At 31 March 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £
Not later than 1 year	6,532	20,107
Later than 1 year and not later than 5 years	8,969	15,091
	<u>15,501</u>	<u>35,198</u>

25. Related party transactions

An amount of £1,560,700 (2015 - £1,560,700) is due from Smallshaw Properties LLP, a partnership in which S Chippendale and Cloverbrook Holdings Ltd are members. The debt is interest free and repayable on demand. A provision of £680,215 has been made against this debt.

At the year end the group owed S Chippendale, a director of the company an amount of £305,000 (2015 - £10,000). The loan has no fixed repayment terms.

At the year end the group was owed an amount of £Nil (2015 - £17,667) by the C B Self-Administered Pension Fund, of which S Chippendale is a trustee. The loan has no fixed repayment terms. The group was charged rent of £18,000 (2015 - £18,000) to the C B Self-Administered Pension Fund. An amount of £3,933 (2015 - £16,200) was owed to the Pension Fund at the balance sheet date.

At the year end the group owed an amount of £860,000 (2015 - £860,000) to the David Chippendale 1998 Settlement, of which S Chippendale is a trustee. The loan has no fixed repayment terms.

26. Controlling party

The company and the group is controlled by S Chippendale.

27. First time adoption of FRS 102

- The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.