

Courtaulds (Footwear) Limited

Directors' report and financial
statements

Registered number 02720849

30 June 2019

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Company information

Directors
J P Taggart
P A Clarke (resigned 5 June 2020)
C Jackson (appointed 1 January 2020)

Secretary
R I H Broadberry

Registered office
The Courtaulds Building
292 Haydn Road
Nottingham
NG5 1EB

Auditor
KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Bankers
HSBC UK Bank plc
East Midlands Business Banking
Donington Court
Pegasus Business Park
Herald Way
Castle Donington
Leicestershire
DE74 2BU

RBS
Liverpool, City Office
Liverpool Customer Service Centre
Stevenson Way
Wavertree
Liverpool
L13 1NW

Directors' report

The directors present their directors' report and financial statements for the year ended 30 June 2019.

Principal activities

The principal activity of the Company is that of the import and wholesale and retail sale via the internet of footwear and clothing.

Dividends

The directors do not recommend the payment of an ordinary dividend (2018: *£nil*).

Directors

The directors who served during the year and subsequently are shown on page 1.

Political and charitable donations

No charitable gifts and donations were made during the year (2018: *£nil*).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Charles Jackson
Director

Dated: 1 September 2020

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Courtaulds (Footwear) Limited

Opinion

We have audited the financial statements of Courtaulds (Footwear) Limited ("the company") for the year ended 30 June 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 of the financial statements which indicates that the Company incurred a net loss of £525,000 during the year ended 30 June 2019 and had net liabilities of £1,238,000. The Company is dependent on its immediate parent, Kadima Holdings Limited not calling on any outstanding liabilities in the foreseeable future. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover the directors' report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in the directors' report for the financial year is consistent with the financial statements; and
- in our opinion the directors' report has been prepared in accordance with the Companies Act 2006.



Independent auditors' report to the members of Courtaulds (Footwear) Limited

(continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Mark Flanagan (*Senior Statutory Auditor*)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Dated: 29 September 2020

Statement of comprehensive income
for the year ended 30 June 2019

	<i>Note</i>	2019	2018	2018	2018
		Total £000	Recurring £000	Non- recurring £000	Total £000
Revenue	<i>1</i>	926	1,235	-	1,235
Cost of sales		(661)	(857)	-	(857)
Gross profit		265	378	-	378
Other operating income	<i>2</i>	-	-	-	-
Distribution expenses		(653)	(599)	-	(599)
Administrative expenses		(228)	(355)	(40)	(395)
Operating loss	<i>3</i>	(616)	(576)	(40)	(616)
Financial income	<i>5</i>	-	80	-	80
Financial expense	<i>6</i>	(4)	-	-	-
Loss before tax		(620)	(496)	(40)	(536)
Taxation	<i>7</i>	95	-	-	-
Loss after tax		(525)	(496)	(40)	(536)

The above results have arisen from continuing activities.

In the current and preceding years, the Company made no material acquisitions and had no discontinued operations.

During the prior year, the Company took measures to reduce costs by closing its sales and administrative centre in Cheshire and relocating to premises shared with other Group companies in London and Nottingham. The resulting restructuring costs are reported as non-recurring administrative expenses.

Statement of financial position
as at 30 June 2019

	<i>Note</i>	2019	2018
		£000	£000
Current assets			
Inventories	8	799	640
Trade and other receivables	9	92	101
Cash and cash equivalents	10	17	72
		<hr/>	<hr/>
		908	813
		<hr/>	<hr/>
Total assets		908	813
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	11	(2,146)	(1,526)
		<hr/>	<hr/>
Total liabilities		(2,146)	(1,526)
		<hr/>	<hr/>
Net liabilities		(1,238)	(713)
		<hr/>	<hr/>
Equity			
Share capital	14	2,000	2,000
Retained earnings		(3,238)	(2,713)
		<hr/>	<hr/>
Total equity deficit		(1,238)	(713)
		<hr/>	<hr/>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland.

These financial statements were approved by the board of directors on 1 September 2020 and signed on its behalf by:



Charles Jackson
Director

Company number: 02720849

Statement of changes in equity
for the year ended 30 June 2019

	Share Capital £000	Retained earnings £000	Total Equity £000
Balance at 1 July 2017	2,000	(2,177)	(177)
Total comprehensive income for the year			
Loss for the year	-	(536)	(536)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(536)	(536)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2018	2,000	(2,713)	(713)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Share Capital £000	Retained earnings £000	Total Equity £000
Balance at 1 July 2018	2,000	(2,713)	(713)
Total comprehensive income for the year			
Loss for the year	-	(525)	(525)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(525)	(525)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2019	2,000	(3,238)	(1,238)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Courtaulds (Footwear) Limited (the "Company") is a company incorporated in the UK. The registered number is 02720849 and the registered address is The Courtaulds Building, 292 Haydn Road, Nottingham, NG5 1EB. These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from Adopted IFRS, the Company has made no measurement and recognition adjustments.

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding that the company made a loss for the year of £525,000 (2018: £536,000), has net current liabilities of £1,238,000 (2018: £713,000).

From March 2020 the COVID-19 virus has emerged and at the date of approval of these financial statements the UK Government has put in place stringent measures limiting the movements of the UK population as part of its strategy to delay and contain the impact of the virus. Sales are significantly reduced at this time but the directors are confident that the company can continue to operate and meet demand as sales recover. The directors have prepared cash flow forecasts for a period of 10 months from the date of approval of these financial statements. The directors have given careful consideration in order to include severe but plausible downside sensitivities to the base forecast cash flows for the company. These sensitivities have incorporated the impact of the reduced sales currently being experienced and allow for a slow recovery throughout 2020 and 2021. The effect of this is that the company's cost structure is such that the forecast indicates that the company is unlikely to be cash generative over the twelve months to 30 June 2021. Having performed this cash flow forecast and sensitivity analysis the directors remain confident that any adverse impact on the cash flows of the company can be managed but acknowledges that continued support from related party suppliers will be required to meet working capital requirements for the period of the forecast.

The forecasts are, as in prior years, dependent on the company's immediate parent company, Kadima Holdings Limited not seeking repayment of the amounts currently due from the company, which at 30 June 2019 amounted to £1,714,000 (2018: £1,038,000) and on additional financial support being provided during the forecast period.

The financial statements of Kadima Holdings Limited, which have been prepared on the going concern basis, indicate a material uncertainty over its ability to continue as a going concern as it is reliant on its ultimate parent company, Magellan Textile Holdings Limited, not calling in any of the debt owing to it by Kadima Holdings Limited.

As the company is reliant on its immediate parent company, Kadima Holdings Limited, the directors have assessed the ability and intention of Kadima Holdings Limited to continue to provide that support. Kadima Holdings Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments. Non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

Notes (continued)

1 Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Property, plant and equipment

Property, plant and equipment are stated at cost / deemed cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives are as follows:

Improvements to leasehold	Lease term
Plant and equipment	2 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes (continued)

1 Accounting policies (continued)

Impairment excluding inventories and deferred tax assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment; a financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Employee benefits

Defined contribution

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognised as an expense in the income statement as incurred.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of goods are recognised when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits of the transaction will flow to the Company.

Expenses

Operating lease

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Adoption of new standards

There have been no new standards, interpretations and amendments to published standards which have had a material impact on the results or the financial position of the Company for the year ended 30 June 2019 or that are expected to have a material impact in future years.

2 Other operating income

	2019 £000	2018 £000
Sales at cost to related parties of goods imported on their behalf	-	490
Purchase of goods imported on behalf of related parties	-	(490)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

Prior to entering administration in May 2016, CUK Clothing Limited, up to that time a fellow subsidiary of the Company, facilitated the import of goods purchased by other Group entities and related parties. Until such time as these entities were able to establish import facilities in their own right for all lines of supply the Company supported them by importing goods and selling onto them at cost. This activity had ceased before the end of the prior year.

3 Expenses and auditor's remuneration

	2019 £000	2018 £000
<i>Included in the operating loss are the following:</i>		
Amounts payable under operating leases		
- Property	-	40
- Plant and equipment	-	3
	<hr/>	<hr/>
<i>Auditor's remuneration:</i>		
Audit of these financial statements	5	5
	<hr/>	<hr/>

Amounts receivable by the Company's auditor in respect of services to the Company other than the audit of the financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Kadima Holdings Limited.

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) analysed by category, was as follows:

	Number of employees 2019	2018
Selling and administration	4	6
	<u>4</u>	<u>6</u>

The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	221	239
Social security costs	26	27
Contribution to defined contribution plans	7	9
	<u>254</u>	<u>275</u>

5 Financial income

	2019 £000	2018 £000
Gain on foreign currency exchange	-	80
	<u>-</u>	<u>80</u>

6 Financial expense

	2019 £000	2018 £000
Loss on foreign currency exchange	4	-
	<u>4</u>	<u>-</u>

Notes (continued)

7 Taxation

Recognised in income statement

	2019 £000	2018 £000
<i>Current tax income:</i>		
Group relief receipt	(72)	-
Adjustment in respect of prior periods	(23)	-
	<u>(95)</u>	<u>-</u>
<i>Deferred tax expense:</i>		
Changes in deferred tax rates	-	-
Tax losses recognised in the period	-	-
	<u>-</u>	<u>-</u>
Total tax in income statement	<u>(95)</u>	<u>-</u>

Reconciliation of effective tax rate

	2019 £000	2018 £000
Loss before tax	(620)	(536)
Tax using the UK corporation tax rate of 19% (2018: 19%)	(118)	(102)
Group relief surrendered	72	-
Group relief receipt	(72)	-
Adjustment in respect of prior periods	(23)	-
Deferred tax not recognised	46	102
Total tax in income statement	<u>(95)</u>	<u>-</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax liability as at 30 June 2019 has been calculated on this rate. The March 2020 announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the Company's future tax charge accordingly.

8 Inventories

	2019 £000	2018 £000
Finished goods	<u>799</u>	<u>640</u>

Notes (continued)

9 Trade and other receivables – current

	2019 £000	2018 £000
Trade receivables due from third parties	86	74
Other receivables due from third parties	6	27
	<u>92</u>	<u>101</u>

Provisions for impairment of receivables are estimated by Company management based on prior experience and their assessment of the current economic environment.

10 Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank and in hand	17	72

11 Trade and other payables - current

	2019 £000	2018 £000
Trade payables due to third parties	21	76
Other payables due to related parties (note 18)	2,068	1,362
Other non-trade payables and accrued expenses	57	88
	<u>2,146</u>	<u>1,526</u>

12 Deferred tax assets

The amount of unprovided deferred taxation on taxable losses of £3,217,000 (2018: £3,019,015) using a deferred tax rate of 17% (2018: 17%) was £547,000 (2018: £513,232). The Company did not recognise the deferred tax assets in respect of the above on the basis that the future economic benefit is uncertain.

13 Employee benefits

Defined contribution plans

The Company operates a defined contribution pension plan and the total expense relating to the plan in the current year was £7,016 (2018: £8,974).

Notes (continued)

14 Capital and reserves

	2019 £000	2018 £000
<i>Allotted, called up and fully paid:</i>		
2,000,000 ordinary shares of £1 each	2,000	2,000
	<hr/>	<hr/>
Classified in shareholders' funds	2,000	2,000
	<hr/>	<hr/>

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

15 Financial instruments

(a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2019 £	2018 £
Assets measured at amortised cost	908	813
	<hr/>	<hr/>
Liabilities measured at amortised cost	2,146	1,526
	<hr/>	<hr/>

(b) Financial instruments measured at fair value

There are no financial instruments measured at fair value.

16 Operating leases

At the balance sheet date, the Company had no non-cancellable operating lease rentals payable (2018: none).

During the financial year £nil (2018: £43,636) was recognised as an expense in the income statement in respect of operating leases.

17 Capital commitments

At the balance sheet date, the Company had no capital commitments.

18 Related parties

The following are considered to be related parties of the Company:

Parent companies:

Magellan Textile Holdings Limited – ultimate

Kadima Holdings Limited – immediate

Notes (continued)

18 Related parties (continued)

Fellow subsidiaries:

Advanced Textiles Limited

Berlei (Europe) Limited – a fellow subsidiary as of 1 July 2018 previously disclosed as an other related party

Embody (Brands) Limited

Gossard (Dormant) Limited – formerly Gossard Limited – dissolved on 5 June 2018

Kadima Properties (UK) Limited

Meridian (Europe) Limited

Meridian Garments Limited – formerly Embody (Distribution) Limited

Key management personnel of the Company and its parents:

Directors are as detailed on page 1 of these financial statements

Transactions and balances outstanding with related parties are summarised below.

The following transactions were carried out with related parties:

(a) Sale of goods and services

	2019 £000	2018 £000
<i>Sale of goods – reported under other operating income::</i>		
- Fellow subsidiaries	-	407
- Fellow subsidiaries previously other related parties	-	84
	<u> </u>	<u> </u>

(b) Purchase of goods and services

	2019 £000	2018 £000
<i>Purchase of services:</i>		
- Ultimate parent	30	30
- Immediate parent	-	6
- Fellow subsidiaries	474	392
	<u> </u>	<u> </u>

Other than the transactions reported under other operating income (note 2), all the above sales and purchases of goods and services were undertaken on normal commercial terms on an arm's length basis.

(c) The following balances were due to related parties at the balance sheet date.

	2019 £000	2018 £000
<i>Other payables:</i>		
- Due to ultimate parent	354	324
- Due to immediate parent	1,714	1,038
	<u> </u>	<u> </u>
Balances due to related parties	<u>2,068</u>	<u>1,362</u>

Notes *(continued)*

19 Events after the reporting period

To secure the revolving facility made available to the Company and to provide it with sufficient comfort to continue to provide it, on 8 February 2020 Magellan Textile Holdings Limited registered a fixed and floating charge over the assets of the Company.

During March 2020, as a result of the recognition of COVID-19 as a pandemic, the Company sought, and continues, to take all measures necessary to protect the health and well-being of employees and their families, agency workers, contractors, customers and suppliers. Following guidance from government, government agencies and the World Health Organisation actions were taken to support employees working from home, to minimise interpersonal interactions and to eliminate, as far as possible, the risks to the health of individuals.

The financial security of both the business and all employees are under constant review and reassessment by the directors. To that end the Company is availing itself of all measures and forms of assistance made available by government, government agencies, financial institutions and others to support both individuals and businesses.

20 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Magellan Textile Holdings Limited which is the ultimate parent company incorporated in Hong Kong. The ultimate controlling party is Neo Hwee Khim, the 100% shareholder of Magellan Textile Holdings Limited.

The only Group in which the results of the Company are consolidated is that headed by Kadima Holdings Limited, incorporated in England. The consolidated financial statements of this Group are available to the public and may be obtained from The Courtaulds Building, 292 Haydn Road, Nottingham, NG5 1EB.