

Z HINCHLIFFE & SONS LIMITED
REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2016

CONTENTS

	Page
Company information	1
Strategic report	2
Directors' report	3-4
Auditor's report	5-6
Consolidated statement of comprehensive income	7
Consolidated statement of financial position	8
Company statement of financial position	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows	11
Notes to the financial statements	12-29

Company registration number 78708

THURSDAY



A10 *A639MT6I* 30/03/2017 #168
COMPANIES HOUSE

Z HINCHLIFFE & SONS LIMITED**COMPANY INFORMATION****Directors**

J R Hinchliffe
J H Hinchliffe
G A Wilby

Secretary and Registered office

J Glennon
Hartcliffe Mills
Denby Dale
Huddersfield
HD8 8QL

Auditors

Wheawill & Sudworth Limited
Chartered Accountants
35 Westgate
Huddersfield
HD1 1PA

Bankers

HSBC Bank plc
Cloth Hall Street
Huddersfield
HD1 2ES

Credit Suisse
BCMZ1
Bahnhofstrasse 17
Postfach 357
CH-6301 Zug
Switzerland

Banca Nazionale Del Lavarò Spa
Prato
Via Bettino
2-50047
Italy

Z HINCHLIFFE & SONS LIMITED**STRATEGIC REPORT**

The directors present their strategic report for the year ended 30 June 2016.

Principal activity, business review, key performance indicators and future developments

The company's principal activity during the year continued to be that of yarn spinners.

The principal activities of the group's subsidiary undertakings are outlined in note 11 to the financial statements.

During the year the group has continued to manufacture and sell cashmere and fine lambswool yarns to the knitwear and weaving industries.

For the year under review the turnover reflects the difficult trading conditions due to volatility in the currency markets and one significant bad debt.

The further integration of spinning production on a single site will result in on-going savings and overall efficiencies.

Financial instruments

The Group's principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to raise funds for the Group's operations and to finance the Group's operations.

Due to the nature of the financial instruments used by the Group there is no exposure to price risk. The Group's approach to managing other risks applicable to the financial instruments is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of deposits at floating rates of interest. The Group makes use of money market facilities where funds are available. Exposure to currency risks are constantly monitored to ensure that adverse movements are contained.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Credit insurance is used to cover trade debtors in export markets wherever available.

Trade creditor liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

This report was approved by the board on 17 March 2017 and is signed on its behalf by:



G A WILBY
Director

Z HINCHLIFFE & SONS LIMITED

DIRECTORS' REPORT

The directors present their directors' report and financial statements for the year ended 30 June 2016.

Directors

The directors who served during the year were:

J R Hinchliffe
J H Hinchliffe
G A Wilby

Directors' interests

The interests of the directors in the share capital of the group at the end of the year and at the beginning of the year were as follows:

<u>Z Hinchliffe & Sons Limited</u>	Ordinary shares of £1 each	Cumulative preference shares of £1 each
J R Hinchliffe	12,591	4,778
J H Hinchliffe	12,592	4,777
G A Wilby	60,583	4,647
 <u>Harold Hinchliffe Limited</u>	 Ordinary shares of 5p each	 Cumulative preference shares of 5p each
J R Hinchliffe	*6,680	*51,399
J H Hinchliffe	*6,680	*51,399
G A Wilby	-	-

* 2,500 ordinary shares of 5p each and 17,500 cumulative preference shares of 5p each are jointly held by J R Hinchliffe and J H Hinchliffe.

The directors own no shares in any of the subsidiary companies.

A qualifying indemnity provision (as defined in section 236 of the Companies Act 2006) has been provided to the directors.

Directors' responsibilities for preparing the financial statements

The directors are responsible for preparing the 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 of 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 judgments and 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 company will continue in business.

Z HINCHLIFFE & SONS LIMITED**DIRECTORS' REPORT** (continued)**Directors' responsibilities for preparing the financial statements** (continued)

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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Strategic report

In accordance with section 414C(11) Companies Act 2006, the following information required to be contained in this report is set out in the company's Strategic Report on page 2 : principal activities, business review, future developments and financial risks.

Results and dividends

The group loss for the year, after taxation, was £959,753.

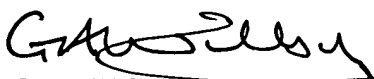
The directors' recommend the following dividends:-

	£
On cumulative preference shares	1,050
On ordinary shares	19,950
	21,000

Auditors

Wheawill & Sudworth Limited were re-appointed as the company's auditor during the year and have expressed their willingness to continue in that capacity.

On behalf of the board



G A WILBY

Director

17 March 2017

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF Z HINCHLIFFE & SONS LIMITED

We have audited the financial statements of Z Hinchliffe & Sons Limited for the year ended 30 June 2016 which are set out on pages 7 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditors' 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 30 June 2016 and of the group's loss 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 requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**Z HINCHLIFFE & SONS LIMITED** (continued)**Matters on which we are required to report by exception**

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.

Wheawill & Sudworth Limited

Helen Solomons (Senior Statutory Auditor)

For and on behalf of Wheawill & Sudworth Limited,
Statutory Auditor

35 Westgate
Huddersfield
HD1 1PA
17 March 2017

Z HINCHLIFFE & SONS LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for the year ended

30 JUNE 2016

	Notes	2016 £	2015 £
Turnover	3	11,074,879	12,928,994
Cost of sales		(10,028,105)	(12,332,159)
Gross profit		1,046,774	596,835
Distribution costs		(1,176,737)	(1,126,501)
Administrative expenses		(834,220)	(678,991)
Operating (loss)	4	(964,183)	(1,208,657)
Profit on sale of fixed assets		-	494,070
Interest receivable and similar income	5	6,722	24,228
Interest payable and similar charges	6	(1,976)	(1,443)
(Loss) on ordinary activities before taxation		(959,437)	(691,802)
Taxation on (loss) on ordinary activities	7	(316)	(293)
(Loss) for the financial year		(959,753)	(692,095)
Remeasurement losses on defined benefit pension plans	19	(216,000)	(236,000)
Total comprehensive income for the year		(1,175,753)	(928,095)

None of the group's activities were acquired or discontinued during the above two financial years.

The notes on pages 12 to 29 form part of these financial statements.

Z HINCHLIFFE & SONS LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****30 JUNE 2016**

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	10	3,224,647	3,499,557
Current assets			
Stocks	12	8,321,604	8,717,092
Debtors	13	3,991,495	5,298,270
Cash at bank and in hand		2,146,524	1,430,284
		14,459,623	15,445,646
Creditors: amounts falling due within one year	14	(1,068,489)	(981,288)
Net current assets		13,391,134	14,464,358
Total assets less current liabilities		16,615,781	17,963,915
Creditors: amounts falling due after more than one year	15	(20,391)	(27,090)
		16,595,390	17,936,825
Deferred income	18	(144,056)	(288,738)
Net assets		16,451,334	17,648,087
Capital and reserves			
Called up share capital	20	254,968	254,968
Profit and loss account	21	16,196,366	17,393,119
Shareholders' funds		16,451,334	17,648,087

The financial statements were approved by the board of directors and authorised for issue on 17 March 2017 and signed on its behalf by

G A WILBY

) 

) Directors

J H HINCHLIFFE

) 

Company Registration Number : 78708

The notes on pages 12 to 29 form part of these financial statements.

Z HINCHLIFFE & SONS LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****30 JUNE 2016**

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	10	3,027,044	3,295,336
Investments	11	1,839,593	1,839,912
		<u>4,866,637</u>	<u>5,135,248</u>
Current assets			
Stocks	12	8,321,604	8,717,092
Debtors	13	3,814,111	5,143,482
Cash at bank and in hand		2,139,205	1,388,955
		<u>14,274,920</u>	<u>15,249,529</u>
Creditors: amounts falling due within one year	14	<u>(2,698,256)</u>	<u>(2,590,004)</u>
Net current assets		<u>11,576,664</u>	<u>12,659,525</u>
Total assets less current liabilities		<u>16,443,301</u>	<u>17,794,773</u>
Creditors: amounts falling due after more than one year	15	<u>(20,391)</u>	<u>(27,090)</u>
		<u>16,442,910</u>	<u>17,767,683</u>
Deferred income	18	<u>(144,056)</u>	<u>(288,738)</u>
Net assets		<u><u>16,278,854</u></u>	<u><u>17,478,945</u></u>
Capital and reserves			
Called up share capital	20	254,968	254,968
Profit and loss account (including loss for the financial year of £963,091 (2015: £700,021))	21	16,023,886	17,223,977
Shareholders' funds		<u><u>16,278,854</u></u>	<u><u>17,478,945</u></u>

The financial statements were approved by the board of directors and authorised for issue on 17 March 2017 and signed on its behalf by

G A WILBY

)

J H HINCHLIFFE

)

Directors

Company Registration Number : 78708

The notes on pages 12 to 29 form part of these financial statements.

Z HINCHLIFFE & SONS LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****30 JUNE 2016**

	Called-up share capital £	Profit and loss account £	Total £
At 1 July 2014 as previously stated	254,968	18,342,214	18,597,182
Changes on transition to FRS 102 (note 27)	-	-	-
At start date 1 July 2014 as restated	254,968	18,342,214	18,597,182
Loss for the year	-	(692,095)	(692,095)
Remeasurement losses on defined benefit pension plans	-	(236,000)	(236,000)
Total comprehensive income	-	(928,095)	(928,095)
Dividends	-	(21,000)	(21,000)
At 30 June 2015 and 1 July 2015	254,968	17,393,119	17,648,087
Loss for the year	-	(959,753)	(959,753)
Remeasurement losses on defined benefit pension plans	-	(216,000)	(216,000)
Total comprehensive income	-	(1,175,753)	(1,175,753)
Dividends	-	(21,000)	(21,000)
At 30 June 2016	254,968	16,196,366	16,451,334

Z HINCHLIFFE & SONS LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS**

for the year ended

30 JUNE 2016

	Notes	2016 £	2015 £
Cash flow from operating activities	9	714,452	541,293
Taxation		(316)	1,114
Net cash flow from operating activities		<u>714,136</u>	<u>542,407</u>
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(64,922)	(1,476,961)
Receipts from sales of tangible fixed assets		15,660	513,184
Capital grant received		37,000	219,820
Interest received		6,722	24,228
Net cash flow from investment activities		<u>(5,540)</u>	<u>(719,729)</u>
Cash flow from financing activities			
Repayment of finance leasing liabilities		(6,699)	(21,990)
Interest paid		(1,976)	(1,443)
Dividends paid		(21,000)	(21,000)
Net cash flow from financing activities		<u>(29,675)</u>	<u>(44,433)</u>
Net increase/(decrease) in cash and cash equivalents		678,921	(221,755)
Effect of exchange rates on cash and cash equivalents		37,319	(64,212)
Cash and cash equivalents at 1 July 2015		<u>1,430,284</u>	<u>1,716,251</u>
Cash and cash equivalents at 30 June 2016		<u>2,146,524</u>	<u>1,430,284</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		2,146,524	1,430,284
Short term deposits		-	-
Cash and cash equivalents at 30 June 2016		<u><u>2,146,524</u></u>	<u><u>1,430,284</u></u>

The notes on pages 12 to 29 form part of these financial statements.

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2016****1 Statement of Compliance**

Z Hinchliffe & Sons Limited, company registration number 78708, is a private company limited by shares incorporated in England within the United Kingdom. The address of the registered office is Hartcliffe Mills, Denby Dale, Huddersfield HD8 8QL.

These financial statements have been prepared in compliance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

2 Accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated. The company adopted FRS 102 in the current year and an explanation of how transition to FRS 102 has affected the reported financial position and performance is given in note 27.

Disclosure exemptions

The subsidiary company, John Woodhead (Dobroyd Mills) Limited, satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Z Hinchliffe & Sons Limited. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102 by the subsidiary company in its financial statements:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) Disclosures in respect of share-based payments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements are presented in sterling which is the functional currency of the company.

Basis of consolidation

The group financial statements consolidate the financial statements of Z Hinchliffe & Sons Limited and its subsidiary undertaking which is made up to 30 June 2016. The acquisition method of accounting has been adopted. Uniform accounting policies are followed throughout the group and all unrealised profits and losses arising from inter-group trading are eliminated.

In accordance with Section 408 of the Companies Act 2006 Z Hinchliffe & Sons Limited is exempt from the requirement to present its own statement of income and retained earnings.

Fixed asset investments

In the company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off. Dividends received are credited to the company's profit and loss account to the extent that they represent a realised profit for the company.

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2016****2 Accounting policies (continued)****Goodwill**

Purchased goodwill (both positive and negative) arising on business combinations in respect of acquisitions before 1 January 1998, when FRS 10 Goodwill and intangible assets was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is computed using the straight line method over estimated economic lives from the time the asset is put into use. Present estimated economic lives are as follows:

Freehold buildings	- 25 to 50 years
Plant and equipment	- 5 to 10 years
Motor vehicles	- 5 years

In the year of acquisition tangible fixed assets are depreciated from the beginning of the financial year. Tangible fixed assets are reviewed for impairment if events or circumstances indicate the carrying value may not be recoverable in full.

No depreciation is provided on freehold land.

FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" requires properties held for investment to be included in the Balance Sheet at their fair value when it can be measured reliably without undue cost or effort. The directors consider that to comply with this requirement annually would involve unjustifiable expense and therefore the investment properties are included at cost less depreciation within freehold land and buildings in note 10.

Hire purchase and leased assets

Tangible fixed assets acquired under finance and hire purchase contracts are capitalised and depreciated over their effective lives. The outstanding obligations in respect of finance leases and hire purchase contracts, net of finance charges relating to future periods, are included under creditors due within or after one year as appropriate. The finance element of the obligations is allocated to accounting periods so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Rentals payable under operating leases are charged to the profit and loss account as incurred.

Stocks

Stocks are stated at direct cost plus attributable overheads or net realisable value if lower.

Revenue recognition

Turnover represents the value of goods sold and services provided net of value added tax.

Grants

Grants in respect of expenditure on tangible fixed assets are treated as deferred income which is credited to the profit and loss account by instalments over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Grants of a revenue nature are recognised in the profit and loss account of the period of which they are paid.

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2016****2 Accounting policies (continued)****Income tax**

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets and investment properties is measured using the rates and allowances that apply to the sale of the asset.

Foreign currencies

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Employee benefits - pension costs – defined benefit schemes

The company operates defined benefit plans for the benefit of its employees. A liability for the company's obligations under the plans is recognised net of plan assets. The net change in the net defined benefit liabilities are recognised as the cost of the defined benefit plans during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Employee benefits - pension costs – defined contribution schemes

Contributions made to the group defined contribution schemes operated by the company are charged to the statement of comprehensive income as they become payable.

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2016****3 Turnover**

The turnover is attributable to the group's principal activities.

	2016 £	2015 £
Home	5,702,585	6,868,594
Export - Europe	3,637,134	3,885,638
- Rest of the World	1,735,160	2,174,762
	<u>11,074,879</u>	<u>12,928,994</u>

4 Operating (loss)

	2016 £	2015 £
(a) This is stated after charging and (crediting):		
Directors' emoluments (see below)	707,833	495,932
Auditor's remuneration	28,000	28,000
Depreciation of owned assets	320,985	351,685
Depreciation of assets held under hire purchase contracts	8,540	8,540
Profit on disposal of tangible fixed assets	(5,353)	(502,391)
Reversal of / (amortisation of) deferred capital grant income	5,318	(33,682)
Exchange (gains) / losses	(223,572)	103,284
Rents receivable from property (net of expenses)	(77,068)	(34,139)
	<u>707,833</u>	<u>495,932</u>
(b) Directors' emoluments/key management personnel compensation:		
Aggregate emoluments	657,833	495,932
Company pension contributions	50,000	-
	<u>707,833</u>	<u>495,932</u>

Retirement benefits are accruing to three (2013: three) directors under money purchase schemes.

Emoluments of the highest paid director:

Aggregate emoluments	269,146	174,961
Company pension contributions	-	-
	<u>269,146</u>	<u>174,961</u>

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2016****4 Operating (loss) (continued)****(c) Particulars of staff:**

The average number of persons employed by the group during the year, including the directors, was as follows:

	2016 Number	2015 Number
Administration	4	4
Production	182	175
Selling	2	2
Directors	3	3
	<u>191</u>	<u>184</u>

Staff costs:

	£	£
Wages and salaries	4,159,463	3,841,882
Social security costs	335,768	338,290
Pension costs – defined benefit schemes	-	-
– defined contribution schemes	130,023	87,916
	<u>4,625,254</u>	<u>4,268,088</u>

5 Interest receivable and other similar income

	2016 £	2015 £
Bank interest	3,032	1,162
Other interest and similar income	3,119	4,281
Exchange differences	571	18,785
	<u>6,722</u>	<u>24,228</u>

6 Interest payable

	2016 £	2015 £
Other interest and similar charges	19	-
Hire purchase interest	1,957	1,443
	<u>1,976</u>	<u>1,443</u>

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2016**

7 Income tax	2016 £	2015 £
(a) Analysis of charge for the year		
Current taxation:		
UK Corporation tax on the (loss) for the year	-	-
Foreign taxes	316	242
Adjustment in respect of previous periods	-	51
Total current taxation (note 7 (b))	316	293
Deferred taxation:		
Origination and reversal of timing differences	-	-
Taxation on (loss) on ordinary activities	316	293

At 30 June 2016 the group and company had unrelieved trading losses of £6,600,000 (2015: £5,700,000) and unrelieved capital losses of £99,126 (2015: £99,126).

(b) Reconciliation of tax charge		
The tax assessed for the year is higher (2015: higher) than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:		
	2016 £	2015 £
(Loss) on ordinary activities before taxation	(959,437)	(691,802)
Corporation tax at 20% (2015: 21%)	(191,887)	(145,278)
Effects of:		
Depreciation charges in excess of capital allowances	1,824	8,950
Expenses not deductible for tax purposes	3,901	2,344
Movement in provisions	(1,758)	1,950
Profits charged to tax at rates higher/(lower) than standard rate	1,261	(1,474)
Tax treatment on sale of property	-	(73,700)
Taxation losses generated in the year and carried forward	230,415	257,262
Net income relating to defined benefit pension schemes calculated under FRS 17 not taxable	(43,200)	(49,560)
Group relief utilised from ultimate parent	(240)	(252)
Adjustment in respect of previous periods	-	51
Current tax charge for the year (note 7 (a))	316	293

8 Dividends	2016 £	2015 £
Paid during the year:		
Preference shares	1,050	1,050
Ordinary shares	19,950	19,950
	21,000	21,000
Paid after the year end on 3 July 2016 (not recognised as a liability):		
Preference shares	1,050	1,050
Ordinary shares	19,950	19,950
	21,000	21,000

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2016****9 Notes to the statement of cash flows**

	2016 £	2015 £
Reconciliation of profit to cash flow from operating activities		
Loss for the year	(959,753)	(692,095)
Interest receivable and similar income	(6,722)	(24,228)
Interest payable and similar charges	1,976	1,443
Effect of exchange rates on cash and cash equivalents	(37,319)	64,212
Tax on profit/loss on ordinary activities	316	293
	<u>(1,001,502)</u>	<u>(650,375)</u>
Depreciation and impairment of tangible fixed assets	329,525	360,225
(Profit) on disposal of tangible fixed assets	(5,353)	(502,391)
Post-employment benefits less payments	(216,000)	(236,000)
Reversal / release of deferred government grants	5,318	(33,682)
Decrease in stock	395,488	320,078
Decrease in debtors	1,306,775	1,295,422
Decrease in creditors	(99,799)	(11,984)
	<u>714,452</u>	<u>541,293</u>
Cash flow from operating activities		

	Freehold land and buildings £	Plant and machinery £	Total £
10 Tangible fixed assets			
Group			
Cost			
At 1 July 2015	7,595,944	12,833,486	20,429,430
Additions	27,820	37,102	64,922
Disposals	-	(65,682)	(65,682)
	<u>7,623,764</u>	<u>12,804,906</u>	<u>20,428,670</u>
At 30 June 2016			
Depreciation:			
At 1 July 2015	4,949,423	11,980,450	16,929,873
Charge for the year	180,338	149,187	329,525
Disposals	-	(55,375)	(55,375)
	<u>5,129,761</u>	<u>12,074,262</u>	<u>17,204,023</u>
At 30 June 2016			
Net book amount at:			
30 June 2016	2,494,003	730,644	3,224,647
30 June 2015	2,646,521	853,036	3,499,557

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2016**

10 Tangible fixed assets (continued)	Freehold land and buildings £	Plant and machinery £	Total £
Company			
Cost			
At 1 July 2015	7,150,104	12,833,486	19,983,590
Additions	24,813	37,102	61,915
Disposals	-	(65,682)	(65,682)
At 30 June 2016	<u>7,174,917</u>	<u>12,804,906</u>	<u>19,979,823</u>
Depreciation:			
At 1 July 2015	4,707,804	11,980,450	16,688,254
Charge for the year	170,713	149,187	319,900
Disposals	-	(55,375)	(55,375)
At 30 June 2016	<u>4,878,517</u>	<u>12,074,262</u>	<u>16,952,779</u>
Net book amount at:			
30 June 2016	<u>2,296,400</u>	<u>730,644</u>	<u>3,027,044</u>
30 June 2015	<u>2,442,300</u>	<u>853,036</u>	<u>3,295,336</u>

Included in the total net book value of group and company tangible fixed assets held at 30 June 2016 was £25,620 (2015: £34,160) in respect of assets held under hire purchase contracts.

Assets costing £618,879 (2015: £618,879), mainly being land, included above within freehold land and buildings, are not depreciated.

11 Fixed asset investments	Shares in undertakings £
Company	
Cost	
At 1 July 2015	2,779,630
Disposal	(8,380)
	<u>2,771,250</u>
Provision	
At 1 July 2015	939,718
Charge	319
Disposal	(8,380)
At 30 June 2016	<u>931,657</u>
Net book value	
At 30 June 2016	<u>1,839,593</u>
At 30 June 2015	<u>1,839,912</u>

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2016****11 Fixed asset investments (continued)**

	Country of registration or incorporation	Principal Activity	Class and percentage of shares held
Subsidiary undertakings			
Z Hinchcliffe & Sons AG**	Switzerland	Investment company	100% ordinary
John Woodhead (Dobroyd Mills) Limited	England	Property management and letting	100% ordinary
John Woodhead (Dobroyd Mills) USA Inc	USA	Dormant	100% ordinary*

*Shares in this company are held by John Woodhead (Dobroyd Mills) Limited.

**Since 30 June 2015 this company was placed in liquidation and at 30 June 2016 no longer exists.

12 Stocks	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Raw materials and consumables	3,539,699	4,108,087	3,539,699	4,108,087
Work in progress	245,456	569,039	245,456	569,039
Finished yarn	4,536,449	4,039,966	4,536,449	4,039,966
	<u>8,321,604</u>	<u>8,717,092</u>	<u>8,321,604</u>	<u>8,717,092</u>

13 Debtors	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	3,551,041	4,815,517	3,378,561	4,643,037
Amounts owed by subsidiary undertaking	-	-	-	30,171
Other debtors	2,323	51,440	2,323	51,377
Prepayments and accrued income	438,131	431,313	433,227	418,897
	<u>3,991,495</u>	<u>5,298,270</u>	<u>3,814,111</u>	<u>5,143,482</u>

14 Creditors: amounts falling due within one year	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade creditors	513,060	483,705	513,060	483,705
Amounts owed to subsidiary Undertaking	-	-	1,634,736	1,611,195
Other taxes and social security	139,732	116,490	138,512	116,277
Accruals and deferred income	210,899	347,790	207,150	345,524
Other creditors	198,099	26,604	198,099	26,604
Hire purchase agreements	6,699	6,699	6,699	6,699
	<u>1,068,489</u>	<u>981,288</u>	<u>2,698,256</u>	<u>2,590,004</u>

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2016**

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
15 Creditors: amounts falling due after more than one year				
Hire purchase agreements	20,391	27,090	20,391	27,090
	<u>20,391</u>	<u>27,090</u>	<u>20,391</u>	<u>27,090</u>
16 Commitments under hire purchase agreements			Group and Company	
			2016	2015
			£	£
Amounts payable within 1 year			6,699	6,699
Amounts payable between 2 and 5 years			20,391	27,090
			<u>27,090</u>	<u>33,789</u>
			<u>27,090</u>	<u>33,789</u>
17 Secured Liabilities				
The hire purchase liability referred to in note 16 totalling £27,090 (2015: £33,789) is secured on the asset to which it relates.				
18 Deferred income			Group and Company	
			2016	2015
			£	£
At 1 July 2015			288,738	102,600
Grant received in year			37,000	219,820
Provision for repayment of grants			(187,000)	-
Reversal of / (amortisation of) deferred capital grant income			5,318	(33,682)
At 30 June 2016			<u>144,056</u>	<u>288,738</u>
			<u>144,056</u>	<u>288,738</u>

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2016****19 Pension costs and commitments**

The group operates two defined benefit and two defined contribution pension schemes.

Defined benefit schemes**1 The Z Hinchliffe & Sons Limited 1978 Retirement & Death Benefit Scheme**

The Scheme is a funded defined benefit final salary pension scheme which was set up by the Interim Trust Deed dated 31 May 1967. It has been approved by the Inland Revenue Savings, Pensions, Share Schemes (formerly the Pension Schemes Office) under Chapter I of Part XIV of the Income & Corporation Taxes Act 1988. The employees covered by the Scheme are contracted-out of the State Earnings Related Pension Scheme (SERPS).

Following discussions between the Trustees of the Scheme and the directors of the company, having taken appropriate advice, and having followed the necessary procedures, the Scheme was closed to further accrual from 1 June 2010.

The company has fully adopted the requirements of FRS102 Financial Reporting Standard applicable in the UK and Republic of Ireland in respect of post-employment benefits. Under this accounting standard the following disclosures are required.

The most recent actuarial valuation was carried out at 5 April 2015. The results of this have been projected to 30 June 2016 by a qualified independent actuary. The major assumptions used by the actuary were:

The total cost recognised in the period was as follows:

	2016 £	2015 £
Current service cost	-	-
Past service cost	-	-
Plan introductions, changes, curtailments and settlements	-	-
Net interest income	-	-
Recognised in profit or loss	-	-
Recognised in other comprehensive income:		
- before restriction	(452,000)	32,000
- restriction reversed/(restricted)	309,000	(192,000)
	(143,000)	(160,000)
Total cost recognised	(143,000)	(160,000)

Amounts recognised in the balance sheet were as follows:

	2016 £	2015 £
Present value of funded obligations	(5,286,000)	(5,040,000)
Fair value of plan assets	6,274,000	6,337,000
	988,000	1,297,000
Restriction	(988,000)	(1,297,000)
	-	-

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2016****19 Pension costs and commitments (continued)****1 The Z Hinchcliffe & Sons Limited 1978 Retirement & Death Benefit Scheme (continued)**

The FRS102 actuarial valuation at 30 June 2016 showed a surplus before restriction of £988,000. This is restricted to £nil in the financial statements in accordance with paragraph 28.22 of FRS102. The FRS102 actuarial valuation at 30 June 2015 showed a surplus of £1,297,000 which was restricted to nil.

Changes in the present value of the defined benefit obligations were as follows:

	2016 £
Opening defined benefit obligation	5,040,000
Current service cost	-
Past service cost	-
Interest expense	192,000
Actuarial losses	263,000
Contributions by scheme participants	-
Benefits paid	(209,000)
(Gains) / losses on curtailment	-
Closing defined benefit obligation	<u>5,286,000</u>

Changes in the fair value of the pension plan assets were as follows:

	2016 £
Opening plan assets	6,337,000
Interest income	192,000
Actual return on plan assets (excluding interest income)	(189,000)
Contributions by employer	143,000
Contributions by scheme participants	-
Benefits paid	(209,000)
Closing plan assets	<u>6,274,000</u>

The amount that each major class of pension plan assets constitutes of the fair value of the total plan assets was as follows:

	2016 £	2015 £
Equity instruments	4,518,000	4,685,000
Bonds and gilts	999,000	1,008,000
Property	450,000	445,000
Cash and deposits	307,000	199,000
	<u>6,274,000</u>	<u>6,337,000</u>

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2016****19 Pension costs and commitments (continued)****1 The Z Hinchliffe & Sons Limited 1978 Retirement & Death Benefit Scheme (continued)**

The return on plan assets was as follows:

	2016 £	2015 £
Interest income	(192,000)	(207,000)
Actual return on plan assets (excluding interest income)	3,000	468,000
Total return on plan assets	<u>(189,000)</u>	<u>261,000</u>

The principal actuarial assumptions used were as follows:

	2016	2015
Discount rate	3.00%	3.90%
Expected rates of salary increases	n/a	n/a
Rate of increase of pensions in payment:		
- Pension accrued before 5 April 1997	0.00%	0.00%
- Pension accrued from 5 April 1997	2.40%	2.70%
- Pension accrued after 5 April 2005	2.30%	2.40%
Expected rate of inflation – RPI	3.10%	3.40%
Expected rate of inflation – CPI	2.40%	2.70%

The mortality assumptions used for longevity (in years) on retirement at age 65 are:

Retiring at the balance sheet date		
- Males	85.9	85.8
Retiring in 10 years		
- Males	86.7	86.6

2 The John Woodhead (Dobroyd Mills) Limited Pension & Life Assurance Scheme

The Scheme is a funded defined benefit final salary pension scheme which was set up by a Trust Deed dated 24 August 1983 and a supplemental trust deed dated 13 July 1992. It has been approved by the Inland Revenue Savings, Pensions, Share Schemes (formerly the Pension Schemes Office) under Chapter I of Part XIV of the Income & Corporation Taxes Act 1988. The employees covered by the Scheme are not contracted-out of the State Earnings Related Pension Scheme (SERPS).

Following discussions between the Trustees of the Scheme and the directors of the company, having taken appropriate advice, and having followed the necessary procedures, the Scheme was closed to further accrual from 1 June 2010.

The company has fully adopted the requirements of FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland in respect of post-employment benefits.

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2016****19 Pension costs and commitments (continued)****2 The John Woodhead (Dobroyd Mills) Limited Pension & Life Assurance Scheme (continued)**

Under this accounting standard the following disclosures are required:

The most recent actuarial valuation was carried out at 31 May 2015. The results of this have been projected to 30 June 2016 by a qualified independent actuary. The major assumptions used by the actuary were:

The total cost recognised in the period was as follows:

	2016 £	2015 £
Current service cost	-	-
Past service cost	-	-
Plan introductions, changes, curtailments and settlements	-	-
Net interest income	-	-
Recognised in profit or loss	-	-
Recognised in other comprehensive income		
- before restriction	(207,000)	(36,000)
- restriction reversed/(restricted)	134,000	(40,000)
	(73,000)	(76,000)
Total cost recognised	<u>(73,000)</u>	<u>(76,000)</u>

Amounts recognised in the balance sheet were as follows:

	2016 £	2015 £
Present value of funded obligations	(1,954,000)	(1,750,000)
Fair value of plan assets	2,027,000	1,957,000
	73,000	207,000
Restriction	(73,000)	(207,000)
	-	-

The FRS102 actuarial valuation at 30 June 2016 showed a surplus before restriction of £73,000. This is restricted to £nil in the financial statements in accordance with paragraph 28.22 of FRS102. The FRS102 actuarial valuation at 30 June 2015 showed a surplus of £207,000 before restriction.

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2016****19 Pension costs and commitments (continued)****2 The John Woodhead (Dobroyd Mills) Limited Pension & Life Assurance Scheme (continued)**

Changes in the present value of the defined benefit obligations were as follows:

	2016 £
Opening defined benefit obligation	1,750,000
Current service cost	-
Past service cost	-
Interest expense	67,000
Actuarial losses	192,000
Contributions by scheme participants	-
Benefits paid	(55,000)
(Gains) / losses on curtailment	-
Closing defined benefit obligation	<u>1,954,000</u>

Changes in the fair value of the pension plan assets were as follows:

	2016 £
Opening plan assets	1,957,000
Interest income	67,000
Actual return on plan assets (excluding interest income)	(15,000)
Contributions by employer	73,000
Contributions by scheme participants	-
Benefits paid	(55,000)
Closing plan assets	<u>2,027,000</u>

The amount that each major class of pension plan assets constitutes of the fair value of the total plan assets was as follows:

	2016 £	2015 £
With profits investment plan	1,851,000	1,799,000
Cash at bank	176,000	158,000
	<u>2,027,000</u>	<u>1,957,000</u>

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2016****19 Pension costs and commitments (continued)****2 The John Woodhead (Dobroyd Mills) Limited Pension & Life Assurance Scheme (continued)**

The return on plan assets was as follows:

	2016	2015
	£	£
Interest income	(67,000)	(71,000)
Actual return on plan assets (excluding interest income)	52,000	132,000
Total return on plan assets	<u>(15,000)</u>	<u>61,000</u>

The principal actuarial assumptions used were as follows:

	2016	2015
Discount rate	3.00%	3.90%
Expected rates of salary increases	n/a	n/a
Rate of increase of pensions in payment:		
- Pension accrued before 5 April 1997	0.00%	0.00%
- Pension accrued from 5 April 1997	2.40%	2.70%
- Pension accrued after 5 April 2005	2.30%	2.40%
Expected rate of inflation – RPI	3.10%	3.40%
Expected rate of inflation – CPI	2.40%	2.70%

The mortality assumptions used for longevity (in years) on retirement at age 65 are:

Retiring at the balance sheet date		
- Males	85.9	86.8
Retiring in 10 years		
- Males	86.7	86.6

3 Defined contribution schemes

The company operates and makes contributions to two defined contribution pension schemes. The assets of the schemes are held separately from those of the company in trustee administered funds. The pension cost charge for the year was £130,023 (2015: £87,916).

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2016****20 Share capital**

	Allotted, called up and fully paid	
	2016 Number and £	2015 Number and £
5% cumulative preference shares of £1 each	30,000	30,000
Ordinary shares of £1 each	224,968	224,968
	<u>254,968</u>	<u>254,968</u>

The preference shares are entitled to a fixed cumulative dividend and, in any future winding up, a right to repayment of £1 per share. Such a repayment would be in priority to any other shares. These shares only carry voting rights at general meetings on any resolutions relating to their rights and privileges.

21 Reserves

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
22 Capital commitments				
Capital expenditure contracted but not provided for in the accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

23 Contingent liability

The company has given a guarantee to H M Customs & Excise in respect of deferred duty amounting to £350,000 (2015: £350,000).

24 Related party transactions

Key management personnel compensation in the year totalled £707,833 (2015: £495,932).

During the year the company has paid dividends to the following directors:

J R Hinchliffe	£1,284
J H Hinchliffe	£1,284
G A Wilby	£5,535

Z HINCHLIFFE & SONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2016****25 Directors' advances**

During the year an amount of £215 was paid to and amounts totalling £50,429 received from the director, J R Hinchliffe. The balance owed at 30 June 2016 by the director was £nil (2015: £50,214).

26 Ultimate parent undertaking

The company is a subsidiary of Harold Hinchliffe Limited which is the ultimate parent company and the parent undertaking of the largest and smallest group which prepares consolidated financial statements and is registered in England and Wales. The ultimate controlling parties are J R Hinchliffe and J H Hinchliffe.

Copies of the financial statements of Harold Hinchliffe Limited may be obtained from:

Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ.

27 Transition to FRS102

These are the first financial statements that comply with FRS102. The company transitioned to FRS102 on 1 July 2014.

No transitional adjustments were required in equity or profit or loss for the year.