

Company Registration No. 04566593 (England and Wales)

CHT HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

CHT HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr M Bansal Mr D B Goenka Mr M Pareek (Appointed 1 April 2019)
Secretary	Mr M Bansal
Company number	04566593
Registered office	Park Square Bird Hall Lane Stockport Cheshire England SK3 0XF
Auditor	AMS Accountants Corporate Limited Chartered Accountants Floor 2 9 Portland Street Manchester M1 3BE

CHT HOLDINGS LIMITED

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CHT HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

Business Review

The Christy brand is a premier UK towel and bedding brand. The business was originally established in 1850 by members of the Christy family. The company was acquired by Welspun India Ltd in June 2006. The group's statement of comprehensive income is shown on page 7 and the balance sheet on page 8. Sales for the current year were £32.6m compared to £29.9m for the previous year.

During the year, substantial work was undertaken to re-organise the business which has involved taken cost out of the business by streamlining operations and improving working Capital.

Principal risks and uncertainties

Financial risk management

The group's operations expose it to a wide variety of financial risks that include credit risk, liquidity risk, interest rate risk and foreign exchange risk. The policies established are implemented and monitored.

Credit risk

Where appropriate, relevant credit checks are performed on potential customers before sales are made. The amount of exposure to any individual customer is controlled by means of a credit limit that is monitored regularly by management and in the case of a financially material value, by the executive directors.

Liquidity and interest rate risk

Throughout the year, the group was primarily funded through an interest bearing loan from its bankers, Bank of Baroda & Barclays bank. The group is exposed to interest rate risk on loans. However, the directors do not consider the risk to be so significant as to warrant the need for formal policies to be put in place so as to manage this risk.

Foreign exchange risk

Foreign exchange risk is managed upon a group-wide basis by the executive directors. There is a written foreign exchange policy with the principal aim of minimising fluctuations in business performance arising from exchange rate movements. The groups main trading currencies are Sterling, US Dollar and the Euro. As a result of the group's sourcing routes, transactional hedges are maintained, supplemented as necessary by forward foreign exchange contracts.

Financial Key Performance Indicators

The group has moved from a loss before taxation of £5.25m to a Profit before tax of £0.31m.

On behalf of the board



Mr M Bansal

Director

26 August 2020

CHT HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the group is the sourcing, distribution and retailing of towels, bed linen and associated bathroom and bedroom accessories. The principal activity of the company is to act as a holding company for the subsidiary companies involved in the trading business.

Directors

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

Mr M Bansal
Mr D B Goenka
Mr M Pareek

(Appointed 1 April 2019)

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Post reporting date events

There have been no significant events affecting the Group since the year end.

Future developments

The group is continuity to explore various avenues to grow the business over the coming years to improve the visibility of the 'Christy' brand worldwide. The group is looking to increase focus on export to ME, China, Japan and also focusing on increasing its digital footprint globally.

In addition, the group is working to improve margins by reviewing its entire sourcing strategy.

Auditor

AMS Accountants Corporate Limited were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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.

On behalf of the board



Mr M Bansal
Director

26 August 2020

CHT HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

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.

CHT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHT HOLDINGS LIMITED

Opinion

We have audited the financial statements of CHT Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, 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 March 2020 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.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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.

CHT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CHT HOLDINGS LIMITED

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.

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.

CHT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CHT HOLDINGS LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.



David Clegg (Senior Statutory Auditor)
for and on behalf of AMS Accountants Corporate Limited

26 August 2020

Chartered Accountants
Statutory Auditor

Floor 2
9 Portland Street
Manchester
M1 3BE

CHT HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £000	2019 £000
Turnover	3	32,649	29,914
Cost of sales		(23,018)	(17,965)
Gross profit		9,631	11,949
Administrative expenses		(11,476)	(15,847)
Other operating income		2,472	2,694
Restructuring costs	4	-	(3,536)
Operating profit/(loss)	5	627	(4,740)
Interest receivable and similar income	8	6	-
Interest payable and similar expenses	9	(321)	(438)
Profit/(loss) before taxation		312	(5,178)
Tax on profit/(loss)	10	(1)	(6)
Profit/(loss) for the financial year	24	311	(5,184)
Other comprehensive income			
Currency translation differences		-	(67)
Total comprehensive income for the year		311	(5,251)

Profit/(loss) for the financial year is all attributable to the owner of the parent company.

Total comprehensive income for the year is all attributable to the owner of the parent company.

CHT HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £000	2019 £000
Fixed assets			
Goodwill	11	1,034	1,383
Tangible assets	12	124	190
		<u>1,158</u>	<u>1,573</u>
Current assets			
Stocks	16	4,148	4,197
Debtors	17	8,585	14,361
Cash at bank and in hand		1,906	1,602
		<u>14,639</u>	<u>20,160</u>
Creditors: amounts falling due within one year	18	<u>(13,687)</u>	<u>(18,980)</u>
Net current assets		952	1,180
Total assets less current liabilities		<u>2,110</u>	<u>2,753</u>
Provisions for liabilities	20	<u>(1,186)</u>	<u>(2,140)</u>
Net assets		<u>924</u>	<u>613</u>
Capital and reserves			
Called up share capital	23	5,094	5,094
Share premium account	24	3,174	3,174
Profit and loss reserves	24	(7,344)	(7,655)
Total equity		<u>924</u>	<u>613</u>

The financial statements were approved by the board of directors and authorised for issue on 26 August 2020 and are signed on its behalf by:



Mr M Bansal
Director

CHT HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £000	£000	2019 £000	£000
Fixed assets					
Investments	13		8,421		8,421
Current assets					
Debtors	17	6,743		9,963	
Cash at bank and in hand		1		100	
		<u>6,744</u>		<u>10,063</u>	
Creditors: amounts falling due within one year	18	<u>(9,067)</u>		<u>(12,058)</u>	
Net current liabilities			<u>(2,323)</u>		<u>(1,995)</u>
Total assets less current liabilities			<u>6,098</u>		<u>6,426</u>
Capital and reserves					
Called up share capital	23		5,094		5,094
Share premium account	24		3,174		3,174
Profit and loss reserves	24		<u>(2,170)</u>		<u>(1,842)</u>
Total equity			<u>6,098</u>		<u>6,426</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £330,000 (2019 - £458,000).

The financial statements were approved by the board of directors and authorised for issue on 26 August 2020 and are signed on its behalf by:

Mr M Bansal
Director

Company Registration No. 04566593

CHT HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £000	Share premium account £000	Profit and loss reserves £000	Total £000
Balance at 1 April 2018		1,594	3,174	(2,471)	2,297
Year ended 31 March 2019:					
Loss for the year		-	-	(5,184)	(5,184)
Other comprehensive income:					
Currency translation differences		-	-	(67)	(67)
Total comprehensive income for the year		-	-	(5,251)	(5,251)
Issue of share capital	23	3,500	-	-	3,500
Transfers		-	-	67	67
Balance at 31 March 2019		5,094	3,174	(7,655)	613
Year ended 31 March 2020:					
Profit and total comprehensive income for the year		-	-	311	311
Balance at 31 March 2020		5,094	3,174	(7,344)	924

CHT HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £000	Share premium account £000	Profit and loss reserves £000	Total £000
Balance at 1 April 2018		1,594	3,174	(1,384)	3,384
Year ended 31 March 2019:					
Loss and total comprehensive income for the year		-	-	(458)	(458)
Issue of share capital	23	3,500	-	-	3,500
Balance at 31 March 2019		5,094	3,174	(1,842)	6,426
Year ended 31 March 2020:					
Loss and total comprehensive income for the year		-	-	(328)	(328)
Balance at 31 March 2020		5,094	3,174	(2,170)	6,098

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

CHT Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Park Square, Bird Hall Lane, Stockport, Cheshire, England, SK3 0XF.

The group consists of CHT 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 £000.

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.

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 consolidated financial statements incorporate those of CHT 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 March 2020. 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.

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

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.

1.3 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.

1.4 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 all of the following conditions are satisfied :

- the Group has transferred the significant risks and rewards of ownership to the buyer.
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- the amount of revenue can be measured reliably.
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transactions can be transferred reliably.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is ten years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

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.

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:

Freehold land and buildings	No depreciation
Plant and equipment, fixtures and fittings and computer equipment	Between 5 and 10 years 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 profit and loss account.

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

1.7 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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

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

1.8 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.

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.

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

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.

1.9 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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.

1.10 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.

1.11 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 balance sheet 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.

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, 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.

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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.

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.

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.

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.

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.12 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.

1.13 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 group'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 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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is 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.

1.14 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

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.

1.16 Retirement benefits

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

1.17 Leases

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.

1.18 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 in the period are included in profit or loss.

2 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.

The group has made provisions for the cost of restructure planned which includes store closures, stock reduction and relocation of operations. These provisions include a number of areas of judgement and estimation.

3 Turnover and other revenue

	2020	2019
	£000	£000
Other significant revenue		
Interest income	6	-
	<u>6</u>	<u>-</u>

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3	Turnover and other revenue	(Continued)	
		2020 £000	2019 £000
	Turnover analysed by geographical market		
	United Kingdom	20,423	22,681
	Rest of Europe	4,415	2,134
	Rest of the world	7,811	5,099
		<u>32,649</u>	<u>29,914</u>
		<u><u>32,649</u></u>	<u><u>29,914</u></u>
4	Exceptional item	2020 £000	2019 £000
	Expenditure		
	Restructuring costs	-	3,536
		<u>-</u>	<u>3,536</u>
		<u><u>-</u></u>	<u><u>3,536</u></u>
	The exceptional costs represent costs of the planned restructure, which includes costs in respect of store closures, stock reduction and relocation of operations.		
5	Operating profit/(loss)	2020 £000	2019 £000
	Operating profit/(loss) for the year is stated after charging/(crediting):		
	Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(287)	(8)
	Depreciation of owned tangible fixed assets	85	209
	Profit on disposal of tangible fixed assets	(23)	-
	Amortisation of intangible assets	349	349
	Operating lease charges	640	554
		<u>640</u>	<u>554</u>
		<u><u>640</u></u>	<u><u>554</u></u>
6	Auditor's remuneration	2020 £000	2019 £000
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the group and company	-	-
	Audit of the financial statements of the company's subsidiaries	19	19
		<u>19</u>	<u>19</u>
		<u><u>19</u></u>	<u><u>19</u></u>
	For other services		
	Taxation compliance services	-	9
		<u>-</u>	<u>9</u>
		<u><u>-</u></u>	<u><u>9</u></u>

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

7 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Sales, distribution and marketing	169	201	-	-
Administration	21	38	-	-
Total	190	239	-	-

Their aggregate remuneration comprised:

	Group 2020 £000	2019 £000	Company 2020 £000	2019 £000
Wages and salaries	3,668	4,849	-	-
Social security costs	314	396	-	-
Pension costs	88	73	-	-
	4,070	5,318	-	-

8 Interest receivable and similar income

	2020 £000	2019 £000
Interest income		
Interest on bank deposits	6	(22)
Interest receivable from group companies	-	22
Total income	6	-

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	6	-
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9 Interest payable and similar expenses

	2020 £000	2019 £000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	321	438

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

10 Taxation

	2020 £000	2019 £000
Current tax		
UK corporation tax on profits for the current period	1	-
Foreign current tax on profits for the current period	-	6
	<u>1</u>	<u>6</u>
Total current tax	<u><u>1</u></u>	<u><u>6</u></u>

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

	2020 £000	2019 £000
Profit/(loss) before taxation	312	(5,178)
	<u>312</u>	<u>(5,178)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	59	(984)
Tax effect of expenses that are not deductible in determining taxable profit	6	235
Tax effect of utilisation of tax losses not previously recognised	(193)	11
Unutilised tax losses carried forward	94	643
Permanent capital allowances in excess of depreciation	(29)	6
Depreciation on assets not qualifying for tax allowances	41	-
Amortisation on assets not qualifying for tax allowances	23	23
Effect of overseas tax rates	-	6
Non-tax deductible amortisation of goodwill and impairment	-	66
	<u>1</u>	<u>6</u>
Taxation charge	<u><u>1</u></u>	<u><u>6</u></u>

11 Intangible fixed assets

Group	Goodwill £000
Cost	
At 1 April 2019 and 31 March 2020	6,991
	<u>6,991</u>
Amortisation and impairment	
At 1 April 2019	5,608
Amortisation charged for the year	349
	<u>5,957</u>
At 31 March 2020	5,957
	<u>5,957</u>
Carrying amount	
At 31 March 2020	1,034
	<u><u>1,034</u></u>
At 31 March 2019	1,383
	<u><u>1,383</u></u>

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Intangible fixed assets

(Continued)

The company had no intangible fixed assets at 31 March 2020 or 31 March 2019.

12 Tangible fixed assets

Group	Freehold land and buildings	Plant and equipment, fixtures and fittings and computer equipment	Total
	£000	£000	£000
Cost			
At 1 April 2019	6	4,302	4,308
Additions	-	44	44
Disposals	-	(370)	(370)
At 31 March 2020	6	3,976	3,982
Depreciation and impairment			
At 1 April 2019	-	4,118	4,118
Depreciation charged in the year	-	85	85
Eliminated in respect of disposals	-	(345)	(345)
At 31 March 2020	-	3,858	3,858
Carrying amount			
At 31 March 2020	6	118	124
At 31 March 2019	6	184	190

The company had no tangible fixed assets at 31 March 2020 or 31 March 2019.

13 Fixed asset investments

	Notes	Group 2020 £000	2019 £000	Company 2020 £000	2019 £000
Investments in subsidiaries	14	-	-	8,421	8,421

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

13 Fixed asset investments (Continued)

Movements in fixed asset investments Company

	Shares in group undertakings £000
Cost or valuation At 1 April 2019 and 31 March 2020	8,421
Carrying amount At 31 March 2020	8,421
At 31 March 2019	8,421

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Christy Home Textiles Limited	England and Wales	Ordinary	100.00
Welspun UK Limited	England and Wales	Ordinary	100.00
E.R. Kingsley (Textiles) Limited	England and Wales	Ordinary	100.00
Christy UK Limited	England and Wales	Ordinary	100.00
Christy 2004 Limited	England and Wales	Ordinary	100.00
Christy Europe GmbH	Germany	Ordinary	100.00
Christy Lifestyle LLC	USA	N/A	-

The subsidiaries have the same registered office as the company except for:

Christy Europe GmbH
Obere Breite 14
72336 Balingen
Deutschland

Christy Lifestyle LLC
3901 Gantz Road
Grove City
Ohio
43123

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

15 Financial instruments

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	8,360	13,972	6,745	9,961
Carrying amount of financial liabilities				
Measured at amortised cost	13,254	18,593	9,067	12,058

Financial assets measured at amortised cost comprise cash, trade debtors, amounts due to group and related undertakings and other debtors.

Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors, amounts due to group and related undertakings and other creditors.

16 Stocks

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Raw materials and consumables	4,042	3,909	-	-
Finished goods and goods for resale	106	288	-	-
	<u>4,148</u>	<u>4,197</u>	<u>-</u>	<u>-</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

17 Debtors

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	7,603	3,962	-	-
Amounts owed by group undertakings	624	9,925	6,735	9,950
Other debtors	133	84	10	11
Prepayments and accrued income	49	214	(2)	2
	<u>8,409</u>	<u>14,185</u>	<u>6,743</u>	<u>9,963</u>
Amounts falling due after more than one year:				
Deferred tax asset (note 21)	176	176	-	-
	<u>176</u>	<u>176</u>	<u>-</u>	<u>-</u>
Total debtors	<u><u>8,585</u></u>	<u><u>14,361</u></u>	<u><u>6,743</u></u>	<u><u>9,963</u></u>

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Creditors: amounts falling due within one year

	Notes	Group		Company	
		2020 £000	2019 £000	2020 £000	2019 £000
Bank loans	19	4,281	6,105	4,281	6,105
Trade creditors		5,379	1,582	-	-
Amounts owed to group undertakings		2,252	7,485	4,726	4,650
Corporation tax payable		89	90	-	-
Other taxation and social security		344	297	-	-
Other creditors		495	2,625	60	1,303
Accruals and deferred income		847	796	-	-
		<u>13,687</u>	<u>18,980</u>	<u>9,067</u>	<u>12,058</u>

All amounts owed to group undertakings are unsecured and repayable on demand.

A bank deposit account amount to £550,000 is secured via a Trust Deed in favour of certain landlords of their retail outlets.

Bank overdrafts with the Bank of India are secured by a debenture over all property and assets of the Company.

Bank overdrafts with the Bank of Baroda are secured by a first pari passu charge ranking with Bank of India over all property and assets of the Company and a corporate guarantee from Welspun India Limited.

The bank loan is repayable in 39 payments of £76,923 and attracts interest of 3.25% over base rate. The loan is secured by a debenture from CHT Holdings Limited and its subsidiary undertakings, a Guarantee for £3,150,000 from the Parent and Welspun UK Limited.

19 Loans and overdrafts

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Bank loans	<u>4,281</u>	<u>6,105</u>	<u>4,281</u>	<u>6,105</u>
Payable within one year	<u>4,281</u>	<u>6,105</u>	<u>4,281</u>	<u>6,105</u>

20 Provisions for liabilities

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
	<u>1,186</u>	<u>2,140</u>	<u>-</u>	<u>-</u>

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Provisions for liabilities (Continued)

Movements on provisions:

Group	£000
At 1 April 2019	2,140
Utilisation of provision	(954)
At 31 March 2020	<u>1,186</u>

The provision represents costs of the planned restructure which includes costs in respect of store closures, stock reduction and relocation of operations due to be actioned within the next 6 months.

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Assets 2020 £000	Assets 2019 £000
Accelerated capital allowances	176	92
Tax losses	-	78
Short term timing differences	-	6
	<u>176</u>	<u>176</u>

The company has no deferred tax assets or liabilities.

There were no deferred tax movements in the year.

The group has unutilised trading tax losses carried forward of £ 238 thousand and other losses of £1.83m.

The £238 thousand of tax losses have been recognised within the deferred tax asset above as the directors consider that this is the amount of losses which will be utilised in the forthcoming year.

22 Retirement benefit schemes

Defined contribution schemes	2020 £000	2019 £000
Charge to profit or loss in respect of defined contribution schemes	<u>88</u>	<u>73</u>

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

22 Retirement benefit schemes (Continued)

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.

23 Share capital

	Group and company	
	2020	2019
	£000	£000
Ordinary share capital Issued and fully paid 5,093,760 Ordinary shares of £1 each	5,094	5,094

24 Reserves

Profit and loss reserves

Share premium account

The share premium account is the cumulative premium paid over and above the nominal value of shares issued.

Profit and loss account

The profit and loss account is the cumulative retained earnings of the company comprising of both distributable and non-distributable reserves.

25 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:

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Within one year	312	1,076	-	-
Between two and five years	493	1,718	-	-
In over five years	40	214	-	-
	845	3,008	-	-

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020	2019
	£000	£000
Aggregate compensation	562	417

Other information

CHT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

26 Related party transactions

(Continued)

The group is exempt from disclosing related party transactions between wholly owned group members. There are no other related party transactions to disclose for the year.

