

Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 December 2021
for
Abraham Moon Holdings Limited

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for the Year Ended 31 December 2021

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Abraham Moon Holdings Limited

Company Information
for the Year Ended 31 December 2021

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 2021

The directors present their strategic report of the company and the group for the year ended 31 December 2021.

REVIEW OF BUSINESS

Turnover increased by 9.5% to £18m as the worst effects of Covid-19 receded. The Group worked within Government guidelines and brought staff back into the business on a gradual basis. The overseas demand for the Group's Apparel fabric continued to grow and the Accessories division had a positive year. Profit before Tax grew by £781k to £901k as margins improved and overhead costs were controlled. We repaid the Coronavirus Business Interruption Loan (CBILS) of £2m within the 12 month interest free period supported by the Government. Cash reduced by £1.3m to £5.1m. Stocks reduced by 3% to £11m while the Group invested more in its 'stock supported' ranges to help loyal customers obtain fabrics quickly. The Group invested £1.7m in plant & machinery and property during the year to help keep it up to date with production technology.

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

	2021	2020
	£	£
Total sales	18,030	16,473
Profit before tax	901	120
Increase in cash & cash equivalents	(1,343)	3,023
Stocks	10,989	11,327

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 sustainably sourced wool. The Group enter forward contracts for raw materials and foreign currency and seek to match foreign purchases with income from overseas sales. The Group monitors cash flow as part of its day to day control procedures while credit risk is managed by monitoring payment performance and undertaking credit checks on new and existing customers.

FUTURE DEVELOPMENTS

Like many Groups in the Fashion Industry, we have been affected by the worldwide pandemic of Covid-19 since March 2020. The Group saw a reduction in demand for its products in 2020/21 but now has a resurgence in all markets as customers reorder after running down stock levels. The current worldwide challenges of the war in Ukraine, supply chain difficulties and rampant inflation are having an adverse impact in trade, however the Group is putting in systems and processes to help it better manage. The Group will continue to invest through plant and machinery as well as through digitisation and design capability. The Group's overall aim is to be a premium international brand through the provision of authentic, quality and market relevant sustainable products.

ON BEHALF OF THE BOARD:

J P T Walsh - Director

13 June 2022

Report of the Directors
for the Year Ended 31 December 2021

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2021.

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 £149,221 was paid in 2021.

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DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 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:

J P T Walsh - Director

13 June 2022

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 2021 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).

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 2021 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

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 group's and the parent 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 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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 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.

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.

Auditors' 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.

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 that are applicable to the company and determined that most significant are those that relate to the financial reporting framework, namely FRS102 and the Companies Act 2006.

We understood how the company is complying with those frameworks by making enquiries of management as to their procedures for identifying and responding to fraud risks.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. We considered the controls the company has established to address risk identified by management, or that otherwise seek to prevent, detect or deter fraud and how management monitor those controls.

Based on our understanding, we designed audit procedures to identify non-compliance with laws and regulations. Our procedures included journal entry testing based on our risk assessment, analytical procedures to identify unusual relationships that may indicate the risk of material misstatement and challenging the assumptions and judgements made by management in respect of significant accounting estimates.

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.

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

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 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.

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

13 June 2022

Queripel & Kettlewell Limited, Statutory Auditors

Consolidated Profit and loss account
for the Year Ended 31 December 2021

	Notes	31.12.21 £	31.12.20 £
TURNOVER	3	18,030,215	16,472,993
Cost of sales		<u>10,042,889</u>	<u>10,536,398</u>
GROSS PROFIT		7,987,326	5,936,595
Administrative expenses		<u>7,293,484</u>	<u>6,820,860</u>
		693,842	(884,265)
Other operating income		<u>201,188</u>	<u>1,243,013</u>
OPERATING PROFIT	5	895,030	358,748
Redundancy costs	6	-	(425,280)
Forward foreign exchange contract profit/loss	6	<u>-</u>	<u>178,316</u>
		895,030	111,784
Interest receivable and similar income		<u>6,627</u>	<u>9,405</u>
		901,657	121,189
Interest payable and similar expenses	7	<u>434</u>	<u>625</u>
PROFIT BEFORE TAXATION		901,223	120,564
Tax on profit	8	<u>332,134</u>	<u>(114,744)</u>
PROFIT FOR THE FINANCIAL YEAR		569,089	235,308
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>569,089</u>	<u>235,308</u>
Profit attributable to: Owners of the parent		<u>569,089</u>	<u>235,308</u>
Total comprehensive income attributable to: Owners of the parent		<u>569,089</u>	<u>235,308</u>

The notes form part of these financial statements

Consolidated Balance Sheet
31 December 2021

	Notes	31.12.21 £	£	31.12.20 £	£
FIXED ASSETS					
Tangible assets	12		9,657,842		9,005,313
Investments	13		-		-
			<u>9,657,842</u>		<u>9,005,313</u>
CURRENT ASSETS					
Stocks	14	10,989,026		11,327,493	
Debtors	15	2,153,694		1,920,749	
Investments	16	1		1	
Cash at bank		<u>5,060,464</u>		<u>6,403,632</u>	
		18,203,185		19,651,875	
CREDITORS					
Amounts falling due within one year	17	<u>2,844,392</u>		<u>4,402,670</u>	
NET CURRENT ASSETS			<u>15,358,793</u>		<u>15,249,205</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			25,016,635		24,254,518
CREDITORS					
Amounts falling due after more than one year	18		(416,393)		(416,393)
PROVISIONS FOR LIABILITIES	21		(682,417)		(406,850)
ACCRUALS AND DEFERRED INCOME	22		(241,682)		(175,000)
NET ASSETS			<u>23,676,143</u>		<u>23,256,275</u>
CAPITAL AND RESERVES					
Called up share capital	23		37,184		37,184
Share premium	24		2,992,225		2,992,225
Capital redemption reserve	24		34,004		34,004
Other reserves	24		14,137,619		14,137,619
Retained earnings	24		<u>6,475,111</u>		<u>6,055,243</u>
SHAREHOLDERS' FUNDS			<u>23,676,143</u>		<u>23,256,275</u>

The financial statements were approved by the Board of Directors and authorised for issue on 13 June 2022 and were signed on its behalf by:

J P T Walsh - Director

L K Brophy - Director

Company Balance Sheet
31 December 2021

	Notes	31.12.21 £	£	31.12.20 £	£
FIXED ASSETS					
Tangible assets	12		-		-
Investments	13		63,537		63,536
			<u>63,537</u>		<u>63,536</u>
CURRENT ASSETS					
Debtors	15	3,380,280		3,413,450	
CREDITORS					
Amounts falling due within one year	17	-		33,116	
NET CURRENT ASSETS			<u>3,380,280</u>		<u>3,380,334</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,443,817		3,443,870
CREDITORS					
Amounts falling due after more than one year	18		416,393		416,393
NET ASSETS			<u>3,027,424</u>		<u>3,027,477</u>
CAPITAL AND RESERVES					
Called up share capital	23		37,184		37,184
Share premium	24		2,992,225		2,992,225
Retained earnings	24		(1,985)		(1,932)
SHAREHOLDERS' FUNDS			<u>3,027,424</u>		<u>3,027,477</u>
Company's profit for the financial year			<u>149,168</u>		<u>-</u>

The financial statements were approved by the Board of Directors and authorised for issue on 13 June 2022 and were signed on its behalf by:

J P T Walsh - Director

L K Brophy - Director

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2021

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2020	37,184	5,819,935	2,992,225
Changes in equity			
Total comprehensive income	-	235,308	-
Balance at 31 December 2020	<u>37,184</u>	<u>6,055,243</u>	<u>2,992,225</u>
Changes in equity			
Dividends	-	(149,221)	-
Total comprehensive income	-	569,089	-
Balance at 31 December 2021	<u>37,184</u>	<u>6,475,111</u>	<u>2,992,225</u>
	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1 January 2020	34,004	14,137,619	23,020,967
Changes in equity			
Total comprehensive income	-	-	235,308
Balance at 31 December 2020	<u>34,004</u>	<u>14,137,619</u>	<u>23,256,275</u>
Changes in equity			
Dividends	-	-	(149,221)
Total comprehensive income	-	-	569,089
Balance at 31 December 2021	<u>34,004</u>	<u>14,137,619</u>	<u>23,676,143</u>

Company Statement of Changes in Equity
for the Year Ended 31 December 2021

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2020	37,184	(1,932)	2,992,225	3,027,477
Changes in equity				
Balance at 31 December 2020	37,184	(1,932)	2,992,225	3,027,477
Changes in equity				
Dividends	-	(149,221)	-	(149,221)
Total comprehensive income	-	149,168	-	149,168
Balance at 31 December 2021	37,184	(1,985)	2,992,225	3,027,424

Consolidated Cash Flow Statement
for the Year Ended 31 December 2021

	Notes	31.12.21 £	31.12.20 £
Cash flows from operating activities			
Cash generated from operations	1	2,374,948	1,260,204
Interest paid		(434)	(625)
Tax paid		(85,159)	(19,425)
Net cash from operating activities		<u>2,289,355</u>	<u>1,240,154</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,678,665)	(208,374)
Sale of tangible fixed assets		229,638	40,285
Interest received		6,627	9,405
Net cash from investing activities		<u>(1,442,400)</u>	<u>(158,684)</u>
Cash flows from financing activities			
New loans in		-	2,000,000
Loan repayments in year		(2,008,727)	(52,500)
Capital repayments in year		(32,175)	(5,718)
Equity dividends paid		(149,221)	-
Net cash from financing activities		<u>(2,190,123)</u>	<u>1,941,782</u>
(Decrease)/increase in cash and cash equivalents		<u>(1,343,168)</u>	<u>3,023,252</u>
Cash and cash equivalents at beginning of year	2	6,403,632	3,380,380
Cash and cash equivalents at end of year	2	<u><u>5,060,464</u></u>	<u><u>6,403,632</u></u>

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2021

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

	31.12.21	31.12.20
	£	£
Profit before taxation	901,223	120,564
Depreciation charges	961,438	931,014
Profit on disposal of fixed assets	(164,940)	(22,185)
Government grants	(24,389)	(22,500)
Finance costs	434	625
Finance income	(6,627)	(9,405)
	<u>1,667,139</u>	<u>998,113</u>
Decrease in stocks	338,467	1,357,268
(Increase)/decrease in trade and other debtors	(232,945)	55,969
Increase/(decrease) in trade and other creditors	<u>602,287</u>	<u>(1,151,146)</u>
Cash generated from operations	<u>2,374,948</u>	<u>1,260,204</u>

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 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>5,060,464</u>	<u>6,403,632</u>

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<u>6,403,632</u>	<u>3,380,380</u>

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2021

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.21 £	Cash flow £	At 31.12.21 £
Net cash			
Cash at bank	6,403,632	(1,343,168)	5,060,464
	<u>6,403,632</u>	<u>(1,343,168)</u>	<u>5,060,464</u>
Liquid resources			
Current asset investments	1	-	1
	<u>1</u>	<u>-</u>	<u>1</u>
Debt			
Finance leases	(32,175)	32,175	-
Debts falling due within 1 year	(2,033,116)	2,033,116	-
Debts falling due after 1 year	(416,393)	-	(416,393)
	<u>(2,481,684)</u>	<u>2,065,291</u>	<u>(416,393)</u>
Total	<u>3,921,949</u>	<u>722,123</u>	<u>4,644,072</u>

Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2021

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.

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 2021

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 2021

4. **EMPLOYEES AND DIRECTORS**

	31.12.21	31.12.20
	£	£
Wages and salaries	5,420,526	5,360,697
Social security costs	522,161	505,017
Other pension costs	304,652	220,210
	<u>6,247,339</u>	<u>6,085,924</u>

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

	31.12.21	31.12.20
Administration	31	36
Manufacturing	156	179
Distribution	5	6
	<u>192</u>	<u>221</u>

	31.12.21	31.12.20
	£	£
Directors' remuneration	592,212	530,877
Directors' pension contributions to money purchase schemes	<u>181,907</u>	<u>78,682</u>

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

	6	5
Money purchase schemes	<u>6</u>	<u>5</u>

Information regarding the highest paid director is as follows:

	31.12.21	31.12.20
	£	£
Emoluments etc	<u>119,454</u>	<u>131,762</u>

5. **OPERATING PROFIT**

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

	31.12.21	31.12.20
	£	£
Other operating leases	228,226	189,342
Depreciation - owned assets	961,438	931,014
Profit on disposal of fixed assets	(164,940)	(22,185)
Auditors' remuneration	15,000	15,000
Foreign exchange differences	<u>58,819</u>	<u>(94,639)</u>

6. **EXCEPTIONAL ITEMS**

	31.12.21	31.12.20
	£	£
Redundancy costs	-	(425,280)
Forward foreign exchange contract profit/loss	-	178,316
	<u>-</u>	<u>(246,964)</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.21	31.12.20
	£	£
Bank interest	<u>434</u>	<u>625</u>

8. **TAXATION**

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	31.12.21	31.12.20
	£	£
Current tax:		
UK corporation tax	56,567	(63,147)
Deferred tax	<u>275,567</u>	<u>(51,597)</u>
Tax on profit	<u>332,134</u>	<u>(114,744)</u>

Reconciliation of total tax charge/(credit) 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:

	31.12.21	31.12.20
	£	£
Profit before tax	<u>901,223</u>	<u>120,564</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19 % (2020 - 19 %)	171,232	22,907
Effects of:		
Expenses not deductible for tax purposes	1,932	5,453
Capital allowances in excess of depreciation	(116,597)	-
Depreciation in excess of capital allowances	-	75,799
Adjustments to tax charge in respect of previous periods	-	(148,306)
Prior year expenses now deductible	-	(19,000)
Deferred tax	<u>275,567</u>	<u>(51,597)</u>
Total tax charge/(credit)	<u>332,134</u>	<u>(114,744)</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.

10. **DIVIDENDS**

	31.12.21	31.12.20
	£	£
Ordinary shares of £1 each		
Interim	<u>149,221</u>	<u>-</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

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 £304,652 (2020 - £220,210). There was an accrued contribution at the year end of £12,000.

12. **TANGIBLE FIXED ASSETS**

Group

	Freehold property £	Short leasehold £	Plant and machinery £	Totals £
COST				
At 1 January 2021	5,723,617	193,600	12,648,151	18,565,368
Additions	69,867	-	1,608,798	1,678,665
Disposals	-	-	(1,590,092)	(1,590,092)
At 31 December 2021	5,793,484	193,600	12,666,857	18,653,941
DEPRECIATION				
At 1 January 2021	709,751	43,023	8,807,281	9,560,055
Charge for year	115,208	12,907	833,323	961,438
Eliminated on disposal	-	-	(1,525,394)	(1,525,394)
At 31 December 2021	824,959	55,930	8,115,210	8,996,099
NET BOOK VALUE				
At 31 December 2021	4,968,525	137,670	4,551,647	9,657,842
At 31 December 2020	5,013,866	150,577	3,840,870	9,005,313

13. **FIXED ASSET INVESTMENTS**

Company

	Shares in group undertakings £
COST	
At 1 January 2021	63,536
Additions	1
At 31 December 2021	63,537
NET BOOK VALUE	
At 31 December 2021	63,537
At 31 December 2020	63,536

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

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 2021. Accordingly Tempest Bailey Limited has claimed exemption from audit under Section 479a for its year ended 31 December 2021.

The Sustainable Wool Company Limited

Registered office: Netherfield Mills, Netherfield Road, Guiseley, Leeds, England, LS20 9PD

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Abraham Moon (1837) Inc

Registered office: 2544 Weddington Avenue, Apt 2447, Charlotte NC 28204, USA

Nature of business: Auxiliary activities

	%
Class of shares:	holding
Ordinary	100.00

14. **STOCKS**

	Group	
	31.12.21	31.12.20
	£	£
Raw materials	5,582,454	4,677,378
Stores	68,599	77,849
Work-in-progress	414,535	586,855
Finished goods	4,923,438	5,985,411
	<u>10,989,026</u>	<u>11,327,493</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

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

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Trade debtors	1,656,184	1,298,613	-	-
Amounts owed by group undertakings	-	-	3,380,280	3,413,450
Other debtors	93,318	252,717	-	-
Prepayments and accrued income	404,192	369,419	-	-
	<u>2,153,694</u>	<u>1,920,749</u>	<u>3,380,280</u>	<u>3,413,450</u>

16. **CURRENT ASSET INVESTMENTS**

	Group	
	31.12.21	31.12.20
	£	£
Other	<u>1</u>	<u>1</u>

17. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Bank loans and overdrafts (see note 19)	-	2,000,000	-	-
Other loans (see note 19)	-	33,116	-	33,116
Hire purchase contracts (see note 20)	-	32,175	-	-
Trade creditors	1,708,732	1,186,835	-	-
Tax	56,567	85,159	-	-
Social security and other taxes	134,290	108,224	-	-
VAT	52,899	143,835	-	-
Other creditors	184,414	251,252	-	-
Accruals and deferred income	707,490	562,074	-	-
	<u>2,844,392</u>	<u>4,402,670</u>	<u>-</u>	<u>33,116</u>

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

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Other loans (see note 19)	<u>416,393</u>	<u>416,393</u>	<u>416,393</u>	<u>416,393</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

19. **LOANS**

An analysis of the maturity of loans is given below:

	Group		Company	
	31.12.21	31.12.20	31.12.21	31.12.20
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	-	2,000,000	-	-
Loan notes	-	33,116	-	33,116
	<u>-</u>	<u>2,033,116</u>	<u>-</u>	<u>33,116</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Loan notes	<u>416,393</u>	<u>416,393</u>	<u>416,393</u>	<u>416,393</u>

20. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	31.12.21	31.12.20
	£	£
Net obligations repayable:		
Within one year	<u>-</u>	<u>32,175</u>

Group

	Non-cancellable operating leases	
	31.12.21	31.12.20
	£	£
Within one year	64,537	85,385
Between one and five years	237,332	242,536
In more than five years	<u>342,624</u>	<u>401,957</u>
	<u>644,493</u>	<u>729,878</u>

21. **PROVISIONS FOR LIABILITIES**

	Group	
	31.12.21	31.12.20
	£	£
Deferred tax	<u>682,417</u>	<u>406,850</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2021

21. PROVISIONS FOR LIABILITIES - continued

Group

	Deferred tax £
Balance at 1 January 2021	406,850
Charge to Profit and loss account during year	275,567
Balance at 31 December 2021	<u>682,417</u>

There is unlikely to be a reversal of the deferred tax provision in 2022 due to the level of capital expenditure.

22. ACCRUALS AND DEFERRED INCOME

	Group	
	31.12.21 £	31.12.20 £
Deferred government grants	<u>241,682</u>	<u>175,000</u>

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	31.12.21 £	31.12.20 £
37,184	Ordinary		<u>37,184</u>	<u>37,184</u>

24. RESERVES

Group

	Retained earnings £	Share premium £	Capital redemption reserve £	Other reserves £	Totals £
At 1 January 2021	6,055,243	2,992,225	34,004	14,137,619	23,219,091
Profit for the year	569,089				569,089
Dividends	(149,221)				(149,221)
At 31 December 2021	<u>6,475,111</u>	<u>2,992,225</u>	<u>34,004</u>	<u>14,137,619</u>	<u>23,638,959</u>

Company

	Retained earnings £	Share premium £	Totals £
At 1 January 2021	(1,932)	2,992,225	2,990,293
Profit for the year	149,168		149,168
Dividends	(149,221)		(149,221)
At 31 December 2021	<u>(1,985)</u>	<u>2,992,225</u>	<u>2,990,240</u>

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is J P T Walsh.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.