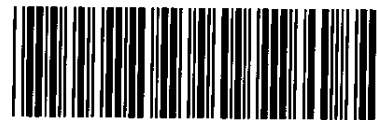


REGISTERED NUMBER: 05573731 (England and Wales)

Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 December 2017
for
Abraham Moon Holdings Limited

THURSDAY



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Contents of the Consolidated Financial Statements
for the Year Ended 31 December 2017

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	4
Consolidated Profit and loss account	6
Consolidated Balance Sheet	7
Company Balance Sheet	8
Consolidated Statement of Changes in Equity	9
Company Statement of Changes in Equity	10
Consolidated Cash Flow Statement	11
Notes to the Consolidated Cash Flow Statement	12
Notes to the Consolidated Financial Statements	13

Abraham Moon Holdings Limited

Company Information
for the Year Ended 31 December 2017

DIRECTORS: J P T Walsh
L K Brophy

SECRETARY: L K Brophy

REGISTERED OFFICE: Netherfield Mills
Netherfield Road
Guiseley
Leeds
West Yorkshire
LS20 9PA

REGISTERED NUMBER: 05573731 (England and Wales)

AUDITORS: Queripel and Kettlewell Limited
The Barn
Hall Mews
Boston Spa
Wetherby
West Yorkshire
LS23 6DT

Group Strategic Report
for the Year Ended 31 December 2017

The directors present their strategic report of the company and the group for the year ended 31 December 2017.

REVIEW OF BUSINESS

The Group's main subsidiary celebrated its 180th year in business during 2017, the highlight being a family day at the Mill in Guiseley in late August when the Black Dyke band came and entertained staff and their families. Financially it was another positive year for the Group with Total sales of £20.5m and Profit before tax of £2.4m. The group invested £1.4m in new capital equipment to help improve the quality of its products and efficiencies of its manufacturing. A new flagship store was opened in York in October and a new Abraham Moon clothing range was launched. Secured debt was reduced by £1.05m to £334K at the year end.

The Group uses the following financial key performance indicators to monitor performance :

	2017	2016
	£000	£000
Total sales	20,499	20,948
Profit before tax	2,429	2,561
Increase in cash & cash equivalents	131	1,029
Stocks	12,014	12,368

PRINCIPAL RISKS AND UNCERTAINTIES

The main risks and uncertainties centre on customer demand, raw material pricing and supply, foreign currency, liquidity and credit risk. The Group works closely with key raw material suppliers to ensure a consistent and reliable supply of high quality raw materials. Where appropriate, the Group enter forward contracts for raw materials and foreign currency and seek to match foreign currency purchases with income from overseas sales in external currencies. The Group monitors cash flow as part of its day to day control procedures. Credit risk is managed by carrying out credit checks on new and existing customers and by monitoring payment performance.

FUTURE DEVELOPMENTS

The Group continues to invest in new plant and machinery in order to help improve its quality and efficiency. Since the year end the Group has established a subsidiary in the United States to grow sales on the North American continent. The Design department is focussed on producing new and innovative ranges with existing and new customers. Initial orders and feedback for 2018 are encouraging.

POSSIBLE IMPACT OF 'BREXIT'

It is still too early to assess the medium and long term impact of 'Brexit', however the Group believes that its export sales and raw material import opportunities will help to mitigate any major adverse economic impact. To date, there has been minimal impact on sales due to the Group's wide exposure to different geographic markets.

ON BEHALF OF THE BOARD:



J P T Walsh - Director

11 June 2018

Report of the Directors
for the Year Ended 31 December 2017

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of luxury woollen fabric manufacturing.

DIVIDENDS

An interim dividend of £100,000 was paid in December 2017.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

J P T Walsh
L K Brophy

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

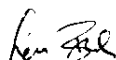
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Queripel and Kettlewell Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



L K Brophy - Secretary

11 June 2018

Report of the Independent Auditors to the Members of
Abraham Moon Holdings Limited

Opinion

We have audited the financial statements of Abraham Moon Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Profit and loss account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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).

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 a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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.

Opinion 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Abraham Moon Holdings Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

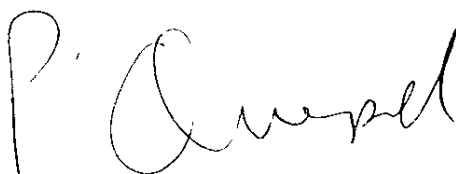
In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend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

Our 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Paul Queripel (Senior Statutory Auditor)
for and on behalf of Queripel and Kettlewell Limited
The Barn
Hall Mews
Boston Spa
Wetherby
West Yorkshire
LS23 6DT



11 June 2018

Queripel & Kettlewell Limited, Statutory Auditors

Abraham Moon Holdings Limited (Registered number: 05573731)

Consolidated Profit and loss account
for the Year Ended 31 December 2017

	Notes	31.12.17 £	31.12.16 £
TURNOVER	3	20,498,872	20,947,606
Cost of sales		10,706,417	10,403,413
GROSS PROFIT		9,792,455	10,544,193
Administrative expenses		7,779,495	7,192,246
		2,012,960	3,351,947
Other operating income		40,820	27,964
OPERATING PROFIT	5	2,053,780	3,379,911
Forward foreign exchange contract profit/loss	6	412,803	(783,120)
		2,466,583	2,596,791
Interest receivable and similar income		1,262	1,238
		2,467,845	2,598,029
Interest payable and similar expenses	7	38,501	36,751
PROFIT BEFORE TAXATION		2,429,344	2,561,278
Tax on profit	8	479,744	521,409
PROFIT FOR THE FINANCIAL YEAR		1,949,600	2,039,869
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,949,600	2,039,869
Profit attributable to: Owners of the parent		1,949,600	2,039,869
Total comprehensive income attributable to: Owners of the parent		1,949,600	2,039,869

The notes form part of these financial statements

Consolidated Balance Sheet

31 December 2017

	Notes	31.12.17 £	31.12.16 £
FIXED ASSETS			
Tangible assets	12	9,220,977	8,473,850
Investments	13	-	-
		<u>9,220,977</u>	<u>8,473,850</u>
CURRENT ASSETS			
Stocks	14	12,014,304	12,367,864
Debtors	15	1,811,472	2,140,738
Investments	16	1	1
Cash at bank		2,920,904	2,790,291
		<u>16,746,681</u>	<u>17,298,894</u>
CREDITORS			
Amounts falling due within one year	17	<u>3,786,394</u>	<u>4,432,330</u>
NET CURRENT ASSETS		<u>12,960,287</u>	<u>12,866,564</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>22,181,264</u>	<u>21,340,414</u>
CREDITORS			
Amounts falling due after more than one year	18	(593,121)	(1,725,956)
PROVISIONS FOR LIABILITIES	22	(354,892)	(333,307)
ACCRUALS AND DEFERRED INCOME	23	(242,500)	(140,000)
NET ASSETS		<u><u>20,990,751</u></u>	<u><u>19,141,151</u></u>
CAPITAL AND RESERVES			
Called up share capital	24	37,184	37,184
Share premium	25	2,992,225	2,992,225
Capital redemption reserve	25	34,004	34,004
Other reserves	25	14,137,619	14,137,619
Retained earnings	25	<u>3,789,719</u>	<u>1,940,119</u>
SHAREHOLDERS' FUNDS		<u><u>20,990,751</u></u>	<u><u>19,141,151</u></u>

The financial statements were approved by the Board of Directors on 11 June 2018 and were signed on its behalf by:



J P T Walsh - Director

The notes form part of these financial statements

Company Balance Sheet

31 December 2017

	Notes	31.12.17 £	£	31.12.16 £	£
FIXED ASSETS					
Tangible assets	12		-		-
Investments	13		63,536		63,536
			<u>63,536</u>		<u>63,536</u>
CURRENT ASSETS					
Debtors	15	3,563,450		3,613,450	
CREDITORS					
Amounts falling due within one year	17	<u>50,000</u>		<u>50,000</u>	
NET CURRENT ASSETS			<u>3,513,450</u>		<u>3,563,450</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,576,986</u>		<u>3,626,986</u>
CREDITORS					
Amounts falling due after more than one year	18		<u>549,509</u>		<u>599,509</u>
NET ASSETS			<u><u>3,027,477</u></u>		<u><u>3,027,477</u></u>
CAPITAL AND RESERVES					
Called up share capital	24		37,184		37,184
Share premium	25		2,992,225		2,992,225
Retained earnings	25		<u>(1,932)</u>		<u>(1,932)</u>
SHAREHOLDERS' FUNDS			<u><u>3,027,477</u></u>		<u><u>3,027,477</u></u>
Company's profit for the financial year			<u>100,000</u>		<u>98,068</u>

The financial statements were approved by the Board of Directors on 11 June 2018 and were signed on its behalf by:



J P T Walsh - Director

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2017

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2016	37,184	250	2,992,225
Changes in equity			
Dividends	-	(100,000)	-
Total comprehensive income	-	2,039,869	-
Balance at 31 December 2016	37,184	1,940,119	2,992,225
Changes in equity			
Dividends	-	(100,000)	-
Total comprehensive income	-	1,949,600	-
Balance at 31 December 2017	37,184	3,789,719	2,992,225
	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1 January 2016	34,004	14,137,619	17,201,282
Changes in equity			
Dividends	-	-	(100,000)
Total comprehensive income	-	-	2,039,869
Balance at 31 December 2016	34,004	14,137,619	19,141,151
Changes in equity			
Dividends	-	-	(100,000)
Total comprehensive income	-	-	1,949,600
Balance at 31 December 2017	34,004	14,137,619	20,990,751

Company Statement of Changes in Equity
for the Year Ended 31 December 2017

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2016	37,184	-	2,992,225	3,029,409
Changes in equity				
Dividends	-	(100,000)	-	(100,000)
Total comprehensive income	-	98,068	-	98,068
Balance at 31 December 2016	<u>37,184</u>	<u>(1,932)</u>	<u>2,992,225</u>	<u>3,027,477</u>
Changes in equity				
Dividends	-	(100,000)	-	(100,000)
Total comprehensive income	-	100,000	-	100,000
Balance at 31 December 2017	<u>37,184</u>	<u>(1,932)</u>	<u>2,992,225</u>	<u>3,027,477</u>

Consolidated Cash Flow Statement
for the Year Ended 31 December 2017

	Notes	31.12.17 £	31.12.16 £
Cash flows from operating activities			
Cash generated from operations	1	3,312,540	2,188,305
Interest paid		(21,478)	(29,009)
Interest element of hire purchase payments paid		(17,023)	(7,742)
Tax paid		(630,689)	(518,986)
Net cash from operating activities		<u>2,643,350</u>	<u>1,632,568</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,399,119)	(429,537)
Sale of tangible fixed assets		66,715	22,270
Interest received		1,262	1,238
Net cash from investing activities		<u>(1,331,142)</u>	<u>(406,029)</u>
Cash flows from financing activities			
New loans in		49,330	-
Loan repayments in year		(851,502)	-
Capital repayments in year		(279,423)	(97,795)
Equity dividends paid		(100,000)	(100,000)
Net cash from financing activities		<u>(1,181,595)</u>	<u>(197,795)</u>
Increase in cash and cash equivalents		<u>130,613</u>	<u>1,028,744</u>
Cash and cash equivalents at beginning of year	2	<u>2,790,291</u>	<u>1,761,547</u>
Cash and cash equivalents at end of year	2	<u><u>2,920,904</u></u>	<u><u>2,790,291</u></u>

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2017

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	31.12.17 £	31.12.16 £
Profit before taxation	2,429,344	2,561,278
Depreciation charges	634,143	643,933
Profit on disposal of fixed assets	(48,866)	(22,270)
Government grants	(22,500)	(10,000)
Finance costs	38,501	36,751
Finance income	(1,262)	(1,238)
	<hr/>	<hr/>
	3,029,360	3,208,454
Decrease/(increase) in stocks	353,560	(1,339,503)
Decrease in trade and other debtors	329,266	43,140
(Decrease)/increase in trade and other creditors	(399,646)	276,214
	<hr/>	<hr/>
Cash generated from operations	3,312,540	2,188,305

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2017

	31.12.17 £	1.1.17 £
Cash and cash equivalents	2,920,904	2,790,291

Year ended 31 December 2016

	31.12.16 £	1.1.16 £
Cash and cash equivalents	2,790,291	1,761,547

Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2017

1. **STATUTORY INFORMATION**

Abraham Moon Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Financial Reporting Standard 102 (FRS 102) and the Companies Act 2006. The Group's functional and presentational currency is sterling.

Basis of consolidation

The consolidated accounts are prepared in accordance with the Group's accounting policies and include the accounts of the Parent Company and all subsidiaries. Group companies are consolidated from the date the Group acquires control. Subsidiaries are entities over which the Parent Company has a controlling influence.

Significant judgements and estimates

In applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The main judgement concerns the likely future demand of the Group's products and how that impacts on the carrying value of stock. The directors have based their judgement on their considerable experience and understanding of the product and its market place.

Revenue

Revenue is recognised to the extent that is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised when the significant risks and rewards of ownership are transferred to the buyer. Revenue is measured as the fair value of the consideration receivable excluding discounts and VAT.

Tangible fixed assets

Tangible fixed assets are stated at historic cost less accumulated depreciation and any impairment losses. Historic cost includes expenditure directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

Depreciation is provided to write off the cost of tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates :

Freehold property - 2% pa

Leasehold property - 6.67% pa

Motor vehicles - 25% pa

Plant & machinery - varying rates between 6.67% and 33.3% pa

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted accordingly if there is indication of significant change.

Government grants

Government grants received towards the purchase of tangible fixed assets are credited to the profit and loss account using the accruals method over the expected life of the assets.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the purchase cost. Work in progress and finished goods include an appropriate proportion of fixed and variable overheads. At each balance sheet date, stocks are assessed for impairment. If the value of stocks is impaired, the carrying amount is reduced accordingly and the impairment loss is charged to the profit and loss account.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the profit & loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets are not discounted. Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the prevailing exchange rate at the date of the transactions. At the year end, foreign currency monetary items are translated using the year end exchange rate. Foreign exchange gains or losses resulting from the settlement of transactions and from the translation of foreign currency monetary assets or liabilities are recognised in the profit and loss account.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs

The Group operates a defined contribution pension scheme for its employees. Contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are accrued as a liability in the balance sheet. The assets of the scheme are held separately from the Group in an independently administered fund.

Financial instruments

Basic financial instruments

The Group enters into basic financial instrument transactions resulting in the recognition of financial assets and liabilities such as trade debtors and trade creditors and loans from banks. Debt instruments that are payable or receivable within one year, typically trade debtors or trade creditors, are measured at the undiscounted amount of cash or other consideration expected to be received or paid. If a short term instrument constitutes a financing transaction, such as the payment of a trade debt beyond normal business terms or financed at a non-market rate of interest, the financial asset or liability is initially measured at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Other financial instruments

The Group enters into forward currency contracts which are initially valued at the transaction price. The fair value of the contracts is recalculated at the year end using the spot rate of exchange. Where the year end value is materially different from the transaction price of the contracts, the movement in value is charged to the profit and loss account.

3. TURNOVER

Turnover is wholly attributable to the principal activity of the Group. The analysis of turnover by geographical markets required by the Companies Act 2006 has not been provided as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the Group.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

4. EMPLOYEES AND DIRECTORS

	31.12.17	31.12.16
	£	£
Wages and salaries	5,586,768	5,422,098
Social security costs	523,428	510,431
Other pension costs	215,006	184,726
	<u>6,325,202</u>	<u>6,117,255</u>

The average number of employees during the year was as follows:

	31.12.17	31.12.16
Administration	35	35
Manufacturing	189	202
Distribution	6	5
	<u>230</u>	<u>242</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 230 (2016 - 242).

	31.12.17	31.12.16
	£	£
Directors' remuneration	706,673	572,260
Directors' pension contributions to money purchase schemes	<u>129,799</u>	<u>87,257</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>5</u>	<u>5</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	31.12.17	31.12.16
	£	£
Emoluments etc	<u>178,120</u>	<u>146,308</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.12.17	31.12.16
	£	£
Other operating leases	141,887	86,955
Depreciation - owned assets	634,143	648,048
Profit on disposal of fixed assets	(48,866)	(22,270)
Auditors' remuneration	11,500	10,700
Foreign exchange differences	<u>29,902</u>	<u>65,923</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

6. **EXCEPTIONAL ITEM**

During 2016 the Group entered into forward foreign exchange contracts by selling forward part of its future expected Dollar and Euro income to protect its Sterling value. As required under FRS 102, the contracts were revalued at December 2016 resulting in an unrealised loss of £783,120. Some of the contracts matured in 2017 at their transaction price thereby reversing some of the unrealised loss from December 2016. The remaining contracts were revalued at December 2017 resulting in a partial reversal of the remaining 2016 unrealised loss. The resulting adjustment has been credited to the profit and loss account as an exceptional item.

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.17	31.12.16
	£	£
Bank interest	-	989
Bank loan interest	21,478	28,020
Hire purchase interest	17,023	7,742
	<u>38,501</u>	<u>36,751</u>

8. **TAXATION**

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.12.17	31.12.16
	£	£
Current tax:		
UK corporation tax	458,159	541,390
Deferred tax	21,585	(19,981)
Tax on profit	<u>479,744</u>	<u>521,409</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.17	31.12.16
	£	£
Profit before tax	<u>2,429,344</u>	<u>2,561,278</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.250% (2016 - 20%)	467,649	512,256
Effects of:		
Expenses not deductible for tax purposes	1,546	1,477
Capital allowances in excess of depreciation	(11,036)	-
Depreciation in excess of capital allowances	-	27,657
Deferred tax	21,585	(19,981)
Total tax charge	<u>479,744</u>	<u>521,409</u>

9. **INDIVIDUAL PROFIT AND LOSS ACCOUNT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

10. **DIVIDENDS**

	31.12.17 £	31.12.16 £
Ordinary shares of £1 each		
Interim	<u>100,000</u>	<u>100,000</u>

11. **PENSION SCHEME**

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £215,006 (2016 - £184,726). There were no outstanding or prepaid contributions at the year end.

12. **TANGIBLE FIXED ASSETS**

Group

	Freehold property £	Short leasehold £	Plant and machinery £	Totals £
COST				
At 1 January 2017	5,479,298	-	10,163,917	15,643,215
Additions	87,023	191,465	1,120,631	1,399,119
Disposals	-	-	(136,785)	(136,785)
At 31 December 2017	<u>5,566,321</u>	<u>191,465</u>	<u>11,147,763</u>	<u>16,905,549</u>
DEPRECIATION				
At 1 January 2017	258,113	-	6,911,252	7,169,365
Charge for year	111,147	4,255	518,741	634,143
Eliminated on disposal	-	-	(118,936)	(118,936)
At 31 December 2017	<u>369,260</u>	<u>4,255</u>	<u>7,311,057</u>	<u>7,684,572</u>
NET BOOK VALUE				
At 31 December 2017	<u>5,197,061</u>	<u>187,210</u>	<u>3,836,706</u>	<u>9,220,977</u>
At 31 December 2016	<u>5,221,185</u>	<u>-</u>	<u>3,252,665</u>	<u>8,473,850</u>

The net book value of tangible fixed assets at 31 December 2017 includes £62,990 in respect of assets held under hire purchase contracts. Depreciation of £1,340 was charged on those assets.

13. **FIXED ASSET INVESTMENTS**

Company

	Shares in group undertakings £
COST	
At 1 January 2017 and 31 December 2017	<u>63,536</u>
NET BOOK VALUE	
At 31 December 2017	<u>63,536</u>
At 31 December 2016	<u>63,536</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

13. **FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Abraham Moon & Sons Limited

Registered office: Netherfield Mills, Guiseley, Leeds, West Yorkshire, LS20 9PA

Nature of business: Luxury woollen fabric manufacturing

	%
Class of shares:	holding
Ordinary	100.00

Tempest Bailey Limited

Registered office: Netherfield Mills, Guiseley, Leeds, West Yorkshire, LS20 9PA

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Under Section 479c Companies Act 2006, the company has guaranteed the liabilities of Tempest Bailey Limited at its financial year end of 31 December 2017. Accordingly Tempest Bailey Limited has claimed exemption from audit under Section 479a for its year ended 31 December 2017.

14. **STOCKS**

	Group	
	31.12.17	31.12.16
	£	£
Raw materials	4,322,210	4,816,016
Stores	81,194	80,134
Work-in-progress	627,079	835,050
Finished goods	6,983,821	6,636,664
	<u>12,014,304</u>	<u>12,367,864</u>

15. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Trade debtors	1,480,654	1,784,728	-	-
Amounts owed by group undertakings	-	-	3,563,450	3,613,450
Other debtors	2,214	45	-	-
Tax	-	143	-	-
Prepayments and accrued income	328,604	355,822	-	-
	<u>1,811,472</u>	<u>2,140,738</u>	<u>3,563,450</u>	<u>3,613,450</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

16. CURRENT ASSET INVESTMENTS

	Group	
	31.12.17	31.12.16
	£	£
Other	1	1

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Bank loans and overdrafts (see note 19)	284,683	160,348	-	-
Other loans (see note 19)	50,000	50,000	50,000	50,000
Hire purchase contracts (see note 20)	5,718	101,811	-	-
Trade creditors	1,553,235	1,222,939	-	-
Tax	339,673	512,346	-	-
Social security and other taxes	201,026	105,064	-	-
VAT	172,112	332,928	-	-
Other creditors	320,418	999,878	-	-
Accruals and deferred income	859,529	946,166	-	-
Accrued expenses	-	850	-	-
	<u>3,786,394</u>	<u>4,432,330</u>	<u>50,000</u>	<u>50,000</u>

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Bank loans (see note 19)	-	948,835	-	-
Other loans (see note 19)	549,509	599,509	549,509	599,509
Hire purchase contracts (see note 20)	43,612	177,612	-	-
	<u>593,121</u>	<u>1,725,956</u>	<u>549,509</u>	<u>599,509</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

19. **LOANS**

An analysis of the maturity of loans is given below:

	Group		Company	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	284,683	160,348	-	-
Loan notes	50,000	50,000	50,000	50,000
	<u>334,683</u>	<u>210,348</u>	<u>50,000</u>	<u>50,000</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	-	64,750	-	-
Loan notes	50,000	50,000	50,000	50,000
	<u>50,000</u>	<u>114,750</u>	<u>50,000</u>	<u>50,000</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	-	222,801	-	-
Loan notes	83,116	133,116	83,116	133,116
	<u>83,116</u>	<u>355,917</u>	<u>83,116</u>	<u>133,116</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	-	661,284	-	-
Loan notes	416,393	416,393	416,393	416,393
	<u>416,393</u>	<u>1,077,677</u>	<u>416,393</u>	<u>416,393</u>

20. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	31.12.17	31.12.16
	£	£
Net obligations repayable:		
Within one year	5,718	101,811
Between one and five years	43,612	177,612
	<u>49,330</u>	<u>279,423</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

20. LEASING AGREEMENTS - continued

Group

	Non-cancellable operating leases	
	31.12.17	31.12.16
	£	£
Within one year	116,823	57,490
Between one and five years	385,969	198,522
In more than five years	579,956	5,204
	<u>1,082,748</u>	<u>261,216</u>

21. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	31.12.17	31.12.16
	£	£
Bank loans	284,683	1,109,183
Hire purchase contracts	49,330	279,423
	<u>334,013</u>	<u>1,388,606</u>

Bank loans are secured by a fixed charge over the the Group's assets.

22. PROVISIONS FOR LIABILITIES

	Group	
	31.12.17	31.12.16
	£	£
Deferred tax	<u>354,892</u>	<u>333,307</u>

Group

	Deferred tax
	£
Balance at 1 January 2017	333,307
Credit to Profit and loss account during year	21,585
Balance at 31 December 2017	<u>354,892</u>

There is unlikely to be any reversal of the deferred tax provision in 2018 due to the amount of expected capital expenditure.

23. ACCRUALS AND DEFERRED INCOME

	Group	
	31.12.17	31.12.16
	£	£
Deferred government grants	<u>242,500</u>	<u>140,000</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

24. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value: £1	31.12.17	31.12.16
Number:	Class:		£	£
37,184	Ordinary		<u>37,184</u>	<u>37,184</u>

25. RESERVES

Group

	Retained earnings £	Share premium £	Capital redemption reserve £	Other reserves £	Totals £
At 1 January 2017	1,940,119	2,992,225	34,004	14,137,619	19,103,967
Profit for the year	1,949,600				1,949,600
Dividends	(100,000)				(100,000)
At 31 December 2017	<u>3,789,719</u>	<u>2,992,225</u>	<u>34,004</u>	<u>14,137,619</u>	<u>20,953,567</u>

Company

	Retained earnings £	Share premium £	Totals £
At 1 January 2017	(1,932)	2,992,225	2,990,293
Profit for the year	100,000		100,000
Dividends	(100,000)		(100,000)
At 31 December 2017	<u>(1,932)</u>	<u>2,992,225</u>	<u>2,990,293</u>

26. RELATED PARTY DISCLOSURES

Key management personnel of the entity or its parent (in the aggregate)

	31.12.17	31.12.16
	£	£
Dividends paid	<u>40,845</u>	<u>40,845</u>

27. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is J P T Walsh.