

WILLIAM CLARK & SONS LIMITED

FINANCIAL STATEMENTS

30 APRIL 2023

WILLIAM CLARK & SONS LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 30 APRIL 2023

The directors present the strategic report for the 17 month period ended 30 April 2023.

Principal activities

William Clark & Sons Limited continued its principal activity as a market leader within textiles production, wholesale distribution and bespoke technical performance enhancing fabrics manufactured specifically to customers specifications within the UK.

Fair review of trading

We aim to present a fair review of the performance of the business during the period and its position at the period end. Our review is written in the context of the risks and uncertainties we face.

The Company accounts reflect a proportionate increase in turnover from £2.3M (12 month period) to £4.0M (17 month period). The gross profit margin has reduced mainly due to upward inflationary pressures of raw materials, energy costs and operating from dual sites during the factory relocation.

Significant capital investment in the new factory has improved our technical capabilities whilst reducing energy costs and improved productivity has assisted overall efficiency. The directors reviewed the carrying value of fixed assets at net book value during the year and concluded that a £0.7M write off of fixed assets was appropriate as a prior year adjustment.

The year has been challenging due to continued inflationary pressures and economic uncertainty despite trading through unprecedented circumstances. The Directors are satisfied with the trading position of the Company.

Principal risks and uncertainties

The business environment in which the Company operates continues to be very challenging and competitive pricing across the industry continues to put pressure on margins. However, the company's reputation for delivering high quality products at competitive prices has provided a crucial edge over competitors.

While it is difficult to predict exactly what the next big trade risk will be, we are navigating a highly uncertain trade environment. And the need to build resilient supply chains has never been more apparent.

The risk of a continued tight UK skilled labour market combined with inflationary pressures and significant annual increases in the living wage caused upward pressure on wage increases. We continued to overcome this by adopting robust and extensive selection and recruitment process using multiple introduction channels with on-going employee support, cross skilled training and loyalty schemes with benefits which are valued by staff.

The directors would like to thank all employees, many of whom have loyally worked at the Company for significantly over 10 years, for their continued commitment and hard work over the last 17 months. The long service and experience of staff continues to build on their unique processes and techniques which are difficult for competitors to replicate.

The risk of foreign exchange exposure on our foreign imports due to a strengthening USD during the year is considered a risk. This uncertainty was mitigated by forward hedging foreign currency trades in multiple currencies thereby reducing the uncertainty of fluctuating foreign exchange movements.

WILLIAM CLARK & SONS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 APRIL 2023

Future developments

Although trading conditions in the current climate remain challenging, the directors continue to investigate opportunities to grow the business and extend the range of products offered.

William Clark relocated into a new purpose built factory enabling more efficient production, new capabilities and economies of scale. The investment in plant and equipment has required significant investment in capital and labour and the directors are very grateful to the local management and staff involved.

Greater IT investment and digital marketing has allowed us to continue our policy of improved warehouse efficiencies, customer service and cost-effective price reductions which have been welcomed by our customers. Post year end we continue to successfully implement SAP upgrades which will further improve internal reporting and MI.

Engagement with suppliers, customers and other relationships

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, and other key stakeholders. The ability to promote these principles effectively is an important factor in the decision to enter or remain in such relationships.

The business continuously assesses the priorities related to customers and those with whom we do business, and the Directors engage with the businesses on these topics.

Moreover, the Directors regularly receive information updates on a variety of matters that indicate and inform how these stakeholders have been engaged and are performing with, and on behalf of, the Company.

Key performance indicators

The Directors consider the significant key performance indicators for the company to be turnover, gross profit margin, stock turnover, aged stock, product group analysis, EBITDA and banking covenants. These are reviewed daily, weekly and monthly, comparing budgets and forecasts to actual performance.

Other performance indicators

Other financial key performance indicators are:

- Profit ratios: Net profit margin, and return on capital employed
- Activity ratios: debtor days, creditor days and stock turnover
- Capital ratios: total assets/total liabilities, gearing, interest cover and Banking covenants
- Non-financial: Percentage market share, product type distribution, customer service levels, staff turnover and customer complaints

This report was approved by the board and signed on its behalf.

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P F Callan

Director

Date: 31 January 2024

WILLIAM CLARK & SONS LIMITED
REGISTERED NUMBER: NI054740

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2023

		30 April 2023 £	As restated Unaudited 30 November 2021 £
Fixed assets	Note		
Tangible assets	5	1,109,388	133,176
		<u>1,109,388</u>	<u>133,176</u>
Current assets			
Stocks	6	321,864	306,107
Debtors: amounts falling due within one year	7	971,504	581,736
Cash at bank and in hand		16,434	54,419
		<u>1,309,802</u>	<u>942,262</u>
Creditors: amounts falling due within one year	8	(1,863,007)	(926,459)
Net current (liabilities)/assets		<u>(553,205)</u>	<u>15,803</u>
Total assets less current liabilities		<u>556,183</u>	<u>148,979</u>
Creditors: amounts falling due after more than one year	9	-	(321,112)
Net assets/(liabilities)		<u><u>556,183</u></u>	<u><u>(172,133)</u></u>
Capital and reserves			
Called up share capital	11	1,194,597	490,000
Profit and loss account		(638,414)	(662,133)
		<u><u>556,183</u></u>	<u><u>(172,133)</u></u>

WILLIAM CLARK & SONS LIMITED
REGISTERED NUMBER: NI054740

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 APRIL 2023

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

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P F Callan
Director

Date: 31 January 2024

The notes on pages 5 to 13 form part of these financial statements.

WILLIAM CLARK & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2023

1. General information

William Clark & Sons Limited is a private company limited by shares and incorporated in Northern Ireland. Registered number NI054740. Its registered office is located at Unit 9 24 Lisgorgan Lane, Upperlands, Maghera, Northern Ireland, BT46 5TE.

The principal activity of the Company during the year continued to be the manufacture of textile goods.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and 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 year end has been changed to 30 April so as to align with the rest of the Group. The results for financial year 2023 are a 17 month period and so prior year amounts are not entirely comparable.

2.2 Going concern

The going concern status of the company is dependent on the group, given the nature of funding in place and cross-guarantee with other group companies. As such, the directors have assessed the going concern status of the group. Bank covenants were breached at the year end, but a new facility with amended covenant targets has since been agreed with the bank in the facility renewed in October 2023. A renewal of these facilities is due in April 2024.

The group meets its day-to-day working capital requirements through a group multi-currency overdraft facility, Import loan and Buyer loan trade facilities and an invoice discounting facility with its bank.

The well publicised high level of energy/shipping costs, rising inflation, fluctuating currency rates and an increase in interest rates during the period naturally creates a challenging economic environment with tough trading conditions. Consequently, this can create periods where the availability of cash needs to be carefully managed. The group manages its cash flow requirements through sophisticated short term and medium term cash flow projection models and it continues to maintain a strong relationship with its financiers. The group's budgets and projections for the year ending 30 April 2024 and 2025 show that net profit is expected to improve subsequent to placing Bridstock Gate Limited into Administration on 10th August 2023. Accordingly, the Directors believe that the group can manage its working capital requirements appropriately under the assumption of the anticipated continued support of its Bank. As such, the Directors have taken all appropriate steps to ensure that these funds are expected to remain in place, based on both financial forecasts and ongoing discussions with the Bank, to allow this conclusion to be made.

At the time of approving the financial statements, the directors have a reasonable expectation that the group and 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.

2.3 Revenue

Revenue is measured as fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2023

2. Accounting policies (continued)

2.4 Finance cost

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.5 Tax

The tax expense for the year comprises of current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

2.6 Tangible assets

Tangible assets are initially recognised at cost which includes directly attributable incremental costs incurred in their acquisition and installation.

Tangible assets are subsequently measured at their revalued amount less any subsequent depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Tangible assets are depreciated over the expected useful lives of the assets as follows:

Plant and other equipment: 10 - 15 years - Straight line

2.7 Stock and work in progress

Stocks are valued at the lower of cost, on a first in, first out basis, and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, costs comprise of direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads. The allocation of manufacturing fixed overheads has regard to budgeted normal production.

2.8 Government grants

Grants of a revenue nature are credited to other income so as to match them with the expenditure to which they relate.

During the prior year, the company utilised the Government's Coronavirus Job Retention Scheme, also known as the furlough scheme. Furlough income is recognised in the same month that it relates to payroll costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2023

2. Accounting policies (continued)

2.9 Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

2.11 Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

2.12 Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

2.13 Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2023

2. Accounting policies (continued)

2.14 Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2.15 Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. All monetary liabilities and assets are translated at year end exchange rates and the resulting exchange differences are dealt with in the determination of profit/loss for the financial year.

2.16 Invoice discounting

Amounts due in respect of invoice discounting are separately disclosed as current liabilities. The group can use these facilities to draw down on a percentage of the value of certain sales invoices. The management and collection of trade debtors remains with the group.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will be, by definition, seldom equal to the related actual results.

The directors consider the key accounting estimates to be stock valuation. Factors taken into consideration include the consideration of net realisable value with reference to the latest available selling price information and consideration of changing trends within the market.

WILLIAM CLARK & SONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2023**

4. Employees

The average monthly number of employees, including directors, during the period was 27 (2021 - 26).

5. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 December 2021	874,787
Additions	1,339,631
Disposals	(181,533)
	<hr/>
At 30 April 2023	2,032,885
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Depreciation	
At 1 December 2021	741,611
Charge for the period on owned assets	200,000
Disposals	(18,114)
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At 30 April 2023	923,497
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Net book value	
At 30 April 2023	<u>1,109,388</u>
At 30 November 2021	<u>133,176</u>

The directors have performed a full assessment of the fixed asset register in the period and determined there are assets that no longer exist and were disposed of in previous years resulting in a restatement of brought forward cost.

WILLIAM CLARK & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2023

6. Stocks

	30 April 2023 £	As restated Unaudited 30 November 2021 £
Raw materials and consumables	279,608	293,736
Finished goods and goods for resale	42,256	12,371
	<u>321,864</u>	<u>306,107</u>

The Directors have performed a full assessment of the stock in the period and determined the majority of stock items are raw materials. This also applies to the previous period resulting in a restatement.

7. Debtors

	30 April 2023 £	As restated Unaudited 30 November 2021 £
Trade debtors	259,620	304,883
Amounts owed by group undertakings	584,881	127,131
Other debtors	96,869	45,848
Prepayments and accrued income	30,134	103,874
	<u>971,504</u>	<u>581,736</u>

The Directors have restated prior year to include intercompany balances on a separate line. Historically these were included within trade debtors.

WILLIAM CLARK & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2023

8. Creditors: Amounts falling due within one year

	30 April 2023 £	As restated Unaudited 30 November 2021 £
Loans and overdrafts	406,579	-
Trade creditors	364,330	70,024
Invoice discounting facility	222,172	246,003
Amounts owed to group undertakings	801,240	451,706
Taxation - VAT	15,419	54,958
Other taxation and social security	12,768	11,880
Other creditors	7,906	91,888
Accruals and deferred income	32,593	-
	<u>1,863,007</u>	<u>926,459</u>

The Directors have restated prior year to include intercompany balances on a separate line. Historically these were included within trade creditors.

Bank overdrafts and all monies which may become due to the Company's bankers are secured by way of the following:

- Registered debentured by way of fixed and floating charges over the Company's assets;
- Charge over contract monies given by William Clark & Sons Limited;
- General pledge over documents and goods given by William Clark & Sons Limited; and
- Unlimited Composite Company Guarantee given by William Clark & Sons Limited and Evans Textile (Sales) Limited to secure all liabilities of each other.

9. Creditors: Amounts falling due after more than one year

	30 April 2023 £	Unaudited 30 November 2021 £
Loans owed to group undertakings	<u>-</u>	<u>321,112</u>

The amounts due to group undertakings include loans totalling £Nil (2021: £210,781) which are secured by registered debenture by way of fixed and floating charges over the assets of the Company. Interest at a commercial rate will be considered for payment at end of the loan period.

WILLIAM CLARK & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2023

10. Borrowings

	30 April 2023 £	30 November 2021 £
Amounts falling due within one year		
Bank loans	397,222	-
Bank overdraft	9,357	-
	<u>406,579</u>	<u>-</u>

There was a breach of the loan covenants for the quarter ended April 2023 due to the cash flow cover and the net debt being below the agreed ratio. Due to this the loan balance is shown as due upon demand. A new facility with amended covenant targets has since been agreed with the bank in the facility renewed in October 2023. The next renewal is due in April 2024. See note 2 for further information on going concern.

11. Share capital

	30 April 2023 £	Unaudited 30 November 2021 £
Allotted, called up and fully paid		
Nil (2021 - 13,600) A Ordinary shares of £1.00 each	-	13,600
1,194,597 (2021 - 476,400) B Ordinary shares of £1.00 each	1,194,597	476,400
	<u>1,194,597</u>	<u>490,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2023

12. Related party transactions

T G Clark is a Director and shareholder of both William Clark & Sons Limited and William Clark & Sons Holdings Limited. William Clark & Sons Holdings Limited is a minority shareholder of William Clark & Sons Limited. At 30 April 2023, the Company owed £7,750 to T G Clark (2021: £7,750) which falls due for repayment after one year. Interest at a commercial rate will be considered for payment at end of the loan period.

During the period the Company traded with Evans Textile (Sales) Limited, a shareholder. At 30 April 2023, the Company owed Evans Textile (Sales) Limited £801,240 (2021: £451,706) and was owed £584,881 (2021: £127,131) from Evans Textile (Sales) Limited in respect of sales and purchases made between the parties during the year. Also, at 30 April 2023, the Company owed Evans Textile (Sales) Limited £Nil (2021: £210,781) in respect of total loan balances due. Interest at a commercial rate will be considered for payment at end of the loan period.

During the period ended 30 April 2023, William Clark & Sons Limited received rent from William Clark & Sons Holdings Limited. Rent received by the Company during the year was £5,200 (2021: £4,800). At 30 April 2023 the Company owed £Nil (2021: £102,581) to William Clark & Sons Holdings Limited which falls due for repayment after one year. Interest at a commercial rate will be considered for payment at end of the loan period.

13. Parent company

The directors consider the ultimate parent company to be Evans Textile (Sales) Limited, a company incorporated in England and Wales. Evans Textile (Sales) Limited prepares group accounts which includes this company. Copies of the accounts can be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ.

14. Auditors' information

The auditors' report on the financial statements for the period ended 30 April 2023 was unqualified.

The audit report was signed on 31 January 2024 by Steven Preston (Senior Statutory Auditor) on behalf of Armstrong Watson Audit Limited.

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