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Company Registration No. 06552921 (England and Wales)

**A W Hainsworth Holdings Limited**

**Annual report and  
group financial statements  
for the year ended 31 December 2019**

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## **A W Hainsworth Holdings Limited**

### **Company information**

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<b>Directors</b>	Rachel Taylor Adam Hainsworth Thomas Hainsworth Andrew Wright	(Appointed 26 April 2019)
<b>Company number</b>	06552921	
<b>Registered office</b>	Spring Valley Mills Spring Valley Stanningley Pudsey West Yorkshire LS28 6DW	
<b>Independent auditor</b>	Saffery Champness LLP Mitre House North Park Road Harrogate North Yorkshire HG1 5RX	

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## **A W Hainsworth Holdings Limited**

### **Contents**

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	<b>Page</b>
Strategic report	<b>1</b>
Directors' report	<b>2 - 3</b>
Directors' responsibilities statement	<b>4</b>
Independent auditor's report	<b>5 - 7</b>
Consolidated income statement	<b>8</b>
Consolidated statement of financial position	<b>10 - 11</b>
Company statement of financial position	<b>12</b>
Consolidated statement of changes in equity	<b>13</b>
Company statement of changes in equity	<b>14</b>
Notes to the financial statements	<b>16 - 45</b>

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**A W Hainsworth Holdings Limited**

**Strategic report**

**For the year ended 31 December 2019**

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The directors present the strategic report for the year ended 31 December 2019.

**Fair review of the Business and Key Performance Indicators**

The profit on ordinary activities before taxation amounted to £2,632,766 (2018: £1,897,398).

To maintain its leadership position in the niche markets it serves, the Group works closely with its customers and suppliers and undertakes research and development to continually create innovative products.

The results have been positively impacted by a slight change in sales mix, together with tighter controls over costs. The company was pleased to make a strategic investment in yarn dyeing at the end of the year.

The company continues to manage its business by reference to two key performance indicators; turnover £21,205k (2018: £22,882k) and gross profit margin 27% (2018: 22%).

**Future Prospects**

2020 is bringing lots of unknown factors to our markets, however with a clear focus on our customers and building long term relationships with our suppliers, we are well placed to ride the storms.

**Principal risks and uncertainties**

The Board keeps tight fiscal control in all production and material costs. The principal risk is the input price of raw materials, exchange rates and energy price fluctuations. Where practical the group covers forward raw materials and balances exchange rates through purchases and sales in different currencies.

With effect from 24 March 2020 the company has been impacted by the latest government guidance in relation to the outbreak of the COVID-19 virus. The government guidance issued has resulted in a need to significantly reduce the current level of activity within the mill in order to ensure adherence to the latest distancing and health and safety measures being advised by the UK government. As a result of this reduction, a number of employees have been furloughed by the company.

The diversity of the company's activities has helped to ensure that performance to date during 2020 has remained positive and the cash position remains strong at the time of approval of the financial statements. The directors are pleased with continuing performance against budget despite the ongoing disruption of the COVID-19 outbreak, and the company remains in a strong financial position. Despite this strong performance, there remains uncertainty around how long the COVID-19 disruption is likely to last and subsequently the extent of any future impact on the company's ability to continue as a going concern.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

On behalf of the board



Thomas Hainsworth

Director

18 May 2020

## **A W Hainsworth Holdings Limited**

### **Directors' report**

**For the year ended 31 December 2019**

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The directors present their annual report and financial statements for the year ended 31 December 2019.

#### **Principal activities**

The principal activity of the group continued to be as manufacturers and merchants of cloth and textile products.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Rachel Taylor

Adam Hainsworth

Thomas Hainsworth

Paul Hainsworth

(Resigned 26 April 2019)

Andrew Wright

(Appointed 26 April 2019)

#### **Results and dividends**

The results for the year are set out on page 8.

Ordinary dividends were declared amounting to £264,800. The directors do not recommend payment of a further dividend.

#### **Auditor**

The auditor, Saffery Champness LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

#### **Employee involvement**

It is the group's policy that employees should be kept as fully informed as is feasible and practicable about the activities of the group through the media of company newspapers, works committees and team briefings. Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. They are eligible for promotion and within the limits of their disabilities are given equal consideration with other applicants. It is the group's policy to continue to employ persons who become disabled within the company's employment.

**A W Hainsworth Holdings Limited**

**Directors' report (continued)**

**For the year ended 31 December 2019**

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**Defined benefit final salary pension scheme**

During the year the company paid into the scheme £450,000 which was the difference between the scheme assets and the quote received from Aviva to take over the final liabilities of the scheme. The scheme is now going through data cleansing, with the aim to legally close the scheme down by 30 June 2020. The company is very pleased to have finally crystalized its pension scheme liabilities, since closing the scheme for future accruals in September 2010.

On behalf of the board



Thomas Hainsworth

Director

18 May 2020

**A W Hainsworth Holdings Limited**

**Directors' responsibilities statement**

**For the year ended 31 December 2019**

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **A W Hainsworth Holdings Limited**

### **Independent auditor's report**

**To the members of A W Hainsworth Holdings Limited**

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#### **Opinion**

We have audited the financial statements of A W Hainsworth Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the group income statement, the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company 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 FRS 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 the parent company's affairs as at 31 December 2019 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 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.

#### **Material uncertainty related to going concern**

We draw attention to note 1 in the financial statements, which explains that during 2020 the company has been impacted by government restrictions in relation to the outbreak of COVID-19. Although the company has continued to perform positively throughout the early months of 2020 and maintains a strong cash position at the time of approval of the financial statements, the latest government advice has resulted in a restriction to the level of work being performed through the mill and a number of employees have been furloughed as a result. At the date of approving these financial statements, it is unknown for how long and to what extent these government restrictions will remain in place and these events and conditions indicate the existence of a material uncertainty which may cast doubt over the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



**A W Hainsworth Holdings Limited**

**Independent auditor's report (continued)**

**To the members of A W Hainsworth Holdings Limited**

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 our 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.

**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 strategic report and the directors' report.

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.

**A W Hainsworth Holdings Limited**

**Independent auditor's report (continued)**

**To the members of A W Hainsworth Holdings Limited**

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**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 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.

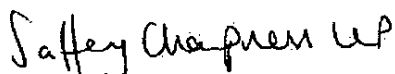
**Auditor's responsibilities for the audit of the financial statements**

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.

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



**Sally Appleton (Senior Statutory Auditor)**  
**for and on behalf of Saffery Champness LLP**

*29 May 2020*

**Chartered Accountants**  
**Statutory Auditors**

Mitre House  
North Park Road  
Harrogate  
North Yorkshire  
HG1 5RX

**A W Hainsworth Holdings Limited**

**Consolidated income statement**

**For the year ended 31 December 2019**

	Notes	2019 £	2018 £
Turnover	3	21,205,158	22,882,238
Cost of sales		(15,530,002)	(17,859,068)
<b>Gross profit</b>		<b>5,675,156</b>	<b>5,023,170</b>
Distribution costs		(592,021)	(726,142)
Administrative expenses		(3,098,784)	(2,499,062)
Other operating income		143,744	127,758
Exceptional income	4	329,112	-
<b>Operating profit</b>	5	<b>2,457,207</b>	<b>1,925,724</b>
Interest receivable and similar income	9	22,000	14,000
Interest payable and similar expenses	10	(45,053)	(42,326)
Fair value gains and losses on investment properties		198,612	-
<b>Profit before taxation</b>		<b>2,632,766</b>	<b>1,897,398</b>
Taxation	11	(131,309)	(193,421)
<b>Profit for the financial year</b>	31	<b>2,501,457</b>	<b>1,703,977</b>

The income statement has been prepared on the basis that all operations are continuing operations.

**A W Hainsworth Holdings Limited**

**Consolidated statement of comprehensive income  
For the year ended 31 December 2019**

		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
<b>Profit for the year</b>		<b>2,501,457</b>	<b>1,703,977</b>
<b>Other comprehensive income</b>			
Actuarial loss on defined benefit pension scheme	(1,035,000)	(130,000)	
Provision against pension asset	467,000	(117,000)	
Actuarial loss on defined benefit pension schemes		(568,000)	(247,000)
Deferred tax movement		96,000	(41,000)
<b>Other comprehensive (loss)/income for the year</b>		<b>(472,000)</b>	<b>(288,000)</b>
<b>Total comprehensive income for the year</b>		<b>2,029,457</b>	<b>1,415,977</b>

**A W Hainsworth Holdings Limited**

**Group statement of financial position  
As at 31 December 2019**

	Notes	£	2019 £	£	2018 £
<b>Fixed assets</b>					
Negative goodwill	13		(87,800)		-
Tangible assets	14		2,948,571		2,500,023
Investment properties	15		680,000		-
			<u>3,540,771</u>		<u>2,500,023</u>
<b>Current assets</b>					
Stocks	18	8,010,300		6,533,225	
Debtors	19	3,338,691		3,215,706	
Cash at bank and in hand		1,404,268		1,696,558	
			<u>12,753,259</u>	<u>11,445,489</u>	
<b>Creditors: amounts falling due within one year</b>	20	(4,662,830)		(3,761,217)	
<b>Net current assets</b>			<u>8,090,429</u>		<u>7,684,272</u>
<b>Total assets less current liabilities</b>			<u>11,631,200</u>		<u>10,184,295</u>
<b>Creditors: amounts falling due after more than one year</b>	21		(430,123)		(777,452)
<b>Provisions for liabilities</b>	24		(239,575)		(209,998)
<b>Net assets</b>			<u>10,961,502</u>		<u>9,196,845</u>
<b>Capital and reserves</b>					
Called up share capital	27		40,000		40,000
Revaluation reserve	29		118		118
Capital redemption reserve	30		743,491		743,491
Other reserves	28		42,500		42,500
Profit and loss reserves	31		10,135,393		8,370,736
<b>Total equity</b>			<u>10,961,502</u>		<u>9,196,845</u>

**A W Hainsworth Holdings Limited**

**Group statement of financial position (continued)**

**As at 31 December 2019**

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The financial statements were approved by the board of directors and authorised for issue on 18/5/20 and are signed on its behalf by:



Thomas Hainsworth

Director

**A W Hainsworth Holdings Limited**

**Company statement of financial position  
As at 31 December 2019**

			2019		2018
	Notes	£	£	£	£
<b>Fixed assets</b>					
Investments	16		42,500		42,500
<b>Current assets</b>					
Debtors	19	281,350		239,700	
<b>Creditors: amounts falling due within one year</b>	20	(283,850)		(242,200)	
<b>Net current liabilities</b>			(2,500)		(2,500)
<b>Total assets less current liabilities</b>			40,000		40,000
<b>Capital and reserves</b>					
Called up share capital	27		40,000		40,000

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £264,800 (2018: £225,600).

The financial statements were approved by the board of directors and authorised for issue on 18/5/20 and are signed on its behalf by:

  
.....  
Thomas Hainsworth  
Director

**Company Registration No. 06552921**

**A W Hainsworth Holdings Limited**

**Group statement of changes in equity  
For the year ended 31 December 2019**

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2018</b>		40,000	118	743,491	42,500	7,180,359	8,006,468
<b>Year ended 31 December 2018:</b>							
Profit for the year		-	-	-	-	1,703,977	1,703,977
Other comprehensive income:							
Actuarial gains on defined benefit plans		-	-	-	-	(247,000)	(247,000)
Tax relating to other comprehensive income		-	-	-	-	(41,000)	(41,000)
<b>Total comprehensive income for the year</b>		-	-	-	-	1,415,977	1,415,977
Dividends	12	-	-	-	-	(225,600)	(225,600)
<b>Balance at 31 December 2018</b>		40,000	118	743,491	42,500	8,370,736	9,196,845
<b>Year ended 31 December 2019:</b>							
Profit for the year		-	-	-	-	2,501,457	2,501,457
Other comprehensive income:							
Actuarial gains on defined benefit plans		-	-	-	-	(568,000)	(568,000)
Tax relating to other comprehensive income		-	-	-	-	96,000	96,000
<b>Total comprehensive income for the year</b>		-	-	-	-	2,029,457	2,029,457
Dividends	12	-	-	-	-	(264,800)	(264,800)
<b>Balance at 31 December 2019</b>		40,000	118	743,491	42,500	10,135,393	10,961,502



**A W Hainsworth Holdings Limited**

**Company statement of changes in equity  
For the year ended 31 December 2019**

		<b>Share capital</b>	<b>Profit and loss reserves</b>	<b>Total</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 1 January 2018</b>		40,000	-	40,000
<b>Year ended 31 December 2018:</b>				
Profit and total comprehensive income for the year		-	225,600	225,600
Dividends	<b>12</b>	-	(225,600)	(225,600)
<b>Balance at 31 December 2018</b>		40,000	-	40,000
<b>Year ended 31 December 2019:</b>				
Profit and total comprehensive income for the year		-	264,800	264,800
Dividends	<b>12</b>	-	(264,800)	(264,800)
<b>Balance at 31 December 2019</b>		40,000	-	40,000

**A W Hainsworth Holdings Limited**

**Consolidated statement of cash flows  
For the year ended 31 December 2019**

	Notes	£	2019 £	£	2018 £
<b>Cash flows from operating activities</b>					
Cash generated from operations	35		1,657,544		858,370
Interest paid			(45,053)		(42,326)
Income taxes paid			(125,666)		(104,794)
<b>Net cash inflow from operating activities</b>			<b>1,486,825</b>		<b>711,250</b>
<b>Investing activities</b>					
Purchase of intangible assets		87,800		-	
Purchase of tangible fixed assets		(1,314,749)		(487,959)	
Proceeds on disposal of tangible fixed assets		-		2,500	
<b>Net cash used in investing activities</b>			<b>(1,226,949)</b>		<b>(485,459)</b>
<b>Financing activities</b>					
Repayment of borrowings		56,669		-	
Repayment of bank loans		(307,211)		306,230	
Payment of finance leases obligations		(76,024)		16,904	
Dividends paid to equity shareholders		(225,600)		(212,000)	
<b>Net cash (used in)/generated from financing activities</b>			<b>(552,166)</b>		<b>111,134</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			<b>(292,290)</b>		<b>336,925</b>
Cash and cash equivalents at beginning of year			1,696,558		1,359,633
<b>Cash and cash equivalents at end of year</b>			<b>1,404,268</b>		<b>1,696,558</b>

## **A W Hainsworth Holdings Limited**

### **Notes to the financial statements**

**For the year ended 31 December 2019**

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#### **1 Accounting policies**

##### **Company information**

A W Hainsworth Holdings Limited ("the company") is a private limited company incorporated in England and Wales. The registered office is Spring Valley Mills, Spring Valley, Stanningley, Pudsey, West Yorkshire, LS28 6DW.

The group consists of A W Hainsworth Holdings Limited and all of its subsidiaries.

##### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

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**1 Accounting policies (continued)**

**1.2 Basis of consolidation**

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The group financial statements incorporate those of A W Hainsworth Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

**1 Accounting policies (continued)**

**1.3 Going concern**

With effect from 24 March 2020 the company has been impacted by the latest government guidance in relation to the outbreak of the COVID-19 virus. The government guidance issued has resulted in a need to significantly reduce the current level of activity within the mill in order to ensure adherence to the latest distancing and health and safety measures being advised by the UK government. As a result of this reduction, a number of employees have been furloughed by the company.

The diversity of the company's activities has helped to ensure that performance to date during 2020 has remained positive and the cash position remains strong at the time of approval of the financial statements. The directors are pleased with continuing performance against budget despite the ongoing disruption of the COVID-19 outbreak, and the company remains in a strong financial position. Despite this strong performance, there remains uncertainty around how long the COVID-19 disruption is likely to last and subsequently the extent of any future impact on the company's ability to continue as a going concern.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

**1.4 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**1.5 Intangible fixed assets - goodwill**

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life subject to an annual review for impairment.

**1.6 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

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**1 Accounting policies (continued)**

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	nil, or 2% reducing balance
Leasehold improvements	10% per annum, on a straight line basis
Plant and machinery	5% to 25% per annum, on a straight line basis
Fixtures, fittings & equipment	25% reducing balance
Motor vehicles	25% per annum, on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

**1.7 Investment properties**

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

**1.8 Fixed asset investments**

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

**1.9 Impairment of fixed assets**

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

**1 Accounting policies (continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.10 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

**1.11 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.12 Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

**1 Accounting policies (continued)**

***Basic financial assets***

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Other financial assets***

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.



**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)  
For the year ended 31 December 2019**

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**1 Accounting policies (continued)**

***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

**1.13 Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

**1.14 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**1 Accounting policies (continued)**

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.15 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1 Accounting policies (continued)**

**1.16 Retirement benefits**

The group operates a funded defined benefit pension scheme and a money purchase pension scheme. The money purchase pension scheme "The Hainsworth Pension Scheme" was established on 1 July 2000. The assets of the scheme are held separately from those of the group in independently administered funds. For the money purchase scheme the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

For the defined benefit section the amounts charged to operating profit are the current service costs and gains and losses on settlements or curtailments. They are included as part of staff costs. Past service costs are recognised in the profit and loss account if the benefits have vested. If the benefits have not vested immediately the costs are recognised over a period until vesting occurs. The interest costs and the expected return on assets are shown as a net amount of other financial costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

The defined benefit section is funded, with the assets held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

**1.17 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)  
For the year ended 31 December 2019**

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**1 Accounting policies (continued)**

**1.18 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

**1.19 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

**1.20 Revenue recognition**

Revenue is recognised at the point of sale to the customer.

**1.21 Dividends on shares presented in shareholders' funds**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

## 2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

### Provisions

Provision is made for bad and doubtful debts and obsolete stock. These provisions require management's best estimate of the recoverability of trade debtors and the expected future use of stock.

### Defined benefit pension scheme

The company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and the current trends.

## 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2019	2018
	£	£
<b>Turnover</b>		
Sale of goods	21,205,158	22,882,238
	<u>          </u>	<u>          </u>
<b>Other significant revenue</b>		
Interest income	22,000	14,000
Grants received	12,261	12,261
	<u>          </u>	<u>          </u>

**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

**3 Turnover and other revenue (continued)**

**Turnover analysed by geographical market**

A market analysis of turnover and profit before taxation has not been given, as in the opinion of the directors, it would be seriously prejudicial to the interests of the company.

<b>4 Exceptional income</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Exceptional income	(329,112)	-

Exceptional income includes the following items:

A profit of £329,112 was made on the sale of houses which were previously held in Stock as Properties under construction.

**5 Operating profit**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	87,319	(40,086)
Government grants	(12,261)	(12,261)
Depreciation of owned tangible fixed assets	309,972	295,809
Depreciation of tangible fixed assets held under finance leases	74,841	73,541
(Profit)/loss on disposal of tangible fixed assets	-	5
Cost of stocks recognised as an expense	13,432,827	15,059,868
Operating lease charges	174,940	185,882

**6 Auditor's remuneration**

	<b>2019</b>	<b>2018</b>
Fees payable to the company's auditor and associates:	<b>£</b>	<b>£</b>
<b>For audit services</b>		
Audit of the financial statements of the group and company	1,000	1,000
Audit of the financial statements of the company's subsidiaries	20,750	19,750
	<u>21,750</u>	<u>20,750</u>
<b>For other services</b>		
Taxation compliance services	4,150	4,050

**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

**6 Auditor's remuneration (continued)**

**For services in respect of associated pension schemes**

Audit-related assurance services	2,660	2,600
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**7 Employees**

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Production and administration	192	185	-	-

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	5,582,832	4,927,255	-	-
Social security costs	459,727	423,789	-	-
Pension costs	345,904	246,245	-	-
	6,388,463	5,597,289	-	-

**8 Directors' remuneration**

	2019 £	2018 £
Remuneration for qualifying services	183,171	217,748
Company pension contributions to defined contribution schemes	36,763	68,195
	219,934	285,943

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	99,329	97,318
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**A W Hainsworth Holdings Limited****Notes to the financial statements (continued)  
For the year ended 31 December 2019****9 Interest receivable and similar income**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on the net defined benefit asset	22,000	14,000

**10 Interest payable and similar expenses**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and loans	28,503	28,226
Dividends on redeemable preference shares not classified as equity	16,550	14,100
<b>Total finance costs</b>	<b>45,053</b>	<b>42,326</b>

**11 Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	195,291	201,836
Adjustments in respect of prior periods	(75,859)	(41,266)
<b>Total current tax</b>	<b>119,432</b>	<b>160,570</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	11,877	33,273
Previously unrecognised tax loss, tax credit or timing difference	-	(422)
<b>Total deferred tax</b>	<b>11,877</b>	<b>32,851</b>
<b>Total tax charge</b>	<b>131,309</b>	<b>193,421</b>



**A W Hainsworth Holdings Limited****Notes to the financial statements (continued)****For the year ended 31 December 2019****11 Taxation (continued)**

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	2,632,766	1,897,398
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	500,226	360,506
Tax effect of expenses that are not deductible in determining taxable profit	14,208	71,418
Tax effect of income not taxable in determining taxable profit	(129,746)	(54,720)
Gains not taxable	-	(2,330)
Effect of change in corporation tax rate	(1,397)	(3,914)
Research and development tax credit	(176,123)	(135,850)
Under/(over) provided in prior years	(75,859)	(41,226)
Deferred tax adjustments in respect of prior years	-	(422)
Short term timing differences	-	(41)
Taxation charge	131,309	193,421

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2019 £	2018 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	(96,000)	41,000

The standard rate of tax applied to reported profit on ordinary activities is 19% (2017 20%).

**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

**12 Dividends**

	2019 £	2018 £
Final declared	264,800	225,600

**13 Intangible fixed assets**

Group	Negative goodwill £
Cost	
Additions - separately acquired	(87,800)
At 31 December 2019	(87,800)
Amortisation and impairment	
Carrying amount	
At 31 December 2019	(87,800)
At 31 December 2018	-

The company had no intangible fixed assets at 31 December 2019 or 31 December 2018.

On 13 December 2019, A W Hainsworth & Sons Limited acquired 100% of the share capital of The Atkinson Dyeing Company Limited for consideration of £290,000. At the date of acquisition an assessment of the fair value of assets and liabilities acquired was performed and it was determined that the group had acquired assets and liabilities with a fair value in excess of the consideration paid. As a result negative goodwill has been recognised. The negative goodwill recognised will be released to the profit and loss account across the useful economic life of the property.

**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

<b>14 Tangible fixed assets</b>										
<b>Group</b>	<b>Land and buildings Freehold</b>	<b>Leasehold improvements</b>	<b>Assets under construction</b>	<b>Plant and machinery</b>	<b>Fixtures, fittings &amp; equipment</b>	<b>Motor vehicles</b>	<b>Total</b>			
	£	£	£	£	£	£	£			
<b>Cost</b>										
At 1 January 2019	-	568,471	179,887	11,125,972	-	17,366	11,891,696			
Additions	-	-	522,369	265,623	-	-	787,992			
Business combinations	400,000	-	-	92,793	2,532	31,432	526,757			
Transfers	220,868	-	(220,868)	-	-	-	-			
Transfer to Investment property	-	-	(481,388)	-	-	-	(481,388)			
At 31 December 2019	620,868	568,471	-	11,484,388	2,532	48,798	12,725,057			
<b>Depreciation and impairment</b>										
At 1 January 2019	-	247,266	-	9,127,041	-	17,366	9,391,673			
Depreciation charged in the year	-	56,548	-	328,265	-	-	384,813			
At 31 December 2019	-	303,814	-	9,455,306	-	17,366	9,776,486			
<b>Carrying amount</b>										
At 31 December 2019	620,868	264,657	-	2,029,082	2,532	31,432	2,948,571			
At 31 December 2018	-	321,205	179,887	1,998,931	-	-	2,500,023			

The company had no tangible fixed assets at 31 December 2019 or 31 December 2018.

**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

**14 Tangible fixed assets (continued)**

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £74,841 (2018 -£73,541 ) for the year.

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Plant and machinery	480,684	555,526	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Depreciation charge for the year in respect of leased assets	74,841	73,541	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**15 Investment property**

	Group	Company
	2019	2019
	£	£
Fair value		
At 1 January 2019 and 31 December 2019	-	-
Transfers from assets under construction	481,388	-
Net gains or losses through fair value adjustments	198,612	-
	<u>          </u>	<u>          </u>
At 31 December 2019	680,000	-
	<u>          </u>	<u>          </u>

Investment property comprises six flats held for the purpose of leasing to residential tenants. The fair value of the investment property has been arrived at on the basis of a valuation obtained by management as at January 2020. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

**16 Fixed asset investments**

		Group		Company	
		2019	2018	2019	2018
	Notes	£	£	£	£
Investments in subsidiaries	17	-	-	42,500	42,500
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

**16 Fixed asset investments (continued)**

**Movements in fixed asset investments**  
**Company**

**Shares in  
group  
undertakings  
£**

**Cost or valuation**

At 1 January 2019 and 31 December 2019

42,500

**Carrying amount**

At 31 December 2019

42,500

At 31 December 2018

42,500

**17 Subsidiaries**

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
A W Hainsworth & Sons Limited	England & Wales	Cloth & textile products	Ordinary	100.00	
Spring Valley Trading Limited	England & Wales	Energy procurement	Ordinary		100.00
The Atkinson Dyeing Company Limited	England & Wales	Textiles manufacturing	Ordinary		100.00

The following subsidiaries are exempt from audit under the requirements of s479A of the Companies Act 2006. A W Hainsworth Holdings Limited guarantees the companies under s479C of the Companies Act 2006 in respect of the year ended 31 December 2019.

Spring Valley Trading Limited, company number 12069023

**18 Stocks**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Raw materials and consumables	3,313,024	2,065,144	-	-
Work in progress	2,200,825	1,791,552	-	-
Finished goods and goods for resale	2,142,826	1,373,953	-	-
Properties under construction	353,625	1,302,576	-	-
	<u>8,010,300</u>	<u>6,533,225</u>	<u>-</u>	<u>-</u>

**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

**19 Debtors**

	<b>Group</b>	<b>2018</b>	<b>Company</b>	<b>2018</b>
	<b>2019</b>		<b>2019</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>				
Trade debtors	3,190,814	3,130,126	-	-
Amounts owed by group undertakings	-	-	281,350	239,700
Other debtors	43,912	36,427	-	-
Prepayments and accrued income	103,965	49,153	-	-
	<u>3,338,691</u>	<u>3,215,706</u>	<u>281,350</u>	<u>239,700</u>

**20 Creditors: amounts falling due within one year**

		<b>Group</b>	<b>2018</b>	<b>Company</b>	<b>2018</b>
	<b>Notes</b>	<b>2019</b>		<b>2019</b>	
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	22	237,450	306,820	-	-
Obligations under finance leases	23	108,939	87,736	-	-
Other borrowings	22	59,169	2,500	2,500	2,500
Trade creditors		2,611,021	1,579,324	-	-
Corporation tax payable		139,080	163,014	-	-
Other taxation and social security		301,113	470,965	-	-
Government grants	25	12,262	12,262	-	-
Dividends payable		264,800	225,600	264,800	225,600
Other creditors		91,851	14,100	16,550	14,100
Accruals and deferred income		837,145	898,896	-	-
		<u>4,662,830</u>	<u>3,761,217</u>	<u>283,850</u>	<u>242,200</u>

**21 Creditors: amounts falling due after more than one year**

		<b>Group</b>	<b>2018</b>	<b>Company</b>	<b>2018</b>
	<b>Notes</b>	<b>2019</b>		<b>2019</b>	
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	22	259,631	497,472	-	-
Obligations under finance leases	23	114,230	211,457	-	-
Government grants	25	56,262	68,523	-	-
		<u>430,123</u>	<u>777,452</u>	<u>-</u>	<u>-</u>

**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

**22 Loans and overdrafts**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	497,081	804,292	-	-
Preference shares	2,500	2,500	2,500	2,500
Other loans	56,669	-	-	-
	<u>556,250</u>	<u>806,792</u>	<u>2,500</u>	<u>2,500</u>
Payable within one year	296,619	309,320	2,500	2,500
Payable after one year	<u>259,631</u>	<u>497,472</u>	<u>-</u>	<u>-</u>

Lloyds Bank plc holds an unlimited debenture incorporating a fixed and floating charge as well as a first charge over certain property assets.

**23 Finance lease obligations**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Future minimum lease payments due under finance leases:				
Within one year	112,272	91,100	-	-
In two to five years	114,230	214,769	-	-
	<u>226,502</u>	<u>305,869</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(3,333)	(6,676)	-	-
	<u>223,169</u>	<u>299,193</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

**A W Hainsworth Holdings Limited****Notes to the financial statements (continued)  
For the year ended 31 December 2019****24 Deferred taxation**

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>Liabilities 2019 £</b>	<b>Liabilities 2018 £</b>
<b>Group</b>		
Accelerated capital allowances	<u>239,575</u>	<u>209,998</u>
	<b>Group 2019 £</b>	<b>Company 2019 £</b>
<b>Movements in the year:</b>		
Liability at 1 January 2019	209,998	-
Charge to profit or loss	11,877	-
Other	17,700	-
	<u>239,575</u>	<u>-</u>
Liability at 31 December 2019	<u>239,575</u>	<u>-</u>

The company had no deferred taxation at 31 December 2018 or 31 December 2017.

**25 Government grants**

	<b>Group 2019 £</b>	<b>2018 £</b>	<b>Company 2019 £</b>	<b>2018 £</b>
<b>Deferred income is included in the financial statements as follows:</b>				
Current liabilities	12,262	12,262	-	-
Non-current liabilities	56,262	68,523	-	-
	<u>68,524</u>	<u>80,785</u>	<u>-</u>	<u>-</u>



**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

**26 Retirement benefit schemes**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Defined contribution schemes		
Charge to profit and loss in respect of defined contribution schemes	<u>228,117</u>	<u>218,745</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

**Defined benefit schemes**

The AWH Group Pension Scheme is a defined benefit scheme, providing benefits at retirement with contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives in the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. For the year ended 31 December 2019 the employer and employee contributions were £450,000 (2018: £300,000).

The scheme was closed to new entrants on 18 March 1999 and the age profile of the active members will increase over time.

During December 2019 the company paid into the scheme £450,000 of employer contributions which was the difference between the scheme assets and the quote received from Aviva to take over the final liabilities of the scheme. The scheme is now going through a period of data cleansing, with the aim to legally close down the scheme by 30 June 2020.

The most recent actuarial valuation of the scheme was carried out as at 30 June 2016 using a market based approach. The valuation has been updated to 31 December 2019 by the independent actuaries.

*Key assumptions*

	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
Discount rate	2.00	2.75
Expected rate of increase of pensions in payment	3.40	3.60
Expected rate of salary increases	<u>n/a</u>	<u>n/a</u>

**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

**26 Retirement benefit schemes (continued)**

*Mortality assumptions*

Assumed life expectations on retirement at age 65:

	<b>2019</b>	<b>2018</b>
	<b>Years</b>	<b>Years</b>
Retiring today		
- Males	22.0	21.9
- Females	23.9	23.8
Retiring in 20 years		
- Males	23.4	23.3
- Females	25.4	25.4

Amounts recognised in the income statement:

	<b>Group</b>	<b>Group</b>
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Net interest on defined benefit asset	(22,000)	(14,000)
Other costs and income	-	26,000
Total costs/(income)	(22,000)	12,000

Amounts taken to other comprehensive income

	<b>Group</b>	<b>Group</b>
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Actual return on scheme assets - gains and (losses)	(494,000)	(145,000)
Less: amounts included in net interest on the net defined benefit liability	(161,000)	(147,000)
Return on scheme assets excluding interest income	(655,000)	(292,000)
Actuarial changes related to obligations	(380,000)	162,000
Movement in unrecognised plan surplus	467,000	(117,000)
Total costs	(568,000)	(247,000)

**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

**26 Retirement benefit schemes (continued)**

The amounts included in the statement of financial position arising from obligations in respect of defined benefit plans are as follows:

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
Present value of defined benefit obligations	5,458,000	5,188,000	-	-
Fair value of plan assets	(5,461,000)	(5,754,000)	-	-
Surplus in scheme	(3,000)	(566,000)	-	-
Provision against pension surplus	3,000	448,000	-	-
Deferred taxation balance relating to pension schemes	-	118,000	-	-
Total liability recognised	-	-	-	-

Movements in the present value of defined benefit obligations

	<b>Group 2019 £</b>
Liabilities at 1 January 2019	5,188,000
Benefits paid	(249,000)
Actuarial gains and losses	380,000
Interest cost	139,000
At 31 December 2019	5,458,000

The defined benefit obligations arise from plans funded as follows:

	<b>Group 2019 £</b>
Wholly unfunded obligations	-
Wholly or partly funded obligations	5,458,000
	5,458,000

**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

**26 Retirement benefit schemes (continued)**

**Movements in the fair value of plan assets**

	<b>Group 2019 £</b>
Fair value of assets at 1 January 2019	5,754,000
Interest income	161,000
Return on plan assets (excluding amounts included in net interest)	(655,000)
Benefits paid	(249,000)
Contributions by the employer	450,000
At 31 December 2019	<u>5,461,000</u>

The negative actual return on plan assets was £494,000 (2018 - £145,000)

**Fair value of plan assets at the reporting period end**

	<b>Group 2019 £</b>	<b>Group 2018 £</b>
Corporate bonds	-	491,000
Annuity Policy	5,458,000	3,798,000
Cash	3,000	1,465,000
	<u>5,461,000</u>	<u>5,754,000</u>

**27 Share capital**

	<b>Group and company 2019 £</b>	<b>2018 £</b>
<b>Ordinary share capital</b>		
Issued and fully paid		
80,000 Ordinary of 50p each	<u>40,000</u>	<u>40,000</u>

**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2019**

**28 Other reserves**

<b>Group</b>	<b>£</b>
At 1 January 2018	42,500
At 31 December 2018	42,500
At 31 December 2019	42,500
<b>Company</b>	<b>£</b>
At 1 January 2018	-
At 31 December 2018	-
At 31 December 2019	-

**29 Revaluation reserve**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At beginning and end of year	118	118	-	-

**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2019**

**30 Capital redemption reserve**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At beginning and end of year	743,491	743,491	-	-

**31 Profit and loss reserves**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
As restated	8,370,736	7,180,359	-	-
Profit for the year	2,501,457	1,703,977	264,800	225,600
Dividends	(264,800)	(225,600)	(264,800)	(225,600)
Actuarial differences recognised in other comprehensive income	(568,000)	(247,000)	-	-
Tax on actuarial differences	96,000	(41,000)	-	-
At the end of the year	10,135,393	8,370,736	-	-

**32 Operating lease commitments**

**Lessee**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	1,651	4,952	-	-
Between two and five years	-	1,651	-	-
	1,651	6,603	-	-

**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2019**

**33 Capital commitments**

Amounts contracted for but not provided in the financial statements:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Acquisition of tangible fixed assets	-	37,065	-	-

**34 Related party transactions**

**Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Aggregate compensation	683,281	730,535

During the year the group paid rents of £162,861 (2018: £162,996) to A W Hainsworth Property Limited, a company under common control.

Adam Hainsworth is a director of Huddersfield & District Textile Training Company Limited. During the year the group made purchases of £1,885 (2018: £2,885) from Huddersfield & District Textile Training Company Limited. At the year end the group owed Huddersfield & District Textile Training Company Limited £nil (2018: £570).

During the year the company paid £16,550 (2018: £14,100) preference share dividends to shareholders, which includes dividend payments to Rachel Taylor, Adam Hainsworth and Paul Hainsworth who were all Directors of the company during the year.

**A W Hainsworth Holdings Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2019**

**35 Cash generated from group operations**

	2019 £	2018 £
Profit for the year after tax	2,501,457	1,703,977
Adjustments for:		
Taxation charged	131,309	193,421
Finance costs	45,053	42,326
Investment income	(22,000)	(14,000)
(Gain)/loss on disposal of tangible fixed assets	-	5
Fair value gains and losses on foreign exchange contracts and investment properties	(198,612)	-
Depreciation and impairment of tangible fixed assets	384,813	369,350
Pension scheme non-cash movement	(450,000)	(274,000)
Movements in working capital:		
(Increase) in stocks	(1,477,075)	(807,512)
(Increase) in debtors	(122,985)	(687,808)
Increase in creditors	877,845	344,871
(Decrease) in deferred income	(12,261)	(12,260)
<b>Cash generated from operations</b>	<b>1,657,544</b>	<b>858,370</b>

**36 Analysis of changes in net funds - group**

	1 January 2019 £	Cash flows £	31 December 2019 £
Cash at bank and in hand	1,696,558	(292,290)	1,404,268
Borrowings excluding overdrafts	(806,792)	250,542	(556,250)
Obligations under finance leases	(299,193)	76,024	(223,169)
	<b>590,573</b>	<b>34,276</b>	<b>624,849</b>