

Registered number: 5880398

Brintons (China) Limited

Directors' report and financial statements
for the year ended 01 October 2016



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Brintons (China) Limited

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Company registration number

5880398

Directors

A J Edwards
D L S Baldi

Secretary

R M Peak

Registered office

No 6 Factory
Stourport Road
Kidderminster
Worcestershire
DY11 7PZ

Auditor

BDO LLP
Two Snowhill
Birmingham
B4 6GA

Directors' report for the year ended 01 October 2016

The directors present their report and the audited financial statements for the year ended 01 October 2016.

Principal activity

The company is an intermediate holding company.

Results and dividends

The loss for the financial year is shown on page 7. The directors do not recommend the payment of a dividend (2015: £nil).

Review of the business and future developments

The company continued to provide funding to its China based subsidiary.

The company has no transactions other than with group companies. The directors have considered the cash flows that apply to the company during the period to 30 September 2017 and are satisfied that the company has the resources to be able to continue trading for that period and that any funds that may be required will be provided from its immediate or ultimate parent companies.

The company's ultimate parent undertaking and controlling party is Lytham HoldCo Limited (company number 07748417).

Directors and their interests

The directors, who served throughout the year, unless indicated otherwise, were as follows:

A J Edwards
D L S Baldi

Post balance sheet events

On 30 December 2016 the directors of the company and the directors of its immediate parent company agreed the waiver of an amount of £2,144,474 payable from the company to the immediate parent company which amount will be recorded as a capital contribution in the financial statements of the company prepared for the year ending 30 September 2017.

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 its financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditors

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

Auditors

In accordance with section 485 of the Companies Act 2006, BDO LLP have been appointed as auditors to the company.

In preparing this directors' report advantage has been taken of the small companies' exemption.

By order of the board



R M Peak
Secretary
13 January 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRINTONS (CHINA) LIMITED

We have audited the financial statements of Brintons (China) Limited for the year ended 01 October 2016 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 Councils (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 01 October 2016 and of its 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 matters prescribed by the Companies Act 2006

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

Brintons (China) Limited

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRINTONS (CHINA) LIMITED (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, 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.
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and the exemption from the requirement to prepare a strategic report.

BDO LLP

*Thomas Lawton (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
13 January 2017*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Statement of comprehensive income for the year ended
01 October 2016**

	Notes	2016 £	2015 £
Inter company management charge		(280,741)	(375,210)
Operating loss		(280,741)	(375,210)
Interest receivable and similar income	6	231,848	119,040
Interest payable and similar charges	5	(313,459)	(337)
Loss on ordinary activities before tax		(362,352)	(256,507)
Taxation		-	-
Loss on ordinary activities after tax and total comprehensive loss		(362,352)	(256,507)

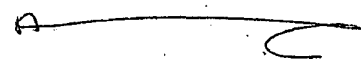
All amounts relate to continuing activities.

Balance Sheet **at 01 October 2016**

Company number 5880398

	Notes	2016 £	2015 £
Fixed assets			
Investments	7	3,729,265	3,729,265
Cash at bank		661	133
Creditors: amounts falling due within one year owed to group undertakings	8	(4,628,860)	(4,265,980)
Net current liabilities		(4,628,199)	(4,265,847)
Total assets less current liabilities		(898,934)	(536,582)
Capital and reserves			
Called up share capital	9	10,052,967	10,052,967
Profit & loss account		(10,951,901)	(10,589,549)
Shareholders' deficit		(898,934)	(536,582)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. The financial statements were approved and authorised for issue by the board of directors on 13 January 2017 and signed on its behalf by:



A J Edwards
Director

Statement of changes in equity for the year ended 01 October 2016

	Share capital £	Retained earnings £	Total £
At 28 September 2014	10,052,967	(12,487,684)	(2,434,717)
Loss for the year and total comprehensive income		(256,507)	(256,507)
Capital contribution		2,154,642	2,154,642
At 26 September 2015	10,052,967	(10,589,549)	(536,582)
Loss for the year and total comprehensive income		(362,352)	(362,352)
At 1 October 2016	10,052,967	(10,951,901)	(898,934)

Notes to the financial statements for the year ended 01 October 2016

1 Statement of compliance

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

2 Principal activity, legal form and country of incorporation

The principal activity of the company is that of an intermediate holding company within Lytham HoldCo Limited Group. The company is a private limited company, incorporated in England.

3 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention.

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

Going concern

The company acts as an intermediate holding company and has no transactions other than with group companies. The directors have considered the cash flows that apply to the company during the year to 30 September 2017 and are satisfied that the company has the resources to be able to continue trading for that period and that any funds that may be required will be provided from its immediate or ultimate parent companies. Therefore the financial statements have been prepared on a going concern basis.

Transition to FRS 102

The company transitioned from previous UK GAAP to FRS 102 as at 28 September 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 14.

Disclosure exemptions

The company satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Lytham Holdco Limited which can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102.

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

**Notes to the financial statements (continued)
for the year ended 01 October 2016****Fixed asset investments**

Shares in subsidiary undertakings are stated at original cost less provision for impairment. Provision for impairment is made by comparing the carrying value of the investment against the expected value in use or expected sales value of the underlying assets.

Foreign Currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the income statement.

4 Administration expenses

None of the directors received any emoluments in either year. There were no employees in either year. No audit fees have been allocated to this company. Amounts payable to the company's auditors are borne by the company's ultimate parent undertaking.

5 Interest payable and similar charges

	2016 £	2015 £
Bank charges payable	294	337
Foreign exchange	313,165	-
	<u>313,459</u>	<u>337</u>

6 Interest receivable and similar income

	2016 £	2015 £
Foreign exchange and interest receivable	<u>231,848</u>	<u>119,040</u>

Notes to the financial statements (continued) for the year ended 01 October 2016

7 Investments

	Shares in subsidiary undertakings £	Loans to subsidiary undertakings £	Total £
Cost			
At 26 September 2015	10,052,967	6,432,204	16,485,171
At 01 October 2016	10,052,967	6,432,204	16,485,171
Provision for diminution in value			
At 26 September 2015	(10,052,966)	(2,702,940)	(12,755,906)
At 01 October 2016	(10,052,966)	(2,702,940)	(12,755,906)
Net book value			
At 01 October 2016	1	3,729,264	3,729,265
At 26 September 2015	1	3,729,264	3,729,265

Details of subsidiary undertakings are as follows:

<i>Subsidiary</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Proportion of voting rights & shares held</i>	<i>Nature of business</i>
Brintons Carpet Manufacturing (Suzhou) Limited	China	Registered capital	100%	Sale of surplus production facility

The directors have considered the value of the investment in light of the decision not to operate the factory in China and to dispose of the property and the balance of equipment. The directors believe that based on the information available at the date of approval of these financial statements the expected amounts recoverable from the sale of the property and equipment were in excess of the recorded value noted above. The directors will continue to monitor the situation and the need for impairment.

8 Creditors

	2016 £	2015 £
Amounts falling due within one year:		
Amount owed to group undertakings	4,628,860	4,265,980

The amounts due to group undertakings are technically repayable on demand but there is no expectation that any amounts will be repaid within the next 12 months. Last year part of the balance was waived resulting in the capital contribution shown in note 10.

**Notes to the financial statements (continued)
for the year ended 01 October 2016****9 Called up share capital**

	2016	2015
Allotted, called up and fully paid:	£	£
Ordinary shares of £1 each	<u>10,052,967</u>	<u>10,052,967</u>

10 Events after the end of the reporting period

On 30 December 2016 the directors of the company and the directors of its immediate parent company agreed the waiver of an amount of £2,144,474 payable from the company to the immediate parent company which amount will be recorded as a capital contribution in the financial statements of the company prepared for the year ending 30 September 2017.

11 Transactions with related parties

The only transactions with related parties are shown within the accounts as balances due to and from group undertakings and interest received from and payable to group undertakings. In addition any administrative expenses incurred by the company have been paid by fellow subsidiary companies.

No transactions with related parties were undertaken which are required to be disclosed under FRS 102 Section 33.

12 Parent undertaking and controlling party

The company is a wholly owned subsidiary of Brintons Carpets Limited and the ultimate parent company is Lytham HoldCo Limited, a company registered in England and Wales.

The largest group in which results of the company are consolidated is that headed by Lytham HoldCo Limited, incorporated in England and Wales. The smallest group in which they are consolidated is headed by Brintons Carpets Limited, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ. No other group accounts include the results of the company.

The ultimate beneficial owner is Carlyle Strategic Partners II Luxembourg SARL.

13 Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 28 September 2014.

No transitional adjustments were required in equity or profit or loss for the year.