

Registered number: 00060209

STEPHEN WALTERS & SONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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STEPHEN WALTERS & SONS LIMITED

COMPANY INFORMATION

Directors

D J Walters
J D B Walters
T L Goldsmith
G R Gooday

Company secretary

N J Currie

Registered number

00060209

Registered office

Sudbury Silk Mills
Cornard Road
Sudbury
Suffolk
CO10 2XB

Independent auditor

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Priory Place
New London Road
Chelmsford
CM2 0PP

STEPHEN WALTERS & SONS LIMITED

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STEPHEN WALTERS & SONS LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

Business review

The company is principally engaged in the designing and weaving of silk and other luxury fabrics and the dyeing and winding of silk and other fibres.

During the year, turnover increased by 13% to £8.4m, with a gross margin of 23% (2018: 25.5%).

The company made a net loss before tax of £126,166k (2018: £27k).

Liquidity remains strong, with a current ratio of 2.15 (2018: 3.23).

Given current market conditions, the directors are satisfied with the result for the year.

While the trading environment for the coming year remains uncertain with the scheduled exit of the UK from the European Union, currency fluctuations and rapidly increasing raw material prices adding to the challenges, the directors have responded positively to these scenarios by improving efficiencies and controlling costs and anticipate both continued investment and a return to profitable results.

The principal risks and uncertainties remain those associated with any business manufacturing in the UK and supplying a global consumer market in an uncertain economic and political environment.

This report was approved by the board on 18 December 2019 and signed on its behalf.



J D B Walters
Director

STEPHEN WALTERS & SONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Results and dividends

The loss for the year, after taxation, amounted to £110,077 (2018 - profit £24,243).

The directors do not propose a dividend in 2019 (2018: £Nil).

Directors

The directors who served during the year were:

D J Walters
J D B Walters
T L Goldsmith
G R Gooday

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Future developments

The directors continue to explore new market opportunities and plan to continue the investment in developing and sustaining the business going forward.

STEPHEN WALTERS & SONS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Financial risk management objectives and policies

The company aims to minimise financial risk in its operations by the identification and mitigation of key risk areas. The key areas of risk identified by the directors are market risk, price risk, credit risk and currency risk.

The measures used by the directors to manage general financial, market and price risks include the preparation of profit and loss budgets and the regular monitoring of actual performance against these budgets.

Credit risk, as identified by the directors, arises from the company's trade debtors.

The directors have identified that the company is exposed to translation and transaction foreign exchange risk. The directors use foreign currency forecasts which are regularly monitored, to analyse the exposure to foreign currency gains or losses, and identify any necessary actions.

Disclosure of information to auditor

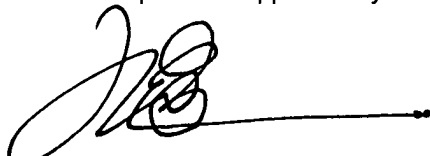
The directors confirm that:

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

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 18 DECEMBER 2019 and signed on its behalf.



J D B Walters
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEPHEN WALTERS & SONS LIMITED

Opinion

We have audited the financial statements of Stephen Walters & Sons Limited (the 'company') for the year ended 31 March 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEPHEN WALTERS & SONS LIMITED (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEPHEN WALTERS & SONS LIMITED
(CONTINUED)**

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

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

Grant Thornton UK LLP

Timothy Taylor FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Chelmsford

Date: 20 DECEMBER 2019

STEPHEN WALTERS & SONS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Turnover	4	8,399,718	7,404,146
Cost of sales		(6,474,720)	(5,518,273)
Gross profit		1,924,998	1,885,873
Distribution costs		(1,167,314)	(994,272)
Administrative expenses		(898,003)	(945,063)
Other operating income	5	11,972	12,138
Fair value movements		22,734	14,895
Operating loss	6	(105,613)	(26,429)
Interest receivable and similar income	10	9,038	3,435
Interest payable and expenses	11	(29,591)	(4,041)
Loss before tax		(126,166)	(27,035)
Tax on loss	12	16,089	51,278
(Loss)/profit for the financial year		(110,077)	24,243

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018: £Nil).

The notes on pages 10 to 23 form part of these financial statements.

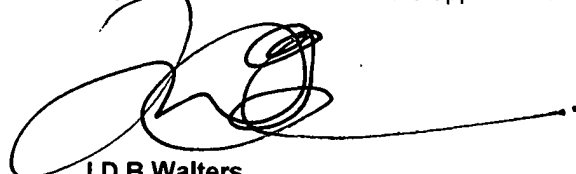
STEPHEN WALTERS & SONS LIMITED
REGISTERED NUMBER:00060209

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	1,290,648	1,505,951
		<u>1,290,648</u>	<u>1,505,951</u>
Current assets			
Stocks	14	2,729,888	2,138,129
Debtors: amounts falling due within one year	15	1,511,258	1,109,442
Cash at bank and in hand	16	644,974	504,565
		<u>4,886,120</u>	<u>3,752,136</u>
Creditors: amounts falling due within one year	17	(2,265,926)	(1,221,079)
Net current assets		<u>2,620,194</u>	<u>2,531,057</u>
Total assets less current liabilities		<u>3,910,842</u>	<u>4,037,008</u>
Provisions for liabilities			
Deferred tax	18	(67,681)	(83,770)
		<u>(67,681)</u>	<u>(83,770)</u>
Net assets		<u><u>3,843,161</u></u>	<u><u>3,953,238</u></u>
Capital and reserves			
Called up share capital	19	32,466	32,466
Capital redemption reserve	20	19,558	19,558
Profit and loss account	20	3,791,137	3,901,214
		<u>3,843,161</u>	<u>3,953,238</u>

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

18 December 2019



J D B Walters
Director

The notes on pages 10 to 23 form part of these financial statements.

STEPHEN WALTERS & SONS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2018	32,466	19,558	3,901,214	3,953,238
Comprehensive income for the year				
Loss for the year	-	-	(110,077)	(110,077)
Total comprehensive income for the year			(110,077)	(110,077)
At 31 March 2019	32,466	19,558	3,791,137	3,843,161

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017	32,466	19,558	3,876,971	3,928,995
Comprehensive income for the year				
Profit for the year	-	-	24,243	24,243
Total comprehensive income for the year			24,243	24,243
At 31 March 2018	32,466	19,558	3,901,214	3,953,238

The notes on pages 10 to 23 form part of these financial statements.

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

Stephen Walters & Sons Limited is a private company, limited by shares and incorporated in England and Wales. Registered number 00060209. The registered office is Sudbury Silk Mills, Cornard Road, Sudbury, Suffolk, CO10 2XB.

The company is principally engaged in the designing and weaving of silk and other fabrics and the dyeing and winding of silk and other fibres.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

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

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt to do so by section 400 of the Companies Act 2006 as it is a subsidiary of Walters Holdings Limited, a company incorporated in England and Wales, and is included in the consolidated financial statements of that entity.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sudbury Silk Mills Limited as at 31 March 2019 and these financial statements may be obtained from Companies House.

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.3 Revenue

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

Sale of goods

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

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

2.4 Tangible fixed assets

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

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Buildings	- 4% straight line
Plant & machinery	- 10% - 33% straight line
Motor vehicles	- 20% straight line
Fixtures & fittings	- 20% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.5 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.6 Debtors

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

2.7 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.8 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from other third parties and loans to related parties.

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

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

2.9 Creditors

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

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.10 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2.12 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

2.13 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

Areas of judgement and key sources of estimation uncertainty relate to provisions in respect of stock, credit notes and commission.

Stock provision

The stock provisions are built on management experience. Provision is made for slow moving and obsolete stocks on an ageing basis to write down the value of raw materials to their net realisable amount.

Credit Notes

Provision is made for credit notes where customer credit claims relating to specific or seasonal quantities are requested in writing.

Commission

Commission accruals are derived directly from revenue at the contractually agreed rates determined within Agents' agreements.

4. Turnover

The whole of the turnover is attributable to the principal activities of the company.

An analysis of turnover by geographical location has not been disclosed as the directors consider that such analysis would be seriously prejudicial to the business.

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

5. Other operating income

	2019 £	2018 £
Other operating income	11,972	12,138

6. Operating loss

The operating loss is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	236,061	271,354
Exchange differences	(9,472)	(20,961)

7. Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	11,000	10,000
Fees payable to the company's auditor and its associates in respect of:		
Accounts production	1,500	1,500
Tax compliance services	2,800	3,181

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

8. Employees

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

	2019 £	2018 £
Wages and salaries	2,942,135	2,802,824
Social security costs	272,049	265,822
Cost of defined contribution scheme	298,209	285,948
	<u>3,512,393</u>	<u>3,354,594</u>

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

	2019 No.	2018 No.
Textile operatives	48	48
Administration	61	58
	<u>109</u>	<u>106</u>

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	349,921	459,881
Company contributions to defined contribution pension schemes	21,739	37,227
	<u>371,660</u>	<u>497,108</u>

During the year retirement benefits were accruing to 2 directors (2018 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £103,679 (2018 - £102,191).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2018 - £Nil).

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

10. Interest receivable

	2019 £	2018 £
Other interest receivable	9,038	3,435

11. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	29,591	4,041

12. Taxation

	2019 £	2018 £
Corporation tax		
Adjustments in respect of previous periods	-	(68,756)
Total current tax	-	(68,756)
Deferred tax		
Origination and reversal of timing differences	(12,438)	22,480
Adjustments in respect of previous periods	(3,651)	(5,002)
Total deferred tax	(16,089)	17,478
Taxation on loss on ordinary activities	(16,089)	(51,278)

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	(126,166)	(27,035)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(23,972)	(5,137)
Effects of:		
Fixed asset differences	413	812
Expenses not deductible for tax purposes	2,675	2,419
Capital allowances for year in excess of depreciation	6,982	27,030
Adjust closing deferred tax to average rate of 19.00%	(7,962)	(9,855)
Adjust opening deferred tax to average rate of 19.00%	9,426	7,211
Adjustments to tax charge in respect of prior periods	(3,651)	(73,758)
Total tax charge for the year	(16,089)	(51,278)

STEPHEN WALTERS & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. Tangible fixed assets

	Buildings £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation					
At 1 April 2018	18,445	6,381,910	34,745	1,530,103	7,965,203
Additions	-	5,665	-	15,093	20,758
Disposals	-	-	(20,745)	-	(20,745)
At 31 March 2019	<u>18,445</u>	<u>6,387,575</u>	<u>14,000</u>	<u>1,545,196</u>	<u>7,965,216</u>
Depreciation					
At 1 April 2018	799	5,036,669	34,745	1,387,039	6,459,252
Charge for the year on owned assets	738	189,924	-	45,399	236,061
Disposals	-	-	(20,745)	-	(20,745)
At 31 March 2019	<u>1,537</u>	<u>5,226,593</u>	<u>14,000</u>	<u>1,432,438</u>	<u>6,674,568</u>
Net book value					
At 31 March 2019	<u><u>16,908</u></u>	<u><u>1,160,982</u></u>	<u><u>-</u></u>	<u><u>112,758</u></u>	<u><u>1,290,648</u></u>
At 31 March 2018	<u><u>17,646</u></u>	<u><u>1,345,241</u></u>	<u><u>-</u></u>	<u><u>143,064</u></u>	<u><u>1,505,951</u></u>

14. Stocks

	2019 £	2018 £
Raw materials and consumables	1,839,076	1,383,863
Work in progress	429,749	444,569
Finished goods and goods for resale	461,063	309,697
	<u><u>2,729,888</u></u>	<u><u>2,138,129</u></u>

Stock recognised in cost of sales during the year as an expense was £3,435,179 (2018: £2,548,420).

An impairment loss of £73,175 (2018: £37,441) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

STEPHEN WALTERS & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

15. Debtors: Amounts falling due within one year

	2019 £	2018 £
Trade debtors	1,123,727	846,162
Amounts owed by group undertakings	61,173	105,829
Other debtors	52,570	15,057
Prepayments and accrued income	202,906	127,499
Financial instruments	70,882	14,895
	<u>1,511,258</u>	<u>1,109,442</u>

A bad debt expense of £Nil (2018: £865) was recognised against trade debtors.

16. Cash

	2019 £	2018 £
Cash at bank and in hand	644,974	504,565
Less: bank overdrafts	<u>(759,980)</u>	<u>(87,217)</u>

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	759,980	87,217
Trade creditors	1,003,800	563,473
Amounts owed to group undertakings	44,977	49,955
Other taxation and social security	168,188	129,859
Other creditors	66,717	68,828
Accruals and deferred income	222,264	321,747
	<u>2,265,926</u>	<u>1,221,079</u>

A government grant of £143,571 (2018: £155,535) in respect of fixed assets is included within deferred income.

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

18. Deferred taxation

	2019 £	2018 £
At beginning of year	(83,770)	(66,292)
Charged to profit or loss	16,089	(17,478)
At end of year	<u>(67,681)</u>	<u>(83,770)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(80,672)	(93,340)
Losses and other deductions	3,651	-
Short term timing differences	9,340	9,570
	<u>(67,681)</u>	<u>(83,770)</u>

19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
32,466 (2018 - 32,466) Ordinary shares of £1.00 each	<u>32,466</u>	<u>32,466</u>

Share capital represents the nominal value of shares that have been issued.

20. Reserves

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Profit & loss account

This account includes all current and prior period retained profits and losses.

21. Contingent liabilities

A guarantee has been issued in favour of H M Revenue and Customs up to a limit of £40,000 (2018: £40,000).

STEPHEN WALTERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £298,209 (2018: £285,948). Contributions totalling £25,451 (2018: £24,323) were payable to the fund at the balance sheet date.

23. Related party transactions

During the year the company made design royalty payments of £122,737 (2018: £106,616) and at the year end owed £16,795 (2018: £11,321) to Spitalfields Fabrics Limited, a company with the same ultimate controlling party.

24. Controlling party

Walters Holdings Limited is the company's parent undertaking. Sudbury Silk Mills Limited is the company's ultimate parent undertaking which was incorporated on 21 March 2018 and will be preparing its first set of financial statements to 31 March 2019. The smallest and largest group for which consolidated financial statements are prepared is that headed up by Sudbury Silk Mills Limited. Group accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. The Walters family is the company's ultimate controlling party by virtue of its shareholding in the ultimate parent undertaking, Sudbury Silk Mills Limited.