

Company registration number 02995730 (England and Wales)

COURISTAN CARPETS (UK) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

PAGES FOR FILING WITH REGISTRAR

COURISTAN CARPETS (UK) LIMITED

CONTENTS

	Page
Balance sheet	1
Statement of changes in equity	2
Notes to the financial statements	3 - 12

COURISTAN CARPETS (UK) LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	3		629,392		590,996
Current assets					
Stocks		-		22,191	
Debtors	4	1,116,565		947,156	
Cash at bank and in hand		1,061,130		996,717	
		<u>2,177,695</u>		<u>1,966,064</u>	
Creditors: amounts falling due within one year	5	<u>(2,016,675)</u>		<u>(1,746,769)</u>	
Net current assets			<u>161,020</u>		<u>219,295</u>
Total assets less current liabilities			<u>790,412</u>		<u>810,291</u>
Creditors: amounts falling due after more than one year	6		(19,585)		(28,034)
Provisions for liabilities			-		(2,262)
Net assets			<u><u>770,827</u></u>		<u><u>779,995</u></u>
Capital and reserves					
Called up share capital			375,000		375,000
Share premium account			287,840		287,840
Revaluation reserve			257,237		266,642
Profit and loss reserves	9		<u>(149,250)</u>		<u>(149,487)</u>
Total equity			<u><u>770,827</u></u>		<u><u>779,995</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 26 September 2022 and are signed on its behalf by:

Mr N Coree

Company Registration No. 02995730

COURISTAN CARPETS (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium account	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 January 2020	375,000	287,840	275,667	112,235	1,050,742
Year ended 31 December 2020:					
Loss and total comprehensive income for the year	-	-	-	(270,747)	(270,747)
Transfers	-	-	(9,025)	9,025	-
Balance at 31 December 2020	375,000	287,840	266,642	(149,487)	779,995
Year ended 31 December 2021:					
Loss and total comprehensive income for the year	-	-	-	(9,168)	(9,168)
Transfers	-	-	(9,405)	9,405	-
Balance at 31 December 2021	375,000	287,840	257,237	(149,250)	770,827

The notes on pages 3 to 12 form part of these financial statements.

COURISTAN CARPETS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Couristan Carpets (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Crown Works, Eccleston Street, St. Helens, WA10 2PJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

1.2 Going concern

The directors are focused on continually evaluating the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 December 2021.

The going concern assessment is based on a number of factors, including trading performance and continued access to borrowing facilities.

The going concern assessment considers a severe but plausible downside scenario as activity in our customer base picks up following the Covid-19 pandemic and reflects the following key assumptions:

- • A reduction in capital expenditure in the leisure and hospitality sectors, leading to a reduction in the demand for Couristan's products.
- • Increases in costs and overheads due to on-going inflationary pressures.
- • Existing financing facilities remaining available.

Throughout this severe but plausible downside scenario, the company is forecast to have sufficient headroom available for a period of at least 12 months from the signing of these financial statements.

Directors are forecasting an increase in sales in the following financial year. Results for the post year end period substantiate the forecast improvement in sales.

Additionally, the company has made significant cost savings in recent years and have significant cash balances.

Therefore, the directors deem the going concern basis to be appropriate in preparing these financial statements.

1.3 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

COURISTAN CARPETS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

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

Under ex-works incoterms, goods are expected to be made available at specified locations agreed with buyers.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit and loss during the period in which they are incurred.

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

Freehold land and buildings	50 years
Plant and machinery	10 - 20 years
Computer and office equipment	3 - 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Freehold land and buildings were revalued at their fair value as at 15 December 1994. The directors adopted this value as deemed cost, initially on the adoption of Financial Reporting Standard 15 and again on the adoption of Financial Reporting Standard 102.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

COURISTAN CARPETS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

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

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

COURISTAN CARPETS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

COURISTAN CARPETS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

The Company operated a defined contribution plan for its employees, however this was disposed of in the prior year. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately for the Company in independently administered funds.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

COURISTAN CARPETS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Employees

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

	2021	2020
	Number	Number
Total	20	40
	<u> </u>	<u> </u>

COURISTAN CARPETS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Tangible fixed assets

	Freehold land and buildings	Assets under construction	Plant and machinery	Computer and office equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2021	871,478	-	273,984	878,277	2,023,739
Additions	-	93,905	-	-	93,905
At 31 December 2021	871,478	93,905	273,984	878,277	2,117,644
Depreciation and impairment					
At 1 January 2021	433,489	-	150,491	848,763	1,432,743
Depreciation charged in the year	21,104	-	17,664	16,741	55,509
At 31 December 2021	454,593	-	168,155	865,504	1,488,252
Carrying amount					
At 31 December 2021	416,885	93,905	105,829	12,773	629,392
At 31 December 2020	437,989	-	123,493	29,514	590,996

The freehold land and buildings were revalued at their opening market value for existing use as at 15 December 1994 by J B & B Leach, Valuers and Surveyors. The directors have adopted this value as deemed cost, initially on the adoption of Financial Reporting Standard 15 and again on the adoption of Financial Reporting Standard 102.

Land and buildings are carried at valuation. If land and buildings were measured using the cost model, the carrying amounts would have been approximately £166,807 (2020 - £178,506), being cost £402,436 (2020 - £402,436) and depreciation £235,629 (2020 - £223,390).

The bank overdraft is secured by a legal charge over the land and buildings and a debenture over all of the assets of the Company.

Included within the net book value is £5,563 (2020: £11,126) relating to assets held under finance leases. The depreciation charged to the financial statements in respect of such assets amounted to £5,563 (2020: £8,776).

COURISTAN CARPETS (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****4 Debtors**

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	-	49,284
Corporation tax recoverable	-	66,929
Amounts owed by group undertakings	1,095,089	808,728
Other debtors	6,762	5,880
Prepayments and accrued income	14,714	16,335
	<u>1,116,565</u>	<u>947,156</u>

5 Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	718,681	607,160
Obligations under finance leases	8,446	7,551
Trade creditors	1,117,055	920,437
Taxation and social security	35,455	26,906
Other creditors	100	97,015
Accruals and deferred income	136,938	87,700
	<u>2,016,675</u>	<u>1,746,769</u>

Obligations under finance leases are secured on the assets to which they relate. The bank overdraft is secured by a legal charge over the land and buildings and a debenture over all of the assets of the company.

6 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Obligations under finance leases	<u>19,585</u>	<u>28,034</u>

7 Provisions for liabilities

	2021	2020
	£	£
Deferred tax liabilities	<u>-</u>	<u>2,262</u>

COURISTAN CARPETS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	32,714	74,799

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

9 Profit and loss reserves

	2021	2020
	£	£
At the beginning of the year	(149,487)	112,235
Loss for the year	(9,168)	(270,747)
Transfer from revaluation reserve	9,405	9,025
At the end of the year	(149,250)	(149,487)

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Alexander Kelly and the auditor was MHA Moore and Smalley.

11 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

Category	Description of transaction	Income		Expenditure	
		2021	2020	2021	2020
		£	£	£	£
Other related parties	Sale of goods	4,681,232	4,673,642	-	-

Balances with related parties

Category	Amounts owed by related parties		Amounts owed to related parties	
	2021	2020	2021	2020
	£	£	£	£
Other related parties	1,095,089	833,198	-	-

COURISTAN CARPETS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Parent company

The company is a wholly owned subsidiary of Couristan NY Ltd, a company registered in the state of New York, USA.

The ultimate controlling party and ultimate controlling related party is Couristan (NY) Limited.

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