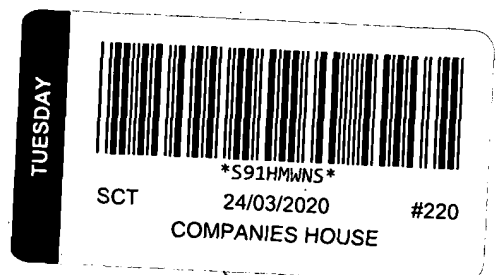


Company Registration No. SC053525 (Scotland)

J. & D. WILKIE, LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019



J. & D. WILKIE, LIMITED

COMPANY INFORMATION

Directors	H D Rowan R A S McGill J C Granier
Secretary	R A S McGill
Company number	SC053525
Registered office	Marywell Works Marywell Brae KIRRIEMUIR DD8 4BJ
Auditor	Johnston Carmichael LLP Bishop's Court 29 Albyn Place ABERDEEN AB10 1YL
Solicitors	Thomtons Law LLP Whitehall House 33 Yeaman Shore DUNDEE DD1 4BJ

J. & D. WILKIE, LIMITED

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J. & D. WILKIE, LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present the strategic report for the year ended 30 June 2019.

Review of the year

The directors consider that J. & D. Wilkie, Limited achieved satisfactory results amid continued challenging trading conditions and expected changes to the sales and margin performance compared to the prior year.

Revenue in the year reduced to £16.5m from £18.4m in the prior year, a fall of 10%. This reduction was in-line with the Directors expectations due to 2018 including several larger contracts which were not expected to repeat in 2019 and other cyclical demand. Excluding these factors, the Company saw strong underlying growth as a result of the customer led focus on Advanced Textile Technology and the new sales operation in the USA continuing to gain momentum, with a substantial increase in revenue in the year.

The Directors continue to see significant uncertainty due to the US China trade wars and Brexit. The company is well prepared for a no deal Brexit and as a result the financial statements show a higher year end stock holding level and subsequently higher debt than would otherwise have been the case.

This uncertainty and the use of resources to prepare for a no deal Brexit meant capital expenditure was reduced in the year.

Post year-end, the Group Board made the decision to close the Stewart Pinned Products Private Limited subsidiary, based in India. This was enacted in October 2019. As a result, an impairment of the remaining investment value of £106k has been recognised in the year.

Gross margin was in line with expectations at 16%, lower than the prior year due to the change in sales mix noted above and continued currency pressure resulting from the Brexit uncertainty. The directors continue to see a competitive landscape with commodity type products under pressure from competitors in both Europe and Asia.

Operating Profit pre-exceptional items and impairment was £0.2m, down from £1.3m in the prior year with a corresponding decline in the operating margin from 7.3% to 1.2% in the year.

The company finished the financial year in a strong position with exciting new product development projects, continued underlying sales growth and excellent relationships with customers who are seeing the undisputed benefit of the Advanced Textile Technology proposition. The Board have high expectations for profitable growth in the next financial year.

Key Performance Indicators

The Board of Directors use the following KPI's to assess and manage business performance.

	This Year	Last Year
Turnover Growth	-10.2%	39.2%
Gross Margin	15.8%	21.3%
Operating Margin	1.2%	7.3%
Net Debt EBITDA	9.4x	3.5x

J. & D. WILKIE, LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Future Developments

Investment in capital equipment continues to be made and remains a core part of the company's wider strategic focus for future years. Investment is focused on delivering Advanced Textile Technology solutions to our existing and new customers, efficiency gains and productivity increases for which the business will see the benefit in the coming years.

The Company is continuing to be focused on its strategies of developing innovative products to be produced globally with its core manufacturing base in Scotland. The Company's market leading advanced textile technology products continue to give opportunities in new markets and with both new and existing customers.

This strategic focus is resulting in profitable growth and the directors are confident this will continue to deliver positive results in the coming months and years.

Principal risks and uncertainties

As with prior years, the textile industry in the UK continues to experience competitive pressures from the Far East which have a negative impact on selling prices and margins.

The political environment continues to be uncertain with the US - China trade wars impacting the global manufacturing sector and the UK's exit from the European Union and any impact on export markets being key risk events.

Other principal risks to the business include the purchase of the majority of raw materials from Europe and Asia and the export of a significant portion of sales, thereby exposing the company to exchange rate fluctuations.


The company maintains a strategy of hedging through the use of forward contracts to manage currency risks on an ongoing basis.

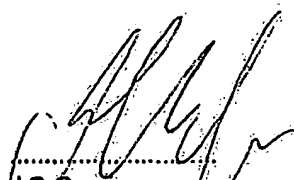
The company's bank borrowings are linked to the UK base rate and as such any movement will impact the level of interest payable.

Employee Engagement

The Company places significant value on communication and engagement with its employees, keeping them informed of Company developments and their input into improving the performance of the Company. This includes employee led lean manufacturing projects, Employee Forums and the Employee representatives on the Company Health and Safety Committee.

On behalf of the board


H D Rowan
Director
19/12/2019


J C Granier
Director
19/12/2019

J. & D. WILKIE, LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their annual report and financial statements for the year ended 30 June 2019.

Principal activities

The company's principal activities are the manufacture and merchandising of technical textiles and personal protective clothing.

Directors

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

H D Rowan
R A S McGill
D D Smith
J C Granier

(Resigned 24 August 2018)

Results and dividends

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

The directors do not recommend payment of a final dividend.

Auditor

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

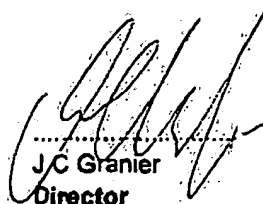
Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor are unaware. Additionally, the directors 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 company's auditors are aware of that information.

On behalf of the board



H D Rowan
Director


J C Granier
Director

Date: 19/12/2019

J. & D. WILKIE, LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

J. & D. WILKIE, LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF J. & D. WILKIE, LIMITED

Opinion

We have audited the financial statements of J. & D. Wilkie, Limited (the 'company') for the year ended 30 June 2019 which comprise statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The directors are responsible for the other information. The other information comprises the information 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.

J. & D. WILKIE, LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF J. & D. WILKIE, LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

J. & D. WILKIE, LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF J. & D. WILKIE, LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Johnston Carmichael LLP

Barry Masson (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

Chartered Accountants
Statutory Auditor

20 December 2019

Bishop's Court
29 Albyn Place
ABERDEEN
AB10 1YL

J. & D. WILKIE, LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £	2018 £
Turnover	3	16,493,669	18,359,573
Cost of sales		(13,892,864)	(14,448,217)
Gross profit		2,600,805	3,911,356
Distribution costs		(433,109)	(377,034)
Administrative expenses		(2,498,078)	(2,607,897)
Other operating income		524,195	274,674
Operating profit	4	193,813	1,201,099
Interest receivable and similar income	7	8,390	5,828
Interest payable and similar expenses	8	(179,503)	(119,401)
Profit before taxation		22,700	1,087,526
Tax on profit	9	35,903	(112,350)
Profit for the financial year		58,603	975,176

The profit and loss account has been prepared on the basis that all operations are continuing operations.

J. & D. WILKIE, LIMITED

BALANCE SHEET

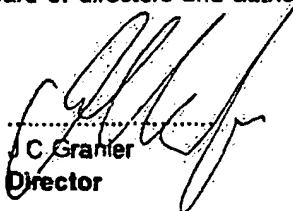
AS AT 30 JUNE 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	11	2,717,682		2,742,761	
Investments	12	-		106,284	
		<u>2,717,682</u>		<u>2,849,045</u>	
Current assets					
Stocks	14	3,917,292		3,013,329	
Debtors	15	8,518,108		9,895,915	
Cash at bank and in hand		118,539		165,554	
		<u>12,553,939</u>		<u>13,074,798</u>	
Creditors: amounts falling due within one year	16	<u>(8,332,174)</u>		<u>(8,901,367)</u>	
Net current assets		<u>4,221,765</u>		<u>4,173,431</u>	
Total assets less current liabilities		<u>6,939,447</u>		<u>7,022,476</u>	
Creditors: amounts falling due after more than one year	17	(903,079)		(1,032,558)	
Provisions for liabilities	20	(76,447)		(88,600)	
Net assets		<u>5,959,921</u>		<u>5,901,318</u>	
Capital and reserves					
Called up share capital	23	2,017,000		2,017,000	
Revaluation reserve		895,297		908,348	
Profit and loss reserves		3,047,624		2,975,970	
Total equity		<u>5,959,921</u>		<u>5,901,318</u>	

The financial statements were approved by the board of directors and authorised for issue on 19/12/2019... and are signed on its behalf by:



H D Rowan
Director



J C Granier
Director

Company Registration No. SC053525

J. & D. WILKIE, LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 July 2017	2,017,000	1,052,812	1,856,330	4,926,142
Year ended 30 June 2018:				
Profit and total comprehensive income for the year	-	-	975,176	975,176
Transfers	-	(144,464)	144,464	-
Balance at 30 June 2018	2,017,000	908,348	2,975,970	5,901,318
Year ended 30 June 2019:				
Profit and total comprehensive income for the year	-	-	58,603	58,603
Transfers	-	(13,051)	13,051	-
Balance at 30 June 2019	2,017,000	895,297	3,047,624	5,959,921

J. & D. WILKIE, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

J. & D. Wilkie, Limited is a private company limited by shares and incorporated in Scotland. The registered office is Marywell Works, Marywell Brae, KIRRIEMUIR, DD8 4BJ.

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 pound (£).

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This 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:

- Section 7 'Statement of Cash Flows' and Section 3 'Financial Statement Presentation' paragraph 3.17(d) – 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, net gains/losses and impairment losses for each category of financial instrument and details of hedges;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Wilkie Technical Textiles (Holding Company) Limited. These consolidated financial statements are available from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

The financial statements contain information about the company as an individual entity and do not contain consolidated financial information as a parent of a group.

1.2 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. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable for technical textiles and personal protective clothing net of VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, 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.

J. & D. WILKIE, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost, or fair value as deemed cost on transition to FRS 102, and subsequently measured at cost or deemed cost, net of depreciation and any impairment losses.

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

Freehold land and buildings	over 10 to 50 years; land is not depreciated
Plant and machinery	over 3 to 15 years or 25% reducing balance
Office equipment	over 3 to 5 years
Motor vehicles	over 4 to 5 years

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 credited or charged to profit or loss.

Assets in the course of construction are not depreciated until they are brought into use.

1.5 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

1.6 Impairment of fixed assets

At each reporting period end date, the company 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.

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 the profit and loss account.

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 the profit and loss account.

J. & D. WILKIE, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.7 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.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, 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 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.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. All trade debtors, loans and other receivables are due within one year.

J. & D. WILKIE, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

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 account.

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 account.

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 company 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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies 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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

J. & D. WILKIE, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.10 Equity Instruments

Equity instruments issued by the company 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 company.

1.11 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 profit and loss account 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

1.12 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.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 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 balance sheet 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.

J. & D. WILKIE, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.15 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.

1.16 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.17 Exceptional items

Exceptional items are identified by the directors as transactions through profit or loss out with the normal course of business and which are considered material to the financial statements, and as such require separate identification in order to provide necessary explanation to the results of the group.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

Carrying value of investments

The investments are assessed for impairment at each reporting date and any impairment losses are recognised immediately in the statement of comprehensive income. Management reviews the carrying value of instruments with reference to the underlying trading performance (see note 12).

Recoverability amounts due from group undertakings

Included within debtors is an amount of £4,787,795 (2018 - £3,955,780) due from group undertakings (note 15). The recoverability of this balance is a judgement exercised by management.

Carrying value of tangible assets

The directors exercised judgement over the carrying value of freehold land and building, with reference to appropriate 3rd party valuations (see note 11). An impairment of £131,413 was recognised during the prior year.

J. & D. WILKIE, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Valuation of stock

Cost of stock 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. The standard cost applied is an estimate made by management.

Depreciation

Depreciation is provided based on the estimated useful economic life of each class of asset, which is a estimate made by management. Depreciation is taken to the profit and loss in order to write off the asset over its useful economic life.

Provision for stocks

As disclosed in note 1.7, an assessment is made at each reporting date to determine whether stocks are carried at values in excess of estimated selling prices less costs to complete and sell. The estimate of selling prices is an estimate made by management.

3 Turnover and other revenue

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

	2019 £	2018 £
Turnover analysed by class of business		
Sale of goods	16,493,669	18,359,573
	<u>16,493,669</u>	<u>18,359,573</u>
	2019 £	2018 £
Other significant revenue		
Interest income	8,390	5,828
Grants received	-	51,003
Management fees receivable	308,445	154,814
	<u>316,835</u>	<u>211,645</u>
	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	6,588,682	10,221,592
Overseas	9,904,987	8,137,981
	<u>16,493,669</u>	<u>18,359,573</u>

J. & D. WILKIE, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	57,466	39,512
Government grants	-	(51,003)
Fees payable to the company's auditor for the audit of the company's financial statements	10,625	10,000
Depreciation of owned tangible fixed assets	219,686	203,019
Depreciation of tangible fixed assets held under finance leases	181,920	138,584
Impairment of owned tangible fixed assets (see note 11)	-	131,413
Impairment of fixed asset investment (see note 12)	106,284	-
Cost of stocks recognised as an expense	13,892,864	14,448,217

5 Employees

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

	2019 Number	2018 Number
Office and management	24	22
Manufacturing	66	83
	90	105

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	2,542,758	2,681,330
Social security costs	216,232	243,573
Pension costs	45,652	28,466
	2,804,642	2,953,369

J. & D. WILKIE, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	348,060	591,960
Company pension contributions to defined contribution schemes	18,332	12,572
Sums paid to third parties for directors' services	3,800	22,800
	<u>370,192</u>	<u>627,332</u>

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

	2019 £	2018 £
Remuneration for qualifying services	137,322	262,354
Company pension contributions to defined contribution schemes	7,200	4,930
	<u>144,522</u>	<u>267,284</u>

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	8,390	5,828
	<u>8,390</u>	<u>5,828</u>

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and loans	156,668	107,121
Interest on finance leases and hire purchase contracts	22,835	12,280
	<u>179,503</u>	<u>119,401</u>

9 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	-	23,750
Adjustments in respect of prior periods	(23,750)	-
Total current tax	<u>(23,750)</u>	<u>23,750</u>
Deferred tax		
Origination and reversal of timing differences	(12,153)	88,600
Total tax (credit)/charge	<u>(35,903)</u>	<u>112,350</u>

J. & D. WILKIE, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

9 Taxation

(Continued)

The actual (credit)/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	22,700	1,087,526
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	4,313	206,630
Tax effect of expenses that are not deductible in determining taxable profit	29,162	10,456
Adjustments in respect of prior years	(23,750)	-
Group relief	29,531	(1,974)
Research and development tax credit	(106,603)	(100,829)
Other non-reversing timing differences	1,430	(1,933)
Other permanent differences	329	-
Fixed asset differences	5,935	-
Losses carried back	23,750	-
Taxation (credit)/charge for the year	(35,903)	112,350

10 Intangible fixed assets

	Goodwill £
Cost	
At 1 July 2018 and 30 June 2019	40,000
Amortisation and Impairment	
At 1 July 2018 and 30 June 2019	40,000
Carrying amount	
At 30 June 2019	-
At 30 June 2018	-

J. & D. WILKIE, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

11 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
Cost					
At 1 July 2018	1,452,895	5,315,913	154,290	183,515	7,106,613
Additions	-	285,508	12,673	103,258	401,439
Disposals	-	(254,351)	-	(80,805)	(335,156)
At 30 June 2019	1,452,895	5,347,070	166,963	205,968	7,172,896
Depreciation and impairment					
At 1 July 2018	252,895	3,883,711	150,435	76,811	4,363,852
Depreciation charged in the year	31,238	331,839	4,630	33,899	401,606
Eliminated in respect of disposals	-	(253,727)	-	(56,517)	(310,244)
At 30 June 2019	284,133	3,961,823	155,065	54,193	4,455,214
Carrying amount					
At 30 June 2019	1,168,762	1,385,247	11,898	151,775	2,717,882
At 30 June 2018	1,200,000	1,432,202	3,855	106,704	2,742,761

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2019 £	2018 £
Plant and machinery	988,520	989,806
Motor vehicles	133,810	58,206
	<u>1,122,330</u>	<u>1,048,012</u>

The directors have reviewed the carrying value of land and buildings in light of a 3rd party valuation obtained during the year. An impairment of £131,413 was recognised accordingly during the prior year.

12 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	13	-	106,284

J. & D. WILKIE, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

12 Fixed asset investments

(Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 July 2018 & 30 June 2019	322,500
Impairment	
At 1 July 2018	216,216
Impairment losses	106,284
At 30 June 2019	322,500
Carrying amount	
At 30 June 2019	-
At 30 June 2018	106,284

Subsequent to the year end, the Group Board made the decision to close the Stewart Pinned Products Private Limited subsidiary, based in India. This was enacted in October 2019, resulting in the above impairment of £106,284 recognised during the year.

13 Subsidiaries

Details of the company's subsidiaries at 30 June 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Ordinary % Held	
			Direct	Indirect
Stewart Pinned Products Private Limited	India	Engineering	100.00	

14 Stocks

	2019 £	2018 £
Raw materials and consumables	2,291,615	1,430,008
Finished goods and goods for resale	1,625,677	1,583,321
	<u>3,917,292</u>	<u>3,013,329</u>

J. & D. WILKIE, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

15 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	2,203,636	4,557,222
Corporation tax recoverable	23,750	-
Amounts owed by group undertakings	4,787,795	3,955,780
Derivative financial instruments	12,377	35,630
Prepayments and accrued income	1,490,550	1,347,283
	<u>8,518,108</u>	<u>9,895,915</u>

Amounts owed by group undertakings are interest free and repayable on demand.

16 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	18	4,581,183	4,790,759
Obligations under finance leases	19	235,617	199,548
Trade creditors		1,818,729	1,694,144
Amounts owed to group undertakings		1,232,289	1,166,520
Corporation tax		-	23,750
Other taxation and social security		104,785	312,063
Accruals and deferred income		359,571	714,583
		<u>8,332,174</u>	<u>8,901,367</u>

Amounts due to group undertakings are interest free and repayable on demand.

17 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	18	401,533	510,897
Obligations under finance leases	19	501,546	521,661
		<u>903,079</u>	<u>1,032,558</u>

Obligations under finance leases are secured over the related assets.

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	76,404
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J. & D. WILKIE, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

18 Loans and overdrafts

	2019 £	2018 £
Bank loans	3,858,248	3,892,894
Bank overdrafts	1,124,468	1,408,762
	<u>4,982,716</u>	<u>5,301,656</u>
Payable within one year	4,681,183	4,790,759
Payable after one year	<u>401,533</u>	<u>510,897</u>

The bank borrowings are secured by a fixed and floating charge granted to its banker over all assets of the company.

The floating charge also covers an unlimited multilateral guarantee entered into by the company in respect of all borrowings of group companies with its banker.

The company has given a guarantee to its banker with respect to bank guarantees given to customers and other third parties up to a maximum of £267,825. These guarantees are also covered by a floating charge.

The bank term loan of £1,000,000 is repayable in monthly instalments over a period of 10 years commencing March 2014. The flexible business loan of £50,000 is repayable in monthly instalments over a period of 5 years. The interest rate on these loans is 2.5% over Bank of England base rate.

Included within bank loans and overdrafts is a balance of £1,124,468 (2018 - £1,367,762), which is secured over the related debtors.

19 Finance lease obligations

	2019 £	2018 £
Future minimum lease payments due under finance leases:		
Within one year	235,618	199,548
In two to five years	501,546	521,661
	<u>737,163</u>	<u>721,209</u>

Finance lease payments represent rentals payable by the company 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 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	21	<u>76,447</u>	<u>88,600</u>

J. & D. WILKIE, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

21 Deferred taxation

Deferred tax assets and liabilities are offset where the 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:

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	88,600	91,862
Other timing differences	(12,153)	(3,262)
	<u>76,447</u>	<u>88,600</u>

22 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>45,652</u>	<u>28,466</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

23 Share capital

	2019 £	2018 £
Ordinary share capital Issued and fully paid 2,017,000 Ordinary Shares of £1 each	<u>2,017,000</u>	<u>2,017,000</u>

24 Financial commitments, guarantees and contingent liabilities

The company has an unlimited multilateral guarantee in place covering the bank borrowings of other group companies. The potential liability to the company at the year end was £14,756 (2018 - £nil).

J. & D. WILKIE, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

25 Operating lease commitments

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

	2019 £	2018 £
Within one year	17,812	18,509
Between two and five years	19,805	33,278
	<u>37,617</u>	<u>51,787</u>

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019 £	2018 £
Acquisition of tangible fixed assets	<u>39,539</u>	<u>154,965</u>

27 Related party transactions

As a wholly owned member of the J. & D. Wilkie (Holding Company) Limited group, the company has taken advantage of the exemption within FRS 102 Section 33 paragraph 33.1A from the requirement to disclose transactions with other wholly owned companies in the same group.

During the year, the company made purchases of £3,845,668 (2018 - £2,771,945) from group entities not 100% owned by the group parent, and sales of £1,027,346 (2018 - £nil). At the year end, there is an outstanding balance due from Wilkie Technical Textiles (Jlaxing) Ltd of £31,360 (2018 - £287,403 creditor).

28 Ultimate controlling party

The company's immediate parent is J. & D. Wilkie (Holding Company) Limited, a company registered in Scotland.

The name of the company regarded by the directors as being the company's ultimate holding company and controlling party is Wilkie Technical Textiles (Holding Company) Limited, a company registered in Scotland. Wilkie Technical Textiles (Holding Company) Limited is the smallest and largest undertaking for which consolidated financial statements are prepared. Consolidated financial statements are available from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.