

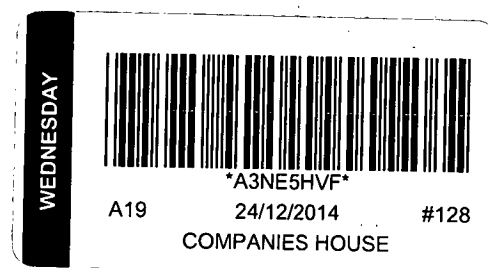
Lytham HoldCo Limited

Report and Financial Statements

Year Ended

27 September 2014

Company Number 07748417



BDO

Lytham HoldCo Limited

Report and financial statements
for the year ended 27 September 2014

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Directors

D L S Baldi
A J Edwards
I B Jackson
E Byun
M Moir

Secretary and registered office

R Peak, Brintons Carpets Limited, Stourport Road, Kidderminster, Worcestershire, United Kingdom, DY11 7PZ

Company number

07748417

Auditors

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

Lytham HoldCo Limited

Strategic report for the year ended 27 September 2014

The directors present their strategic report together with the audited financial statements for the year ended 27 September 2014.

Principal activities

The Group's principal activity is the manufacture and sale of high quality floor coverings for commercial and residential markets. Brintons is a vertically integrated business, spinning and dyeing yarn prior to weaving bespoke carpets.

The Group's main head office and manufacturing premises is in Kidderminster as well as operating a spinning and dyeing plant in Telford. It also has subsidiary companies with manufacturing operations in India and Portugal and subsidiary companies with sales offices in the USA and Australia.

The Group markets its products worldwide through its own network of sales representatives, and in addition agents and distributors.

Review of business

The Directors have maintained their focus on the key drivers of the Group's business and are continuing to:

- maintain and strengthen the Group's strong customer and supplier relationships,
- streamline its manufacturing facilities and processes,
- innovate and develop its products,
- reduce costs.

Amongst the key developments

- The Group has undertaken a major review and re-launch of its stock product lines. New collections such as the High Definition Weave and Padstow have been introduced and existing collections, such as Timorous Beasties and Stacy Garcia were re-launched.
- To support new ranges the Group continues to undertake advertising and public relations campaigns. The Group's marketing materials have been refreshed with new photography and designs. Press and web coverage of the Group is at its highest level for some years.
- Brintons has recently entered into a collaboration with House of Fraser. The Group now has point-of-sale displays in 38 of their key stores.
- The Group invested heavily in its market leading HD Weave technology during the year, bringing another 10 HD Weave looms on stream. This has resulted in a significant increase in the Group's high end production capacity. Introducing these looms will also facilitate significant future waste and cost savings.
- Initiatives to reduce the Group's environmental impact have been introduced such as using recycled polyester as part of the carpet backing.
- The Group's Design Centre based in Pune, India has been expanded and restructured to enable it to provide planning and design support to the Group. This has resulted in significant improvements to the service provided to our design and sales teams whilst also making synergistic cost savings.

Lytham HoldCo Limited

Strategic report for the year ended 27 September 2014 (*continued*)

Key performance indicators

The Board monitors a range of financial key performance indicators on a monthly basis so as to measure performance against expected targets. During the period key KPI's included the following:

KPI	Performance	Objective
Trading EBITDA	£4,069k	To generate positive EBITDA in ongoing activities.
EBITDA Margin	5.9%	To generate a positive EBITDA margin.

Principal risks and uncertainties

The Group's operations expose it to a variety of risks. The Group has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Group by monitoring levels of debt finance and related finance costs. In the opinion of the Directors, the principal risks and uncertainties facing the business are:

- Weak growth in the global market. The Group's sales mainly rely on its customers making capital investments in their businesses. Weak economic growth can result in customers delaying or canceling this investment which could potentially have an impact on the Group's sales.
- Maintaining market share. The woven carpet market is experiencing strong competition from low cost alternatives. However these do not provide the same quality and longevity as woven carpet.
- Exchange rate fluctuations. The Group trades in many currencies around the world and material changes to currency exchange rates can have a major impact of the Group's trading results.

The Directors are satisfied that the Group's business forecasts, together with its current level of funding and facilities, provide a sound basis for continued trading in the 12 months following the date of this report.

Future developments

Brintons is the market leader in offering design led, high quality woven carpets. It is the Directors' belief that the Group is well placed to strengthen its market leading position in the future.

This belief is based on the company's constant innovation in both product design and technology and in its commitment to high standards of customer service. This is led by the continued investment in patented HD Weave loom technology which enables Brintons to offer its customers bespoke designs with up to 32 colours.

The Directors remain focused on maximising production efficiencies across the Group. As new innovative processes and working practices are implemented, the Directors are expecting to realise significant cost savings across the Group.

Lytham HoldCo Limited

Strategic report
for the year ended 27 September 2014 (*continued*)

Research and development

We continue the tradition of investing to ensure leadership in the technologies, efficiencies, innovation and design of our facilities, equipment and products. All such expenditure is charged against profit as incurred.

By order of the board



R Peak
Secretary

23 December 2014

Lytham HoldCo Limited

Report of the directors for the year ended 27 September 2014

The directors present their report together with the audited financial statements for the year ended 27 September 2014.

Accounting reference date

The formal year end of the company is 30 September but as allowed by Company Law the Directors select a closing date each year that better fits with the business and for 2014 they have selected 27 September.

Dividends

The directors do not recommend the payment of a final dividend this year (2013 - £Nil)

Financial risk management objectives and policies

The Group's principal financial liabilities comprise shareholder loans (PIK notes), trade payables and bank loans. The main purpose of these financial liabilities is to raise finance for the Group's operations in line with its private equity ownership structure. The Group has various financial assets such as trade receivables, cash and deposits, which arise directly from its operations.

In the normal course of its business, the Company is exposed to a number of financial risks, including market risk (including interest rate risk, foreign currency risk and other price risk), liquidity risk and credit risk. The Board of Directors reviews and establishes policies for managing each of these risks which are summarised below.

Market Risk

The Group is exposed to risk from movements in interest rates, foreign currency exchange rates and market prices that affect its assets, liabilities and raw materials. The objective of market risk management is to manage and control market risk exposures, while optimising the return on the risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group borrows on both a fixed and variable rate basis. Variable rate loans are based on EURIBOR and LIBOR rates; these variable rate loans account for 100% of external debt but only 12.8% of total loans (2013: 7.9%). The Group does not consider interest rate risk to be significant and is not using instruments to hedge these risks. Nevertheless, the Group monitors interest rates and will use instruments to hedge such risk as necessary.

Foreign Currency Risk

The Group's exposure to currency risk relates to sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the group's subsidiaries. The currencies in which these transactions and balances are primarily denominated are US dollars, Australian dollars and Euro. The group doesn't use formal arrangements to manage currency risks but it seeks to bring its financial liabilities in foreign currencies in line with its assets and export net sales, thus mitigating currency risk.

Liquidity Risk

Liquidity risk arises when the Group encounters difficulties to meet commitments associated with liabilities and other payment obligations. It manages this risk by always having sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. At present, it believes it has access to sufficient funding and has also both committed and uncommitted borrowing facilities to meet currently foreseeable borrowing requirements.

Lytham HoldCo Limited

Report of the directors for the year ended 27 September 2014 (*continued*)

Credit Risk

Credit risk is the potential exposure of the Group to losses should its debtors fail to pay amounts due. Financial instruments that potentially expose it to credit risk consist primarily of cash and trade accounts receivable. The credit risk arising from its normal commercial operations is controlled by each individual company within the Group using approved procedures for evaluating the reliability and solvency of each customer. This monitoring activity is performed at the Group level according to set guidelines and measurement techniques to qualify and monitor credit risk. It also maintains insurance cover against bad debts.

Employment of disabled persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises.

Directors

The directors of the company during the year were:

D L S Baldi (appointed 10 March 2014)
D W Coates (resigned 7 March 2014)
A J Edwards
I B Jackson
E Byun (appointed 1 February 2014)
M Moir (appointed 21 February 2014)
R Whiteman (resigned 31 October 2013)

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and company 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 company will continue in business.

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

Lytham HoldCo Limited

Report of the directors for the year ended 27 September 2014 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board



R Peak
Secretary

23 December 2014

Lytham HoldCo Limited

Independent auditor's report

To the members of Lytham HoldCo Limited

We have audited the financial statements of Lytham HoldCo Limited for the year ended 27 September 2014 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 27 September 2014 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

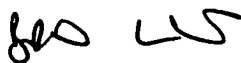
Lytham HoldCo Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

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.



Thomas Lawton (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

23 December 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Lytham HoldCo Limited

Consolidated profit and loss account for the year ended 27 September 2014

	Note	2014 £'000	2013 £'000
Turnover	2	68,754	82,071
Cost of sales		<u>44,873</u>	<u>50,916</u>
Gross profit		23,881	31,155
Administrative and distribution expenses		(22,763)	(23,766)
Administrative and distribution expenses - exceptional costs	3	(3,747)	(3,664)
Administrative and distribution expenses - exceptional impairments	5	(1,398)	(1,994)
		<u> </u>	<u> </u>
Total administrative and distribution expenses		(27,908)	(29,424)
		<u> </u>	<u> </u>
Other operating income	4	1,520	-
EBITDA before exceptional costs		4,069	8,945
Depreciation, amortisation and impairments	5	(2,829)	(3,550)
Exceptional costs	3	(3,747)	(3,664)
Operating (loss)/ profit	5	(2,507)	1,731
Exceptional profit on disposal of fixed assets	5	918	336
		<u> </u>	<u> </u>
(Loss)/profit on ordinary activities before interest and other income		(1,589)	2,067
Interest receivable and similar income	8	67	79
Interest payable and similar charges	9, 26	(4,840)	(6,363)
		<u> </u>	<u> </u>
Loss on ordinary activities before taxation		(6,362)	(4,217)
Taxation	10	(79)	(788)
		<u> </u>	<u> </u>
Loss on ordinary activities after taxation		(6,441)	(5,005)
		<u> </u>	<u> </u>

All amounts relate to continuing activities.

The notes on pages 14 to 31 form part of these financial statements.

Lytham HoldCo Limited

Consolidated statement of total recognised gains and losses for the year ended 27 September 2014

	2014 £'000	2013 £'000
Consolidated statement of total recognised gains and losses		
Loss for the financial year	(6,441)	(5,005)
Exchange translation differences on consolidation	(596)	(1,811)
Total recognised gains and losses for the financial year	(7,037)	(6,816)

The notes on pages 14 to 31 form part of these financial statements.

Lytham HoldCo Limited

Consolidated balance sheet at 27 September 2014

Company number 07748417	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Intangible assets	12		(11,281)		(12,350)
Tangible assets	13		29,921		29,596
			<u>18,640</u>		<u>17,246</u>
Current assets					
Stocks	15	15,320		13,975	
Debtors	16	10,188		10,796	
Cash at bank and in hand		7,394		8,236	
		<u>32,902</u>		<u>33,007</u>	
Creditors: amounts falling due within one year	17	22,963		18,277	
		<u>9,939</u>		<u>14,730</u>	
Net current assets			9,939		14,730
Total assets less current liabilities			28,579		31,976
Provisions for liabilities	19		2,372		2,871
			<u>26,207</u>		<u>29,105</u>
Creditors: amounts falling due after more than one year					
- Shareholder PIK loan notes	18		47,834		43,408
- Other	18		2,694		2,981
			<u>50,528</u>		<u>46,389</u>
Capital and reserves					
Called up share capital	20		13		13
Profit and loss account	21		(24,334)		(17,297)
Shareholders' deficit	22		(24,321)		(17,284)
			<u>26,207</u>		<u>29,105</u>

The financial statements were approved by the board of directors and authorised for issue on 23 December 2014.


D L S Baldi
Director


A J Edwards
Director

The notes on pages 14 to 31 form part of these financial statements.

Lytham HoldCo Limited

Company balance sheet at 27 September 2014

Company number 07748417	Note	2014 £'000	2013 £'000
Current assets			
Debtors	16	47,847	43,421
		<u> </u>	<u> </u>
Creditors: amounts falling due after more than one year			
- Shareholder PIK loan notes	18	47,834	43,408
- Other	18	-	-
		<u> </u>	<u> </u>
		47,834	43,408
		<u> </u>	<u> </u>
Capital and reserves			
Called up share capital	20	13	13
Profit and loss account		-	-
		<u> </u>	<u> </u>
Shareholders' funds	22	13	13
		<u> </u>	<u> </u>
		47,847	43,421
		<u> </u>	<u> </u>

The financial statements were approved by the board of directors and authorised for issue on 23 December 2014.


D L S Baldi
Director


A J Edwards
Director

The notes on pages 14 to 31 form part of these financial statements.

Lytham HoldCo Limited

Consolidated cashflow statement for the year ended 27 September 2014

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Net cash inflow from operating activities	27		120		7,663
Returns on investments and servicing of finance					
Interest received		67		79	
Interest paid: bank loans		(88)		(111)	
Interest paid: other loans		(327)		(236)	
Net cash outflow from returns on investments and servicing of finance			(348)		(268)
Taxation					
Corporation tax paid			(606)		(710)
Capital expenditure and financial investment					
Payments to acquire intangible fixed assets		(85)		(109)	
Payments to acquire tangible fixed assets		(5,335)		(4,434)	
Receipts from sale of tangible fixed assets		1,663		437	
Net cash outflow from capital expenditure and financial investment			(3,757)		(4,106)
Cash (outflow)/inflow before use of financing			(4,591)		2,579
Financing					
Share capital issued		-		3	
New loans		4,396		-	
Loans repaid		(647)		(6,540)	
Net cash inflow/(outflow) from financing			3,749		(6,537)
Decrease in cash	28		(842)		(3,958)

The notes on pages 14 to 31 form part of these financial statements.

Lytham HoldCo Limited

Notes forming part of the financial statements for the year ended 27 September 2014

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going concern

The directors have prepared a detailed profit and cash flow forecast for the period to 30 September 2016 which shows that the Group will be able to trade within its current agreed facilities. On this basis the directors are satisfied that it is appropriate to prepare the financial statements on the going concern basis.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life less any provision for impairment. Negative goodwill is amortised to profit as the non-monetary assets acquired are used within the business (stocks), amortised over the same period as the related assets (tangible fixed assets) or is left as negative goodwill where no usage as amortisation is applied (investments).

Valuation of investments

Investments held as fixed assets are stated at fair value as at the date of acquisition from Brintons Limited less any provision for impairment.

Fixed assets and depreciation

Fixed assets are recorded at cost or the fair value of assets acquired as at the date of acquisition less any provision for impairment. Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Land	- not depreciated
Freehold property	- 2.5% per annum historical cost
Leasehold land and buildings	- over length of lease
Plant and equipment	- 5 - 50% per annum

Lytham HoldCo Limited

Notes forming part of the financial statements for the year ended 27 September 2014 (*continued*)

1 Accounting policies (*continued*)

Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials and consumables	purchase cost on a first in first out basis
Work in progress and finished goods	cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Research and development

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred. Development costs are also charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over a period not exceeding five years commencing in the year the group starts to benefit from the expenditure.

Provisions

Provisions are recognised when the Group has an obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the period end date.

Government grants

Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the asset to which the grant relates. The deferred element of grants is included in creditors. Grants of a revenue nature are credited to the profit and loss account in the period they relate to.

Lytham HoldCo Limited

Notes forming part of the financial statements for the year ended 27 September 2014 (*continued*)

1 Accounting policies (*continued*)

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of the estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

Turnover

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 and sales related taxes. Sales of goods are recognised when it is considered that the risks and rewards of the ownership of the goods has passed from the company to the purchaser, in accordance with the underlying terms of the contract arrangements. Revenue may also be recognised on formal 'bill and hold' arrangements if the following conditions are met:

- the goods are complete and ready for delivery,
- the goods are separately identified from the Groups other stock and are not used to fulfil any other orders; and
- the customer has requested that the goods not be delivered.

Finance costs

Finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

Lytham HoldCo Limited

Notes forming part of the financial statements
for the year ended 27 September 2014 (*continued*)

1 Accounting policies (*continued*)

Pension costs

Contributions to the Group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Exceptional items

Exceptional items are items incurred which are either considered to be outside the normal course of business or transactions which are material by virtue to their size or incidence.

Exemptions

The directors have taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures', not to disclose transactions with wholly owned group companies.

Lytham HoldCo Limited

Notes forming part of the financial statements for the year ended 27 September 2014 (continued)

2 Turnover

Turnover is solely attributable to the Groups' principal activity. In the opinion of the directors, an analysis of turnover by geographical destination would be prejudicial to the interests of the Group for commercial reasons and therefore no disclosure has been made.

3 Exceptional costs

	2014 £'000	2013 £'000
Redundancy costs	(2,026)	(844)
Other restructuring costs	(926)	(1,589)
Consultancy and management fees	(280)	(294)
Onerous contracts	(100)	(604)
Legal & professional fees	(84)	(284)
Exchange gain on BRASIA tax liability	(21)	290
Discontinued operation costs	(310)	(339)
	<hr/>	<hr/>
Total exceptional costs	(3,747)	(3,664)
	<hr/>	<hr/>

In reviewing the operation of the Group in the periods following acquisition, the directors concluded that there were opportunities to improve efficiency and streamline practices and processes. This has resulted in the elimination of unnecessary jobs and roles, leading to redundancy costs as well as incurring other consultancy costs to improve efficiencies within the manufacturing operations.

4 Other operating income

Other operating income of £1,520,000 was received in respect of an insurance claim as a result of damage caused to machinery at one of its factories. The amount included in other operating income represents the settlement of £1,600,000 less £80,000 in respect of loss assessor costs.

5 Operating (loss)/profit

	2014 £'000	2013 £'000
This is arrived at after charging/(crediting):		
Other operating income (note 4)	(1,520)	-
Exceptional costs (note 3)	3,747	3,664
Depreciation, amortisation and impairments (see below)	2,829	3,550
Hire of plant and machinery - operating leases	78	88
Hire of other assets - operating leases	442	494
Exchange differences	(69)	(233)
Subscriptions and donations	56	50
Research and development	31	22
Fees payable to the group auditor for audit services	75	83
Fees payable to the group auditor for taxation services	49	25
Profit on sale of fixed assets	(3)	(34)
	<hr/>	<hr/>

Lytham HoldCo Limited

Notes forming part of the financial statements for the year ended 27 September 2014 (continued)

	2014 £'000	2013 £'000
Depreciation of tangible fixed assets	2,415	2,545
Amortisation of intangible fixed assets	(984)	(989)
Exceptional impairment of assets	1,398	1,994
	<u>2,829</u>	<u>3,550</u>
Depreciation, amortisation and impairments		

The exceptional impairment of assets relates to the property and equipment located at the closed facility in China.

Exceptional profit on disposal of fixed assets

During the year the Group disposed of one of its factory land and buildings and recorded a profit after costs of £918,000. This has been recorded as an exceptional profit on sale as it is outside the normal disposals of plant and equipment within the group.

6 Employees

Staff costs (including directors) consist of:

	2014 £'000	2013 £'000
Wages and salaries	21,926	22,970
Social security costs	2,078	2,226
Other pension costs	1,012	1,033
	<u>25,016</u>	<u>26,229</u>

The average number of employees (including directors) during the year was as follows:

	2014 Number	2013 Number
Production	967	1,006
Sales, marketing, distribution and design	276	281
Engineering and technology	90	75
Administration and finance	65	65
	<u>1,398</u>	<u>1,427</u>

Lytham HoldCo Limited

Notes forming part of the financial statements
for the year ended 27 September 2014 (continued)

7 Directors' remuneration

	2014 £'000	2013 £'000
Directors' emoluments	395	533
Company contributions to defined contribution pension scheme	15	29
Compensation for loss of office	320	174
	<u> </u>	<u> </u>

There were 2 directors in the Group's defined contribution pension scheme during the year (2013 - 2 directors).

The total amount payable to the highest paid director in respect of emoluments was £469,866 (2013 - £300,239), this includes compensation for loss of office. Company pension contributions of £Nil (2013 - £Nil) were made to a money purchase scheme on their behalf.

8 Interest receivable and similar income

	2014 £'000	2013 £'000
Bank deposits	67	79
	<u> </u>	<u> </u>

9 Interest payable and similar charges

	2014 £'000	2013 £'000
Bank loans and overdrafts	88	111
Non-cash Interest on shareholder PIK loan notes (see below)	4,425	6,016
Arrangement fees and charges	327	236
	<u> </u>	<u> </u>
	4,840	6,363
	<u> </u>	<u> </u>

Non-cash interest on the shareholder PIK loan notes constitutes capitalised non-cash PIK (payment in kind) interest accrued on the shareholder loan, which does not become a cash commitment until the maturity of the shareholder loan in 2019. Unpaid PIK interest is capitalised and added to the shareholder loan balance at each semi-annual interest period.

Lytham HoldCo Limited

Notes forming part of the financial statements for the year ended 27 September 2014 (*continued*)

10 Taxation

	2014 £'000	2013 £'000
<i>Overseas Corporation tax</i>		
Current tax on profits of the year	45	788
Overseas deferred tax	34	-
	<hr/>	<hr/>
Taxation on loss on ordinary activities	79	788
	<hr/>	<hr/>

The tax assessed for the year is different to the standard rate of corporation tax applied to loss before tax. This arises because of profits chargeable to tax in certain country jurisdictions which are not able to be offset against tax losses arising in other country jurisdictions. The tax losses arising are able to be carried forward for offset against future profits arising in each jurisdiction but will not be available for Group profit relief.

11 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Group loss for the year includes a result after tax of £Nil (2013 - £Nil) which is dealt with in the financial statements of the parent company.

Lytham HoldCo Limited

Notes forming part of the financial statements
for the year ended 27 September 2014 (*continued*)

12. Intangible fixed assets

Group

	Patents and Trademarks £'000	Goodwill £'000	Total £'000
<i>Fair value cost</i>			
At 29 September 2013	109	(23,480)	(23,371)
Additions	85	-	85
Disposals	(67)	-	(67)
	<hr/>	<hr/>	<hr/>
At 27 September 2014	127	(23,480)	(23,353)
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 29 September 2013	(44)	11,065	11,021
Provided for the year	(53)	1,037	984
Disposals	67	-	67
	<hr/>	<hr/>	<hr/>
At 27 September 2014	(30)	12,102	12,072
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 27 September 2014	97	(11,378)	(11,281)
	<hr/>	<hr/>	<hr/>
At 28 September 2013	65	(12,415)	(12,350)
	<hr/>	<hr/>	<hr/>

Goodwill has arisen on the acquisition of the trade and assets of Brintons Limited. The goodwill is being amortised as the non-monetary assets acquired are used within the Group through disposal, depreciation or impairment.

Lytham HoldCo Limited

Notes forming part of the financial statements
for the year ended 27 September 2014 (*continued*)

13 Tangible fixed assets

Group

	Land and buildings £'000	Plant and equipment £'000	Total £'000
<i>Fair value cost</i>			
At 29 September 2013	12,326	21,818	34,144
Additions	10	5,325	5,335
Disposals	(470)	(667)	(1,137)
Impairment	(908)	(490)	(1,398)
Exchange adjustments	33	(488)	(455)
	<hr/>	<hr/>	<hr/>
At 27 September 2014	10,991	25,498	36,489
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 29 September 2013	915	3,633	4,548
Provided for the year	368	2,047	2,415
Disposals	(41)	(354)	(395)
	<hr/>	<hr/>	<hr/>
At 27 September 2014	1,242	5,326	6,568
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 27 September 2014	9,749	20,172	29,921
	<hr/>	<hr/>	<hr/>
At 28 September 2013	11,411	18,185	29,596
	<hr/>	<hr/>	<hr/>

Included in the above is property of £4,000k held for resale.

Plant and equipment includes assets under construction and at 27 September 2014 the net book value of these assets was £1,058k (2013 - £2,212k). These assets represent upgrades to machinery which have not yet been brought into operation.

The net book value of leasehold land and buildings may be further analysed as follows:

	Group 2014 £'000	Group 2013 £'000
Short leasehold	4,000	5,000
Freehold	5,749	6,411
	<hr/>	<hr/>
	9,749	11,411
	<hr/>	<hr/>

Lytham HoldCo Limited

Notes forming part of the financial statements
for the year ended 27 September 2014 (*continued*)

14 Fixed asset investments

Company

Group
undertakings
£'000

Cost or valuation

At 29 September 2013 and 27 September 2014

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business
Brintons Carpets Asia Private Limited	India	Ordinary shares	100%	Production and sale of high quality Axminster woven carpet
Brintons Industria De Alcatifas Limitada	Portugal	Ordinary shares	100%	Production and sale of high quality Axminster woven carpet
Brintons US Axminster Inc	USA	Common stock	100%	Sale of high quality floor coverings
Brintons Pty Limited	Australia	Ordinary shares	100%	Sale of high quality floor coverings
Brintons Carpets Limited	UK	Ordinary shares	100%	Production of high quality Axminster and Wilton woven carpet and sale of high quality floor coverings

Except for Brintons Carpets Limited, which is held directly by the company, the above interests are held by other group companies.

The directors are satisfied that no impairment provision is required against the fixed asset investments.

Lytham HoldCo Limited

Notes forming part of the financial statements
for the year ended 27 September 2014 (continued)

15 Stocks

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Raw materials and consumables	1,294	1,591	-	-
Work in progress	5,137	4,695	-	-
Finished goods and goods for resale	8,889	7,689	-	-
	<u>15,320</u>	<u>13,975</u>	<u>-</u>	<u>-</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

16 Debtors

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Amounts receivable within one year				
Trade debtors	7,898	8,491	-	-
Corporation tax recoverable	221	-	-	-
Other debtors	952	1,211	-	-
Prepayments and accrued income	603	550	-	-
	<u>9,674</u>	<u>10,252</u>	<u>-</u>	<u>-</u>
Amounts receivable after more than one year				
Shareholder loan to subsidiary company	-	-	47,847	43,421
Other debtors	103	103	-	-
Prepayments and accrued income	411	441	-	-
	<u>514</u>	<u>544</u>	<u>47,847</u>	<u>43,421</u>
Total debtors	<u>10,188</u>	<u>10,796</u>	<u>47,847</u>	<u>43,421</u>

The shareholder loan matures in 2019 and has no financial covenants. There are no amortisation payments due in advance of its 2019 maturity date. Interest accrues on a non-cash basis and is capitalised and added to the outstanding shareholder loan balance at each semi-annual interest period. No cash interest payments are due in advance of the 2019 maturity date of the shareholder loan. The company also has the option of making early repayments.

The directors are working to a plan that will realise value within the group and at this stage do not consider that any impairment is required against the shareholder loan to subsidiary company. The amount payable on the shareholder PIK loan notes (note 18) will only be paid in the event that appropriate value is realised for the group.

Lytham HoldCo Limited

Notes forming part of the financial statements
for the year ended 27 September 2014 (*continued*)

17 Creditors: amounts falling due within one year

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Bank loans (secured)	4,980	971	-	-
Payments received on account	4,331	3,111	-	-
Trade creditors	8,689	8,896	-	-
Corporation tax	-	340	-	-
Other taxation and social security	367	791	-	-
Other creditors	1,618	1,156	-	-
Accruals and deferred income	2,978	3,012	-	-
	<u>22,963</u>	<u>18,277</u>	<u>-</u>	<u>-</u>

Lytham HoldCo Limited

Notes forming part of the financial statements
for the year ended 27 September 2014 (continued)

18 Creditors: amounts falling due after more than one year

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Other:				
Bank loans (secured)	2,070	2,331	-	-
Shareholder PIK loan notes	47,834	43,408	47,834	43,408
Other loans and creditors	112	49	-	-
Government grants	512	601	-	-
	<u>50,528</u>	<u>46,389</u>	<u>47,834</u>	<u>43,408</u>

Bank loans are secured over the assets of the Group, cross guarantees are also in place between the entities within the Group.

Maturity of other debt:

	Loans and overdrafts 2014 £'000	Loans and overdrafts 2013 £'000	Other creditors 2014 £'000	Other creditors 2013 £'000
In one year or less, or on demand	<u>4,980</u>	<u>971</u>	<u>-</u>	<u>-</u>
In more than one year but not more than two years	1,022	1,384	112	49
In more than two years but not more than five years	911	543	512	-
In more than five years	137	404	-	601
	<u>2,070</u>	<u>2,331</u>	<u>624</u>	<u>650</u>

Shareholder PIK loan notes:

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Shareholder PIK loan notes	<u>47,834</u>	<u>43,408</u>	<u>47,834</u>	<u>43,408</u>

The shareholder loan matures in 2019 and has no financial covenants. There are no amortisation payments due in advance of its 2019 maturity date. Interest accrues on a non cash basis and is capitalised and added to the outstanding shareholder loan balance at each semi-annual interest period. Interest is charged at a rate of 10%. No cash interest payments are due in advance of the 2019 maturity date of the shareholder loan.

Lytham HoldCo Limited

Notes forming part of the financial statements
for the year ended 27 September 2014 (*continued*)

19 Provisions for liabilities

Group

	Deferred taxation £'000	Overseas taxation £'000	Cost of quality £'000	Total £'000
At 29 September 2013	68	1,584	1,219	2,871
Exchange movement	-	21	5	26
Charged to profit and loss account in the year	34	-	428	462
Utilised in period	-	-	(987)	(987)
	<u>102</u>	<u>1,605</u>	<u>665</u>	<u>2,372</u>
At 27 September 2014	102	1,605	665	2,372

The deferred taxation in the Group represents capital allowances and other differences.

There is an unrecognised deferred tax asset of £977,490 (2013 - £766,496) in the Company and the Group in respect of trading losses carried forward. These have not been recognised due to uncertainty of future trading profits.

The overseas taxation reflects amounts being claimed by tax authorities that are currently progressing through a legal dispute process. The directors are contesting the amount with the authorities and have established a provision for the amount being claimed by the tax authorities as part of the fair value adjustments on acquisition. The position has not changed substantially since that date.

20 Share capital

	2014 £	2013 £
<i>Allotted, called up and fully paid</i>		
1,000,000 "A" ordinary shares of £0.01 each	10,000	10,000
253,918 "B" ordinary shares of £0.01 each	2,539	2,539
	<u>12,539</u>	<u>12,539</u>

The "A" ordinary shares have full voting, dividend and capital distribution rights and do not confer any rights of redemption. The "B" ordinary shares have full voting and capital distribution rights and do not confer any rights of redemption. Dividends may be paid subject to the prior written approval of holders of at least 50% of the "A" shares.

Lytham HoldCo Limited

Notes forming part of the financial statements
for the year ended 27 September 2014 (*continued*)

21 Reserves

Group

	Profit and loss account £'000
At 29 September 2013	(17,297)
Loss for the year	(6,441)
Exchange loss on consolidation	(596)
	<hr/>
At 27 September 2014	(24,334)
	<hr/>

22 Reconciliation of movements in shareholders' (deficit)/funds

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Loss for the year	(6,441)	(5,005)	-	-
Exchange translation differences on consolidation	(596)	(1,811)	-	-
Issue of shares	-	3	-	3
	<hr/>	<hr/>	<hr/>	<hr/>
Net (deductions from)/additions to shareholders' (deficit)/funds	(7,037)	(6,813)	-	3
Opening shareholders' (deficit)/funds	(17,284)	(10,471)	13	10
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' (deficit)/funds	(24,321)	(17,284)	13	13
	<hr/>	<hr/>	<hr/>	<hr/>

Lytham HoldCo Limited

Notes forming part of the financial statements
for the year ended 27 September 2014 (*continued*)

23 Commitments under operating leases

The Group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2014 £'000	Other 2014 £'000	Land and buildings 2013 £'000	Other 2013 £'000
Operating leases which expire:				
Within one year	1	36	-	48
In two to five years	253	-	138	2
After five years	-	99	39	26
	<u>254</u>	<u>135</u>	<u>177</u>	<u>76</u>

24 Related party disclosures

The Group incurred management charges of £250,000 (2013 - £250,000) during the period from Carlyle Investment Management L.L.C.

25 Ultimate parent company

The ultimate parent company is Carlyle Strategic Partners II Luxembourg SARL.

26 Post balance sheet events

During December 2014 the group voluntarily repaid £5.4m shareholder PIK loan notes.

27 Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	2014 £'000	2013 £'000
Operating (loss)/profit	(2,507)	1,731
Amortisation of intangible fixed assets	(984)	(989)
Impairment of fixed assets	1,398	1,994
Depreciation of tangible fixed assets	2,415	2,545
Profit on sale of tangible fixed assets	(3)	(34)
Decrease in provisions	(559)	(342)
(Increase)/decrease in stocks	(1,345)	3,348
Decrease in debtors	829	1,035
Increase in creditors	991	41
Working capital exchange adjustments	(115)	(1,666)
Net cash inflow from operating activities	<u>120</u>	<u>7,663</u>

Lytham HoldCo Limited

Notes forming part of the financial statements
for the year ended 27 September 2014 (continued)

28 Reconciliation of net cash flow to movement in net debt

	2014 £'000	2013 £'000
Decrease in cash	(842)	(3,958)
Cash (outflow)/inflow from changes in debt	(3,749)	6,540
Movement in net debt resulting from cash flows	(4,591)	2,582
Interest on shareholder PIK loan notes	(4,425)	(6,016)
Movement in net debt	(9,016)	(3,434)
Opening net debt	(38,474)	(35,040)
Closing net debt	(47,490)	(38,474)

29 Analysis of net debt

	At 29 September 2013 £'000	Cash flow £'000	Other non- cash items £'000	At 27 September 2014 £'000
Cash at bank and in hand	8,236	(842)	-	7,394
Debt due within one year	(971)	(4,009)	-	(4,980)
Debt due after one year	(45,739)	260	(4,425)	(49,904)
Total	(38,474)	(4,591)	(4,425)	(47,490)