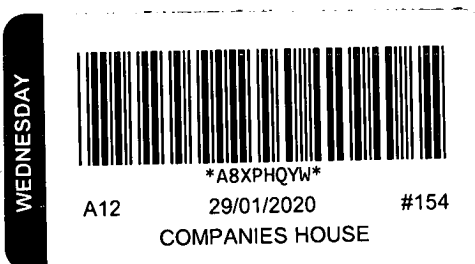


Company Registration No. 07917706 (England and Wales)

**G-Tuft Limited**  
**Annual Report And Financial Statements**  
**For The Year Ended 29 April 2019**



# G-TUFT LIMITED

## COMPANY INFORMATION

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|                          |  |                        |
|--------------------------|--|------------------------|
| <b>Directors</b>         | Mr N Graham  |                        |
|                          | Mr P Sutton  |                        |
|                          | Mr S M M Byrne   | (Appointed 9 May 2019) |
|                          | Mr P M Hamers  | (Appointed 9 May 2019) |
|                          | Mr M A Scott   | (Appointed 9 May 2019) |
| <b>Secretary</b>         | Mr P Sutton  |                        |
| <b>Company number</b>    | 07917706   |                        |
| <b>Registered office</b> | Thornhill Road Business Park<br>Tenterfields<br>Dewsbury<br>WF12 9QT |                        |
| <b>Auditor</b>           | Garbutt & Elliott Audit Limited<br>33 Park Place<br>Leeds<br>LS1 2RY |                        |

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# G-TUFT LIMITED

## CONTENTS

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|                                       | <b>Page</b> |
|---------------------------------------|-------------|
| Strategic report                      | 1 - 2       |
| Directors' report                     | 3           |
| Directors' responsibilities statement | 4           |
| Independent auditor's report          | 5 - 6       |
| Statement of comprehensive income     | 7           |
| Balance sheet                         | 8           |
| Statement of changes in equity        | 9           |
| Notes to the financial statements     | 10 - 24     |

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# **G-TUFT LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 29 APRIL 2019**

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The directors present the strategic report of the group for the year ended 29 April 2019.

### **Fair review of the business**

G-tuft operates as a commission manufacturer of carpet supplying major floorcovering distributors based in the UK.

The business model is relatively simple, beginning with yarn being delivered to our factory. When a customer specifies the particular type of carpet they require the yarn is tufted, backed and despatched by our own fleet of vehicles.

Our machinery is modern and the processing will normally be completed within a 24 hour period. When carpet is produced it is immediately put into trailers for delivery.

Both wool and synthetic yarns are processed and G-tuft's wide range of machinery ensures that every type of tufted carpet can be manufactured.

### **Principal risks and uncertainties**

With most of our yarns produced locally and our clients being UK based, this tends to insulate G-tuft against the possible adverse effects of the UK leaving the EU.

Although weakening of sterling has some effects on our costs, this negative aspect also impacts on our overseas competitors attempting to sell into the UK.

### **Price risk, credit risk, liquidity risk and cash flow risk**

The business' principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations.

The liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of the invoice discounting facility and bank balances. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. There could be a high concentration of credit risk as there are a small number of large customers. However, this risk is mitigated by maintaining credit insurance where possible for all significant customers. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

# G-TUFT LIMITED

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2019

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### Performance during the year (including key performance indicators)

The directors consider the following to be the key performance indicators of the business:

|                     | 2019        | 2018        |
|---------------------|-------------|-------------|
| Turnover            | £27,703,116 | £23,329,780 |
| Gross profit        | £1,219,729  | £1,233,887  |
| Gross profit margin | 4.40%       | 5.29%       |

Looking at key performance indicators, the directors are pleased to report an additional 18.7% sales, even against a testing retail backdrop. Stock of materials has increased by 59% and bank borrowings have increased by 21%.

As can be seen in the results, trading profits have been under pressure this year but this aspect is being addressed by a sustained focus on cost control and productivity whilst increasing units through the factory.

It is the objective of the directors to continually improve quality, productivity and sales and to that end, machinery investment has continued throughout this financial year. Research and development in this context is vital and precedes the introduction of new machinery, systems and materials into the factory.

During the course of 2018 G-tuft was approached by Victoria plc. The subsequent negotiations led to the takeover of G-tuft in May 2019. We have since been working with our new colleagues at Victoria to integrate our business into the carpet flooring business' already operated by the group. This process has worked well and should give G-tuft and it's employees a secure future.

### Other information

In conclusion the directors look forward to the coming year with guarded optimism.

On behalf of the board



.....  
Mr N Graham  
Director 28/01/2020  
.....

# G-TUFT LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 29 APRIL 2019

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The directors present their annual report and financial statements for the year ended 29 April 2019.

### Principal activities

The principal activity of the company continued to be that of a carpet manufacturer.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

|                |                            |
|----------------|----------------------------|
| Mr N Graham    |                            |
| Mr J S Graham  | (Resigned 22 October 2019) |
| Mr P Sutton    |                            |
| Mr S M M Byrne | (Appointed 9 May 2019)     |
| Mr P M Hamers  | (Appointed 9 May 2019)     |
| Mr MA Scott    | (Appointed 9 May 2019)     |

### Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....  
Mr N Graham  
Director

28/01/2020

Date: .....

## **G-TUFT LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 29 APRIL 2019**

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The directors are responsible for preparing the annual 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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.

# G-TUFT LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF G-TUFT LIMITED

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### Opinion

We have audited the financial statements of G-Tuft Limited (the 'company') for the year ended 29 April 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, 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 29 April 2019 and of its profit 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.

### 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.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 our 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.



# G-TUFT LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF G-TUFT LIMITED

---

### 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 and the directors' report.

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.

### 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.

### 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: <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.

*Garbutt + Elliott Audit Limited*

Chris Butt (Senior Statutory Auditor)  
for and on behalf of Garbutt & Elliott Audit Limited

28 January 2020

Chartered Accountants  
Statutory Auditor

33 Park Place  
Leeds  
LS1 2RY

# G-TUFT LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 29 APRIL 2019

|   | Notes | 2019<br>£        | 2018<br>£        |
|---|-------|------------------|------------------|
| Turnover  | 3     | 27,703,116       | 23,329,780       |
| Cost of sales   |       | (26,483,387)     | (22,095,893)     |
| <b>Gross profit</b>                                       |       | <b>1,219,729</b> | <b>1,233,887</b> |
| Administrative expenses                                   |       | (1,343,870)      | (1,293,722)      |
| Other operating income                                    |       | 214,800          | 214,800          |
| <b>Operating profit</b>                                   | 4     | <b>90,659</b>    | <b>154,965</b>   |
| Interest receivable and similar income                    |       | -                | 40               |
| Interest payable and similar expenses                     | 8     | (125,710)        | (139,340)        |
| <b>(Loss)/profit before taxation</b>                      |       | <b>(35,051)</b>  | <b>15,665</b>    |
| Tax on loss/profit  | 9     | 262,689          | 242,853          |
| <b>Profit and total comprehensive income for the year</b> |       | <b>227,638</b>   | <b>258,518</b>   |

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# G-TUFT LIMITED

## BALANCE SHEET AS AT 29 APRIL 2019

|   | Notes | 2019<br>£        | £                | 2018<br>£        | £                |
|---|-------|------------------|------------------|------------------|------------------|
| <b>Fixed assets</b>                                   |       |                  |                  |                  |                  |
| Goodwill  | 10    |                  | 5                |                  | 5                |
| Tangible assets                                       | 11    |                  | 3,076,121        |                  | 3,233,111        |
|   |       |                  | <u>3,076,126</u> |                  | <u>3,233,116</u> |
| <b>Current assets</b>                                 |       |                  |                  |                  |                  |
| Stocks  | 12    | 1,696,879        |                  | 1,078,032        |                  |
| Debtors   | 13    | 6,300,191        |                  | 6,098,856        |                  |
| Cash at bank and in hand                              |       | 3,545            |                  | 152              |                  |
|   |       | <u>8,000,615</u> |                  | <u>7,177,040</u> |                  |
| <b>Creditors: amounts falling due within one year</b> | 14    | (8,553,676)      |                  | (8,114,729)      |                  |
| <b>Net current liabilities</b>                        |       |                  | (553,061)        |                  | (937,689)        |
| <b>Total assets less current liabilities</b>          |       |                  | <u>2,523,065</u> |                  | <u>2,295,427</u> |
| <b>Provisions for liabilities</b>                     | 16    |                  | (295,000)        |                  | (295,000)        |
| <b>Net assets</b>                                     |       |                  | <u>2,228,065</u> |                  | <u>2,000,427</u> |
| <b>Capital and reserves</b>                           |       |                  |                  |                  |                  |
| Called up share capital                               | 19    | 1,500,000        |                  | 1,500,000        |                  |
| Profit and loss reserves                              |       | 728,065          |                  | 500,427          |                  |
| <b>Total equity</b>                                   |       |                  | <u>2,228,065</u> |                  | <u>2,000,427</u> |

The financial statements were approved by the board of directors and authorised for issue on 27/01/2020  
and are signed on its behalf by:



Mr P Sutton  
Director

Company Registration No. 07917706

## G-TUFT LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 29 APRIL 2019

---

|  | Share<br>capital<br>£ | Profit and<br>loss<br>reserves<br>£ | Total<br>£       |
|--|-----------------------|-------------------------------------|------------------|
| Balance at 30 April 2017                           | 1,500,000             | 241,909                             | 1,741,909        |
| Year ended 29 April 2018:                          |                       |                                     |                  |
| Profit and total comprehensive income for the year | -                     | 258,518                             | 258,518          |
|  | <hr/>                 | <hr/>                               | <hr/>            |
| Balance at 29 April 2018                           | 1,500,000             | 500,427                             | 2,000,427        |
| Year ended 29 April 2019:                          |                       |                                     |                  |
| Profit and total comprehensive income for the year | -                     | 227,638                             | 227,638          |
|  | <hr/>                 | <hr/>                               | <hr/>            |
| Balance at 29 April 2019                           | <u>1,500,000</u>      | <u>728,065</u>                      | <u>2,228,065</u> |

# G-TUFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 APRIL 2019

---

### 1 Accounting policies

#### Company information

G-Tuft Limited is a company limited by shares incorporated in England and Wales. The registered office is Thornhill Road Business Park, Tenterfields, Dewsbury, WF12 9QT.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The ultimate parent company is G-Tuft (2015) Limited which is the smallest and largest group into which these financial statements are consolidated. The registered office of G-Tuft (2015) Limited is Thornhill Road Business Park, Tenterfields, Dewsbury, WF12 9QT.

#### 1.2 Going concern

At the time of approving the financial statements, the directors are in receipt of a letter of support from their ultimate parent company, which will allow the company to continue to pay debts as they fall due, as such they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover represents amounts receivable net of VAT and trade discounts for carpet manufacturing.

# G-TUFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2019

### 1 Accounting policies

(Continued)

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

#### 1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                              |                            |
|------------------------------|----------------------------|
| Leasehold land and buildings | Over the life of the lease |
| Plant and equipment          | 5% straight line           |
| Fixtures and fittings        | 10-25% straight line       |
| Computers                    | 25% straight line          |
| Motor vehicles               | 25% straight line          |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# G-TUFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2019

---

### 1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Stock held on behalf of third parties has not been included in the value of the financial statements.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# G-TUFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2019

---

### 1 Accounting policies

(Continued)

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.



# G-TUFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2019

---

### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# G-TUFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2019

### 1 Accounting policies

(Continued)

#### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.13 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

### 2 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Depreciation

The depreciation policy has been set according to management's experience of the useful lives of a typical asset in each category, something which is reviewed annually. It is not considered practical to use a per unit basis to allocate depreciation without undue cost and therefore amounts are charged annually. The depreciation charged during the year was £289,465 (2018 - £296,577) which the directors feel is a fair reflection of the benefits derived from the consumption of the tangible fixed assets in use during the year.

#### Bad debt provision

Outstanding trade debtor balances are reviewed on a line by line basis by management to identify possible amounts where a provision is required. Management closely manage the collection of trade debtors and are therefore able to identify balances where there is uncertainty about its recoverability, and determine what provision is required (if any).

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

|   | 2019<br>£  | 2018<br>£  |
|---|------------|------------|
| <b>Turnover analysed by class of business</b> |            |            |
| Sale of carpets                               | 27,703,116 | 23,329,780 |

# G-TUFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2019

### 3 Turnover and other revenue (Continued)

|                                  | 2019<br>£ | 2018<br>£ |
|----------------------------------|-----------|-----------|
| <b>Other significant revenue</b> |           |           |
| Interest income                  | -         | 40        |
| Management fees receivable       | 327,738   | 214,800   |

|   | 2019<br>£  | 2018<br>£  |
|---|------------|------------|
| <b>Turnover analysed by geographical market</b> |            |            |
| United Kingdom                                  | 27,703,116 | 23,329,780 |

### 4 Operating loss / profit

|   | 2019<br>£  | 2018<br>£  |
|---|------------|------------|
| Operating loss / profit for the year is stated after charging/(crediting):                |            |            |
| Fees payable to the company's auditor for the audit of the company's financial statements | 15,000     | 13,700     |
| Depreciation of owned tangible fixed assets   | 289,465    | 296,577    |
| Loss/(profit) on disposal of tangible fixed assets  | 11,081     | (3,011)    |
| Cost of stocks recognised as an expense   | 21,733,711 | 17,839,319 |
| Operating lease charges   | 255,000    | 255,000    |

### 5 Auditor's remuneration

|   | 2019<br>£ | 2018<br>£ |
|---|-----------|-----------|
| Fees payable to the company's auditor and associates: |           |           |
| <b>For audit services</b>                             |           |           |
| Audit of the financial statements of the company      | 15,000    | 13,700    |

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

|                | 2019<br>Number | 2018<br>Number |
|----------------|----------------|----------------|
| Administration | 8              | 9              |
| Production     | 143            | 133            |
|                | 151            | 142            |

# G-TUFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2019

### 6 Employees (Continued)

Their aggregate remuneration comprised:

|                       | 2019<br>£        | 2018<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 3,567,942        | 3,244,906        |
| Social security costs | 332,377          | 298,894          |
| Pension costs         | 61,888           | 38,921           |
|                       | <u>3,962,207</u> | <u>3,582,721</u> |

In the opinion of the directors, there are no key management personnel other than the directors themselves.

### 7 Directors' remuneration

|   | 2019<br>£      | 2018<br>£      |
|---|----------------|----------------|
| Remuneration for qualifying services                          | 500,182        | 493,155        |
| Company pension contributions to defined contribution schemes | 2,056          | 1,958          |
|   | <u>502,238</u> | <u>495,113</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

|                                      | 2019<br>£      | 2018<br>£      |
|--------------------------------------|----------------|----------------|
| Remuneration for qualifying services | <u>212,644</u> | <u>215,186</u> |

### 8 Interest payable and similar expenses

|  | 2019<br>£      | 2018<br>£      |
|--|----------------|----------------|
| <b>Interest on financial liabilities measured at amortised cost:</b> |                |                |
| Interest on bank overdrafts and loans                                | 59,050         | 47,684         |
| Interest on invoice finance arrangements                             | 66,660         | 91,656         |
|  | <u>125,710</u> | <u>139,340</u> |

# G-TUFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2019

### 9 Taxation

|  | 2019<br>£        | 2018<br>£        |
|--|------------------|------------------|
| <b>Current tax</b>                             |                  |                  |
| Adjustments in respect of prior periods        | (262,689)        | (245,853)        |
| <b>Deferred tax</b>                            |                  |                  |
| Origination and reversal of timing differences | -                | 3,000            |
| <b>Total tax credit</b>                        | <u>(262,689)</u> | <u>(242,853)</u> |

The actual credit for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

|   | 2019<br>£        | 2018<br>£        |
|---|------------------|------------------|
| (Loss)/profit before taxation   | <u>(35,051)</u>  | <u>15,665</u>    |
| Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) | (6,660)          | 2,976            |
| Under/(over) provided in prior years  | (262,689)        | (245,853)        |
| Other tax adjustments   | <u>6,660</u>     | <u>24</u>        |
| <b>Taxation credit for the year</b>   | <u>(262,689)</u> | <u>(242,853)</u> |

The company has tax losses of £1,908,000 (2018 - £1,712,000) available for carry forward.

### 10 Intangible fixed assets

|                                    | Goodwill<br>£ |
|------------------------------------|---------------|
| <b>Cost</b>                        |               |
| At 30 April 2018 and 29 April 2019 | <u>5</u>      |
| <b>Amortisation and impairment</b> |               |
| At 30 April 2018 and 29 April 2019 | <u>-</u>      |
| <b>Carrying amount</b>             |               |
| At 29 April 2019                   | <u>5</u>      |
| At 29 April 2018                   | <u>5</u>      |

## G-TUFT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2019

#### 11 Tangible fixed assets

|                                    | Leasehold<br>land and<br>buildings<br>£ | Assets under<br>construction<br>£ | Plant and<br>equipment<br>£ | Fixtures and<br>fittings<br>£ | Computers<br>£ | Motor<br>vehicles<br>£ | Total<br>£ |
|------------------------------------|---|-----------------------------------|-----------------------------|-------------------------------|----------------|------------------------|------------|
| <b>Cost</b>                        |   |                                   |                             |                               |                |                        |            |
| At 30 April 2018                   | 255,654                                 | 7,413                             | 4,022,299                   | 93,739                        | 165,514        | 319,697                | 4,864,316  |
| Additions                          | 88,745                                  | -                                 | 245,716                     | 6,214                         | 6,793          | 65,277                 | 412,745    |
| Disposals                          | (278,925)                               | -                                 | -                           | -                             | -              | (26,050)               | (304,975)  |
| Transfers                          | -                                       | (7,413)                           | 7,413                       | -                             | -              | -                      | -          |
| At 29 April 2019                   | 65,474                                  | -                                 | 4,275,428                   | 99,953                        | 172,307        | 358,924                | 4,972,086  |
| <b>Depreciation and impairment</b> |   |                                   |                             |                               |                |                        |            |
| At 30 April 2018                   | -                                       | -                                 | 1,166,501                   | 76,399                        | 143,360        | 244,945                | 1,631,205  |
| Depreciation charged in the year   | -                                       | -                                 | 239,235                     | 6,194                         | 9,005          | 35,031                 | 289,465    |
| Eliminated in respect of disposals | -                                       | -                                 | -                           | -                             | -              | (24,705)               | (24,705)   |
| At 29 April 2019                   | -                                       | -                                 | 1,405,736                   | 82,593                        | 152,365        | 255,271                | 1,895,965  |
| <b>Carrying amount</b>             |   |                                   |                             |                               |                |                        |            |
| At 29 April 2019                   | 65,474                                  | -                                 | 2,869,692                   | 17,360                        | 19,942         | 103,653                | 3,076,121  |
| At 29 April 2018                   | 255,654                                 | 7,413                             | 2,855,798                   | 17,340                        | 22,154         | 74,752                 | 3,233,111  |

# G-TUFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2019

### 12 Stocks

|                                     | 2019<br>£        | 2018<br>£        |
|-------------------------------------|------------------|------------------|
| Raw materials and consumables       | 931,461          | 584,180          |
| Work in progress                    | 175,246          | 44,555           |
| Finished goods and goods for resale | 590,172          | 449,297          |
|                                     | <u>1,696,879</u> | <u>1,078,032</u> |

### 13 Debtors

|   | 2019<br>£        | 2018<br>£        |
|---|------------------|------------------|
| <b>Amounts falling due within one year:</b> |                  |                  |
| Trade debtors                               | 3,268,808        | 3,069,148        |
| Corporation tax recoverable                 | 218,314          | 178,883          |
| Amounts owed by group undertakings          | 2,000,000        | 2,000,000        |
| Other debtors                               | 64,575           | 128,375          |
| Prepayments and accrued income              | 419,494          | 393,450          |
|   | <u>5,971,191</u> | <u>5,769,856</u> |

|  | 2019<br>£        | 2018<br>£        |
|--|------------------|------------------|
| <b>Amounts falling due after more than one year:</b> |                  |                  |
| Deferred tax asset (note 17)                         | 329,000          | 329,000          |
|  | <u>329,000</u>   | <u>329,000</u>   |
| <b>Total debtors</b>                                 | <u>6,300,191</u> | <u>6,098,856</u> |

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

|                              | Notes | 2019<br>£        | 2018<br>£        |
|------------------------------|-------|------------------|------------------|
| Bank loans and overdrafts    | 15    | -                | 167,799          |
| Other borrowings             | 15    | 1,403,442        | 988,681          |
| Trade creditors              |       | 4,610,817        | 4,296,559        |
| Taxation and social security |       | 487,930          | 471,329          |
| Other creditors              |       | 1,503,689        | 1,510,858        |
| Accruals and deferred income |       | 547,798          | 679,503          |
|                              |       | <u>8,553,676</u> | <u>8,114,729</u> |

# G-TUFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2019

### 15 Loans and overdrafts

|                         | 2019<br>£        | 2018<br>£        |
|-------------------------|------------------|------------------|
| Bank overdrafts         | -                | 167,799          |
| Bank finance            | 1,403,442        | 988,681          |
|                         | <u>1,403,442</u> | <u>1,156,480</u> |
| Payable within one year | <u>1,403,442</u> | <u>1,156,480</u> |

Bank finance is secured against trade debtors by fixed and floating charges over the assets of the company.

### 16 Provisions for liabilities

|                          | Notes | 2019<br>£      | 2018<br>£      |
|--------------------------|-------|----------------|----------------|
| Deferred tax liabilities | 17    | <u>295,000</u> | <u>295,000</u> |

### 17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

|                                | Liabilities<br>2019<br>£ | Liabilities<br>2018<br>£ | Assets<br>2019<br>£ | Assets<br>2018<br>£ |
|--------------------------------|--------------------------|--------------------------|---------------------|---------------------|
| <b>Balances:</b>               |                          |                          |                     |                     |
| Accelerated capital allowances | 295,000                  | 295,000                  | -                   | -                   |
| Tax losses                     | -                        | -                        | 329,000             | 329,000             |
|                                | <u>295,000</u>           | <u>295,000</u>           | <u>329,000</u>      | <u>329,000</u>      |

There were no deferred tax movements in the year.

### 18 Retirement benefit schemes

|   | 2019<br>£     | 2018<br>£     |
|---|---------------|---------------|
| <b>Defined contribution schemes</b>                                 |               |               |
| Charge to profit or loss in respect of defined contribution schemes | <u>61,888</u> | <u>38,921</u> |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.



# G-TUFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2019

### 19 Share capital

|                                      | 2019<br>£ | 2018<br>£ |
|--------------------------------------|-----------|-----------|
| <b>Ordinary share capital</b>        |           |           |
| <b>Issued and fully paid</b>         |           |           |
| 1,500,000 Ordinary shares of £1 each | 1,500,000 | 1,500,000 |

### 20 Financial commitments, guarantees and contingent liabilities

At the balance sheet date, the company had a guarantee in place in favour of HMRC for £520,000.

The company is also part of a composite company multilateral guarantee between G-Tuft Holdings Limited and G-Tuft (2015) Limited although at the balance sheet date there is no contingent liability arising from this.

### 21 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | 2019<br>£        | 2018<br>£      |
|----------------------------|------------------|----------------|
| Within one year            | 260,000          | 160,000        |
| Between two and five years | 1,040,000        | -              |
| In over five years         | 173,333          | -              |
|                            | <u>1,473,333</u> | <u>160,000</u> |

Operating lease payments represent rentals payable by the company for warehouse use. Leases are negotiated for an average of 6 years and rentals are fixed.

### 22 Events after the reporting date

On 9 May 2019, Victoria Midco Holdings Limited, a company incorporated in England & Wales acquired 100% of the share capital of G-Tuft (2015) Limited, the ultimate parent company of G-Tuft Limited as at the balance sheet date.

The ultimate parent company of Victoria Midco Holdings Limited is Victoria PLC, a company incorporated in England & Wales and listed on the London Stock Exchange.

### 23 Related party transactions

The directors are of the opinion that there are no Key Management Personnel other than the directors themselves.

# G-TUFT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2019

### 23 Related party transactions

(Continued)

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

|                              | Sale of goods  |                | Purchase of goods  |                  |
|------------------------------|----------------|----------------|--------------------|------------------|
|                              | 2019           | 2018           | 2019               | 2018             |
|                              | £              | £              | £                  | £                |
| Entities under joint control | 222,276        | 309,362        | 13,738,981         | 8,995,342        |
|                              | <u>222,276</u> | <u>309,362</u> | <u>13,738,981</u>  | <u>8,995,342</u> |
|                              | Rent paid to   |                | Expenses recharged |                  |
|                              | 2019           | 2018           | 2019               | 2018             |
|                              | £              | £              | £                  | £                |
| Entities under joint control | 252,134        | 255,000        | 214,800            | 214,800          |
|                              | <u>252,134</u> | <u>255,000</u> | <u>214,800</u>     | <u>214,800</u>   |

The following amounts were outstanding at the reporting end date:

|  | 2019             | 2018             |
|--|------------------|------------------|
|  | £                | £                |
| <b>Amounts owed to related parties</b> |                  |                  |
| Entities under joint control           | 2,711,118        | 2,313,943        |
| Directors                              | 14,748           | 1,983            |
|  | <u>2,725,866</u> | <u>2,315,926</u> |

The following amounts were outstanding at the reporting end date:

|  | 2019          |
|--|---------------|
|  | Balance       |
|  | £             |
| <b>Amounts owed by related parties</b> |               |
| Entities under joint control           | 19,134        |
|  | <u>19,134</u> |
|  | 2018          |
|  | Balance       |
|  | £             |
| <b>Amounts owed in previous period</b> |               |
| Entities under joint control           | 10,887        |
|  | <u>10,887</u> |

The company has taken advantage of the disclosure exemption in Section 33.1A of FRS102 which permit it to not present details of its transactions with members of the group where relevant group companies are wholly owned.

## **G-TUFT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 29 APRIL 2019**

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#### **24 Ultimate controlling party**

At the balance sheet date the ultimate parent company and controlling party was G-Tuft (2015) Limited. G-Tuft (2015) Limited prepares group financial statements and these can be obtained from their registered office at Thornhill Road Business Park, Tenterfields, Dewsbury, WF12 9QT.

After the balance sheet date the ultimate parent company and controlling party has changed from G-Tuft (2015) Limited to Victoria PLC as described in note 22.