

COMPANY REGISTRATION NUMBER: 11114986

MOBUS FABRICS HOLDINGS LIMITED

FINANCIAL STATEMENTS

30 September 2023

MOBUS FABRICS HOLDINGS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2023

Contents

Pages

Officers and professional advisers	1
Strategic report	2 to 3
Directors' report	4 to 5
Independent auditor's report to the members	6 to 9
Consolidated statement of comprehensive income	10
Consolidated statement of financial position	11
Company statement of financial position	12
Consolidated statement of changes in equity	13
Company statement of changes in equity	14
Consolidated statement of cash flows	15
Notes to the financial statements	16 to 29

MOBUS FABRICS HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr M S Presley
Mr G D R McConnell
Mr L T 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 2023

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 for the Mobus Group. Mobus Group 12 month turnover has increased by 2% to £22.5m despite weak consumer confidence in big ticket items impacting upholstery demand. Margins remain consistent as we have successfully managed our costs throughout the year whilst mitigating any impact to our customers. Mobus USA, founded in June 2023 has traded well, delivering a small contribution to group overheads. Mobus China has delivered a strong growth in sales and contribution following investments in stock, FR technology and new sales and distribution routes. Total Group fabric sales have delivered a £1,113k profit, 22% down on the previous year. The fall in profit is due to increased overheads, in particular interest, exchange rate variances and increases in energy and salary costs. Clarkson Coatings has been faced with many challenges since the acquisition in November 2022. A significant reduction in sales due to weaker market activity combined with higher processing and labour costs has led to the £410k loss in the trading period. Clarkson Coatings has changed shift patterns to improve efficiency and reduce energy costs whilst maintaining capacity for all customer requirements. Additional investments were needed across the organisation including a modernisation of the site, upgrading machinery, quality control improvements, operational controls, IT infrastructure and due diligence systems. The work undertaken to transform the company has taken much longer than anticipated. Post year-end management accounts reflect a significantly improved run rate with the last two months trade being profitable. As investments into Clarksons continue to bear fruit, the expectation from the Directors is that Clarkson Coatings Ltd will become a stand-alone profitable company within the Mobus Group. Additional investment into new plant and machinery has been made since the year end, the new investment will sit alongside all existing production lines, further outlining our long-term ambition for Clarkson Coatings Ltd. It is integral to Mobus Fabrics Group, being the primary finishing facility for processing all our core products. The finishing is required so our products comply with British trading standards. Mobus remains in a very strong market position, supporting all emerging opportunities with existing and new collections in a challenging market. Continual investment in our stock, plant and machinery, new collections, supply chain improvements and customer service will continue to differentiate Mobus from our competitors.

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 The market is extremely challenging with the cost of living crisis, high energy costs and food inflation at record levels, leading to a severe lack of consumer confidence in the home sector. Mobus continues to work with all customers, offering weekly order reports, order book transparency and stock management support to ensure deliveries arrive on time. Our internal laboratory, inspections and Quality Assurance teams ensure fabrics are consistently of the highest quality to avoid production issues and reduce waste. As a group Mobus has invested in our China stock to reduce minimum orders, speed up developments and reduce waste within the supply chain. Mobus USA is trading well and helping to offer the best levels of service and quality, in that market. Mobus is on track with all its long term sustainability directives to not only improve what we do, but to also support all our customers and suppliers in making the right choices.

This report was approved by the board of directors on 2 April 2024 and signed on behalf of the board by:

Mr L T Paxman

Director

Mr D R Barnes

Director

MOBUS FABRICS HOLDINGS LIMITED

DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2023

The directors present their report and the financial statements of the group for the year ended 30 September 2023 .

Directors

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

Mr M S Presley

Mr G D R McConnell

Mr L T Paxman

Mr D R Barnes

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.

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. 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 2 April 2024 and signed on behalf of the board by:

Mr L T Paxman

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 2023

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 2023 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 2023 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.

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.

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. - 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

2 April 2024

MOBUS FABRICS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2023

		2023	2022
	Note	£	£
Turnover	4	27,686,229	22,043,221
Cost of sales		<u>22,123,201</u>	<u>17,973,346</u>
Gross profit		5,563,028	4,069,875
Distribution costs		<u>122,928</u>	—
Administrative expenses		<u>4,542,470</u>	2,477,964
Other operating income	5	<u>8,028</u>	<u>8,000</u>
Operating profit	6	905,658	1,599,911
Share of profit of associates	16	6,226	2,470
Other interest receivable and similar income	10	—	1,634
Interest payable and similar expenses	11	<u>597,357</u>	<u>314,511</u>
Profit before taxation		314,527	1,289,504
Tax on profit	12	<u>60,228</u>	<u>308,918</u>
Profit for the financial year and total comprehensive income		254,299	<u>980,586</u>

All the activities of the group are from continuing operations.

MOBUS FABRICS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 September 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	14	1,838,323	1,482,087
Tangible assets	15	1,152,792	554,045
Investments:	16		
Investments in associates		160,593	154,367
		<u>3,151,708</u>	<u>2,190,499</u>
Current assets			
Stocks	17	7,220,033	7,172,469
Debtors	18	6,043,335	4,508,251
Cash at bank and in hand		1,204,429	552,512
		<u>14,467,797</u>	<u>12,233,232</u>
Creditors: amounts falling due within one year	19	12,595,287	8,431,059
		<u>1,872,510</u>	<u>3,802,173</u>
Net current assets			
		<u>5,024,218</u>	<u>5,992,672</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	20	2,520,333	3,603,333
Provisions			
Taxation including deferred tax	21	69,605	74,117
		<u>2,434,280</u>	<u>2,315,222</u>
Net assets			
Capital and reserves			
Called up share capital	26	100	100
Profit and loss account		2,434,180	2,315,122
		<u>2,434,280</u>	<u>2,315,222</u>
Shareholders funds			

These financial statements were approved by the board of directors and authorised for issue on 2 April 2024 , and are signed on behalf of the board by:

Mr L T Paxman

Director

Mr D R Barnes

Director

Company registration number: 11114986

MOBUS FABRICS HOLDINGS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

30 September 2023

	Note	2023 £	2022 £
Fixed assets			
Investments	16	10,065,472	10,065,464
Current assets			
Debtors	18	100	100
Creditors: amounts falling due within one year	19	7,587,139	6,512,131
Net current liabilities		7,587,039	6,512,031
Total assets less current liabilities		2,478,433	3,553,433
Creditors: amounts falling due after more than one year	20	2,478,333	3,553,333
Net assets		100	100
Capital and reserves			
Called up share capital	26	100	100
Shareholders funds		100	100

The profit for the financial year of the parent company was £ 135,241 (2022: £ 120,196).

These financial statements were approved by the board of directors and authorised for issue on 2 April 2024 , and are signed on behalf of the board by:

Mr L T Paxman

Director

Mr D R Barnes

Director

Company registration number: 11114986

MOBUS FABRICS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 SEPTEMBER 2023

		Called up share capital £	Profit and loss account £	Total £
At 1 October 2021		100	1,454,732	1,454,832
Profit for the year			980,586	980,586
		-----	-----	-----
Total comprehensive income for the year		—	980,586	980,586
Dividends paid and payable	13	—	(120,196)	(120,196)
		-----	-----	-----
Total investments by and distributions to owners		—	(120,196)	(120,196)
At 30 September 2022		100	2,315,122	2,315,222
Profit for the year			254,299	254,299
		-----	-----	-----
Total comprehensive income for the year		—	254,299	254,299
Dividends paid and payable	13	—	(135,241)	(135,241)
		-----	-----	-----
Total investments by and distributions to owners		—	(135,241)	(135,241)
		-----	-----	-----
At 30 September 2023		100	2,434,180	2,434,280
		-----	-----	-----

MOBUS FABRICS HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2023

		Called up share capital	Profit and loss account	Total
		£	£	£
At 1 October 2021		100	—	100
Profit for the year			120,196	120,196
		-----	-----	-----
Total comprehensive income for the year		—	120,196	120,196
Dividends paid and payable	13	—	(120,196)	(120,196)
		-----	-----	-----
Total investments by and distributions to owners		—	(120,196)	(120,196)
At 30 September 2022		100	—	100
Profit for the year			135,241	135,241
		-----	-----	-----
Total comprehensive income for the year		—	135,241	135,241
Dividends paid and payable	13	—	(135,241)	(135,241)
		-----	-----	-----
Total investments by and distributions to owners		—	(135,241)	(135,241)
		-----	-----	-----
At 30 September 2023		100	—	100
		-----	-----	-----

MOBUS FABRICS HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2023

	2023	2022
	£	£
Cash flows from operating activities		
Profit for the financial year	254,299	980,586
<i>Adjustments for:</i>		
Depreciation of tangible assets	195,564	105,980
Amortisation of intangible assets	278,764	247,014
Government grant income	(8,000)	(8,000)
Share of profit of associates	(6,226)	(2,470)
Other interest receivable and similar income	—	(1,634)
Interest payable and similar expenses	597,357	314,511
Gains on disposal of tangible assets	—	(3,435)
Tax on profit	60,228	308,918
<i>Changes in:</i>		
Stocks	(47,564)	1,408,791
Trade and other debtors	(1,535,084)	497,396
Trade and other creditors	2,947,771	(600,325)
	-----	-----
Cash generated from operations	2,737,109	3,247,332
Interest paid	(597,357)	(314,511)
Interest received	—	1,634
Tax paid	(166,208)	(127,705)
	-----	-----
Net cash from operating activities	1,973,544	2,806,750
	-----	-----
Cash flows from investing activities		
Purchase of tangible assets	(794,311)	(73,653)
Proceeds from sale of tangible assets	—	5,609
Purchase of intangible assets	(635,000)	—
	-----	-----
Net cash used in investing activities	(1,429,311)	(68,044)
	-----	-----
Cash flows from financing activities		
Proceeds from borrowings	334,925	712,923
Repayments of borrowings	—	(3,244,268)
Proceeds from loans from group undertakings	(100,000)	—
Government grant income	8,000	8,000
Dividends paid	(135,241)	(120,196)
	-----	-----
Net cash from/(used in) financing activities	107,684	(2,643,541)
	-----	-----
Net increase in cash and cash equivalents	651,917	95,165
Cash and cash equivalents at beginning of year	552,512	457,347
	-----	-----
Cash and cash equivalents at end of year	1,204,429	552,512
	-----	-----

MOBUS FABRICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2023

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.

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
----------	---	---------------

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.

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
Short leasehold property	-	10% straight line
Plant and machinery	-	20% reducing balance
Fixtures and fittings	-	20% reducing balance
Motor vehicles	-	25% reducing balance

Equipment

- 20% 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 are 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. 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.

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:

	2023	2022
	£	£
UK	21,866,534	18,268,427
Europe	1,610,274	1,827,869
Asia	3,766,115	1,763,206
USA	443,306	183,719
	-----	-----
	27,686,229	22,043,221
	-----	-----

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

5. Other operating income

	2023	2022
	£	£
Government grant income	8,000	8,000
Other operating income	28	—
	-----	-----
	8,028	8,000
	-----	-----

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2023	2022
	£	£
Amortisation of intangible assets	278,764	247,014
Depreciation of tangible assets	195,564	105,980
Gains on disposal of tangible assets	—	(3,435)
Impairment of trade debtors	8,407	—
Foreign exchange differences	(124,417)	(414,970)
	-----	-----

7. Auditor's remuneration

	2023	2022
	£	£
Fees payable for the audit of the financial statements	23,000	16,000
	-----	-----

8. Staff costs

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

	2023	2022
	No.	No.
Production staff	55	—
Distribution staff	23	24
Administrative staff	26	14
Management staff	4	4
	-----	-----
	108	42
	-----	-----

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

	2023	2022
	£	£
Wages and salaries	2,795,145	1,092,465
Social security costs	248,898	104,543
Other pension costs	207,504	177,461
	-----	-----
	3,251,547	1,374,469
	-----	-----

9. Directors' remuneration

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

	2023	2022
	£	£
Remuneration	114,576	128,863
Company contributions to defined contribution pension plans	86,776	103,652
	<u>201,352</u>	<u>232,515</u>

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

	2023	2022
	No.	No.
Defined contribution plans	3	4
	<u>3</u>	<u>4</u>

10. Other interest receivable and similar income

	2023	2022
	£	£
Other interest receivable and similar income	–	1,634
	<u>–</u>	<u>1,634</u>

11. Interest payable and similar expenses

	2023	2022
	£	£
Interest on banks loans and overdrafts	146,851	50,479
Dividends paid on shares classed as debt	58,501	30,645
Interest payable on loan notes	228,977	174,672
Other interest payable and similar charges	163,028	58,715
	<u>597,357</u>	<u>314,511</u>

12. Tax on profit

Major components of tax income

	2023	2022
	£	£
Current tax:		
UK current tax income	9,269	296,989
Adjustments in respect of prior periods	–	13,916
	<u>9,269</u>	<u>310,905</u>
Total UK current tax	9,269	310,905
Foreign current tax income	55,471	–
	<u>55,471</u>	<u>–</u>
Total current tax	64,740	310,905
	<u>64,740</u>	<u>310,905</u>
Deferred tax:		
Origination and reversal of timing differences	(4,512)	(1,987)
	<u>(4,512)</u>	<u>(1,987)</u>
Tax on profit	<u>60,228</u>	<u>308,918</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2022: higher than) the standard rate of corporation tax in the UK of 22 % (2022: 19 %).

	2023	2022
	£	£
Profit on ordinary activities before taxation	314,527	1,289,504
Profit on ordinary activities by rate of tax	69,196	245,005
Adjustment to tax charge in respect of prior periods	–	13,916
Effect of expenses not deductible for tax purposes	74,898	53,746
Effect of capital allowances and depreciation	(1,033)	(2,804)
Effect of revenue exempt from tax	(1,370)	(469)
Effect of changes in tax rates and roundings	5,982	(476)
Overseas tax at different rates	(32,927)	–
Deferred tax not recognised	(54,518)	–
Tax on profit	60,228	308,918

13. Dividends

Equity dividends

	2023	2022
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	135,241	120,196

Dividends on shares classed as debt

	2023	2022
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	–	30,645

14. Intangible assets

Group

	Goodwill
	£
Cost	
At 1 October 2022	2,470,143
Additions	635,000
At 30 September 2023	3,105,143
Amortisation	
At 1 October 2022	988,056
Charge for the year	278,764
At 30 September 2023	1,266,820
Carrying amount	
At 30 September 2023	1,838,323
At 30 September 2022	1,482,087

The company has no intangible assets.

15. Tangible assets

Group	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 October 2022	396,050	517,324	119,920	78,750	1,112,044
Additions	165,110	510,447	118,754	—	794,311
	-----	-----	-----	-----	-----
At 30 September 2023	561,160	1,027,771	238,674	78,750	1,906,355
	-----	-----	-----	-----	-----
Depreciation					
At 1 October 2022	106,576	314,524	58,149	78,750	557,999
Charge for the year	56,116	101,779	37,669	—	195,564
	-----	-----	-----	-----	-----
At 30 September 2023	162,692	416,303	95,818	78,750	753,563
	-----	-----	-----	-----	-----
Carrying amount					
At 30 September 2023	398,468	611,468	142,856	—	1,152,792
	-----	-----	-----	-----	-----
At 30 September 2022	289,474	202,800	61,771	—	554,045
	-----	-----	-----	-----	-----

The company has no tangible assets.

16. Investments

Group	Interests in associates £
Share of net assets/cost	
At 1 October 2022	154,367
Share of profit or loss	6,226

At 30 September 2023	160,593

Impairment	
At 1 October 2022 and 30 September 2023	—

Carrying amount	
At 30 September 2023	160,593

At 30 September 2022	154,367

Company	Shares in group undertakings £
Cost	
At 1 October 2022	10,065,464
Additions	8

At 30 September 2023	10,065,472

Impairment	
At 1 October 2022 and 30 September 2023	—

Carrying amount	
At 30 September 2023	10,065,472

At 30 September 2022	10,065,464

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
Clarkson Coatings Limited	Russell Way Off Bradford Road Brighouse West Yorkshire HD6 4LX	Ordinary	100
Hangzhou Mobus Fabrics Co Limited	Room No 803, Floor 8 Building 13 linpingdadao 633 Linping town Yuhang Hangzhou Zhejiang China	Ordinary	100
Furniture Industry Testing Technology Limited	35 Westgate Huddersfield West Yorkshire HD1 1PA	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

17. Stocks

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Raw materials and consumables	396,744	—	—	—
Finished goods and goods for resale	6,823,289	7,172,469	—	—
	<u>7,220,033</u>	<u>7,172,469</u>	<u>—</u>	<u>—</u>

18. Debtors

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	5,304,231	3,553,578	–	–
Prepayments and accrued income	569,666	112,392	–	–
Other debtors	169,438	842,281	100	100
	<u>6,043,335</u>	<u>4,508,251</u>	<u>100</u>	<u>100</u>

19. Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Bank loans and overdrafts	1,771,151	1,370,014	–	–
Trade creditors	3,335,822	2,400,900	–	–
Amounts owed to group undertakings	–	–	6,587,039	5,289,809
Accruals and deferred income	2,062,426	1,868,450	–	–
Corporation tax	195,521	296,989	–	–
Social security and other taxes	782,929	719,660	–	–
Director loan accounts	260,531	326,743	–	–
Loan notes	1,085,495	1,000,000	1,000,000	1,000,000
Invoice finance facility	2,865,358	222,322	100	222,322
Other creditors	236,054	225,981	–	–
	<u>12,595,287</u>	<u>8,431,059</u>	<u>7,587,139</u>	<u>6,512,131</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	
	2023	2022	2023	2022
	£	£	£	£
Accruals and deferred income	42,000	50,000	–	–
Shares classed as financial liabilities	733,333	733,333	733,333	733,333
Loan notes	1,745,000	2,820,000	1,745,000	2,820,000
	<u>2,520,333</u>	<u>3,603,333</u>	<u>2,478,333</u>	<u>3,553,333</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.

21. Provisions

Group	Deferred tax (note 22) £
At 1 October 2022	74,117
Additions	(4,512)
At 30 September 2023	<u>69,605</u>

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	
	2023	2022	2023	2022
	£	£	£	£
Included in provisions (note 21)	<u>69,605</u>	<u>74,117</u>	<u>—</u>	<u>—</u>

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Accelerated capital allowances	86,018	88,617	—	—
Deferred income	(12,500)	(14,500)	—	—
Deferred tax - other timing differences user defined - desc in a/cs	<u>(3,913)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>69,605</u>	<u>74,117</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 £ 207,504 (2022: £ 177,461).

24. Government grants

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Recognised in other operating income:				
Government grants recognised directly in income	<u>8,000</u>	<u>8,000</u>	<u>—</u>	<u>—</u>

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	
	2023	2022	2023	2022
	£	£	£	£
Financial liabilities measured at fair value through profit or loss	<u>—</u>	<u>733,333</u>	<u>—</u>	<u>733,333</u>

26. Called up share capital**Issued, called up and fully paid**

	2023		2022	
	No.	£	No.	£
Amounts presented in equity:				
Ordinary shares of £ 1 each	100	100	100	100
Amounts presented in liabilities:				
Preference shares of £ 1 each	733,333	733,333	733,333	733,333

27. Analysis of changes in net debt

	At 1 Oct 2022	Cash flows	At 30 Sep 2023
	£	£	£
Cash at bank and in hand	552,512	651,917	1,204,429
Debt due within one year	(1,696,757)	(334,925)	(2,031,682)
	(1,144,245)	316,992	(827,253)

28. Operating leases

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Not later than 1 year	349,142	214,075	–	–
Later than 1 year and not later than 5 years	1,385,904	1,360,000	–	–
Later than 5 years	425,000	906,667	–	–
	2,160,046	2,480,742	–	–

29. 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.

30. Related party transactions**Group**

At the year end the group had loans totalling £260,531 (2022: £326,743) owing to key management personnel. These loans are unsecured, repayable upon demand and currently interest is being paid at base rate plus 2%.

MOBUS FABRICS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 30 SEPTEMBER 2023

31. Controlling party

No one party has equity control of the company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.