

Company Registration No. 00176518 (England and Wales)

ATC Manufacturing Limited

**Annual report and financial statements
for the year ended 31 December 2022**



ATC Manufacturing Limited

Company information

Directors	J Grace S R McGuffie
Secretary	J Grace
Company number	00176518
Registered office	1st Floor 5 Morston Claycliffe Office Park Whaley Road Barnsley South Yorkshire S75 1HQ
Independent auditor	Saffery LLP Mitre House North Park Road Harrogate North Yorkshire HG1 5RX

ATC Manufacturing Limited

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ATC Manufacturing Limited

Strategic report

For the year ended 31 December 2022

The directors present the strategic report for the year ended 31 December 2022.

Business review

The company was delighted to see an increase in turnover as a degree of normality returned to our core markets. Total sales increased to £6.6 million from continuing operations compared to £5.4 reported in 2021.

2021 was negatively impacted by lockdowns across Europe, post Brexit disruption and a shortage of semi-conductors – forcing slowdowns or stoppages of car plants in Europe. Thankfully, the impact of all these issues eased in 2022 resulting in an increase in automotive demand towards more ‘normal’ levels (when compared to history).

Increased demand in other sectors – especially military – also helped year on year comparisons.

That said, supply chain disruption remained for some or all of the year depending on the market, and the company was faced with unprecedented cost increases – notably in energy costs, but also in other raw materials essential to production processes. Further price increases were inevitable and essential.

The volume recovery, surcharges to maintain margins and tight cost control resulted in an operating profit of £447,000 before exceptional items compared to £84,000 in 2021, thereby starting to return to nearer the level required to sustain our long term investment levels.

The sale of part of the weaving business to J&D Wilkie on 29 October 2021 generated further proceeds of £402,000. A further agreement was reached with Wilkie to acquire the company's pvc coating operations which was completed on 11 February 2022 generating net proceeds of £126,000 (resulting in a small loss of £42,000). Both operations have been categorized as discontinued operations in the accounts.

Given Wilkie's intention to relocate both businesses to Scotland, the group agreed to finance employee's redundancy and severance payments. The exceptional cost of these was recognised in 2021. Final redundancy payments of £531,000 were settled in the year and all other associated liabilities have been satisfied.

The company continued to dispose of the remaining trading assets (equipment, stock, debtors) of its weaving and coating operations. The sale of the remaining stock contributed to turnover of £2.6 million and an operating profit before exceptional items of £412,000 (shown in discontinued operations). A further £36,000 profit was generated on the sale of ancillary equipment from the Nelson property.

The company retained the property at Nelson, which previously housed the weaving and coating operations and concluded a separate sale of the property on 31 March 2022. The property was revalued in 2021, with £599k being recognised in other comprehensive income.

Significant cash flows were generated from the disposal of the various trading assets (equipment, debtors and stock). The sale of the Nelson property generated £1.35 million. As a result, the business is in a strong financial position with cash resources of £5.5 million at the year end.

ATC Manufacturing Limited

Strategic report (continued)

For the year ended 31 December 2022

The sale of the weaving and coating business will continue to generate royalty income. Final royalties following the sale of the PU operation in 2019 were also received. Exceptional income of £127,000 was recognised in the year.

The company could not have achieved the above without the hard work and dedication of its staff, particularly in the discontinued operations. They remained professional and committed throughout which was hugely appreciated in often challenging circumstances.

Key performance indicators

	2022	2021
Return on capital employed (pre exceptional)	3.0%	1.2%
Debtor days	32	45
Stock days	21	69
Reportable accidents per employee	0	0

Principal risks and uncertainties

The Company carefully manages its exposure to key risks and uncertainties. Nevertheless, a number of risks and uncertainties are not fully under its control.

Major geo-political and economic conditions can quickly impact key markets - the global automotive sector is a major source of revenue which can be quickly impacted by macro-economic events.

Trading activity takes place in Euros, Sterling and US\$. Whilst a certain degree of natural hedging exists, the Company is not fully protected against volatility in its key trading currencies.

The manufacturing operations depend on the availability of high quality raw materials, and the Company aims to maintain and develop relationships with a strategic supply base. This minimizes, but does not fully eliminate, the risks to raw material supply.

Future developments

The company has seen continuing strength in the European automotive sector during 2023 despite the often negative macro-economic environment. Thankfully, except for the labour market, which remains tight, cost pressures appear to have stabilized, albeit at a much higher level.

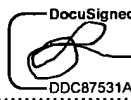
Unfortunately, these cost pressures and the subsequent need to go to market for price increases has inevitably led to a loss of business in the twisting sector putting additional pressures on an already challenging business. As a consequence, the twisting business was no longer considered to be sustainable. Following consultation with affected employees the decision was taken to exit this business.

Effort and resources will now be focused on our core warping operation. To this end we are continuing to invest in our warping facilities with new LPG boilers due to be installed shortly.

ATC Manufacturing Limited

Strategic report (continued)
For the year ended 31 December 2022

On behalf of the board

DocuSigned by:

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J Grace
Director

Date: 08 September 2023
Date:

ATC Manufacturing Limited

Directors' report

For the year ended 31 December 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company continued to be that of the manufacturing, processing and distribution of textile products.

Results and dividends

The results for the year are set out on pages 10 to 11.

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

Directors

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

J Grace
S R McGuffie

Statement of directors' responsibilities

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

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

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

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

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

Statement of disclosure to auditor

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

ATC Manufacturing Limited


Directors' report (continued)

For the year ended 31 December 2022

Matters covered in the Strategic Report

Certain information not shown in the Directors' Report is shown in the Strategic Report in accordance with Section 414C(11) of the Companies Act 2006. This includes a business review, future developments and principal risks and uncertainties.

On behalf of the board

DocuSigned by:

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J Grace

Director

08 September 2023

Date:

ATC Manufacturing Limited

Independent auditor's report

To the members of ATC Manufacturing Limited

Opinion

We have audited the financial statements of ATC Manufacturing Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including 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 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 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.

ATC Manufacturing Limited

Independent auditor's report (continued)

To the members of ATC Manufacturing Limited

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.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

ATC Manufacturing Limited

Independent auditor's report (continued)

To the members of ATC Manufacturing Limited

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006 and UK Tax legislation.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

ATC Manufacturing Limited

Independent auditor's report (continued)

To the members of ATC Manufacturing Limited

There are inherent limitations in the audit procedures described above 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 would become aware of it. Also, 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 or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.



Sally Appleton

Senior Statutory Auditor

For and on behalf of Saffery LLP

15 September 2023

Date:

Chartered Accountants

Statutory Auditors

Mitre House
North Park Road
Harrogate
North Yorkshire
HG1 5RX

ATC Manufacturing Limited

Statement of comprehensive income
For the year ended 31 December 2022

	Notes	Continuing operations £000	Discontinued operations £000	31 December 2022 £000	Continuing operations £000	Discontinued operations £000	31 December 2021 £000
Turnover	3	6,558	2,645	9,203	5,386	9,084	14,470
Cost of sales		(5,055)	(2,111)	(7,166)	(4,318)	(8,099)	(12,417)
Gross profit		1,503	534	2,037	1,068	985	2,053
Distribution costs		(306)	(95)	(401)	(291)	(400)	(691)
Administrative expenses		(750)	(27)	(777)	(706)	(631)	(1,337)
Other operating income		-	-	-	13	45	58
Exceptional items	4	-	135	135	116	(905)	(789)
Operating profit/(loss)	5	447	547	994	200	(906)	(706)
Interest receivable and similar income	8	783	-	783	441	-	441
Interest payable and similar expenses	9	(44)	-	(44)	(60)	-	(60)
Profit/(loss) before taxation		1,186	547	1,733	581	(906)	(325)
Tax on profit/(loss)	10	-	-	-	77	69	146
Profit/(loss) for the financial year		1,186	547	1,733	658	(837)	(179)

ATC Manufacturing Limited

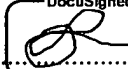
Statement of comprehensive income (continued)
For the year ended 31 December 2022

		Continuing operations	Discontinued operations	31 December 2022	Continuing operations	Discontinued operations	31 December 2021
	Notes	£000	£000	£000	£000	£000	£000
Other comprehensive income							
Revaluation of tangible fixed assets				-			599
Total comprehensive income for the year				<u>1,733</u>			<u>420</u>

ATC Manufacturing Limited**Statement of financial position
As at 31 December 2022**

	Notes	£000	2022 £000	£000	2021 £000
Fixed assets					
Tangible assets	13		1,776		3,297
Current assets					
Stocks	14	406		2,331	
Debtors	15	29,328		27,789	
Investments	16	2,000		-	
Cash at bank and in hand		3,519		3,031	
			35,253	33,151	
Creditors: amounts falling due within one year	17	(2,362)		(3,499)	
Net current assets			32,891		29,652
Total assets less current liabilities			34,667		32,949
Creditors: amounts falling due after more than one year	18		(15)		(30)
Net assets			34,652		32,919
Capital and reserves					
Called up share capital	21		19		19
Share premium account	22		3		3
Revaluation reserve	22		1,404		2,415
Profit and loss reserves	22		33,226		30,482
Total equity			34,652		32,919

The financial statements were approved by the board of directors and authorised for issue on 08 September 2023 and are signed on its behalf by:

DocuSigned by:

 DDC87531AB434D4...
 J Grace
 Director

Company Registration No. 00176518 (England and Wales)

ATC Manufacturing Limited**Statement of changes in equity
For the year ended 31 December 2022**

	Share capital	Share premium account	Revaluation reserve	Profit and loss reserves	Total
	£000	£000	£000	£000	£000
Balance at 1 January 2021	<u>19</u>	<u>3</u>	<u>1,846</u>	<u>30,631</u>	<u>32,499</u>
Year ended 31 December 2021:					
Loss for the year	-	-	-	(179)	(179)
Other comprehensive income:					
Revaluation of tangible fixed assets	-	-	599	-	599
	<u>-</u>	<u>-</u>	<u>599</u>	<u>(179)</u>	<u>420</u>
Total comprehensive income for the year	-	-	599	(179)	420
Transfers	-	-	(30)	30	-
	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>30</u>	<u>-</u>
Balance at 31 December 2021	<u>19</u>	<u>3</u>	<u>2,415</u>	<u>30,482</u>	<u>32,919</u>
Year ended 31 December 2022:					
Profit and total comprehensive income for the year	-	-	-	1,733	1,733
Transfers	-	-	(1,011)	1,011	-
	<u>-</u>	<u>-</u>	<u>(1,011)</u>	<u>1,011</u>	<u>-</u>
Balance at 31 December 2022	<u><u>19</u></u>	<u><u>3</u></u>	<u><u>1,404</u></u>	<u><u>33,226</u></u>	<u><u>34,652</u></u>

ATC Manufacturing Limited

Notes to the financial statements For the year ended 31 December 2022

1 Accounting policies

Company information

ATC Manufacturing Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1st Floor, 5 Morston Claycliffe Office Park, Whaley Road, Barnsley, South Yorkshire, S75 1HQ.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Haughton Textiles Limited as at 31 December 2022. These consolidated financial statements are available from its registered office, 1st Floor, 5 Morston Claycliffe Office Park, Whaley Road, Barnsley, South Yorkshire, S75 1HQ.

ATC Manufacturing Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2022

1 Accounting policies (continued)**1.2 Going concern**

The directors have prepared financial projections. The projections forecast continued profitability and cash generation and show that the Company will continue to operate within its available facilities. The directors have considered a period in excess of twelve months from the date of approval of these financial statements in making this assessment.

As a consequence, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the going concern basis of accounting continues to be appropriate in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

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

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings represents the excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

1.5 Tangible fixed assets

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

ATC Manufacturing Limited**Notes to the financial statements (continued)****For the year ended 31 December 2022**

1 Accounting policies (continued)

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

Freehold land and buildings	Over 50 years
Plant and equipment	Over 3-5 years

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

Individual freehold and leasehold properties are carried at fair values at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

1.6 Impairment of fixed assets

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

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

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

ATC Manufacturing Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2022

1 Accounting policies (continued)

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

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to net realisable value.

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

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

ATC Manufacturing Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2022

1 Accounting policies (continued)***Other financial assets***

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

ATC Manufacturing Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2022

1 Accounting policies (continued)***Basic financial liabilities***

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

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

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

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

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

Current tax

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

ATC Manufacturing Limited

Notes to the financial statements (continued) **For the year ended 31 December 2022**

1 Accounting policies (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

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

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

ATC Manufacturing Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

1 Accounting policies (continued)

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Sales returns provisions

The Company establishes a provision for expected sales returns. The provision is calculated based on historic sales returns information which is then applied to sales made during the period. As the provision estimate is made at the reporting date, the actual outcome will differ from the estimate.

Property valuation

Freehold Properties are held at valuation. The value of the properties is significant and formal valuations by independent qualified valuers are undertaken periodically. Management assess the fair value of these properties at each reporting date. Management will take into account a number of factors and make a number of assumptions when making their assessment.

ATC Manufacturing Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2022**3 Turnover and other revenue**

	2022	2021
	£000	£000
Turnover analysed by class of business		
Sale of textile products	9,203	14,470

	2022	2021
	£000	£000
Turnover analysed by geographical market		
United Kingdom	7,438	11,179
Rest of Europe	1,193	2,729
Rest of world	572	562
	<u>9,203</u>	<u>14,470</u>

	2022	2021
	£000	£000
Other revenue		
Interest income	783	441
Grants received	-	58
	<u>-</u>	<u>58</u>

4 Exceptional items

	2022	2021
	£000	£000
Expenditure		
Redundancy costs	(14)	1,114
Royalty income	(127)	(100)
Agency termination costs	-	29
(Profit)/loss on sale of assets	(36)	(239)
(Profit)/loss on sale of business	42	(15)
	<u>(135)</u>	<u>789</u>

ATC Manufacturing Limited**Notes to the financial statements (continued)****For the year ended 31 December 2022****5 Operating profit/(loss)**

	2022	2021
	£000	£000
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(42)	89
Government grants	-	(58)
Fees payable to the company's auditor for the audit of the company's financial statements	17	24
Depreciation of owned tangible fixed assets	171	316
Operating lease charges	40	42
	<u> </u>	<u> </u>

6 Auditor's remuneration

	2022	2021
	£000	£000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	17	24
	<u> </u>	<u> </u>

The Company has taken advantage of the exemption to not disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent Company.

7 Employees

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

	2022	2021
	Number	Number
Manufacturing	70	126
Distribution	1	3
Administration	6	19
	<u> </u>	<u> </u>
Total	77	148
	<u> </u>	<u> </u>

ATC Manufacturing Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2022**7 Employees (continued)**

Their aggregate remuneration comprised:

	2022	2021
	£000	£000
Wages and salaries	2,055	3,761
Social security costs	202	348
Pension costs	70	130
	<u>2,327</u>	<u>4,239</u>

The directors are paid through either the immediate parent company, Allied Textile Companies Limited or its parent company Allied Textiles Limited. The total amount paid was £656k (2021: £506k).

8 Interest receivable and similar income

	2022	2021
	£000	£000
Interest income		
Interest receivable from group companies	783	441
	<u>783</u>	<u>441</u>

9 Interest payable and similar expenses

	2022	2021
	£000	£000
Interest on bank overdrafts and loans	1	27
Interest payable to group undertakings	41	25
Interest on finance leases and hire purchase contracts	2	8
	<u>44</u>	<u>60</u>

10 Taxation

	2022	2021
	£000	£000
Current tax		
Adjustments in respect of prior periods	-	(146)
	<u>-</u>	<u>(146)</u>

ATC Manufacturing Limited**Notes to the financial statements (continued)****For the year ended 31 December 2022****10 Taxation (continued)**

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

	2022	2021
	£000	£000
Profit/(loss) before taxation	1,733	(325)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	329	(62)
Tax effect of expenses that are not deductible in determining taxable profit	47	21
Tax effect of income not taxable in determining taxable profit	(24)	(36)
Tax effect of utilisation of tax losses not previously recognised	(270)	-
Adjustments in respect of prior years	-	(146)
Other non-reversing timing differences	(44)	(63)
Movement in deferred tax not recognised	-	242
Fixed asset timing differences not recognised	(52)	(102)
Chargeable gains	14	-
Taxation charge/(credit) for the year	-	(146)

The company has unrecognised deferred tax assets totalling £433k (2021 £950k) and unrecognised deferred tax liabilities totalling £276k (2021 £276k).

11 Discontinued operations

The William Reed division within ATC Manufacturing Limited was part disposed of on 29 October 2021. Cash proceeds were £244,000 with other debtors of £102,000. Assets disposed of were tangible fixed assets of £101,000 and stocks of £230,000. This resulted in a profit on disposal before tax of £15,000.

On 11 February 2022, the Coating Applications division within ATC Manufacturing Limited was sold to J & D Wilkie. This generated proceeds of £130,000 and resulted in a loss of £42,000.

ATC Manufacturing Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2022**12 Intangible fixed assets**

	Goodwill
	£000
Cost	
At 1 January 2022 and 31 December 2022	320
Amortisation and impairment	
At 1 January 2022 and 31 December 2022	320
Carrying amount	
At 31 December 2022	-
At 31 December 2021	-

13 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Total
	£000	£000	£000
Cost or valuation			
At 1 January 2022	3,050	10,945	13,995
Additions	-	52	52
Disposals	(1,350)	(2,521)	(3,871)
At 31 December 2022	1,700	8,476	10,176
Depreciation and impairment			
At 1 January 2022	105	10,593	10,698
Depreciation charged in the year	41	130	171
Eliminated in respect of disposals	(7)	(2,462)	(2,469)
At 31 December 2022	139	8,261	8,400
Carrying amount			
At 31 December 2022	1,561	215	1,776
At 31 December 2021	2,945	352	3,297

ATC Manufacturing Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2022**13 Tangible fixed assets (continued)**

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022	2021
	£000	£000
Plant and equipment	33	50
	<u> </u>	<u> </u>

Land and buildings with a carrying amount of £1,561k (2021 £2,945k) were revalued at 30 November 2018 by CBRE Group, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

The directors have assessed the fair value of the freehold property at 31 December 2022 and consider it to be not materially different to the 2018 valuation.

The following assets are carried at valuation. If the assets were measured using the cost model, the carrying amounts would be as follows:

	Land and buildings	
	2022	2021
	£000	£000
Cost	296	987
Accumulated depreciation	(139)	(458)
	<u> </u>	<u> </u>
Carrying value	157	529
	<u> </u>	<u> </u>

14 Stocks

	2022	2021
	£000	£000
Raw materials and consumables	229	462
Work in progress	20	159
Finished goods and goods for resale	157	1,710
	<u> </u>	<u> </u>
	406	2,331
	<u> </u>	<u> </u>

ATC Manufacturing Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2022**15 Debtors**

	2022	2021
	£000	£000
Amounts falling due within one year:		
Trade debtors	814	1,780
Amounts owed by group undertakings	28,365	25,677
Other debtors	75	238
Prepayments and accrued income	74	94
	<u>29,328</u>	<u>27,789</u>

The amounts owed by group undertakings are unsecured and repayable on demand. Interest is charge at a rate of 0% - 2% above base rate.

16 Current asset investments

	2022	2021
	£000	£000
Short term deposits	<u>2,000</u>	<u>-</u>

17 Creditors: amounts falling due within one year

	Notes	2022	2021
		£000	£000
Obligations under finance leases	19	16	66
Trade creditors		291	608
Amounts owed to group undertakings		1,219	1,178
Taxation and social security		167	302
Accruals and deferred income		669	1,345
		<u>2,362</u>	<u>3,499</u>

Obligations under finance lease and hire purchase contracts are denominated in Pound Sterling, have interest rates ranging from 3.2% - 4.1% fixed and are secured by way of fixed and floating charges over the Company's assets.

The amounts owed to group undertakings are unsecured and repayable on demand. Interest is charged at a rate of 0% to 2% above base rate.

ATC Manufacturing Limited**Notes to the financial statements (continued)****For the year ended 31 December 2022****18 Creditors: amounts falling due after more than one year**

	Notes	2022 £000	2021 £000
Obligations under finance leases	19	15	30

Obligations under finance lease and hire purchase contracts are denominated in Pound Sterling, have interest rates ranging from 3.2% - 4.1% fixed and are secured by way of fixed and floating charges over the Company's assets.

19 Finance lease obligations

	2022 £000	2021 £000
Future minimum lease payments due under finance leases:		
Within one year	16	66
In two to five years	15	30
	31	96

20 Retirement benefit schemes

	2022 £000	2021 £000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	70	130

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

21 Share capital

	2022 Number	2021 Number	2022 £000	2021 £000
Ordinary share capital Issued and fully paid				
Ordinary Shares of £1 each	19,000	19,000	19	19

ATC Manufacturing Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2022**22 Reserves****Share premium**

The share premium account represents amounts paid by shareholders in excess of the nominal value of the Company's share capital.

Revaluation reserve

The revaluation reserve represents the difference between the current valuation of freehold property and the depreciated historic cost.

Profit and loss account

The profit and loss account represents accumulated profits and losses less dividends declared.

23 Contingent liabilities

In the prior year the Company had guaranteed the banking liabilities of certain group companies totalling £1.8m (2022 £nil). The Company's assets were secured by way of fixed and floating charges.

24 Operating lease commitments**Lessee**

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

	2022	2021
	£000	£000
Within one year	25	29
Between two and five years	24	19
	<u>49</u>	<u>48</u>

25 Other financial commitments***ATC Manufacturing Limited Cash Benefit and Life Assurance Scheme***

The Group operated a fixed cash benefit scheme for certain employees. The Scheme is closed to new entrants and the Group no longer contributes to the Scheme. The wind-up of the Scheme was triggered on 09/05/22.

At 31 December 2022 the Scheme remained in surplus. The surplus is not recognised in these financial statements in accordance with the requirements of FRS 102.

26 Related party transactions

ATC Manufacturing Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

26 Related party transactions (continued)

The Company has taken advantage of the exemption conferred by FRS 102 Section 33 not to disclose transactions with members of the group 100% owned by Houghton Textiles Limited.

27 Controlling party

The Company's immediate parent undertaking is Allied Textile Companies Limited and its ultimate parent company is Houghton Textiles Limited. The directors do not consider there to be one controlling party.

The largest group in which the results of the Company are consolidated is that headed by Houghton Textiles Limited, incorporated in the UK. The consolidated financial statement of this group are available to the public and may be obtained from:

Houghton Textiles Limited
1st Floor, 5 Morston Claycliffe Office Park
Whaley Road
Barnsley
S75 1HQ