

Registered number : 00172105

Milliken Industrials Limited

Annual report and financial statements

For the period ended 27 November 2022

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MILLIKEN INDUSTRIALS LIMITED**REPORT AND FINANCIAL STATEMENTS 2022**

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MILLIKEN INDUSTRIALS LIMITED**Company Information****Directors**

M J Haworth (resigned 1st July 2022)
J Graham
H Cook
D Smart
J Crotty (appointed 1st July 2022)

Company secretary

J Crotty

Registered office (registration no. 00172105)

Beech Hill Plant
Gidlow Lane
Wigan
WN6 8RN

Bankers

JP Morgan Chase Bank
Chaseside
Bournemouth
Dorset
BH7 7DA

Barclays Business Centre
51 Mosley Street
Manchester
M2 3HQ

Solicitors

Addleshaw Goddard LLP
One St Peter's Square
Manchester
M2 3DE

Independent Auditor

Grant Thornton UK LLP
Landmark
St Peter's Square
1 Oxford Street
Manchester
M1 4PB

MILLIKEN INDUSTRIALS LIMITED**STRATEGIC REPORT**

The principal activity of the company continues to be the manufacture of textile products and the provision of consultancy services.

The company's turnover for the period was £137,746,000 (2021: £117,857,000). Profit after taxation was £6,489,000 (2021: £6,750,000). Overall, each of the UK divisions has performed well in difficult trading conditions. Gross margin has been maintained even though revenue increased by £20m. This is down to inflationary growth. The cash reduction is due to adverse movements on the balance sheet. The major balance sheet movements included a reduction in creditors of £4m.

RESULTS AND DIVIDENDS

The audited financial statements for the 52-week period ended 27 November 2022 are set out on pages 16 to 36. The company's profit for the period after taxation was £6,489,000 (2021: £6,750,000). Gross profit margin reduced from 32% to 27% for 2022.

Revenue increased in 2022 by £19.9m and gross profit decreased slightly by £412k.

The company is the principal employer of the Milliken Industrials Limited Pension Plan, a defined benefit arrangement that was closed to future accrual on 19 March 2006. The pension surplus at 27 November 2022 is £10,921,000 however this is not recognised under UK GAAP (2021 Pension Surplus: £14,382,000 and £nil recognised).

The average monthly number of persons employed by the company, including directors, during the period has decreased from 598 to 589.

The company has a very strong balance sheet with no external debt, and this is supported by the net cash balances which total £2,143,000. As at 28 November 2021, the net cash balance was £7,936,000. The cash reduction is due to adverse working capital movement.

A dividend of £8,000,000 was paid in the year (2021: £12,000,000)

POST BALANCE SHEET EVENTS

There was a post balance sheet event on 26th December 2022. Milliken Industrials Limited sold the mats business to M&A Matting UK Ltd.

RISKS AND UNCERTAINTIES

The company's activities expose it to a number of financial risks including cash flow risk, credit risk, liquidity risk and price risk.

Cash flow risk

The company's activities expose it to the financial risks of changes in foreign currency exchange rates. The company manages the currency exposure by natural hedging within each legal entity and also at the parent company level.

Credit risk

The company's principal financial assets are bank balances and trade receivables.

MILLIKEN INDUSTRIALS LIMITED

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The company has no significant concentration of credit risk, with exposure spread over a large number of countries and customers. The company has a strict credit policy and every customer is given a credit limit and payment terms that are derived from a combination of third-party information on the customer, the country and the payment history.

Liquidity risk

The directors continually review the going concern status of the company. In order to maintain liquidity to ensure that sufficient funds are available from ongoing operations and future developments, the company uses funds from an inter-company cash pool arrangement with fellow subsidiaries.

The directors acknowledge that there is a level of uncertainty in the general economic environment which may impact the trading position of its customers and suppliers. However, the company has contracts in place with a large number of customers and suppliers across different geographic areas and industries and this diversification provides a level of natural hedging against that risk. As a consequence, the directors believe that the company is well placed to manage its business risks in this period of uncertainty. Further information is included in the accounting policies note in the financial statements (note 4).

Price risk

The company is exposed to commodity price risk. The company manages its exposure to commodity price risk by fixing contracts with suppliers. Many suppliers have increased their prices quite significantly and it will be a challenge for the company to pass all of these increases onto our customers however we will endeavour to do this.

S172 Statement

The directors are fully aware of and have considered the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing their duty to promote the success of the company for the benefit of its members and in doing so having regard (amongst other matters) to :

- a. The likely consequences of any decision in the long term
- b. The interests of the company's associates
- c. The need to foster the company's business relationships with suppliers; customers and others
- d. The impact of the company's operations on the community and the environment
- e. The desirability of the company maintaining a reputation for high standards of business conduct
- f. The need to act fairly as between members of the company

The board understands the views of all stakeholders and have taken into account the matters above in board discussions and when making key decisions in order to act in the interests of all stakeholders and to make sure all stakeholders are treated fairly. The following examples explain how the directors fulfil their duties in respect of these matters.

Employees

The company is committed to being a responsible employer. Our behaviour is aligned with the expectation of our associates in addition to the wider society. Our people are at the heart of the business. In order to succeed we need to manage and support their performance and provide them with the appropriate training, development and tools such that we are able to operate as efficiently as possible. We place considerable emphasis on our corporate values, ensuring that these are shared across all areas of the organisation to ensure that we achieve goals in the right way.

MILLIKEN INDUSTRIALS LIMITED

The company is doing several things to keep employees engaged – employee surveys / internal social media channels / leadership conferences / regular town hall sessions providing business updates / newsletters / competitive compensation arrangements / succession planning / recognition events and employee forums. The outcomes of such engagement include an events team for employee activities / diversion equity and inclusion program / health insurance plan / mental and emotional wellbeing program / new recognition and reward program / sustainability heroes program / extensive NVQ promotion / new onboarding process / hybrid working and employee referral and long service awards.

Business relationships

Customer centricity is at the heart of our strategy. To realise this objective, we need to develop and maintain strong relationships with our customer base and provide the best possible service that we can. We value all of our suppliers, and have group supply agreements in place with our critical suppliers.

The company is doing several things to improve customer relationships such as direct meetings / voice of the customer surveys / company marketing literature / in house and external events / trading partnerships / new CRM and also showroom events. This has helped in generating project specifications / customer retention / knowledge of product portfolio / proactive business developments and product design and quality.

Similarly the company has regular meetings with suppliers, attends tradeshow and participates in supplier audits. This has helped with new product development and to take the lead position for new products and sustainability initiatives.

Community and environment

The company's strong commitment to sustainability is central to our values, and we use our position of strength to create positive change to the environment. We also encourage associates in their efforts to provide valuable support to our local communities through charity and volunteer work. The company holds various community events, has partnerships with universities and school/colleges. There is now a greener company car fleet, they are a founder member of carpet recycling UK and a member of climate change agreement scheme. Also the deployment of a 2025 company strategy and net zero commitment for 2050.

The company holds a community week with numerous initiatives and volunteer hours. There are placements for university students along with tours/familiarisation visits. Recently there has been an installation of EV charging points available for all associates, a new apprentice scheme, more sustainable solutions for end of life carpet and a reduction in energy intensity. There is also an alignment of individual business units with the overall strategy.

Shareholders

The Board is committed to openly engaging with our US leadership group who in turn meet with the Milliken board of directors. It is important that our senior leadership team understand our strategy and how this is aligned in consideration of local legislation and markets. Our strategy is explained clearly and regularly, with feedback heard and considered.



J Crotty
Director

Date: 13/7/2023

2023

MILLIKEN INDUSTRIALS LIMITED**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the period ended 27 November 2022.

DIRECTORS

The directors who served during the period and thereafter unless otherwise stated are disclosed on page 3.

SAFETY

Safety is the number one core value for Milliken Industrials Limited at all of its locations. The process is management led and associate driven.

Success emanates from the firm belief that all incidents can be prevented and relies on total participation.

All incidents, regardless of severity, are investigated to establish the root cause and actions are taken to prevent reoccurrence. This information is then shared with all Milliken locations globally.

ISO45001 accredited risk management systems are in operation at all locations focusing on the effective management of occupational health & safety.

The table indicates the Lost Work Case Incident Record for 2021 and 2022:

	2022	2021
Exposure hours	1,191,690	1,188,082
Number of incidents	2	0
Incident rate per 200,000 hours	0.34	0

ENVIRONMENT

The company recognises the importance of its environmental responsibilities and monitors its impact on the environment to reduce any damage that might be caused by the company's activities. Initiatives designed to minimise the company's impact on the environment include attempts to reduce waste sent to landfill, safe disposal of hazardous waste and reducing energy consumption.

All UK manufacturing locations are certified to ISO 14001 and ISO 50001 and operate their facilities within the framework of this management system.

EMPLOYEE ENGAGEMENT

The company is proud of our exceptional service levels which can only be consistently delivered by attracting, motivating, training and retaining the best team members.

The company's associates are key to the success of the business, and the health, safety and wellbeing of our associates is one of the principal considerations in the way we do business.

The company promotes a culture of working hard to strive for the best possible outcomes, working alongside its associates in order to achieve this. The company works closely with its associated trade associations and regulatory bodies in order to ensure that associates receive training and coaching in order to ensure they can undertake their roles to the best of their ability, and in a way that aligns to the company strategy. The company's approach to pay and benefits gives associates the opportunity to share in the company's success.

MILLIKEN INDUSTRIALS LIMITED

The company is constantly engaging with associates in various forums and annual satisfaction surveys which covers pay / benefits / working conditions etc. This enables the company to review what issues associates may be having or for ideas on how to move the company forward.

ENGAGEMENT WITH OTHER STAKEHOLDERS**The need to foster the business's relationships with suppliers, customers and others**

Stakeholder engagement is very important to the company, and it is fully committed to maintaining, developing and investing in its relationships with all key stakeholders.

The company's relationships with its key suppliers is seen as being a collaborative partnership in which both parties engage effectively and work constructively on a day to day basis in order to deliver success.

The company's strategy is based on sustainable relationships with our customers , and ensure it is giving customer loyalty to its brands. This is achieved by focusing on customer mindset in order to deliver the best possible experience throughout the customer journey.

The impact of the company's operations in the community and environment

The company understands the importance of ensuring that its operations impact the community in a positive manner.

The company seeks to minimise its carbon footprint and works collaboratively with consultants in order to promote the efficient usage of energy across its sites and has access to real time measurement of electricity and gas consumption. Trend analysis allows a reduction in consumption and a reduction in the company's carbon footprint. Furthermore, investment has been made in lightfoot technology on certain vehicles for high risk drivers, monitoring driving practices. Investment has also been made in the promotion of vehicle electrification, and charging points for both fully electric and hybrid vehicles are available on site.

The company and group seek to support employment in the local area through its recruitment policies.

The desirability of the company maintaining a reputation for high standards of business conduct

The company conducts business with integrity and enthusiasm. The company complies with all applicable laws and regulations.

Milliken has been added to the 2023 World's Most Ethical Companies list by the Ethisphere Institute for the 17th time. This year, we are one of 135 companies from 22 countries and 47 industries—all united by our emphasis on leading with ethics.

MILLIKEN INDUSTRIALS LIMITED**Carbon reporting**

The streamline energy carbon reporting disclosure covers the company's greenhouse gas emissions (scope 1,2 and 3), an appropriate intensity ratio, the total gas, electricity, fuel for transportation and production. The increase in direct emissions is due to the travel pattern returning to the pre-pandemic level.

Reporting Period: December 2021 to November 2022

	Dec 21 – Nov 22	Dec 20 – Nov 21
Electricity Usage kWh	4,935,759	3,836,687
Natural Gas Usage kWh	8,491,301	7,477,306
Scope 1 (Direct Emissions) CO ₂ e tonnes	8,491	7,477
Scope 2 (Indirect Emissions) CO ₂ e tonnes	4,936	3,837
Scope 3 (Required Elements) CO ₂ e tonnes	676	292
Scope 2 Renewable Energy CO ₂ e tonnes	-2,821	-3,837
Total Reported GHG CO ₂ e tonnes	11,282	7,769
GHG Intensity CO ₂ e tonnes/tonne	0.550	0.433

Methodologies:

- Milliken have followed the 2019 UK Government environmental reporting guidance.
- The scope 3 figures relate to the required elements of each scope 3 category rather than the optional elements. This includes business travel.
- Milliken have used UK Government's Conversion Factors for Company Reporting in each of the relevant years.
- This data is consistent with the collection and reporting requirements of Milliken's ISO50001, ISO14001 accreditations and Climate Change Agreements.

Energy Efficiency Action Summary

At Milliken Industrials Limited we understand that a commitment to sustainability today provides a healthy world for future generations.

We are proud of our environmental stewardship over our 100-year history, but we recognize that we can, and should, continue to evolve with goals that protect, preserve, and improve our world.

A number of our recent initiatives are detailed below:

- Maintained accreditation to ISO 50001 and ISO 14001 for Milliken Industrials Limited locations.
- All significant energy users are sub metered into a data historian for trending.
- 100% of purchased electricity is now from renewable sources and certified by the Carbon Trust to GHG Scope 2 protocol. More than 30% of our direct and indirect emissions are certified renewable.
- Energy intensity regression of 1.5% versus 2021 however still an improvement of 26.7% versus 2019. This equates to 0.403 Tonnes of CO₂/tonne of manufacturing output in 2022 versus 0.55 in 2019.
- Smart LED lighting fixtures continue to be installed across all locations with a goal of >90% LED by 2025.

MILLIKEN INDUSTRIALS LIMITED

- Continue to participate in the government's Climate Change Agreement and have done so since its conception.

Going concern

The 2023 forecast turnover and earnings are looking positive and the actual results at the start of the year are ahead of plan.

We are in close contact with our customers and suppliers to ensure continuity of supply, particularly for our business areas which are classified as essential industries. We have also taken steps to control our costs where possible. We are working with customers to manage their credit limits and to ensure we get paid on time whilst retaining our commitment to pay all suppliers in accordance with terms.

The directors have reassessed the company's forecasts for the 12 months from the date of this report and considered the resources of the wider Milliken Luxembourg Sarl group including confirmation of support available from them. In preparing those forecasts we have performed a range of scenario analysis which demonstrate that the company will continue to retain suitable cash headroom. Milliken Luxembourg Sarl is the ultimate parent of several European legal entities.

Milliken Industrials Ltd is part of the JPMorgan Global Pool. In Europe there is a notional pool based in Luxembourg of which Milliken Industrials is a participant. The Global pool connects companies from APAC, EMEA and the US. Via the pool Milliken Industrials can quickly and easily access additional cash if needed.

The directors have at the time of approving these financial statements a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements and adopt the going concern basis in preparing the financial statements.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings. Employees, and in some cases their elected representatives, are consulted regularly on a wide range of matters affecting their current and future interests.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report and 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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- 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.

Disclosure of information to Auditors :

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Approved by the board of directors and signed on behalf of the board

J Crotty
Director



13/7/2023

2023

MILLIKEN INDUSTRIALS LIMITED

Independent auditor's report to the members of Milliken Industrials Limited

Opinion

We have audited the financial statements of Milliken Industrials Limited (the 'company') for the period ended 27 November 2022, which comprise Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 27 November 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties, such as the crisis in Ukraine and the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates through our general commercial and sector experience and discussions with management. We determined that the following laws and regulations were most significant: the Companies Act 2006, FRS 102 'the Financial Reporting Standards applicable in the UK and Republic of Ireland' and relevant UK tax legislation. In addition, we concluded that there are certain laws and regulations that may have an effect on the determination of the amounts and disclosures within the financial statements such as Health and Safety laws and regulations. The risk

MILLIKEN INDUSTRIALS LIMITED

of non-compliance with Health and Safety laws and regulations was addressed through inquiries with the Health and Safety department.

- We made inquiries with management to understand whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected fraud. We corroborated the results of our enquiries to supporting documentation such as board minutes. From the procedures performed we did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
 - We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Assessing the design and implementation of controls management has in place to prevent and detect fraud;
 - Challenging assumptions and judgements made by management in its significant accounting estimates, being: the recognition of stock provisions, useful economic lives of fixed assets and assumptions used in the calculation of retirement benefit obligations.
 - Identifying and testing journal entries, in particular manual entries posted to revenue and unusual journal combinations impacting revenue; and
 - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's knowledge of the industry in which the client operates in and understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
- In assessing the potential risk of material misstatement, we obtained an understanding of the company's operations, including the nature of its revenue sources to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in material misstatement, and the company's control environment, including the adequacy of procedures for the authorisation of transactions.

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

MILLIKEN INDUSTRIALS LIMITED

Grant Thornton UK LLP

Stuart Muskett
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Chartered Accountants and Statutory Auditor
Manchester
Date: 13/7/2023

MILLIKEN INDUSTRIALS LIMITED**INCOME STATEMENT**

For the period 27 November 2022

		2022 £'000	2021 £'000
Turnover	5	137,746	117,857
Cost of sales		<u>(100,373)</u>	<u>(80,072)</u>
Gross profit		37,373	37,785
Administrative expenses		(23,210)	(24,584)
Other operating expense		(5,945)	(4,792)
Other operating income	27	-	95
Total administration expenses		<u>(29,155)</u>	<u>(29,281)</u>
Operating profit		8,218	8,504
Interest receivable/(paid) and similar income	6	<u>32</u>	<u>(27)</u>
Profit on ordinary activities before taxation	7	8,250	8,477
Tax on profit on ordinary Activities	9	(1,761)	(1,727)
Profit for the financial year		<u><u>6,489</u></u>	<u><u>6,750</u></u>

The notes on pages 21 to 36 form part of these financial statements.

MILLIKEN INDUSTRIALS LIMITED**STATEMENT OF COMPREHENSIVE INCOME****For the period ended 27 November 2022**

	Note	2022 £'000	2021 £'000
Profit for the financial year		6,489	6,750
Remeasurement in respect of defined benefit Pension scheme	23	-	(27)
Total comprehensive income for the financial year		<u>6,489</u>	<u>6,723</u>

MILLIKEN INDUSTRIALS LIMITED**STATEMENT OF FINANCIAL POSITION**

For the period ended 27 November 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	11	16,123	16,060
Intangible assets Other	12	1,287	1,623
Intangible assets Goodwill	12	1,692	1,884
Investments	10	6,036	6,036
		<u>25,138</u>	<u>25,603</u>
Current assets			
Stocks	13	16,505	15,138
Debtors	14	16,786	16,688
Cash and cash equivalents	15	2,143	7,936
		<u>35,434</u>	<u>39,762</u>
Creditors: amounts falling due within one year	16	<u>(17,271)</u>	<u>(20,902)</u>
Net current assets		<u>18,163</u>	<u>18,860</u>
Total assets less current liabilities		43,301	44,463
Deferred tax liability	17	<u>(1,647)</u>	<u>(1,298)</u>
Net assets		<u><u>41,654</u></u>	<u><u>43,165</u></u>
Capital and reserves			
Called up share capital	18	25,000	25,000
Other equity reserves		(103)	(103)
Profit and loss account	19	16,757	18,268
		<u><u>41,654</u></u>	<u><u>43,165</u></u>

The notes on pages 21 to 36 form part of these financial statements.

The financial statements were approved by the Board of Directors on 13/7/2023
 Signed on behalf of the board of directors:

2023.



J Crotty

Director

Company registration no: 00172105

MILLIKEN INDUSTRIALS LIMITED**STATEMENT OF CASH FLOWS**

For the period ended 27 November 2022

	2022	2021
	£'000	£'000
Cash flows from operating activities		
Profit for the financial year	6,489	6,750
Adjustments for:		
Loss on disposal of fixed assets	2	2
Depreciation of tangible assets	1,667	1,592
Amortisation of intangible assets	528	81
Interest received	(32)	-
Pension costs less contributions payable	-	27
Taxation	1,761	1,727
(Increase)/Decrease in trade and other debtors	(98)	1,181
Increase in stocks	(1,367)	(2,622)
(Decrease)/increase in trade creditors	(3,322)	2,128
Cash generated from operations	5,628	10,866
Income taxes paid	(1,689)	(1,250)
Net cash generated from operating activities	3,939	9,616
Cash flows from investing activities		
Cash acquired on hive up of subsidiaries	-	2,839
Purchase of tangible fixed assets	(1,732)	(1,618)
Net cash received from investment activities	(1,732)	1,221
Cash flows from financing activities		
Dividend paid	(8,000)	(12,000)
Net cash (used in) financing activities	(8,000)	(12,000)
Net decrease in cash and cash equivalents	(5,793)	(1,163)
Cash and cash equivalents at the beginning of year	7,936	9,099
Cash and cash equivalents at end of year	2,143	7,936

The Statement of Cashflows details the changes in net debt, therefore no separate reconciliation shown.

MILLIKEN INDUSTRIALS LIMITED**STATEMENT OF CHANGES IN EQUITY**

For the period ended 27 November 2022

	Called-up share capital £ '000	Profit and loss account £ '000	Other Reserves £'000	Total £ '000
At 2 December 2020	25,000	23,491	-	48,491
Profit for the year	-	6,750	-	6,750
Other comprehensive income	-	27	-	27
Other equity	-	-	(103)	(103)
Total comprehensive Income for the year	-	6,777	(103)	6,674
Dividend	-	(12,000)	-	(12,000)
Total transactions with Owners	-	(12,000)	-	(12,000)
At 29 November 2021	25,000	18,268	(103)	43,165
Profit for the year	-	6,489	-	6,489
Other comprehensive income	-	-	-	-
Total comprehensive Income for the year	-	6,489	-	6,489
Dividend	-	(8,000)	-	(8,000)
Total transactions with Owners	-	(8,000)	-	(8,000)
At 27 November 2022	25,000	16,757	(103)	41,654

The notes on pages 21 to 36 form part of these financial statements.

MILLIKEN INDUSTRIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 27 November 2022

1 Company information

Milliken Industrials Limited is a company incorporated in the United Kingdom and its registered office is Beech Hill Plant, Gidlow Lane, Wigan, Lancashire, WN6 8RN. Its functional currency is sterling (£).

Its company registration number is 00172105. The principal activity of the company is the manufacture of textile products and consultancy services.

2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

Group financial statements

The company has taken advantage of the exemption from preparing consolidated financial statements as ordered by section 401 of the Companies Act 2006 because it is a wholly owned subsidiary of Milliken Holding Luxembourg SARL which prepares consolidated financial statements that are publicly available from Companies House. These financial statements therefore present information about the company as an individual undertaking and not as a group.

Going concern

The 2023 forecast turnover and earnings are looking positive and the actual results at the start of the year are ahead of plan.

We are in close contact with our customers and suppliers to ensure continuity of supply, particularly for our business areas which are classified as essential industries. We have also taken steps to control our costs where possible. We are working with customers to manage their credit limits and to ensure we get paid on time whilst retaining our commitment to pay all suppliers in accordance with terms.

The directors have reassessed the company's forecasts for the 12 months from the date of this report and considered the resources of the wider Milliken Luxembourg Sarl group including confirmation of support available from them. In preparing those forecasts we have performed a range of scenario analysis which demonstrate that the company will continue to retain suitable cash headroom. Milliken Luxembourg Sarl is the ultimate parent of several European legal entities.

The directors have at the time of approving these financial statements a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements and adopt the going concern basis in preparing the financial statements.

3 Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below. These are estimates and there have been no material judgements made in the period :

- Stock provision – the company sells products that are subject to changing consumer demands. As a result, it is necessary to consider the recoverability of the stock and the provisioning required. When calculating the stock provision, management consider the nature, condition and the age of the stock.

MILLIKEN INDUSTRIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 27 November 2022

- Depreciation charged to tangible fixed assets – judgement is applied in assessing the useful economic lives of the company's fixed assets.

- Retirement benefit obligations – the present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of retirement benefit obligations. Key assumptions for retirement benefit obligations are details in note 23. The defined benefit asset is limited to the present value of any economic benefits available to the company in the form of refunds from the plan or reduced contributions to it.

4 Principal accounting policies

4.1 Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

- Freehold buildings	39 years
- Plant and machinery	10 years

Assets are held on the balance sheet as assets under construction until the assets are available for use. At this point, they are moved from assets under construction to the relevant asset class and depreciation is charged.

4.2 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

MILLIKEN INDUSTRIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 27 November 2022

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

4.3 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4.4 Investment in subsidiaries

Investment in subsidiaries are measured at cost less accumulated impairment.

4.5 Stocks

Stocks are stated at the lower of cost, using the first in first out method, and selling price less costs to complete and sell. Work in progress and finished goods include labour and attributable overheads.

4.6 Debtors

Short term debtors are measured at transaction price, less any impairment.

4.7 Cash

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less

4.8 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method

4.9 Operating leases

An operating lease is defined as a lease in which substantially all of the risks and rewards incidental to ownership of the leased asset remain with the lessor.

4.10 Holiday pay accruals

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued in the balance sheet date and carried forward in future periods.

4.11 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

MILLIKEN INDUSTRIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 27 November 2022

Deferred tax assets are only 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 and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.12 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts, allowances and value added taxes. Turnover comprises revenue earned from the sale of goods and from the rendering of services.

Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods or as to what has been contractually agreed.

Rendering of services

Turnover from the rendering of services is recognised upon delivery of the service.

4.13 Foreign currency translation

In preparing the financial statements, transactions in currencies other than the functional currency of the individual entity's (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange rate differences are recognised in profit or loss in the period in which they arise.

4.14 Interest receivable

Interest receivable is recognised in profit or loss as it accrues using the effective interest method.

4.15 Intangibles other and intangibles goodwill

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows

- Acquired brands and trademarks : 10 years

Amortisation is included in administrative expenses in the income statement.

MILLIKEN INDUSTRIALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 27 November 2022

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment where there are indicators of impairment and any impairment is charged to the income statement.

4.16 Pensions**Defined benefit scheme**

Scheme assets are valued at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit basis and discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the statement of financial position. A defined benefit asset is limited to the present value of any economic benefits available to the company in the form of refunds from the plan or reduced contributions to it. Past service costs are spread over the period until the benefit increases vest. Interest on scheme liabilities and the expected return on scheme assets are included in net interest costs. Actuarial gains and losses are reported in the statement of comprehensive income.

Defined contribution scheme

Pension costs in respect of defined contribution plans are recognised as an expense in the period in which they are incurred

5 Turnover

Turnover, analysed geographically between markets, was as follows:

	2022	2021
	£'000	£'000
UK	43,811	34,935
EMEIA	90,326	74,063
Rest of the World	3,609	8,859
	<u>137,746</u>	<u>117,857</u>

MILLIKEN INDUSTRIALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 27 November 2022

Turnover, analysed by category, was as follows:

	2022 £'000	2021 £'000
Sales of goods	135,424	115,475
Rendering of services	2,322	2,382
	<u>137,746</u>	<u>117,857</u>

6 Interest receivable

	2022 £'000	2021 £'000
Bank interest receivable/(payable)	32	(27)
	<u>32</u>	<u>(27)</u>

7 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	2022 £'000	2021 £'000
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the company's annual accounts	157	113
Fees payable to the company's auditor and its associates for other services:		
Tax compliance services	10	6
Other operating lease rentals	1,089	1,035
Research and development expense	326	475
	<u>1,582</u>	<u>1,629</u>

8 Directors and employees

Staff costs during the year were as follows:

	2022 £'000	2021 £'000
Wages and salaries	22,695	23,246
Social security costs	2,564	2,238
Other pension costs	2,252	2,059
	<u>27,511</u>	<u>27,543</u>

The company operates a defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pensions provider. Pension payments recognised as an expense during the year amount to £2,252,000 (2021: £2,059,000).

MILLIKEN INDUSTRIALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 27 November 2022

The average number of employees of the company during the year was:

	2022 Number	2021 Number
Production and distribution	399	408
Administration	190	190
	<u>589</u>	<u>598</u>

Remuneration in respect of directors was as follows:

	2022 £'000	2021 £'000
Emoluments	557	589
	<u>557</u>	<u>589</u>

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2022 £'000	2021 £'000
Emoluments	308	359
	<u>308</u>	<u>359</u>

9 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and represents:

	2022 £'000	2021 £'000
UK Corporation tax	1,282	1,143
Adjustments in respect of previous periods	(92)	25
Overseas tax	222	-
Total current tax	<u>1,412</u>	<u>1,168</u>
Deferred taxation: origination and reversal of timing differences	349	559
Tax on results on ordinary activities	<u>1,761</u>	<u>1,727</u>

MILLIKEN INDUSTRIALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the period ended 27 November 2022**

The tax assessed for the year is different than the standard rate of corporation tax in the United Kingdom at 19% (2021: 19%). The differences are explained as follows:

Profit on ordinary activities before tax	<u>8,250</u>	<u>8,477</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19% (2021: 19%)	1,568	1,611
Adjustments in respect to previous periods	(92)	25
Fixed asset timing differences	285	91
Tax on results on ordinary activities	<u>1,761</u>	<u>1,727</u>

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is nil (2021: nil).

In the Spring Budget 2023, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

10 Fixed asset investments**Subsidiary undertakings**

The following were subsidiary undertakings of the Company :

Name	Registered office	Principal activity	Holding
Borchers Catalyst (UK) Ltd	United Kingdom	Dormant	100%
Borchers Additives (UK) Ltd	United Kingdom	Dormant	100%

	Investment in Subsidiaries £'000
Cost	
At 29 November 2021	6,036
At 27 November 2022	<u>6,036</u>

MILLIKEN INDUSTRIALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 27 November 2022

11. Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Assets under Construction £'000	Total £'000
Cost				
At 29 November 2021	12,139	48,258	648	61,045
Additions	116	1,202	414	1,732
Transfers	52	558	(610)	-
Disposals	-	(449)	-	(449)
At 27 November 2022	<u>12,307</u>	<u>49,569</u>	<u>452</u>	<u>62,328</u>
Depreciation and impairment				
At 29 November 2021	5,406	39,579	-	44,985
Charge for the year	249	1,418	-	1,667
Disposals	-	(447)	-	(447)
At 27 November 2022	<u>5,655</u>	<u>40,550</u>	<u>-</u>	<u>46,205</u>
Net book amount at 29 November 2021	<u>6,733</u>	<u>8,679</u>	<u>648</u>	<u>16,060</u>
Net book amount at 27 November 2022	<u>6,652</u>	<u>9,019</u>	<u>452</u>	<u>16,123</u>

Included within freehold property is land of £1,792,332, which is not depreciated (2021: £1,792,332).

12. Intangible assets

	Goodwill £'000	Intangibles £'000	Total £'000
Cost			
At 29 November 2021	1,913	1,675	3,588
At 27 November 2022	<u>1,913</u>	<u>1,675</u>	<u>3,588</u>
Amortisation and impairment			
At 29 November 2021	29	52	81
Charge for the year	192	336	528
At 27 November 2022	<u>221</u>	<u>388</u>	<u>609</u>
Net book amount at 29 November 2021	<u>1,884</u>	<u>1,623</u>	<u>3,507</u>
Net book amount at 27 November 2022	<u>1,692</u>	<u>1,287</u>	<u>2,979</u>

MILLIKEN INDUSTRIALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 27 November 2022

13 Stocks

	2022 £'000	2021 £'000
Raw materials	4,322	4,600
Work in progress	4,449	2,940
Finished goods	7,734	7,598
	<u>16,505</u>	<u>15,138</u>

Stock recognised in cost of sales during the year as an expense was £99,817,717 (2021: £81,825,805).

An impairment gain of £108,357 (2021 gain: £540,757) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

14 Debtors

	2022 £'000	2021 £'000
Trade debtors	12,483	12,249
Amounts owed by group undertakings	3,356	3,904
VAT recoverable	407	134
Prepayments and accrued income	540	401
	<u>16,786</u>	<u>16,688</u>

Trade debtors are stated after provision for impairment of £171,367 (2021 : £185,639)

Amounts due from group companies are unsecured, interest free and are repayable on demand.

15 Cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank and in hand	<u>2,143</u>	<u>7,936</u>
	<u>2,143</u>	<u>7,936</u>

MILLIKEN INDUSTRIALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 27 November 2022

16 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	5,835	5,906
Amounts owed to group undertakings	7,818	8,770
Taxation and social security	-	93
Corporation tax	114	391
Accruals and deferred income	3,504	5,742
	<u>17,271</u>	<u>20,902</u>

Amounts due to group companies are unsecured, interest free and are repayable on demand.

17 Deferred taxation

Deferred taxation provided for at 25% (2021: 25%) in the financial statements is set out below:

	£'000
At 29 November 2021	1,298
Decelerated capital allowance – current year	344
Decelerated capital allowance – prior year	5
	<u>1,647</u>
At 1 December 2022	<u>1,647</u>

The deferred tax liability is made up as follows:

	2022	2021
	£'000	£'000
Decelerated capital allowances	1,647	1,298
	<u>1,647</u>	<u>1,298</u>

18 Called up share capital

	2022	2021
	£'000	£'000
Authorised, allotted and fully paid 500,000,000 (2021: 500,000,000) ordinary shares issued at £0.05p each)	25,000	25,000
	<u>25,000</u>	<u>25,000</u>

MILLIKEN INDUSTRIALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 27 November 2022

19 Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Profit and loss account – includes all current and prior period retained profits and losses.

Other equity reserve – relating to the Borchers Additives and Borchers Catalyst hive up into Milliken Industrials Ltd.

20 Capital commitments

The company had capital commitments of £445,537 (2021: £1,028,141).

21 Leasing commitments

The company's future minimum finance lease payments are as follows:

	2022 £'000	2021 £'000
Within one year	773	927
Between one and five years	1,748	2,741
Above five years	<u>250</u>	<u>500</u>

22 Transactions with related parties

The company has taken advantage of the exemption in FRS 102 (section 33) "Related Party Disclosure" and has not disclosed transactions with group undertakings where the company is a 100% subsidiary, as group accounts are prepared. There are no other related party transactions to disclose.

23 Financial risk management

The company has exposures to four main areas of risk – cash flow, liquidity, price and customer credit exposure.

Cash flow risk

The company's activities expose it to the financial risks of changes in foreign currency exchange rates. The company manages the currency exposure by natural hedging. The company operates a European cash pooling arrangement and any surplus funds are invested in investments which are deemed to be a low credit risk.

Credit risk

The company's principal financial assets are bank balances and trade receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

MILLIKEN INDUSTRIALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 27 November 2022

The company has no significant concentration of credit risk, with exposure spread over many countries and customers. The company has a strict credit policy and every customer is given a credit limit and payment terms that are derived from a combination of third-party information on the customer, the country and the payment history.

Liquidity risk

The directors continually review the going concern status of the company. In order to maintain liquidity to ensure that sufficient funds are available from ongoing operations and future developments, the company uses funds from an inter-company cash pool arrangement with Milliken Europe and its subsidiaries.

The directors acknowledge that there is a level of uncertainty in the general economic environment which may impact the trading position of its customers and suppliers. However, the company has contracts in place with a large number of customers and suppliers across different geographic areas and industries and this diversification provides a level of natural hedging against that risk. As a consequence, the directors believe that the company is well placed to manage its business risks in this period of uncertainty.

Price risk

The company is exposed to commodity price risk. The company manages its exposure to commodity price risk by fixing contracts with suppliers.

23 Defined Benefit Pension Scheme

The company operates a defined benefit pension scheme covering certain employees. The assets of the scheme are administered by trustees in funds independent of the company.

The most recent actuarial valuation of the scheme was carried out as at 5 April 2020 and updated to 27 November 2022, using the projected unit method and compared to the scheme's assets at their 27 November 2022 market value.

The actuarial valuation described above has been updated at 27 November 2022 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 102. Investments have been valued, for this purpose, at their fair value. The scheme is closed to future accruals.

Reconciliation of opening and closing balances of the defined benefit obligation

	2022	2021
	£'000	£'000
Defined benefit obligation at start of period	70,036	80,248
Interest expense	1,139	1,109
Actuarial gains	(23,541)	(2,563)
Experience gain/(loss) on liabilities	2,479	(6,730)
Benefits paid	(2,016)	(2,028)
Defined benefit obligation at end of period	48,097	70,036

MILLIKEN INDUSTRIALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 27 November 2022

Reconciliation of opening and closing balances of the fair value of plan assets

	2022	2021
	£'000	£'000
Fair value of plan assets at start of period	84,418	82,191
Interest income	1,376	1,136
Return on plan asset (less than)/ in excess of interest income	(24,760)	3,119
Benefits paid	(2,016)	(2,028)
Fair value of plan assets at end of period	59,018	84,418

Assets	2022	2021
	%	%
Fixed interest bonds		
Index linked bonds		
Liability Driven Investment	70.3	76.7
Diversified growth bonds	29.3	23.0
Cash	0.4	0.3
Total assets	100%	100%

MILLIKEN INDUSTRIALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 27 November 2022

23 Defined Benefit Pension Scheme (continued)

Assumptions	2022	2021
Discount rate	4.30%	1.65%
Inflation rate	3.45%	3.75%
Future pension increases	3.70%	3.80%
Average male life expectancy	21.9 years	21.9 years

The actual return on plan assets over the period ended 27 November 2022 was a loss of £23,384,000 (2021: gain of £4,255,000).

Defined benefit costs recognised in profit or loss

	2022 £'000	2021 £'000
Net interest gain/ (cost)	-	27
Defined benefit gains/(costs) recognised in income statement	-	27

Defined benefit costs recognised in Other Comprehensive Income

	2022 £'000	2021 £'000
Return on plan (excluding amounts included in net interest cost and past service cost) – (loss)/gain	(24,760)	3,119
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain	21,062	2,563
Effect of limit on amount of surplus recognised due to some of the surplus not being recognised – gain/(loss)	3,461	(5,655)
Total loss recognised in other comprehensive income	(237)	(27)

None of the fair values of the assets shown above include any of the company's own financial instruments or any property occupied by, or other assets used by the company.

MILLIKEN INDUSTRIALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 27 November 2022

The amounts recognised in the balance sheet are as follows :

	2022	2021
	£'000	£'000
Present value of scheme liabilities	(48,097)	(70,306)
Fair value of scheme assets	<u>59,018</u>	<u>84,418</u>
Funded status	10,921	14,382
Restriction on asset recognised	<u>(10,921)</u>	<u>(14,382)</u>
Net amount recognised at year end	<u> -</u>	<u> -</u>

24 Ultimate parent undertaking

The directors regard Milliken and Company, a private company incorporated in Delaware, USA, as the ultimate parent company. Milliken and Company is considered the ultimate controlling party.

The smallest group of which Milliken Industrials Limited is a member, and for which group financial statements are drawn up, is that headed up by Milliken Holding Luxembourg SARL in Luxembourg.

The largest group of which Milliken Industrials Limited is a member, and for which group financial statements are drawn up is that headed by Milliken and Company in the USA.

25 Other operating income

These funds relate to amounts received in relation to the government Coronavirus Job retention scheme.

26 Post balance sheet event

On 26th December 2022 , Milliken Industrials Ltd sold their mats business to M&A Matting (UK) Ltd