

COMPANY REGISTRATION NUMBER: 11114986

MOBUS FABRICS HOLDINGS LIMITED
FINANCIAL STATEMENTS

30 SEPTEMBER 2021



MOBUS FABRICS HOLDINGS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2021

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MOBUS FABRICS HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr M S Presley
Mr G D R McConnell
Mr L Paxman
Mr D R Barnes

Registered office

Russell Way
Off Bradford Road
Brighouse
West Yorkshire
England
HD6 4LX

Auditor

Wheawill & Sudworth Limited
Chartered Accountants & statutory auditor
35 Westgate
Huddersfield
HD1 1PA

Bankers

HSBC Bank plc
33 Park Row
Leeds
LS1 1LD

MOBUS FABRICS HOLDINGS LIMITED

STRATEGIC REPORT

YEAR ENDED 30 SEPTEMBER 2021

The principal activity of the group continued to be the design, manufacture and sale of fabrics for the upholstery market.

Results, Performance and Developments during the year

We are pleased to report another profitable year of operations.

Turnover has increased 15.6% to £24m which is down to increased demand following the pandemic and increased activity in our core UK market. Gross profit was better than anticipated due to lower stock losses, higher priced clearance sales and improved efficiencies from our new facility.

Due to longer lead times and supply chain pressure we have increase UK stocks to protect both Mobus and our partners. The £2m stock investment reported in the accounts underlines our ongoing investment in the future of Mobus.

Principal risks and uncertainties

The Directors consider that the key risks and principal uncertainties faced by the group are:

Raw material price volatility
Exchange rate variances
Supply chain disruption

These risks are managed through monitoring of the appropriate markets, the use of forward contracts and currency hedges, maintaining close supplier relationships and multiple sourcing of key resources.

Financial Instruments

Due to the nature of the financial instruments used by the group there is no material exposure to price risk. The group's approach to managing other risk applicable to the financial instruments concerned are shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of short term invoice finance and trade loan facilities.

Trade debtors are managed in respect of credit and cash flow by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

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

Key Performance indicators

Key performance indicators monitored by management include order in-take, gross margin, stock volumes and cash collection.

Outlook

Despite the uncertainty in the marketplace, on the backdrop of rising inflation and a changing market, Mobus remains confident we are on the right path to support our partners.

We have invested heavily in new developments, launching 6 collections since the year-end and another 6 collections due to launch before the end of 2022.

As part of the sustainable direction, we have launched our first recycled polyester collection with more sustainably designed fabrics in development. These coupled with the GreenFR® finish, Oeko-tex, ZDHC and GRS accreditation ensures Mobus is on track to improve our environmental credentials and support the sector in making the right choices.

MOBUS FABRICS HOLDINGS LIMITED

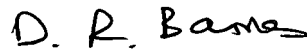
STRATEGIC REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2021

This report was approved by the board of directors on 28 June 2022 and signed on behalf of the board by:



Mr G D R McConnell
Director



Mr D R Barnes
Director

MOBUS FABRICS HOLDINGS LIMITED

DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2021

The directors present their report and the financial statements of the group for the year ended 30 September 2021.

Directors

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

Mr M S Presley

Mr G D R McConnell

Mr L Paxman

Mr D R Barnes

Mr I Bostock

(Resigned 28 May 2021)

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Future developments

Details of future developments are included within the strategic report.

Other matters

Going Concern - Covid-19 assessment

The directors have considered the impact of the Covid-19 pandemic on the business. Whilst acknowledging that its operations will continue to be affected in the year ending 30 September 2022, the directors believe they have put suitable measures in place to ensure that the company will continue to operate and develop its activities going forward. The directors therefore believe that the preparation of the financial statements on the going concern basis is appropriate.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

MOBUS FABRICS HOLDINGS LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2021

Auditor

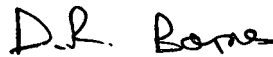
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

This report was approved by the board of directors on 28 June 2022 and signed on behalf of the board by:



Mr G D R McConnell
Director



Mr D R Barnes
Director

MOBUS FABRICS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOBUS FABRICS HOLDINGS LIMITED

YEAR ENDED 30 SEPTEMBER 2021

Opinion

We have audited the financial statements of Mobus Fabrics Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2021 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

MOBUS FABRICS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOBUS FABRICS HOLDINGS LIMITED *(continued)*

YEAR ENDED 30 SEPTEMBER 2021

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

MOBUS FABRICS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOBUS FABRICS HOLDINGS LIMITED (continued)

YEAR ENDED 30 SEPTEMBER 2021

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company, considered the risk of acts by the Directors which were contrary to applicable laws and regulations, including fraud. We made enquiries of the Directors to obtain further understanding of risks of non-compliance.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management regarding known or suspected instances of non-compliance with laws and regulations;
- review of minutes of the Directors' Board meetings throughout the year; and
- obtaining an understanding of the control environment in place to prevent and detect irregularities.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

MOBUS FABRICS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOBUS FABRICS HOLDINGS LIMITED (continued)

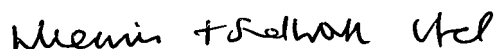
YEAR ENDED 30 SEPTEMBER 2021

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



David Butterworth (Senior Statutory Auditor)

For and on behalf of
Wheawill & Sudworth Limited
Chartered Accountants & statutory auditor
35 Westgate
Huddersfield
HD1 1PA

28 June 2022

MOBUS FABRICS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2021

	Note	2021 £	2020 £
Turnover	4	24,003,935	20,764,470
Cost of sales		<u>19,623,404</u>	<u>17,464,219</u>
Gross profit		4,380,531	3,300,251
Administrative expenses		2,796,848	2,850,270
Other operating income	5	<u>8,000</u>	<u>130,078</u>
Operating profit	6	1,591,683	580,059
Share of (loss)/profit of associates	16	(53,834)	21,990
Other interest receivable and similar income	10	–	3,809
Interest payable and similar expenses	11	<u>294,193</u>	<u>347,645</u>
Profit before taxation		1,243,656	258,213
Tax on profit	12	<u>295,539</u>	<u>109,379</u>
Profit for the financial year and total comprehensive income		<u>948,117</u>	<u>148,834</u>

All the activities of the group are from continuing operations.

MOBUS FABRICS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

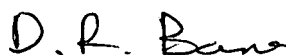
30 SEPTEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	1,729,101	1,976,115
Tangible assets	15	588,546	604,986
Investments:	16		
Investments in associates		151,897	205,731
		<u>2,469,544</u>	<u>2,786,832</u>
Current assets			
Stocks	17	8,581,260	6,429,112
Debtors	18	5,005,647	4,955,066
Cash at bank and in hand		457,347	555,891
		<u>14,044,254</u>	<u>11,940,069</u>
Creditors: amounts falling due within one year	19	<u>11,071,529</u>	<u>8,383,033</u>
Net current assets		<u>2,972,725</u>	<u>3,557,036</u>
Total assets less current liabilities		<u>5,442,269</u>	<u>6,343,868</u>
Creditors: amounts falling due after more than one year	20	3,911,333	5,586,000
Provisions			
Taxation including deferred tax	21	76,104	50,409
Net assets		<u>1,454,832</u>	<u>707,459</u>
Capital and reserves			
Called up share capital	26	100	100
Profit and loss account		1,454,732	707,359
Shareholders funds		<u>1,454,832</u>	<u>707,459</u>

These financial statements were approved by the board of directors and authorised for issue on 28 June 2022, and are signed on behalf of the board by:



Mr G D R McConnell
Director



Mr D R Barnes
Director

Company registration number: 11114986

MOBUS FABRICS HOLDINGS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	16	10,065,364	10,065,364
Current assets			
Debtors	18	100	100
Creditors: amounts falling due within one year	19	<u>6,212,031</u>	<u>4,545,364</u>
Net current liabilities		<u>6,211,931</u>	<u>4,545,264</u>
Total assets less current liabilities		<u>3,853,433</u>	<u>5,520,100</u>
Creditors: amounts falling due after more than one year	20	<u>3,853,333</u>	<u>5,520,000</u>
Net assets		<u>100</u>	<u>100</u>
Capital and reserves			
Called up share capital	26	<u>100</u>	<u>100</u>
Shareholders funds		<u>100</u>	<u>100</u>

The profit for the financial year of the parent company was £200,744 (2020: £219,125).

These financial statements were approved by the board of directors and authorised for issue on 28 June 2022, and are signed on behalf of the board by:



Mr G D R McConnell
Director



Mr D R Barnes
Director

Company registration number: 11114986

MOBUS FABRICS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2021

		Called up share capital £	Profit and loss account £	Total £
At 1 October 2019		100	777,649	777,749
Profit for the year			148,834	148,834
Total comprehensive income for the year		–	148,834	148,834
Dividends paid and payable	13	–	(219,124)	(219,124)
Total investments by and distributions to owners		–	(219,124)	(219,124)
At 30 September 2020		100	707,359	707,459
Profit for the year			948,117	948,117
Total comprehensive income for the year		–	948,117	948,117
Dividends paid and payable	13	–	(200,744)	(200,744)
Total investments by and distributions to owners		–	(200,744)	(200,744)
At 30 September 2021		<u>100</u>	<u>1,454,732</u>	<u>1,454,832</u>

The notes on pages 16 to 28 form part of these financial statements.

MOBUS FABRICS HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2021

		Called up share capital £	Profit and loss account £	Total £
At 1 October 2019		100	–	100
Profit for the year			219,125	219,125
Total comprehensive income for the year		–	219,125	219,125
Dividends paid and payable	13	–	(219,125)	(219,125)
Total investments by and distributions to owners		–	(219,125)	(219,125)
At 30 September 2020		100	–	100
Profit for the year			200,744	200,744
Total comprehensive income for the year		–	200,744	200,744
Dividends paid and payable	13	–	(200,744)	(200,744)
Total investments by and distributions to owners		–	(200,744)	(200,744)
At 30 September 2021		100	–	100

The notes on pages 16 to 28 form part of these financial statements.

MOBUS FABRICS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	948,117	148,834
<i>Adjustments for:</i>		
Depreciation of tangible assets	120,449	96,335
Amortisation of intangible assets	247,014	247,014
Government grant income	(8,000)	(130,078)
Share of profit of associates	53,834	(21,990)
Other interest receivable and similar income	–	(3,809)
Interest payable and similar expenses	294,193	347,645
Loss on disposal of tangible assets	–	128,424
Tax on profit	295,539	109,379
<i>Changes in:</i>		
Stocks	(2,152,148)	(360,162)
Trade and other debtors	(50,581)	368,633
Trade and other creditors	1,331,959	295,834
Cash generated from operations	1,080,376	1,226,059
Interest paid	(294,193)	(347,645)
Interest received	–	3,809
Tax paid	(402,427)	(55,846)
Net cash from operating activities	<u>383,756</u>	<u>826,377</u>
Cash flows from investing activities		
Purchase of tangible assets	(104,009)	(557,209)
Proceeds from sale of tangible assets	–	5,000
Net cash used in investing activities	<u>(104,009)</u>	<u>(552,209)</u>
Cash flows from financing activities		
Proceeds from borrowings	981,120	(2,004)
Government grant income	8,000	130,078
Dividends paid	(200,744)	(219,124)
Repayment of loan notes	(500,000)	(680,000)
Share buy back	(666,667)	–
Net cash used in financing activities	<u>(378,291)</u>	<u>(771,050)</u>
Net decrease in cash and cash equivalents	(98,544)	(496,882)
Cash and cash equivalents at beginning of year	555,891	1,052,773
Cash and cash equivalents at end of year	<u>457,347</u>	<u>555,891</u>

The notes on pages 16 to 28 form part of these financial statements.

MOBUS FABRICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Russell Way, Off Bradford Road, Brighouse, West Yorkshire, HD6 4LX, England.

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity and rounded to the nearest pound.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

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

Consolidation

The financial statements consolidate the financial statements of Mobus Fabric Holdings Limited and all of its subsidiary undertakings.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

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

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

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

MOBUS FABRICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2021

3. Accounting policies *(continued)*

Taxation

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

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

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

Foreign currencies

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

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business. Goodwill is measured at cost less accumulated impairment losses.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	- Over 10 years
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

MOBUS FABRICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2021

3. Accounting policies *(continued)*

Depreciation

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

Long leasehold property	-	Over the life of the lease
Plant and machinery	-	20% reducing balance
Fixtures and fittings	-	20% reducing balance
Motor vehicles	-	25% reducing balance

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Government grants

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

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

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

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

MOBUS FABRICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2021

3. Accounting policies *(continued)*

Government grants *(continued)*

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

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

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

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

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

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

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

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

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

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

MOBUS FABRICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2021

3. Accounting policies *(continued)*

Defined contribution plans

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

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
UK	19,721,847	16,084,961
Europe	2,441,329	2,222,506
Asia	1,568,500	2,278,985
USA	272,259	178,018
	<u>24,003,935</u>	<u>20,764,470</u>

The whole of the turnover is attributable to the principal activity of the group.

5. Other operating income

	2021	2020
	£	£
Government grant income	<u>8,000</u>	<u>130,078</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2021	2020
	£	£
Amortisation of intangible assets	247,014	247,014
Depreciation of tangible assets	120,449	96,335
Loss on disposal of tangible assets	–	128,424
Impairment of trade debtors	5,403	44,613
Foreign exchange differences	<u>(49,388)</u>	<u>91,968</u>

7. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>29,500</u>	<u>20,000</u>

MOBUS FABRICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2021

8. Staff costs

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

	2021	2020
	No.	No.
Distribution staff	19	17
Administrative staff	11	12
Management staff	4	5
	<u>34</u>	<u>34</u>

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

	2021	2020
	£	£
Wages and salaries	1,022,510	880,623
Social security costs	80,775	72,019
Other pension costs	152,328	123,703
	<u>1,255,613</u>	<u>1,076,345</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	162,860	174,891
Company contributions to defined contribution pension plans	95,626	78,841
Compensation for loss of office	30,000	–
	<u>288,486</u>	<u>253,732</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2021	2020
	No.	No.
Defined contribution plans	<u>4</u>	<u>4</u>

10. Other interest receivable and similar income

	2021	2020
	£	£
Interest on cash and cash equivalents	<u>–</u>	<u>3,809</u>

11. Interest payable and similar expenses

	2021	2020
	£	£
Interest on banks loans and overdrafts	47,837	53,536
Dividends paid on shares classed as debt	19,338	57,728
Interest payable on loan notes	165,671	191,241
Other interest payable and similar charges	61,347	45,140
	<u>294,193</u>	<u>347,645</u>

MOBUS FABRICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2021

12. Tax on profit

Major components of tax income

	2021 £	2020 £
Current tax:		
UK current tax income	269,844	100,470
Deferred tax:		
Origination and reversal of timing differences	25,695	8,909
Tax on profit	295,539	109,379

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Profit on ordinary activities before taxation	1,243,656	258,213
Profit on ordinary activities by rate of tax	236,295	49,059
Effect of expenses not deductible for tax purposes	48,970	64,927
Effect of capital allowances and depreciation	1,566	711
Effect of revenue exempt from tax	8,708	(5,318)
Tax on profit	295,539	109,379

13. Dividends

Equity dividends

	2021 £	2020 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	200,744	219,124

Dividends on shares classed as debt

	2021 £	2020 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	19,338	57,728

MOBUS FABRICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2021

14. Intangible assets

Group	Goodwill £
Cost	
At 1 October 2020 and 30 September 2021	<u>2,470,143</u>
Amortisation	
At 1 October 2020	494,028
Charge for the year	247,014
At 30 September 2021	<u>741,042</u>
Carrying amount	
At 30 September 2021	<u>1,729,101</u>
At 30 September 2020	<u>1,976,115</u>

The company has no intangible assets.

15. Tangible assets

Group	Long leasehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 October 2020	322,375	221,665	(150,587)	65,447	458,900
Additions	36,600	40,694	26,715	–	104,009
Transfers	(25,246)	50,383	(25,137)	–	–
At 30 September 2021	<u>333,729</u>	<u>312,742</u>	<u>(149,009)</u>	<u>65,447</u>	<u>562,909</u>
Depreciation					
At 1 October 2020	(33,469)	47,858	(210,421)	49,946	(146,086)
Charge for the year	40,011	53,344	11,593	15,501	120,449
Transfers	(1,892)	(1,560)	3,452	–	–
At 30 September 2021	<u>4,650</u>	<u>99,642</u>	<u>(195,376)</u>	<u>65,447</u>	<u>(25,637)</u>
Carrying amount					
At 30 September 2021	<u>329,079</u>	<u>213,100</u>	<u>46,367</u>	<u>–</u>	<u>588,546</u>
At 30 September 2020	<u>355,844</u>	<u>173,807</u>	<u>59,834</u>	<u>15,501</u>	<u>604,986</u>

The company has no tangible assets.

16. Investments

Group	Interests in associates £
Share of net assets/cost	
At 1 October 2020	205,731
Share of profit or loss	(53,834)
At 30 September 2021	<u>151,897</u>
Impairment	
At 1 October 2020 and 30 September 2021	<u>–</u>

MOBUS FABRICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2021

16. Investments *(continued)*

Group	Interests in associates £
Carrying amount	
At 30 September 2021	151,897
At 30 September 2020	205,731
Company	Shares in group undertakings £
Cost	
At 1 October 2020 and 30 September 2021	10,065,364
Impairment	
At 1 October 2020 and 30 September 2021	—
Carrying amount	
At 1 October 2020 and 30 September 2021	10,065,364
At 30 September 2020	10,065,364

Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

	Registered office	Class of share	Percentage of shares held
Subsidiary undertakings			
Mobus Fabrics Limited	Russell Way Off Bradford Road Brighouse West Yorkshire HD6 4LX	Ordinary	100
Shaoxing Mobus Fabrics Co Limited	Zhuyuantongcun Yangxunqiao Town Keqiao District Shaoxing City Zhejiang Province China	Ordinary	100
Other significant holdings			
Shaoxing Sian Flame Retardant Technology Co Limited	Zhuyuantongcun xangzun Qiao Town Keqiao District Shaoxing City Zhejiang Province China	Ordinary	31

MOBUS FABRICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 30 SEPTEMBER 2021

17. Stocks

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Finished goods and goods for resale	<u>8,581,260</u>	<u>6,429,112</u>	<u>–</u>	<u>–</u>

18. Debtors

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	4,766,166	4,604,697	–	–
Prepayments and accrued income	137,851	118,282	–	–
Other debtors	<u>101,630</u>	<u>232,087</u>	<u>100</u>	<u>100</u>
	<u>5,005,647</u>	<u>4,955,066</u>	<u>100</u>	<u>100</u>

19. Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts	657,091	–	–	–
Trade creditors	3,348,197	4,796,815	–	–
Amounts owed to group undertakings	–	–	4,545,365	4,045,364
Accruals and deferred income	1,542,815	1,344,143	–	–
Corporation tax	113,789	246,372	–	–
Social security and other taxes	789,563	60,082	–	–
Director loan accounts	354,267	30,238	–	–
Loan notes	1,000,000	500,000	1,000,000	500,000
Invoice finance facility	3,166,590	1,405,383	666,666	–
Other creditors	<u>99,217</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>11,071,529</u>	<u>8,383,033</u>	<u>6,212,031</u>	<u>4,545,364</u>

The invoice finance facility is secured by a fixed and floating charge over the group's assets.

20. Creditors: amounts falling due after more than one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Accruals and deferred income	58,000	66,000	–	–
Shares classed as financial liabilities	733,333	1,400,000	733,333	1,400,000
Loan notes	<u>3,120,000</u>	<u>4,120,000</u>	<u>3,120,000</u>	<u>4,120,000</u>
	<u>3,911,333</u>	<u>5,586,000</u>	<u>3,853,333</u>	<u>5,520,000</u>

The loan notes are unsecured and repayable by annual instalments; with interest payable at 3.5% above the published base rate of Barclays Bank Plc.

MOBUS FABRICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2021

21. Provisions

Group	Deferred tax (note 22) £
At 1 October 2020	50,409
Additions	25,695
At 30 September 2021	76,104

The company does not have any provisions.

22. Deferred tax

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Included in provisions (note 21)	<u>76,104</u>	<u>50,409</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Accelerated capital allowances	94,056	70,079	-	-
Deferred income	(16,500)	(14,090)	-	-
Provisions	<u>(1,452)</u>	<u>(5,580)</u>	<u>-</u>	<u>-</u>
	<u>76,104</u>	<u>50,409</u>	<u>-</u>	<u>-</u>

23. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution pension plans was £152,328 (2020: £123,703).

24. Government grants

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Recognised in other operating income:				
Government grants recognised directly in income	<u>8,000</u>	<u>130,078</u>	<u>-</u>	<u>-</u>

MOBUS FABRICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2021

25. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial liabilities measured at fair value through profit or loss

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Financial liabilities measured at fair value through profit or loss	<u>733,333</u>	<u>1,400,000</u>	<u>733,333</u>	<u>1,400,000</u>

26. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Amounts presented in equity:				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Amounts presented in liabilities:				
Preference shares of £1 each	<u>733,333</u>	<u>733,333</u>	<u>1,400,000</u>	<u>1,400,000</u>

During the year the company purchased and cancelled 666,667 preference shares of £1 each for an aggregate consideration of £666,667.

27. Analysis of changes in net debt

	At 1 Oct 2020	Cash flows	At 30 Sep 2021
	£	£	£
Cash at bank and in hand	555,891	(98,544)	457,347
Debt due within one year	(30,238)	(981,120)	(1,011,358)
	<u>525,653</u>	<u>(1,079,664)</u>	<u>(554,011)</u>

28. Capital commitments

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Intangible assets	<u>112,993</u>	<u>—</u>	<u>—</u>	<u>—</u>

MOBUS FABRICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2021

29. Operating leases

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Not later than 1 year	228,347	360,290	–	–
Later than 1 year and not later than 5 years	1,360,221	1,390,235	–	–
Later than 5 years	1,246,666	1,445,000	–	–
	<u>2,835,234</u>	<u>3,195,525</u>	<u>–</u>	<u>–</u>

Total lease payments recognised as an expense in the profit and loss was £409,002 (2020 - £410,659).

30. Contingencies

The company is party to an unlimited multilateral bank guarantee with one of its trading subsidiaries.

The group has indemnified its bank in relation to an import VAT and duty guarantee provided by the bank in favour of H M Revenue & Customs.

31. Related party transactions

Group

At the year end the group had loans totalling £nil (2020: £22,510) owed by key management personnel and loans totalling £354,266 (2020: £30,238) owing to key management personnel. These loans are unsecured, repayable upon demand and currently interest free.

During the year the group paid rent totalling £18,637 (2020: £68,779) to related parties.

32. Controlling party

No one party has equity control of the company.