

STONECROFT HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Company Registration No. 04256565 (England and Wales)



STONECROFT HOLDINGS LIMITED

COMPANY INFORMATION

Directors Mr L Dammone
 Mr A D Seal
 Mr J C Seal
 Mrs J S Woodthorpe

Company number 04256565

Registered office Ladywell Mills
 Hall Lane
 Bradford
 BD4 7DF

Auditor Naylor Wintersgill Limited
 Carlton House
 Grammar School Street
 Bradford
 BD1 4NS

STONECROFT HOLDINGS LIMITED

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STONECROFT HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present the strategic report for the year ended 31 December 2019.

Business Model

The Company heads a privately owned Group, funded primarily by externally provided debt finance in the form of asset-based lending. The Group trades through a range of heritage brands and specialises in high quality, luxury products. The Group benefits from a long-standing presence in its markets and a reputation for quality products, it generates repeat business through the provision of best in class customer service and response. Customers and suppliers are geographically diversified and have been built up over many years of trading in these varied markets.

Key performance indicators

The Directors use a number of key indicators as part of a much wider reporting framework that enables them to understand the development, performance and position of the business. These include, but are not limited to turnover, gross profit and net cash flow as found in the primary statements and these are measured on a monthly basis.

Business Review

After an exceptional year in 2018 performance returned to more normal levels. 2019 performance was considered acceptable by the Directors.

Risks and Uncertainties

The business is subject to the same world economic performance and political issues as in previous years. The key business risks and uncertainties affecting the Group are considered to relate to the following:-

- **Supply chain risks** - The Group has built up extensive supplier contacts over the years it has been trading and these allow a rapid response to changing market conditions. The Group continually monitors and evaluates its supply chain and market to ensure consistency, quality and best prices. In addition, new and alternative sources of supply are constantly sought to further protect the supply chain. As a key USP the Group holds stocks of product ready to meet customer's short-term needs.
- **Fashion risks** - The Group's sales team regularly visit its major markets to ensure they are fully aware of forthcoming trends. The Group has in-house design teams that work with customers on a regular basis to ensure the products offered are in line with the latest fashion trends.
- **Currency risks** - The Group uses asset-based lending as part of its financing, and this allows for an element of self-hedging with both customer balances and the associated borrowings being denominated in the same foreign currencies. Management regularly review the currency markets and use forward foreign exchange contracts to manage risks where they think it is appropriate.

Since the balance sheet date, the Group has also been subject to the impact of the Covid-19 virus and the resulting upheaval in the world markets. The uncertainty has increased significantly since the year end, but the Directors are confident the plans in place within the Group will allow it to continue to operate successfully in the longer term. These plans include revised forecasting of new sales, confirmation of the validity of existing sales orders, control of raw material supplies, production and cost base. The Directors have considered numerous scenarios ranging from a sharp return to normal trading to a progressive return over medium and longer terms, as well as considering going concern viability. The forecasts, which have been supported by the Group's lenders, show a return to normal trade during 2021 is the likely outcome which will still leave the Group in a strong position.

STONECROFT HOLDINGS LIMITED

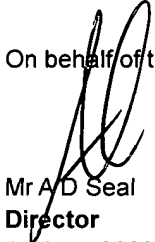
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Furture Plans

The Directors are satisfied with the Group's position at the year-end. The objectives for 2020 are to manage the additional uncertainties and commercial impacts of the Covid-19 virus pandemic, to maximise the profitable business opportunities that arise during the year and to best position the Group so it can take advantage of opportunities in 2021 and beyond.

On behalf of the board



Mr A D Seal
Director
17 June 2020

STONECROFT HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Principal activities

The principal activity of the company and group continued to be that of a holding company and the group continued to be that of textile manufacturing and merchanting.

Directors

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

Mr L Dammone
Mr A D Seal
Mr J C Seal
Mrs J S Woodthorpe

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £100,000. The directors do not recommend payment of a further dividend.

Financial instruments

The group uses credit insurance and has a robust credit management system. The group operates in multiple foreign currencies, however the directors note that the exchange rate is naturally hedged due to the asset backed nature of its funding, given that borrowings are drawn in the underlying currency of the assets held. Where appropriate the group also uses foreign exchange contracts and derivatives.

Auditor

In accordance with the company's articles, a resolution proposing that Naylor Wintersgill Limited be reappointed as auditor of the group will be put at a General Meeting.

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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board



Mr A D Seal

Director

17 June 2020

STONECROFT HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STONECROFT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STONECROFT HOLDINGS LIMITED

Opinion

We have audited the financial statements of Stonecroft Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2019 and of the group's 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.

Emphasis of matter

We draw your attention to note 1.3 of the financial statements. There is uncertainty regarding the consequences of the Covid-19 pandemic, however with a combination of prudent and decisive action combined with Government support, the Directors believe there is no material uncertainty around going concern. Our opinion is not modified in this respect.

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 group's or the parent 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.

STONECROFT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF STONECROFT HOLDINGS 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.

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 our audit:

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

STONECROFT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF STONECROFT HOLDINGS LIMITED

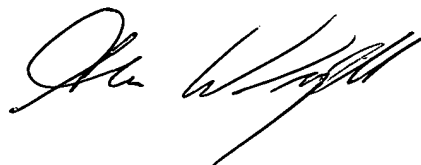
Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.



Alan Wintersgill (Senior Statutory Auditor)
for and on behalf of Naylor Wintersgill Limited

17 June 2020

Chartered Accountants
Statutory Auditor

Carlton House
Grammar School Street
Bradford
BD1 4NS

STONECROFT HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Turnover	3	38,807	38,949
Cost of sales		(29,593)	(28,884)
Gross profit		9,214	10,065
Distribution costs		(4,946)	(5,125)
Administrative expenses		(2,613)	(2,375)
Other operating income		135	28
Operating profit	4	1,790	2,593
Share of results of associates and joint ventures		(12)	(20)
Interest receivable and similar income	8	8	142
Interest payable and similar expenses	9	(605)	(583)
Profit before taxation		1,181	2,132
Tax on profit	10	(100)	(222)
Profit for the financial year		1,081	1,910
Profit for the financial year is attributable to:			
- Owners of the parent company		1,081	1,909
- Non-controlling interests		-	1
		1,081	1,910

The profit and loss account has been prepared on the basis that all operations are continuing operations.

STONECROFT HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £'000	2018 £'000
Profit for the year	1,081	1,910
Other comprehensive income		
Currency translation differences	22	(43)
Cash flow hedges gain arising in the year	-	142
Other comprehensive income for the year	22	99
Total comprehensive income for the year	1,103	2,009
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	1,103	2,008
- Non-controlling interests	-	1
	1,103	2,009

STONECROFT HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Goodwill	12	431	486
Other intangible assets	12	42	49
Total intangible assets		473	535
Tangible assets	13	4,517	4,326
Investments	14	795	797
		5,785	5,658
Current assets			
Stocks	16	23,109	24,074
Debtors	17	6,595	8,468
Cash at bank and in hand		456	533
		30,160	33,075
Creditors: amounts falling due within one year	18	(16,369)	(20,187)
Net current assets		13,791	12,888
Total assets less current liabilities		19,576	18,546
Creditors: amounts falling due after more than one year	19	(1,779)	(1,826)
Provisions for liabilities	22	(587)	(513)
Net assets		17,210	16,207
Capital and reserves			
Called up share capital	24	445	445
Revaluation reserve		385	407
Other reserves		112	112
Profit and loss reserves		16,268	15,213
Equity attributable to owners of the parent company		17,210	16,177
Non-controlling interests		-	30
		17,210	16,207

The financial statements were approved by the board of directors and authorised for issue on 17 June 2020 and are signed on its behalf by:

Mr J C Seal
Director

Mr A D Seal
Director

STONECROFT HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Investments	14		445		445
Current assets					
Debtors	17	12,443		12,461	
Cash at bank and in hand		-		1	
		12,443		12,462	
Creditors: amounts falling due within one year	18	(432)		(453)	
Net current assets			12,011		12,009
Total assets less current liabilities			12,456		12,454
Capital and reserves					
Called up share capital	24		445		445
Profit and loss reserves			12,011		12,009
Total equity			12,456		12,454

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £101,713 (2018: £89,418).

The financial statements were approved by the board of directors and authorised for issue on 17 June 2020 and are signed on its behalf by:


Mr J C Seal
Director


Mr A D Seal
Director

Company Registration No.

STONECROFT HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

		Share capital	Revaluation reserve	Hedging reserve	Other reserves	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2018		445	429	(142)	112	13,416	14,260	29	14,289
Year ended 31 December 2018:									
Profit for the year		-	-	-	-	1,909	1,909	1	1,910
Other comprehensive income:									
Currency translation differences		-	-	-	-	(44)	(44)	-	(44)
Cash flow hedges gains arising in the year		-	-	142	-	-	142	-	142
Total comprehensive income for the year		-	-	142	-	1,865	2,007	1	2,008
Dividends	11	-	-	-	-	(90)	(90)	-	(90)
Transfers		-	(22)	-	-	22	-	-	-
Balance at 31 December 2018		445	407	-	112	15,213	16,177	30	16,207
Year ended 31 December 2019:									
Profit for the year		-	-	-	-	1,081	1,081	-	1,081
Other comprehensive income:									
Currency translation differences		-	-	-	-	22	22	-	22
Total comprehensive income for the year		-	-	-	-	1,103	1,103	-	1,103
Dividends	11	-	-	-	-	(100)	(100)	-	(100)
Transfers		-	(22)	-	-	22	-	-	-
Other movements		-	-	-	-	30	30	(30)	-
Balance at 31 December 2019		445	385	-	112	16,268	17,210	-	17,210

STONECROFT HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2018		445	12,010	12,455
Year ended 31 December 2018:				
Profit and total comprehensive income for the year		-	89	89
Dividends	11	-	(90)	(90)
Balance at 31 December 2018		445	12,009	12,454
Year ended 31 December 2019:				
Profit and total comprehensive income for the year		-	102	102
Dividends	11	-	(100)	(100)
Balance at 31 December 2019		445	12,011	12,456

STONECROFT HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Cash generated from operations	28	1,461	1,476
Interest paid		(605)	(583)
Income taxes (paid)/refunded		(196)	160
Net cash inflow from operating activities		660	1,053
Investing activities			
Purchase of intangible assets		(2)	(4)
Purchase of tangible fixed assets		(375)	(229)
Proceeds on disposal of tangible fixed assets		19	2
Proceeds on disposal of fixed asset investments		-	3
Interest received		8	-
Net cash used in investing activities		(350)	(228)
Financing activities			
Repayment of borrowings		(56)	(91)
Payment of finance leases obligations		(291)	(317)
Dividends paid to equity shareholders		(100)	(90)
Net cash used in financing activities		(447)	(498)
Net (decrease)/increase in cash and cash equivalents		(137)	327
Cash and cash equivalents at beginning of year		454	127
Cash and cash equivalents at end of year		317	454
Relating to:			
Cash at bank and in hand		457	533
Bank overdrafts included in creditors payable within one year		(140)	(79)

STONECROFT HOLDINGS LIMITED

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Cash generated from operations	29	120	74
Income taxes (paid)/refunded		(21)	17
Net cash inflow from operating activities		99	91
Financing activities			
Dividends paid to equity shareholders		(100)	(90)
Net cash used in financing activities		(100)	(90)
Net (decrease)/increase in cash and cash equivalents		(1)	1
Cash and cash equivalents at beginning of year		1	-
Cash and cash equivalents at end of year		-	1

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Stonecroft Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Ladywell Mills, Hall Lane, Bradford, BD4 7DF.

The group consists of Stonecroft Holdings Limited and all of its subsidiaries.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS102 paragraphs 1.8 to 1.12. The following exemptions available under FRS102 in respect of certain disclosures for the parent company financial statements have been applied:

- Key Management Personnel Compensation has not been included a second time, and
- The disclosures required by FRS102.11 Basic Financial Instruments and FRS102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Stonecroft Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.3 Going concern

After the reporting date Covid-19 has caused significant and far reaching disruption to both the local and global economies. This has adversely impacted supply and demand chains for the Group's primary products. In the months since socio-economic restrictions have been imposed, the Group's results have been adversely affected, however the Directors have reacted quickly and decisively to the challenges and prepared detailed plans and strategies which have the full support and commitment of the Group's finance providers.

The Directors stress that they are confident of implementing these strategies which will secure the long-term future of the Group through a combination of the benefits of committed bank facilities, prudent management, and the underlying strength of the business supported by a broad and diversified supplier and customer base.

The Directors recognise the unprecedented nature of the unpredictability around this new global pandemic and have carefully considered this, and all other risks, which could cause uncertainty around going concern. It is their belief that all prudent measures have been put in place including taking advantage of Government support where appropriate to ensure the Group remains strong as the global economy recovers and trade begins to return to normal.

1.4 Turnover

Turnover represents amounts receivable for textile manufacturing and merchanting net of VAT and trade discounts.

Turnover is recognised on date of despatch of products.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets 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, which is 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Patents & licences

over the term of the licence

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.7 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.

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:

Leasehold improvements	Over the life of the lease
Plant and equipment	5-10% per annum
Fixtures and fittings	10% per annum
Motor vehicles	25% per annum

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 recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.9 Impairment of fixed assets

At each reporting period end date, the group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

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.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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.

1.11 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.

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.12 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 and cash and bank balances, 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.

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 group 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 group after deducting all of its liabilities.

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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.

Other financial liabilities

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 finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.13 Equity instruments

Equity instruments issued by the group 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 group.

1.14 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.15 Taxation

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

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is 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.

1.16 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.

1.17 Retirement benefits

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

1.18 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 balance sheet 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 leased asset are consumed.

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

1.19 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.

1.20 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2019 £'000	2018 £'000
Turnover		
Total group turnover	52,851	52,284
Less: Share of joint venture turnover	(1,080)	(1,152)
Less: Intercompany trading	(12,964)	(12,183)
	<u>38,807</u>	<u>38,949</u>
	2019 £'000	2018 £'000
Other significant revenue		
Interest income	8	142
Compensation received	93	-
Royalties received	14	-
Grants received	28	28
	<u></u>	<u></u>

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2019 £'000	2018 £'000
United Kingdom	13,781	14,473
EU	16,129	12,770
Rest of world	8,897	11,706
	<u>38,807</u>	<u>38,949</u>

4 Operating profit

	2019 £'000	2018 £'000
Operating profit for the year is stated after charging/(crediting):		
Government grants	(28)	(28)
Depreciation of owned tangible fixed assets	509	453
Profit on disposal of tangible fixed assets	(15)	-
Amortisation of intangible assets	64	21
Cost of stocks recognised as an expense	28,726	28,381
Operating lease charges	704	681
	<u>28,956</u>	<u>29,507</u>

5 Auditor's remuneration

	2019 £'000	2018 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	-	-
Audit of the financial statements of the company's subsidiaries	37	43
	<u>37</u>	<u>43</u>

6 Employees

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

	Group 2019 Number	Group 2018 Number	Company 2019 Number	Company 2018 Number
Directors	4	4	4	4
Production and warehousing	140	130	-	-
Selling, distribution and administration	87	82	-	-
	<u>231</u>	<u>216</u>	<u>4</u>	<u>4</u>

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Wages and salaries	5,950	5,569	183	222
Social security costs	556	550	18	20
Pension costs	132	92	-	-
	<u>6,638</u>	<u>6,211</u>	<u>201</u>	<u>242</u>

7 Directors' remuneration

	2019 £'000	2018 £'000
Remuneration for qualifying services	<u>183</u>	<u>222</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £'000	2018 £'000
Remuneration for qualifying services	<u>n/a</u>	<u>90</u>

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

8 Interest receivable and similar income

	2019 £'000	2018 £'000
Interest income		
Interest on bank deposits	8	-
Other income from investments		
Gains on financial instruments measured at fair value through profit or loss	<u>-</u>	<u>142</u>
Total income	<u>8</u>	<u>142</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	8	-
Gains on financial instruments measured at fair value through profit or loss	<u>-</u>	<u>142</u>

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Interest payable and similar expenses

	2019	2018
	£'000	£'000
Other finance costs:		
Interest payable on asset financing	605	583
	<u> </u>	<u> </u>

10 Taxation

	2019	2018
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	-	285
Adjustments in respect of prior periods	(88)	(97)
	<u> </u>	<u> </u>
Total UK current tax	(88)	188
	<u> </u>	<u> </u>
Share of joint venture tax	(2)	(51)
	<u> </u>	<u> </u>
Total current tax	(90)	137
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	190	85
	<u> </u>	<u> </u>
Total tax charge	100	222
	<u> </u>	<u> </u>

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

10 Taxation

(Continued)

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

	2019 £'000	2018 £'000
Profit before taxation	1,181	2,132
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	227	406
Tax effect of expenses that are not deductible in determining taxable profit	8	10
Tax effect of income not taxable in determining taxable profit		(28)
Tax effect of utilisation of tax losses	(179)	(130)
Unutilised tax losses carried forward	45	-
Change in deferred tax	190	85
Adjustments in respect of prior years	(89)	(97)
Research and development tax credit	(35)	-
Effect of revaluations of investments		24
Share of joint venture taxation	(2)	(51)
Capital allowances	(260)	(90)
Depreciation addback	195	93
Tax expense for the year	100	222

11 Dividends

	2019 £'000	2018 £'000
Final paid	100	90

12 Intangible fixed assets

Group	Goodwill £'000	Patents & licences £'000	Total £'000
Cost			
At 1 January 2019	1,111	94	1,205
Additions - separately acquired	-	2	2
At 31 December 2019	1,111	96	1,207
Amortisation and impairment			
At 1 January 2019	625	45	670
Amortisation charged for the year	55	9	64
At 31 December 2019	680	54	734

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Intangible fixed assets

(Continued)

Carrying amount

At 31 December 2019	431	42	473
At 31 December 2018	486	49	535

The company had no intangible fixed assets at 31 December 2019 or 31 December 2018.

13 Tangible fixed assets

Group	Leasehold improvements £'000	Plant and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2019	377	5,217	2,193	238	8,025
Additions	52	542	101	7	702
Disposals	-	(10)	-	(68)	(78)
At 31 December 2019	429	5,749	2,294	177	8,649
Depreciation and impairment					
At 1 January 2019	259	2,055	1,194	192	3,700
Depreciation charged in the year	26	304	150	29	509
Eliminated in respect of disposals	-	(8)	-	(69)	(77)
At 31 December 2019	284	2,351	1,343	154	4,132
Carrying amount					
At 31 December 2019	145	3,398	951	23	4,517
At 31 December 2018	83	3,164	1,035	44	4,326

The company had no tangible fixed assets at 31 December 2019 or 31 December 2018.

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

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Plant and equipment	2,014	1,998	-	-
Depreciation charge for the year in respect of leased assets	115	145	-	-

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Fixed asset investments

	Notes	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Investments in subsidiaries	15	-	-	445	445
Investments in joint ventures		717	727	-	-
Other investments		78	70	-	-
		<u>795</u>	<u>797</u>	<u>445</u>	<u>445</u>

Movements in fixed asset investments

Group	Joint venture interest £'000	Other £'000	Total £'000
Cost or valuation			
At 1 January 2019	727	70	797
Valuation changes	-	8	8
At 31 December 2019	<u>727</u>	<u>78</u>	<u>805</u>
Impairment			
At 1 January 2019	-	-	-
Impairment losses	10	-	10
At 31 December 2019	<u>10</u>	<u>-</u>	<u>10</u>
Carrying amount			
At 31 December 2019	<u>717</u>	<u>78</u>	<u>795</u>
At 31 December 2018	<u>727</u>	<u>70</u>	<u>797</u>

Movements in fixed asset investments

Company	Shares in group undertakings £'000
Cost or valuation	
At 1 January 2019 and 31 December 2019	<u>445</u>
Carrying amount	
At 31 December 2019	<u>445</u>
At 31 December 2018	<u>445</u>

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2019, all of which are registered in England and Wales, are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
Alan Gee Transport Services Limited	Dormant	Ordinary		100.00
Animal Fibres (Europe) Limited	Dormant	Ordinary		100.00
Cape Mohair Topmakers Limited	Dormant	Ordinary		100.00
Cape Wools International Limited	Dormant	Ordinary		100.00
Cashmolane Limited	Dormant	Ordinary		100.00
Charles Clayton Fabrics Limited	Dormant	Ordinary		100.00
Eurotex Properties Limited	Dormant	Ordinary	100.00	
Fantasy Fibres Limited	Dormant	Ordinary		100.00
Fibre Superiore Limited	Dormant	Ordinary		100.00
George Ackroyd (2001) Limited	Dormant	Ordinary		100.00
International Cashmere Fibres Limited	Dormant	Ordinary		100.00
John Foster (1819) Limited	Dormant	Ordinary		71.42
Joseph Dawson (Cashmere) Limited	Dormant	Ordinary		100.00
Joseph Dawson (International) Limited	Dormant	Ordinary		100.00
Joshua Ellis & Company Limited	Woollen cloth manufacture	Ordinary		100.00
Luxury Contract Furnishings Limited	Upholstery fabrics	Ordinary		100.00
Luxury Fabrics Limited	Worsted cloth trading	Ordinary		100.00
Luxury Fibres Limited	Fibre trading	Ordinary		100.00
Luxury Yarns International Limited	Yarn dyers and merchants	Ordinary		100.00
MB Appleton Limited	Dormant	Ordinary		100.00
Mr Mohair Limited	Dormant	Ordinary		100.00
Roberts Dyers & Finishers Limited	Cloth dyers and finishers	Ordinary		50.00
S Selka Limited	Dormant	Ordinary		100.00
SC Yarns Limited	Dormant	Ordinary		100.00
Seal International Limited	Dormant	Ordinary		100.00
Seal South Africa Limited	Dormant	Ordinary		100.00
SIL Holdings Limited	Administration company	Ordinary	100.00	
Stanley Mills Weavers Limited	Worsted cloth manufacture	Ordinary		100.00
Texmach (UK) Limited	Plant and machinery company	Ordinary	100.00	
William Halstead International Limited	Dormant	Ordinary		100.00
William Halstead Limited	Dormant	Ordinary		100.00
Yarns International Limited	Dormant	Ordinary		100.00
Abbotsford Textiles Limited	Dormant	Ordinary		100.00
Jerome Fabrics Limited	Dormant	Ordinary		100.00
Windsor & York Limited	Dormant	Ordinary		100.00

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Stocks

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Fibre, yarn and cloth	23,109	24,074	-	-

17 Debtors

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Amounts falling due within one year:				
Trade debtors	5,318	6,927	-	-
Amounts due from fellow group undertakings	-	-	12,443	12,461
Other debtors	237	337	-	-
Prepayments and accrued income	588	652	-	-
	6,143	7,916	12,443	12,461
Deferred tax asset (note 22)	347	463	-	-
	6,490	8,379	12,443	12,461
Amounts falling due after more than one year:				
Prepayments and accrued income	105	89	-	-
Total debtors	6,595	8,468	12,443	12,461

18 Creditors: amounts falling due within one year

	Notes	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Bank loans and overdrafts		139	78	-	-
Obligations under finance leases	20	255	254	-	-
Other borrowings		4	169	-	-
Trade creditors		3,017	3,162	-	-
Amounts owed to group undertakings		-	-	432	432
Corporation tax payable		-	285	-	21
Other taxation and social security		638	673	-	-
Deferred income		25	25	-	-
Other creditors		12,049	15,138	-	-
Accruals and deferred income		242	403	-	-
		16,369	20,187	432	453

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

19 Creditors: amounts falling due after more than one year

		Group	2018	Company	2018
	Notes	2019	2018	2019	2018
		£'000	£'000	£'000	£'000
Obligations under finance leases	20	649	578	-	-
Deferred income		305	333	-	-
Other creditors		825	915	-	-
		<u>1,779</u>	<u>1,826</u>	<u>-</u>	<u>-</u>

20 Finance lease obligations

	Group	Group	Company	Company
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Future minimum lease payments due under finance leases:				
Within one year	255	175	-	-
In two to five years	633	369	-	-
In over five years	16	-	-	-
	<u>904</u>	<u>544</u>	<u>-</u>	<u>-</u>

21 Cash flow hedge

In the previous period the group entered into contracts to supply goods to customers in Europe. The Group entered into forward foreign currency contracts to hedge the exchange risk arising from these anticipated future transactions, which were designated as cash flow hedges.

Gains of £Nil (2018 £141,763) were recognised in other comprehensive income during the year.

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities	Liabilities	Assets	Assets
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Group				
Accelerated capital allowances	587	513	413	512
Tax losses	-	-	(66)	(49)
	<u>587</u>	<u>513</u>	<u>347</u>	<u>463</u>

The company has no deferred tax assets or liabilities.

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

22 Deferred taxation

(Continued)

	Group 2019 £'000	Company 2019 £'000
Movements in the year:		
Liability at 1 January 2019	50	-
Charge to profit or loss	190	-
	<u>240</u>	<u>-</u>
Liability at 31 December 2019	<u>240</u>	<u>-</u>

23 Retirement benefit schemes

	2019 £'000	2018 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	132	93
	<u>132</u>	<u>93</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

	Group and company 2019 £'000	2018 £'000
Ordinary share capital		
Issued and fully paid		
444,900 Ordinary shares of £1 each	445	445
	<u>445</u>	<u>445</u>

25 Contingent liabilities

The borrowings of the group are secured by a mortgage debenture comprising a legal mortgage and fixed and floating charge over the assets of the group, including the company (a cross-guarantee). At 31 December 2019 £12,090,477 (2018 £15,255,647) was outstanding under this debenture.

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

26 Operating lease commitments

Lessee

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

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Within one year	75	75	-	-
Between two and five years	96	96	-	-
	<u>171</u>	<u>171</u>	<u>-</u>	<u>-</u>

27 Related party transactions

Directors loans

At the year end AD Seal and JC Seal have loan accounts owing from SIL Holdings Limited. Amounts of £822,204 (2018 £868,750) and £3,290 (2018 £11,280) respectively were owed to the directors.

28 Cash generated from group operations

	2019 £'000	2018 £'000
Profit for the year after tax	1,081	1,910
Adjustments for:		
Taxation charged	98	274
Finance costs	605	583
Investment income	3	-
Gain on disposal of tangible fixed assets	(15)	-
Fair value gains and losses on foreign exchange contracts and investment properties	-	140
Amortisation and impairment of intangible assets	64	66
Depreciation and impairment of tangible fixed assets	506	478
Movements in working capital:		
Decrease/(increase) in stocks	697	(2,890)
Decrease/(increase) in debtors	3,794	(2,787)
(Decrease)/increase in creditors	(5,344)	3,730
(Decrease) in deferred income	(28)	(28)
Cash generated from operations	<u>1,461</u>	<u>1,476</u>

STONECROFT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

29 Cash generated from operations - company

	2019 £'000	2018 £'000
Profit for the year after tax	102	89
Adjustments for:		
Taxation charged	-	21
Movements in working capital:		
Decrease/(increase) in debtors	18	(36)
Cash generated from operations	<u>120</u>	<u>74</u>