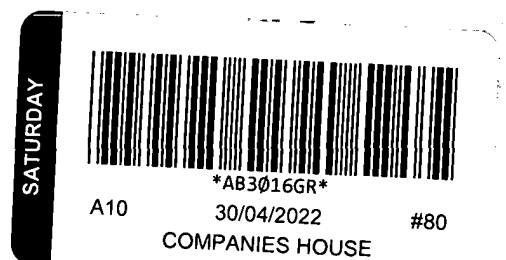


Meridian Garments Limited
formerly Embody (Distribution)
Limited

Directors' report and financial
statements

Registered number 10204540

30 June 2021



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Company information

Directors

C Jackson (resigned 31 July 2020)
R I H Broadberry (appointed 31 July 2020)
J P Taggart (appointed 5 October 2020)

Secretary

R I H Broadberry

Registered office

The Courtaulds Building
292 Haydn Road
Nottingham
NG5 1EB

Auditor

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Bankers

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

Directors' report

The directors present their directors' report and financial statements for the year ended 30 June 2021.

Principal activities

As of 1 September 2020, the principal activity of Meridian Garments Limited, ("the Company") is as an agent for the import and wholesale supply of clothing, intimate apparel and textiles.

Prior to that date, the sole principal activity of the Company had been the provision of warehousing, storage, distribution and logistics services.

On 31 July 2020 the Company changed its name from Embody (Distribution) Limited to Meridian Garments Limited.

Dividends

The directors do not recommend the payment of an ordinary dividend (2020: £nil).

Directors

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

Political and charitable donations

No charitable gifts and donations were made during the year (2020: £nil).

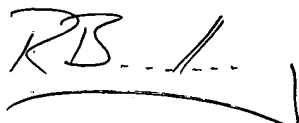
Disclosure of information to auditor

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

Auditor

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

By order of the board



Roger Broadberry
Director

Dated: 29 April 2022

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Meridian Garments Limited formerly Embody (Distribution) Limited

Opinion

We have audited the financial statements of Meridian Garments Limited ("the Company") for the year ended 30 June 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

Material uncertainty related to going concern

We draw attention to note 1 of the financial statements which indicates that the Company incurred a net loss of £24,000 (2020: £2,000) during the year ended 30 June 2021 and had net liabilities of £28,000 (2020: £4,000). The Company is dependent on its immediate parent, Kadima Holdings Limited not calling on any outstanding liabilities in the foreseeable future. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.



Independent auditors' report to the members of Meridian Garments Limited formerly Embody (Distribution) Limited (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements.

On this audit we do not believe there is a fraud risk related to revenue recognition due to the simple recognition criteria for the revenue streams and the limited opportunity for management to manipulate the revenue recognised. We did not identify any additional fraud risks. We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected journals posted to cash or loan accounts and all material post-closing entries.
- Evaluated the business purpose of significant unusual transactions.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection laws, anti-bribery laws, and employment laws, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.



Independent auditors' report to the members of Meridian Garments Limited formerly Embody (Distribution) Limited (continued)

Directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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



**Independent auditors' report to the members of Meridian Garments Limited
formerly Embody (Distribution) Limited** *(continued)*

A handwritten signature in black ink, appearing to read 'Mark Flanagan', written over a horizontal line.

Mark Flanagan (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St Nicholas House

Park Row

Nottingham

NG1 6FQ

Dated: 29 April 2022

Statement of comprehensive income
for the year ended 30 June 2021

	<i>Note</i>	2021 £000	2020 £000
Revenue	1	368	-
Other operating income	2	10	-
Selling expenses		(198)	-
Administrative expenses		(204)	(2)
Operating loss and loss before tax	3	(24)	(2)
Taxation	5	-	-
Loss after tax		(24)	(2)

The Company did not trade during the preceding year.

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

As of 1 September 2021, the Company commencing acting as an agent for the import and wholesale supply of clothing, intimate apparel and textiles.

Expenses are shown net of recharges for the sales of services to related parties.

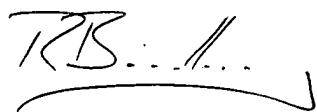
There are no other items of comprehensive income.

Statement of financial position
as at 30 June 2021

	Note	2021	2020
		£000	£000
Current assets			
Cash and cash equivalents	6	3	-
		<u>3</u>	<u>-</u>
Total assets		<u>3</u>	<u>-</u>
Current liabilities			
Trade and other payables	7	(31)	(4)
		<u>(31)</u>	<u>(4)</u>
Total liabilities		<u>(31)</u>	<u>(4)</u>
Net liabilities		<u>(28)</u>	<u>(4)</u>
Equity			
Share capital	10	-	-
Retained earnings		(28)	(4)
		<u>(28)</u>	<u>(4)</u>
Total equity deficit		<u>(28)</u>	<u>(4)</u>

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

These financial statements were approved by the board of directors on 29 April 2022 and signed on its behalf by:



Roger Broadberry
Director

Company number: 10204540

Statement of changes in equity
for the year ended 30 June 2021

	Share Capital £000	Retained earnings £000	Total equity £000
Balance at 1 July 2019	-	(2)	(2)
Total comprehensive income for the year			
Loss for the year	-	(2)	(2)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(2)	(2)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2020	-	(4)	(4)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Share Capital £000	Retained earnings £000	Total equity £000
Balance at 1 July 2020	-	(4)	(4)
Total comprehensive income for the year			
Loss for the year	-	(24)	(24)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(24)	(24)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2021	-	(28)	(28)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Meridian Garments Limited, formerly Embody (Distribution) Limited, (the "Company") is a company incorporated in the UK. The registered number is 10204540 and the registered address is The Courtaulds Building, 292 Haydn Road, Nottingham, NG5 1EB.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding that the Company made a loss for the year of £24,000 (2020: £2,000) and has net current liabilities of £28,000 (2020: £4,000).

From March 2020 the COVID-19 virus has emerged and during the year there remained measures limiting the movements of the UK population as part of the UK Government's strategy to delay and contain the impact of the virus. The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the company will be cash generative. The directors have given careful consideration in order to include severe but plausible downside sensitivities to the base forecast cash flows for the company. These sensitivities have incorporated the impact of failing to achieve forecast sales growth and allow for the potential impact of two further lockdowns during the forecast period. The effect of this is that the company's cost structure is such that the sensitised forecast indicates that under these circumstances the company is unlikely to be cash generative over the twelve months to 30 April 2023. Having performed this cash flow forecast and sensitivity analysis the directors remain confident that any adverse impact on the cash flows of the company can be managed but acknowledges that continued support from related party suppliers will be required to meet working capital requirements for the period of the forecast.

The forecasts are, as in prior years, dependent on the Company's immediate parent company, Kadima Holdings Limited not seeking repayment of the amounts currently due from the Company, which at 30 June 2021 amounted to £4,000 (2020: £4,000) and on additional financial support being provided during the forecast period.

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

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

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

Measurement convention

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

Notes (continued)

1 Accounting policies (continued)

Foreign currency

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

Non-derivative financial instruments

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

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Impairment excluding inventories and deferred tax assets

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

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

Employee benefits

Defined contribution

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

Revenue

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

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

Notes (continued)

1 Accounting policies (continued)

Expenses

Financing income and expenses

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

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

Taxation

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

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

Adoption of new standards

There have been no new standards, interpretations and amendments to published standards which have had a material impact on the results or the financial position of the Company for the year ended 30 June 2021 or that are expected to have a material impact in future years.

2 Other operating income

	2021 £000	2020 £000
Coronavirus Job Retention Scheme	10	-
	<u>10</u>	<u>-</u>

One of the actions taken by the Company to mitigate the impact of the COVID-19 pandemic has been to furlough employees under the government's Coronavirus Job Retention Scheme.

3 Expenses and auditor's remuneration

	2021 £000	2020 £000
<i>Included in the operating loss and loss before tax are the following:</i>		
<i>Auditor's remuneration:</i>		
Audit of these financial statements	1	1
	<u>1</u>	<u>1</u>

Notes (continued)

3 Expenses and auditor's remuneration (continued)

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

4 Staff numbers and costs

The number of persons employed by the Company analysed by category, was as follows:

	Number of employees 2021	2020
Selling	5	-
	<hr/> 5	<hr/> -

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	123	-
Social security costs	12	-
Contribution to defined contribution plans	8	-
	<hr/> 143	<hr/> -

The directors received no remuneration for their services to this company (2020: £nil).

5 Taxation

Recognised in income statement

	2021 £000	2020 £000
<i>Current tax expense:</i>		
Group relief payment	-	-
	<hr/>	<hr/>
<i>Deferred tax expense:</i>		
Changes in deferred tax rates	-	-
Tax losses recognised in the period	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Total tax in income statement	-	-

Notes (continued)

5 Taxation (continued)

Reconciliation of effective tax rate

	2021 £000	2020 £000
Loss before tax	(24)	(2)
Tax using the UK corporation tax rate of 19% (2020: 19%)	(5)	-
Expenses not deductible for tax purposes	-	-
Deferred tax not recognised	5	-
Total tax in income statement	-	-

Factors that may affect future tax charges

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly.

6 Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	3	-
	3	-

7 Trade and other payables - current

	2021 £000	2020 £000
Other payables due to related parties (note 15)	24	4
Other non-trade payables and accrued expenses	7	-
	31	4

8 Deferred tax assets

The amount of unprovided deferred taxation on taxable losses of £28,000 (2020: £4,000) using a deferred tax rate of 25% (2020: 19%) was £7,000 (2020: £1,000). The Company did not recognise the deferred tax assets in respect of the above on the basis that the future economic benefit is uncertain.

9 Employee benefits

Defined contribution plans

The Company operates a defined contribution pension plan and the total expense relating to the plan in the current year was £8,000 (2020: £nil).

Notes (continued)

10 Capital and reserves

	2021	2020
	£	£
<i>Allotted, called up and fully paid:</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Classified in shareholders' funds	100	100
	<hr/>	<hr/>

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

11 Financial instruments

(a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2021	2020
	£000	£000
Assets measured at amortised cost	3	-
	<hr/>	<hr/>
Liabilities measured at amortised cost	31	4
	<hr/>	<hr/>

(b) Financial instruments measured at fair value

There are no financial instruments measured at fair value.

12 Operating leases

At the balance sheet date, the Company had no non-cancellable operating lease rentals payable (2020: none).

During the financial year £32,000 (2020: £nil) was recognised as an expense in the income statement in respect of operating leases.

13 Capital commitments

At the balance sheet date, the Company had no capital commitments (2020: none).

14 Related parties

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

Parent companies:

Magellan Textile Holdings Limited	(the Company's ultimate parent)
Kadima Holdings Limited	(the Company's immediate parent)

Fellow subsidiaries:

Embody (Brands) Limited

Key management personnel of the Company and its parents:

Directors are as detailed on page 1 of these financial statements

Other related parties:

Meridian Limited (a subsidiary of the Company's ultimate parent)

Notes (continued)

14 Related parties (continued)

Transactions and balances outstanding with related parties are summarised below.

The following transactions were carried out with related parties:

(a) Sale of goods and services

	2021 £000	2020 £000
<i>Sale of services:</i>		
- Other related parties	364	-
	<u>364</u>	<u>-</u>

(b) Purchase of goods and services

	2021 £000	2020 £000
<i>Purchase of services:</i>		
- Fellow subsidiaries	256	2
	<u>256</u>	<u>2</u>

All the above purchases of services were undertaken on normal commercial terms on an arm's length basis.

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

	2021 £000	2020 £000
<i>Other payables:</i>		
- Due to immediate parent	4	4
- Due to fellow subsidiaries	20	4
	<u>24</u>	<u>4</u>
Balances due to related parties	<u>24</u>	<u>4</u>

15 Ultimate parent company and parent company of larger group

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

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