

Vale Mill (Rochdale) Limited

Annual Report and Financial Statements

Year Ended

30 September 2017

Company Number 00365230



Vale Mill (Rochdale) Limited

Company Information

Directors	A S Donnelly J Fuchs M J S Fuchs
Company secretary	M J S Fuchs
Registered number	00365230
Registered office	Vale Mill John Street Rochdale Lancashire OL16 1HR
Independent auditor	BDO LLP 3 Hardman Street Manchester M3 3AT

Vale Mill (Rochdale) Limited

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Vale Mill (Rochdale) Limited

Group Strategic Report For the Year Ended 30 September 2017

Introduction

The directors present their Strategic Report, Directors' Report and financial statements for the for the year ended 30 September 2017.

This report has been prepared by the directors in accordance with the requirements of Section 414 of the Companies Act 2006. The Group's independent auditor is required by law to report on whether the information given in the strategic report is consistent with the financial statements. The Auditor's Report is set out on pages 7 to 9.

Business review

The principal activity of the Group continues to be the manufacture and distribution of domestic and industrial cleaning cloths, homecare, home laundry and garden furniture products.

The results for the year are set out on page 10 of the financial statements.

During the year the UK retail market has continued to struggle with some high profile businesses going into administration. Operating in the retail market it was no surprise that the group also experienced a small decline in performance which saw sales decrease by £1.2m from £38.7m to £37.5m.

Focus on costs meant that the gross profit remained consistent with prior year at 40% (2016 - 40%) and overall the group made operating profit of £2.2m (2016 - £3.1m).

Net assets increased from £28.7m to £30m. The cash position remains strong with an increase of £1.6m from £12.6m to £14.2m of cash as at 30 September 2017.

Principal risks and uncertainties

The Group operates in a challenging and competitive sector, particularly around services, quality and availability. Failure to pay attention to these factors would result in potentially reduced sales. To mitigate this risk, there is clear focus and a group wide enhanced attitude to meeting customers' expectations.

The Group's margins are subject to exchange rate volatility. The Group manages its foreign currency risk management through a combination of forward and spot contracts, as appropriate.

Financial key performance indicators

The Group monitors all aspects of its business through KPIs – both financial and non-financial.

Financial KPIs measure turnover, profitability and working capital. Non-financial KPIs measure qualitative aspects, including customer satisfaction and quality.

Vale Mill (Rochdale) Limited

Group Strategic Report (continued)
For the Year Ended 30 September 2017

Future developments

The directors remain confident about the improvement and development of the group and continue to make significant investment in new product development brands, infrastructure and systems to meet the new challenges ahead.

This report was approved by the board on 22/6/18 and signed on its behalf.



M J S Fuchs
Director

Vale Mill (Rochdale) Limited

Directors' Report For the Year Ended 30 September 2017

The directors present their report and the financial statements for the year ended 30 September 2017.

Principal activity

The principal activity of the Group continues to be the manufacture and distribution of domestic and industrial cleaning cloths, homecare, home laundry and garden furniture products.

Results and dividends

The profit for the year, after taxation, amounted to £1,821,911 (2016 - £2,574,578).

The directors do not recommend the payment of a dividend (2016 - Nil).

Directors

The directors who served during the year were:

A S Donnelly
J Fuchs
M J S Fuchs

Employee involvement

The Group recognises its obligation towards disabled persons and endeavours to provide as much employment as the demands of the group's operations and the ability of the persons allow.

The Group is committed to an "open door" policy in the matter of informing and communicating with its employees.

A system of Works Committees is maintained to facilitate the communication with employees and the Group regularly consults with their representatives.

Vale Mill (Rochdale) Limited

Directors' Report (continued) For the Year Ended 30 September 2017

Financial instruments

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices. Each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval.

A monthly review of the trade receivables' ageing analysis is undertaken and customers' credit is reassessed periodically.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Management receives cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Market risk

Market risk arises from the Group's use of foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (currency risk).

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group manages its foreign currency risk management through a combination of forward and spot contracts, as appropriate.

Matters covered in the Strategic Report

The business review, principal risks and uncertainties and key performance indicators are set out in the Strategic Report on page 1.

Disclosure of information to the auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Vale Mill (Rochdale) Limited

Directors' Report (continued)
For the Year Ended 30 September 2017

Post year end events

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

Auditor

KPMG LLP resigned as auditors during the year and BDO LLP were appointed in their place. BDO LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22/6/18 and signed on its behalf.



M J S Fuchs
Director

Vale Mill (Rochdale) Limited

Directors' Responsibilities Statement For the Year Ended 30 September 2017

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 for the Group's financial statements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Vale Mill (Rochdale) Limited

Independent Auditor's report to the members of Vale Mill (Rochdale) Limited

Opinion

We have audited the financial statements of Vale Mill (Rochdale) Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 September 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2017 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 Group and the Parent 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 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.

Vale Mill (Rochdale) Limited

Independent Auditor's report to the members of Vale Mill (Rochdale) Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 Director's Report.

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

- adequate accounting records have not been kept 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.

Vale Mill (Rochdale) Limited

Independent Auditor's report to the members of Vale Mill (Rochdale) Limited (continued)

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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Steven Roberts (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester
United Kingdom

26/06/2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Vale Mill (Rochdale) Limited

Consolidated Statement of Comprehensive Income For the Year Ended 30 September 2017

	Note	2017 £	2016 £
Turnover	4	37,539,410	38,705,128
Cost of sales		(22,763,056)	(23,176,290)
Gross profit		14,776,354	15,528,838
Distribution costs		(1,925,894)	(1,899,071)
Administrative expenses		(10,680,168)	(10,509,718)
Other operating income		51,908	29,732
Operating profit	5	2,222,200	3,149,781
Interest receivable and similar income		20,753	46,992
Interest payable and expenses		(10,454)	(10,087)
Profit before taxation		2,232,499	3,186,686
Tax on profit	9	(410,588)	(612,108)
Profit for the financial year		1,821,911	2,574,578
Net exchange differences on the retranslation of foreign operations		(564,306)	177,649
Actuarial gains/(losses) on defined benefit pension scheme	19	176,000	(10,000)
(Increase)/decrease in pension surplus not recognised	19	(176,000)	10,000
Total comprehensive income for the year		1,257,605	2,752,227

The profit and total comprehensive income for the year is attributable to the owners of the parent company.

The notes on pages 16 to 36 form part of these financial statements.

Vale Mill (Rochdale) Limited

Registered number: 00365230

Consolidated Statement of Financial Position As at 30 September 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	5,272,370	5,364,743
		<u>5,272,370</u>	<u>5,364,743</u>
Current assets			
Stocks	12	7,768,303	5,861,249
Debtors: amounts falling due within one year	13	8,996,503	8,512,474
Cash at bank and in hand		14,240,590	12,637,500
		<u>31,005,396</u>	<u>27,011,223</u>
Creditors: amounts falling due within one year	14	(6,172,645)	(3,537,986)
Net current assets		<u>24,832,751</u>	<u>23,473,237</u>
Total assets less current liabilities		<u>30,105,121</u>	<u>28,837,980</u>
Deferred taxation	16	(116,257)	(113,471)
Net assets		<u>29,988,864</u>	<u>28,724,509</u>
Capital and reserves			
Called up share capital	17	30,000	30,000
Profit and loss account	18	29,958,864	28,694,509
Equity attributable to the owners of the parent company		<u>29,988,864</u>	<u>28,724,509</u>

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



M J S Fuchs
Director

22/6/18

The notes on pages 16 to 36 form part of these financial statements.

Vale Mill (Rochdale) Limited

Registered number: 00365230

Company Statement of Financial Position As at 30 September 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	4,343,399	4,447,636
Investments	11	24,487	24,487
		<u>4,367,886</u>	<u>4,472,123</u>
Current assets			
Stocks	12	6,590,894	4,749,099
Debtors: amounts falling due within one year	13	11,829,510	10,389,416
Cash at bank and in hand		13,756,540	12,393,057
		<u>32,176,944</u>	<u>27,531,572</u>
Creditors: amounts falling due within one year	14	(4,980,130)	(2,316,979)
Net current assets		<u>27,196,814</u>	<u>25,214,593</u>
Total assets less current liabilities		<u>31,564,700</u>	<u>29,686,716</u>
Deferred taxation	16	(116,257)	(113,471)
Net assets		<u><u>31,448,443</u></u>	<u><u>29,573,245</u></u>
Capital and reserves			
Called up share capital	17	30,000	30,000
Profit and loss account brought forward		29,543,245	27,094,812
Profit for the year		1,875,198	2,448,433
Profit and loss account carried forward		<u>31,418,443</u>	<u>29,543,245</u>
		<u><u>31,448,443</u></u>	<u><u>29,573,245</u></u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

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



M J S Fuchs
Director

22/6/18

The notes on pages 16 to 36 form part of these financial statements.

Vale Mill (Rochdale) Limited

Consolidated Statement of Changes in Equity For the Year Ended 30 September 2017

	Called up share capital £	Profit and loss account £	Total equity £
At 1 October 2016	30,000	28,694,509	28,724,509
Comprehensive income for the year			
Profit for the year	-	1,821,911	1,821,911
Net exchange differences on the retranslation of foreign operations	-	(557,556)	(557,556)
Actuarial gains on defined benefit pension scheme	-	176,000	176,000
Pension surplus not recognised	-	(176,000)	(176,000)
Total comprehensive income for the year	-	1,264,355	1,264,355
At 30 September 2017	30,000	29,958,864	29,988,864

The notes on pages 16 to 36 form part of these financial statements.

Consolidated Statement of Changes in Equity For the Year Ended 30 September 2016

	Called up share capital £	Profit and loss account £	Total equity £
At 1 October 2015	30,000	25,942,282	25,972,282
Comprehensive income for the period			
Profit for the period	-	2,574,578	2,574,578
Net exchange differences on the retranslation of foreign operations	-	177,649	177,649
Actuarial losses not recognised on defined benefit pension scheme	-	(10,000)	(10,000)
Pension surplus not recognised	-	10,000	10,000
Total comprehensive income for the period	-	2,752,227	2,752,227
At 30 September 2016	30,000	28,694,509	28,724,509

The notes on pages 16 to 36 form part of these financial statements.

Vale Mill (Rochdale) Limited

Company Statement of Changes in Equity For the Year Ended 30 September 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2016	30,000	29,543,245	29,573,245
Comprehensive income for the period			
Profit for the year	-	1,875,198	1,875,198
Actuarial gains on defined benefit pension scheme	-	176,000	176,000
Pension surplus not recognised	-	(176,000)	(176,000)
	-	1,875,198	1,875,198
Total comprehensive income for the year			
	-	1,875,198	1,875,198
At 30 September 2017	30,000	31,418,443	31,448,443

The notes on pages 16 to 36 form part of these financial statements.

Company Statement of Changes in Equity For the Year Ended 30 September 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2015	30,000	27,094,812	27,124,812
Comprehensive income for the period			
Profit for the period	-	2,448,433	2,448,433
Actuarial gains on defined benefit pension scheme	-	(10,000)	(10,000)
Pension surplus not recognised	-	10,000	10,000
	-	2,448,433	2,448,433
Total comprehensive income for the period			
	-	2,448,433	2,448,433
At 30 September 2016	30,000	29,543,245	29,573,245

The notes on pages 16 to 36 form part of these financial statements.

Vale Mill (Rochdale) Limited

Consolidated Statement of Cash Flows For the Year Ended 30 September 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	1,821,911	2,574,578
Adjustments for:		
Depreciation of tangible assets	609,282	624,801
Loss on disposal of tangible assets	6,499	(5,433)
Interest paid	10,454	10,087
Interest received	(20,753)	(46,992)
Taxation charge	410,588	612,108
(Increase)/decrease in stocks	(1,907,054)	801,810
(Increase)/decrease in debtors	(484,029)	124,342
Increase/(decrease) in creditors	2,643,943	(532,840)
Corporation tax paid	(417,086)	(1,171,998)
Foreign exchange	(559,851)	178,083
Net cash generated from operating activities	2,113,904	3,168,546
Cash flows from investing activities		
Purchase of tangible fixed assets	(524,149)	(569,146)
Sale of tangible fixed assets	3,036	31,169
Interest received	20,753	46,992
Net cash from investing activities	(500,360)	(490,985)
Cash flows from financing activities		
Interest paid	(10,454)	(10,087)
Net cash used in financing activities	(10,454)	(10,087)
Net increase in cash and cash equivalents	1,603,090	2,667,474
Cash and cash equivalents at beginning of year	12,637,500	9,970,026
Cash and cash equivalents at the end of year	14,240,590	12,637,500
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	14,240,590	12,637,500

The notes on pages 16 to 36 form part of these financial statements.

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

1. General information

Vale Mill (Rochdale) Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page. The nature of the Group and Company's operations and principal activities are outlined in the Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have prepared the financial statements on a going concern basis on the basis that the Group continues to be profitable and has considerable financial resources available to it such that the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

2.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.4 Turnover

Turnover represents amounts receivable for goods and services provided in the UK and overseas net of VAT, returns, rebates and discounts and after eliminating sales within the group. The Group recognises revenue at the point at which goods are dispatched, as the risk has been transferred at that point and it is probable that future economic benefit will flow to the entity.

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

2. Accounting policies (continued)

2.5 Research and development expenditure

Expenditure on research and development is written off to the Statement of Comprehensive Income in the year in which it is incurred.

2.6 Operating leases

Operating lease rentals are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

2.7 Finance costs

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

2.8 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold and long leasehold buildings	- 2.5% per annum
Plant, fixtures and motor vehicles	- 20-25% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

2. Accounting policies (continued)

2.10 Impairment of assets

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro-rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current year.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Provision is made for obsolete, slow-moving or defective items as appropriate.

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

2. Accounting policies (continued)

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

2. Accounting policies (continued)

2.16 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

2. Accounting policies (continued)

2.17 Pensions

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

The Group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group.

Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The parent is a member of that pension scheme but is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required under FRS 102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the parent's profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

The directors have made the following key judgements and estimations in applying the following accounting policies:

Pension assumptions

Key estimates have been made in relation to rates applied to pension assets and liabilities to calculate the ultimate pension asset/liability presented in the financial statements. The key estimates are in relation to inflation, mortality and discount rates applied. A qualified, independent actuary has been employed to assess these rates, however actual returns may vary from the estimated returns, which may cause the final pension asset/liability to differ from what is presented in these financial statements.

Stock provision

The carrying value of the Group's inventory is reviewed using commercial judgement with regards to the assessment of the appropriate level of provisioning against inventory obsolescence.

Impairment of trade debtors

Expected future cash flows are applied in measuring impairment of customer receivables, while also considering historical collection rates.

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

4. Turnover

The whole of the turnover is attributable to the one principal activity of the group.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	31,990,073	33,929,469
Europe (including Channel Islands)	4,281,311	4,326,420
Others	1,268,026	449,239
	<u>37,539,410</u>	<u>38,705,128</u>

5. Operating profit

The operating profit is stated after charging/(crediting):

	2017 £	2016 £
Depreciation and other amounts written off owned tangible fixed assets	609,282	624,801
Loss/(profit) on disposal of fixed assets	6,499	(5,433)
Hire of other assets	29,396	20,384
Net (profit)/loss on foreign currency translation	(21,338)	434
	<u></u>	<u></u>

6. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>22,500</u>	<u>16,000</u>
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	<u>15,000</u>	<u>11,000</u>

Amounts payable to the company's auditor and its associates in respect of the audit of financial statements of associated pension schemes and charitable trust is £4,250 (2016 - £4,000).

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

7. Employees

Staff costs were as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Staff salaries and PHI	7,600,040	7,317,656	6,759,090	6,529,852
Staff national insurance	631,423	677,759	452,214	501,646
Other pension costs	178,855	135,458	178,057	135,458
	<u>8,410,318</u>	<u>8,130,873</u>	<u>7,389,361</u>	<u>7,166,956</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2017 No.	Group 2016 No.	Company 2017 No.	Company 2016 No.
Production staff	224	235	214	219
Distribution staff	35	33	35	33
Administrative staff	56	44	42	43
	<u>315</u>	<u>312</u>	<u>291</u>	<u>295</u>

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	177,891	188,031
Company contributions to defined contribution pension schemes	23,506	15,373
	<u>201,397</u>	<u>203,404</u>

The highest paid director received remuneration of £89,015 (2016 - £86,352).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2016 - £Nil).

There was 1 director (2016 - 1) in the Group's defined contribution pension scheme. None of the directors accrued benefits under the Group's defined benefit pension scheme during the year (2016 - None).

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

9. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	451,599	655,601
Adjustments in respect of previous periods	(43,797)	-
Total current tax	<u>407,802</u>	<u>655,601</u>
Deferred tax		
Origination and reversal of timing differences	19,807	(43,493)
Effect of tax rate change on opening balance	(17,021)	-
Taxation on profit	<u><u>410,588</u></u>	<u><u>612,108</u></u>

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.5% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit before tax	2,232,499	3,186,686
Profit multiplied by standard rate of corporation tax in the UK of 19.5% (2016 - 20%)	435,337	637,337
Effects of:		
Expenses not deductible for tax purposes	-	117,955
Capital allowances for year/period in excess of depreciation	75,980	(133,381)
Adjust closing deferred tax to average rate of 19.5%	74,349	-
Adjust opening deferred tax to average rate of 19.5%	(41,137)	-
Deferred tax not recognised	(68,778)	-
Additional deduction for R&D	(9,750)	-
Non-taxable income	(17,549)	-
Adjustment in respect of prior periods	(43,797)	-
Group relief	5,933	-
Transfer pricing adjustments	-	(9,803)
Total tax charge for the year	410,588	612,108

Factors that may affect future tax charges

Changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2015-16 on 26 October 2015, reducing the effective tax rate from 20% to 19% from April 2017, with a further reduction to 17% from April 2020. Deferred taxes at the reporting date have been measured using these enacted tax rates and reflected in these financial statements.

The group has an unrecognised deferred tax asset of £613,248 (2016 - £467,968), company £309,795 (2016 - £369,309) to be offset against future profits.

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

10. Tangible fixed assets

Group

	Land and buildings £	Plant, fixtures and motor vehicles £	Total £
Cost			
At 1 October 2016	5,039,632	13,251,331	18,290,963
Additions	18,374	505,775	524,149
Disposals	-	(44,264)	(44,264)
Effects of foreign exchange	-	21,616	21,616
At 30 September 2017	5,058,006	13,734,458	18,792,464
Depreciation			
At 1 October 2016	1,688,589	11,237,631	12,926,220
Charge for the year	78,941	530,341	609,282
Disposals	-	(34,729)	(34,729)
Effects of foreign exchange	-	19,321	19,321
At 30 September 2017	1,767,530	11,752,564	13,520,094
Net book value			
At 30 September 2017	3,290,476	1,981,894	5,272,370
At 30 September 2016	3,351,043	2,013,700	5,364,743

The net book value of land and buildings may be further analysed as follows:

	2017 £	2016 £
Freehold	2,954,341	3,061,929
Long leasehold	336,135	353,498
	3,290,476	3,415,427

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

10. Tangible fixed assets (continued)

Company

	Land and buildings £	Plant, fixtures and motor vehicles £	Total £
Cost			
At 1 October 2016	3,952,080	12,517,420	16,469,500
Additions	18,374	446,209	464,583
Disposals	-	(32,600)	(32,600)
At 30 September 2017	<u>3,970,454</u>	<u>12,931,029</u>	<u>16,901,483</u>
Depreciation			
At 1 October 2016	1,448,766	10,573,098	12,021,864
Charge for the year	62,992	497,587	560,579
Disposals	-	(24,359)	(24,359)
At 30 September 2017	<u>1,511,758</u>	<u>11,046,326</u>	<u>12,558,084</u>
Net book value			
At 30 September 2017	<u>2,458,696</u>	<u>1,884,703</u>	<u>4,343,399</u>
At 30 September 2016	<u>2,503,314</u>	<u>1,944,322</u>	<u>4,447,636</u>

The net book value of land and buildings may be further analysed as follows:

	2017 £	2016 £
Freehold	2,122,561	2,156,716
Long leasehold	336,135	346,598
	<u>2,458,696</u>	<u>2,503,314</u>

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

11. Fixed asset investments

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Foredown Limited	Ordinary	100 %	Property Holdco
Minky France SAS	Ordinary	100 %	Trading company

The registered office for Foredown Limited is John Street, Rochdale, Lancashire, OL16 1HR.

The registered office for Minky France SAS is 12, Rue de Villevert – 60 300 Senlis, France.

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Delu-Ako Minky GmbH	Ordinary	100 %	Trading company
PL Innovations GmbH	Ordinary	100 %	Trading company
Minky Homecare LLC	Ordinary	100 %	Trading company

The registered office of Delu-Ako Minky GmbH and PL Innovations GmbH is Haupstr, 103, 53619 Rheinbreitbach, Germany.

The registered office of Minky Homecare LLC is 30822 Fox Run Lane, Joplin, MO, 64801, United States.

Company

	Investments in subsidiary companies £
Cost and net book value	
At 30 June 2016	24,487
At 30 September 2017	<u>24,487</u>

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

12. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Raw materials and consumables	2,125,775	2,254,079	1,670,847	1,888,501
Work in progress	735,689	567,254	612,302	432,914
Finished goods and goods for resale	4,906,839	3,039,916	4,307,745	2,427,684
	<u>7,768,303</u>	<u>5,861,249</u>	<u>6,590,894</u>	<u>4,749,099</u>

Stock recognised in cost of sales during the period as an expense was £21,688,309 (2016 - £22,427,967).

An impairment credit of £3,496 (2016 - £211,827 credit) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock.

13. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	7,969,204	8,153,333	7,141,734	7,385,587
Amounts owed by group undertakings	-	-	3,734,861	2,684,219
Other debtors	666,848	23,877	614,492	-
Prepayments and accrued income	360,451	335,264	338,423	319,610
	<u>8,996,503</u>	<u>8,512,474</u>	<u>11,829,510</u>	<u>10,389,416</u>

All amounts shown under debtors fall due for payment within one year.

14. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	3,409,060	981,664	2,657,404	242,610
Corporation tax	150,388	159,672	150,388	159,672
Other taxation and social security	756,554	755,765	750,863	639,827
Other creditors	182,055	101,323	100,000	100,000
Accruals and deferred income	1,674,588	1,539,562	1,321,475	1,174,870
	<u>6,172,645</u>	<u>3,537,986</u>	<u>4,980,130</u>	<u>2,316,979</u>

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

15. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets measured at amortised cost	<u>22,869,892</u>	<u>20,814,710</u>	<u>25,247,627</u>	<u>22,462,863</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(5,265,703)</u>	<u>(2,622,549)</u>	<u>(4,078,879)</u>	<u>(1,517,480)</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by group undertakings and cash.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

16. Deferred taxation

Group

	2017 £	2016 £
At beginning of year	(113,471)	(156,964)
Credited to profit or loss	(2,786)	43,493
At end of year	<u>(116,257)</u>	<u>(113,471)</u>

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

16. Deferred taxation (continued)

Company

	2017 £	2016 £
At beginning of year	(113,471)	(156,964)
Credited to profit or loss	(2,786)	43,493
At end of year	(116,257)	(113,471)

The provision for deferred taxation is made up as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Accelerated capital allowances	(123,635)	(120,849)	(123,635)	(120,849)
Other timing differences	7,378	7,378	7,378	7,378
	(116,257)	(113,471)	(116,257)	(113,471)

17. Called up share capital

	2017 £	2016 £
Allotted, called up and fully paid 30,000 Ordinary shares of £1 each	30,000	30,000

18. Reserves

The company's reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of shares issued.

Profit and loss account

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

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

19. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £178,855 (2016 - £135,458). Contributions totalling £Nil (2016 - £Nil) were payable to the fund at the reporting date and are included in creditors.

The Company also operates a small self-administered pension scheme. The charge for the year amounted to £Nil (2016 - £Nil).

The Company operates a Defined Benefit Pension Scheme.

This scheme provides benefits to its members based on final pensionable pay and to spouses/dependents in the event of a member's death before or after retirement.

	2017 £	2016 £
Present value of funded defined benefit obligations	(5,298,000)	(5,503,000)
Fair value of plan assets	5,482,000	5,511,000
Net asset	184,000	8,000

Movements in present value of defined benefit obligation

	2017 £	2016 £
Opening balance	5,503,000	5,249,000
Interest cost	134,000	186,000
Actuarial (gains)/losses	(53,000)	362,000
Benefits paid	(286,000)	(294,000)
Closing balance	5,298,000	5,503,000

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

19. Pension commitments (continued)

Movements in fair value of plan assets

	2017 £	2016 £
Opening balance	5,511,000	5,267,000
Expected return on plan assets	123,000	351,000
Interest income	134,000	187,000
Contributions by employer	-	-
Benefits paid	(286,000)	(294,000)
	<u>5,482,000</u>	<u>5,511,000</u>

Expense recognised in the profit and loss account

	2017 £	2016 £
Interest on defined benefit pension plan obligation	134,000	186,000
Expected return on defined benefit pension plan assets	(123,000)	(351,000)
Movement in unrecognised surplus	(11,000)	165,000
	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>

The expense is recognised in the following line items in the profit and loss account:

	2017 £	2016 £
Interest payable and similar charges	<u>(10,454)</u>	<u>(3,249)</u>

The total amount recognised in the Consolidated Statement of Comprehensive Income in respect of actuarial gains and losses is £Nil (2016 - £Nil).

The net pension scheme asset of £184,000 (2016 - £8,000) has not been recognised on the Consolidated or Company Statement of Financial Position on the basis that it is not expected to be recovered by the Company.

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

19. Pension commitments (continued)

Fair value of plan assets

	2017 £	2016 £
Return seeking	2,009,000	2,048,000
Corporates	1,019,000	746,000
Cash	61,000	41,000
Gilts	365,000	476,000
Annuities	2,027,000	2,199,000
	<u>5,481,000</u>	<u>5,510,000</u>

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2017 %	2016 %
Discount rate	2.7	2.5
Expected rate of return on plan assets	2.7	2.5
Rate of increase in pensions in payment	3.35	3.1
Rate of increase in deferred pensions	2.35	2.1
Inflation	3.35	3.1

The demographic assumptions as at the balance sheet date are the PXA08 tables projected for the medium cohort based on members' year of birth with an age rating of +1 year, which was the same in the prior year.

The overall expected return assumption is calculated as the weighted average of the individual expected return assumptions for each of the major asset classes. The individual return assumptions are based for bond yields and insured annuities on the yield available on high quality AA rated corporate bonds, equity returns are expected to outperform the return on gilts by 3% pa, the expected return on property is based on the expected return on equities, and returns on cash are based on the yield on long term gilts.

History of plans

The history of the plans for the current and prior periods is as follows:

Balance sheet

	2017 £	2016 £	2015 £	2014 £	2013 £
Present value of scheme liabilities	(5,298,000)	(5,503,000)	(5,249,000)	(4,962,000)	(4,689,000)
Fair value of scheme assets	5,482,000	5,511,000	5,267,000	5,126,000	4,997,000
Surplus	<u>184,000</u>	<u>8,000</u>	<u>18,000</u>	<u>164,000</u>	<u>308,000</u>

Vale Mill (Rochdale) Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

19. Pension commitments (continued)

Experience adjustments

	2017 £	2016 £	2015 £	2014 £	2013 £
Experience adjustments on scheme liabilities	(53,000)	362,000	-	-	(320,000)
Experience adjustments on scheme assets	-	-	231,000	190,000	(66,000)

The Group expects to contribute £Nil to its defined benefit plans in the next financial year.

The latest full actuarial valuation was carried out at 30 April 2015, and was updated for the 30 September 2017 year end by a qualified independent actuary.

20. Commitments under operating leases

At 30 September 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 2017 £	Land and buildings 2016 £	Other 2017 £	Other 2016 £
Not later than 1 year	8,000	8,000	21,396	20,260
Later than 1 year and not later than 5 years	-	-	69,825	86,105
	<u>8,000</u>	<u>8,000</u>	<u>91,221</u>	<u>106,365</u>

21. Related party transactions

The Group has taken advantage of the exemption available under section 33.1A of FRS 102 not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling parent are included in the consolidated financial statements.

Fees for services provided of £1,191,667 (2016 - £950,000) were incurred in the year to a related party to the Group through common control.

22. Controlling party

The Company is controlled by Minky Group Holdings Limited, a company registered in the Isle of Man at 69 Athol Street, Douglas, IM1 1JE. Vale Mill (Rochdale) Limited was the parent company of the Group for the year ended 30 September 2017. No consolidated accounts are required to be prepared for Minky Group Holdings Limited and therefore the accounts of Vale Mill (Rochdale) Limited are the smallest and largest in which the Company's results are consolidated.