

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016  
FOR  
THE MOUNTAIN BOOT COMPANY LIMITED**



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FOR THE YEAR ENDED 30 JUNE 2016**

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**THE MOUNTAIN BOOT COMPANY LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2016**

<b>DIRECTORS:</b>	S D Roberts Mrs J Roberts
<b>SECRETARY:</b>	S J McBride
<b>REGISTERED OFFICE:</b>	Unit 5 New York Way New York Industrial Estate Wallsend Tyne and Wear NE27 0QF
<b>REGISTERED NUMBER:</b>	02887906 (England and Wales)
<b>SENIOR STATUTORY AUDITOR:</b>	Michael Moran BA FCA
<b>AUDITORS:</b>	Robson Laidler Accountants Limited Statutory Auditor Fernwood House Fernwood Road Jesmond Newcastle upon Tyne Tyne and Wear NE2 1TJ
<b>BANKERS:</b>	HSBC Bank Plc Team Valley Trading Estate Gateshead Tyne and Wear NE11 0BE
<b>SOLICITORS:</b>	Muckle LLP Time Central 32 Gallowgate Newcastle upon Tyne Tyne and Wear NE1 4BF

**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

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

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was importing and distributing footwear, climbing and outdoor equipment, accessories and apparel.

**REVIEW OF BUSINESS**

Turnover was £12.3m, up from £10.5m in the previous year. This was due to strong sales and several new brands in the year. The company achieved planned turnover for the year.

The gross profit margin increased which was pleasing.

Stock has decreased from £3.33m at June 2015 to £2.78m at June 2016. In the year there was action taken to tidy up stock in relation to old demo stock and there was an active effort to reduce stock held at the year end as it was felt that the business was over stocked at June 2015. The company still closely manages stock levels and working capital.

The company's year end was within one week of the Brexit vote and as a consequence the result for the year was significantly affected by currency movement which is reflected in these results.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties to the company are market demand and foreign currency management.

The company endeavours to mitigate these risks by constantly reviewing product lines and by daily foreign currency management, forward buying foreign currency at best possible market rates.

**ON BEHALF OF THE BOARD:**



.....  
S J McBride - Secretary

Date: 04/01/17 .....

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 JUNE 2016**

The directors present their report with the financial statements of the company for the year ended 30 June 2016.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of importing and distributing footwear, climbing and outdoor equipment, accessories and apparel.

**DIVIDENDS**

The total distribution of dividends for the year ended 30 June 2016 will be £294,967.

**DIRECTORS**

S D Roberts has held office during the whole of the period from 1 July 2015 to the date of this report.

Other changes in directors holding office are as follows:

Mrs J Roberts - appointed 8 March 2016

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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.

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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

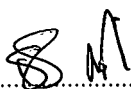
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Robson Laidler Accountants Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



.....  
S J McBride - Secretary

Date: 04/01/17 .....

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE MOUNTAIN BOOT COMPANY LIMITED**

We have audited the financial statements of The Mountain Boot Company Limited for the year ended 30 June 2016 on pages six to twenty four. 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 Financial Reporting Standard 102 '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 a Report of the Auditors 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 auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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 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 Strategic Report and the Report of the Directors 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 company's affairs as at 30 June 2016 and of its 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
THE MOUNTAIN BOOT COMPANY LIMITED**

**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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

*mm*

Michael Moran BA FCA (Senior Statutory Auditor)  
for and on behalf of Robson Laidler Accountants Limited  
Statutory Auditor  
Fernwood House  
Fernwood Road  
Jesmond  
Newcastle upon Tyne  
Tyne and Wear  
NE2 1TJ

Date: 4 January 2017

**THE MOUNTAIN BOOT COMPANY LIMITED**

**INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 £	2015 £
<b>TURNOVER</b>	3	<b>12,327,986</b>	<b>10,538,635</b>
Cost of sales		<u>9,802,223</u>	<u>8,137,207</u>
<b>GROSS PROFIT</b>		<b>2,525,763</b>	<b>2,401,428</b>
Distribution costs		681,831	606,379
Administrative expenses		<u>1,790,932</u>	<u>1,470,892</u>
		<b>2,472,763</b>	<b>2,077,271</b>
		<b>53,000</b>	<b>324,157</b>
Other operating income		<u>96,319</u>	<u>109,779</u>
<b>OPERATING PROFIT</b>	5	<b>149,319</b>	<b>433,936</b>
Interest receivable and similar income		<u>834</u>	<u>44</u>
		<b>150,153</b>	<b>433,980</b>
Interest payable and similar charges	6	<u>82,787</u>	<u>73,217</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>67,366</b>	<b>360,763</b>
Tax on profit on ordinary activities	7	<u>17,158</u>	<u>73,323</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>50,208</u></b>	<b><u>287,440</u></b>

The notes form part of these financial statements



**THE MOUNTAIN BOOT COMPANY LIMITED**

**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 £	2015 £
<b>PROFIT FOR THE YEAR</b>		<b>50,208</b>	<b>287,440</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Hedging reserve movement		<b>1,321,510</b>	<b>(493,931)</b>
Income tax relating to other comprehensive income		<b>(264,302)</b>	<b>98,786</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<b><u>1,057,208</u></b>	<b><u>(395,145)</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u><u>1,107,416</u></u></b>	<b><u><u>(107,705)</u></u></b>

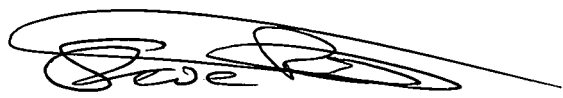
The notes form part of these financial statements

**THE MOUNTAIN BOOT COMPANY LIMITED (REGISTERED NUMBER: 02887906)**

**BALANCE SHEET**  
**30 JUNE 2016**

		2016	2015
	Notes	£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	862,008	848,736
<b>CURRENT ASSETS</b>			
Stocks	10	2,784,950	3,334,380
Debtors	11	3,812,717	1,821,423
Cash at bank and in hand		45,576	49,212
		<u>6,643,243</u>	<u>5,205,015</u>
<b>CREDITORS</b>			
Amounts falling due within one year	12	<u>4,804,394</u>	<u>4,669,292</u>
<b>NET CURRENT ASSETS</b>		<u>1,838,849</u>	<u>535,723</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,700,857</u>	<u>1,384,459</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	13	(509,475)	(169,837)
<b>PROVISIONS FOR LIABILITIES</b>	17	<u>(164,311)</u>	<u>-</u>
<b>NET ASSETS</b>		<u><u>2,027,071</u></u>	<u><u>1,214,622</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	383,000	383,000
Share premium	19	33,000	33,000
Capital redemption reserve	19	25,000	25,000
Other reserves	19	577,613	(479,595)
Retained earnings	19	<u>1,008,458</u>	<u>1,253,217</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>2,027,071</u></u>	<u><u>1,214,622</u></u>

The financial statements were approved by the Board of Directors on 04/01/17 and were signed on its behalf by:



S D Roberts - Director

**THE MOUNTAIN BOOT COMPANY LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Share premium £</b>
<b>Balance at 1 July 2014</b>	383,000	1,141,427	33,000
<b>Changes in equity</b>			
Dividends	-	(175,650)	-
Total comprehensive income	-	287,440	-
<b>Balance at 30 June 2015</b>	<u>383,000</u>	<u>1,253,217</u>	<u>33,000</u>
<b>Changes in equity</b>			
Dividends	-	(294,967)	-
Total comprehensive income	-	50,208	-
<b>Balance at 30 June 2016</b>	<u>383,000</u>	<u>1,008,458</u>	<u>33,000</u>
	<b>Capital redemption reserve £</b>	<b>Other reserves £</b>	<b>Total equity £</b>
<b>Balance at 1 July 2014</b>	25,000	(84,450)	1,497,977
<b>Changes in equity</b>			
Dividends	-	-	(175,650)
Total comprehensive income	-	(395,145)	(107,705)
<b>Balance at 30 June 2015</b>	<u>25,000</u>	<u>(479,595)</u>	<u>1,214,622</u>
<b>Changes in equity</b>			
Dividends	-	-	(294,967)
Total comprehensive income	-	1,057,208	1,107,416
<b>Balance at 30 June 2016</b>	<u>25,000</u>	<u>577,613</u>	<u>2,027,071</u>

The notes form part of these financial statements

**THE MOUNTAIN BOOT COMPANY LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(1,326,051)	86,019
Interest paid		(82,787)	(73,217)
Tax paid		(58,895)	(25,486)
Net cash from operating activities		<u>(1,467,733)</u>	<u>(12,684)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(94,985)	(53,363)
Sale of tangible fixed assets		14,235	6,000
Interest received		834	44
Net cash from investing activities		<u>(79,916)</u>	<u>(47,319)</u>
<b>Cash flows from financing activities</b>			
New loans in year		550,000	-
Loan repayments in year		(189,421)	(33,096)
Capital repayments in year		(8,414)	(8,414)
Other loan repayments in the year		-	(12,013)
Additional other loans in the year		247,945	-
Movements attributable to hedging		1,228,818	-
Equity dividends paid		(294,967)	(175,650)
Net cash from financing activities		<u>1,533,961</u>	<u>(229,173)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(13,688)</u>	<u>(289,176)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>(991,049)</u>	<u>(701,873)</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>(1,004,737)</u></u>	<u><u>(991,049)</u></u>

The notes form part of these financial statements

**THE MOUNTAIN BOOT COMPANY LIMITED**

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2016**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Profit before taxation	67,366	360,763
Depreciation charges	76,900	75,318
(Profit)/loss on disposal of fixed assets	(9,422)	2,647
Finance costs	82,787	73,217
Finance income	(834)	(44)
	<b>216,797</b>	<b>511,901</b>
Decrease/(increase) in stocks	549,430	(474,388)
Increase in trade and other debtors	(1,991,294)	(50,392)
(Decrease)/increase in trade and other creditors	(100,984)	98,898
<b>Cash generated from operations</b>	<b>(1,326,051)</b>	<b>86,019</b>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 30 June 2016**

	<b>30.6.16</b>	<b>1.7.15</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	45,576	49,212
Bank overdrafts	(1,050,313)	(1,040,261)
	<b>(1,004,737)</b>	<b>(991,049)</b>

**Year ended 30 June 2015**

	<b>30.6.15</b>	<b>1.7.14</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	49,212	117,802
Bank overdrafts	(1,040,261)	(819,675)
	<b>(991,049)</b>	<b>(701,873)</b>

# THE MOUNTAIN BOOT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 1. STATEMENT OF COMPLIANCE

The Mountain Boot Company Limited is a limited liability company incorporated in England. The registered office is Unit 5, New York Way, New York Industrial Estate, Wallsend, Tyne and Wear.

### 2. ACCOUNTING POLICIES

#### **Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the company's needs. The directors have considered a period of twelve months from the date of approval of the financial statements and believe that no further disclosures relating to the company's ability to continue as a going concern need to be made in the financial statements.

This is the first year in which the financial statements have been prepared under FRS102. Refer to note 24 of the accounts for an explanation of the transition.

The financial statements are presented in Sterling (£).

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements. If, in the future, such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and judgements will be modified as appropriate in the year in which the circumstances change.

The company has applied the following accounting policies:

#### **Hedge accounting**

The company designates derivatives which qualify as hedges for accounting purposes as a hedge of the cash flow risk resulting from changes in interest rate or foreign exchange rates. The effectiveness of the hedge is 100% as all amounts are hedged. Accounting treatment is in line with IAS 39 whereby any change in the effective proportion is recognised directly in equity. Amounts accumulated in equity are recycled to the income statement in the period when the hedged item affects profit or loss.

#### **Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax recognised when goods are dispatched to a customer.

#### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Long leasehold land and buildings	- Straight line over 50 years
Fixtures and fittings	- 25 -33% on straight line basis
Motor vehicles	- 25% straight line

#### **Stocks**

Stock are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

Cost is determined on a first-in first-out (FIFO) basis. Net realisable value is the amount that can be realised from the sale of the stock in the normal course of business after allowing for the costs of realisation.

## **THE MOUNTAIN BOOT COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 JUNE 2016**

#### **2. ACCOUNTING POLICIES - continued**

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

##### **Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

##### **Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

##### **Impairment of assets**

Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared against its carrying amount. Where the estimated recoverable amount is lower, an impairment loss is recognised immediately in profit and loss.

##### **Short term debtors and creditors**

Debtors and creditors with no interest rate which are receivable or payable within one year are recorded at transaction price. Any loss arising from impairment are recognised immediately in profit and loss.

##### **Cash and cash equivalents**

Cash and cash equivalents comprises cash in hand and current balances with banks and other institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value. This definition is also used for the cash flow statement.

**THE MOUNTAIN BOOT COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2016**

**3. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Sales UK	<b>12,097,488</b>	10,363,861
Sales Europe	<b>230,498</b>	174,774
	<b><u>12,327,986</u></b>	<b><u>10,538,635</u></b>

**4. STAFF COSTS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>844,866</b>	706,076
Social security costs	<b>79,768</b>	67,887
Other pension costs	<b>188,472</b>	53,170
	<b><u>1,113,106</u></b>	<b><u>827,133</u></b>

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

	<b>2016</b>	<b>2015</b>
Directors	<b>1</b>	1
Administrative staff	<b>27</b>	24
	<b><u>28</u></b>	<b><u>25</u></b>

**5. OPERATING PROFIT**

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

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Hire of plant and machinery	<b>61,488</b>	54,882
Depreciation - owned assets	<b>64,025</b>	62,443
Depreciation - assets on hire purchase contracts	<b>12,875</b>	12,875
(Profit)/loss on disposal of fixed assets	<b>(9,422)</b>	2,647
Auditors' remuneration	<b>7,095</b>	5,250
Auditors' remuneration for non audit services	<b>-</b>	450
	<b><u>50,621</u></b>	<b><u>34,944</u></b>
Directors' remuneration	<b>50,621</b>	34,944
Directors' pension contributions to money purchase schemes	<b>142,333</b>	18,000
	<b><u>142,333</u></b>	<b><u>18,000</u></b>

The number of directors to whom retirement benefits were accruing was as follows:

	<b>2</b>	<b>1</b>
Money purchase schemes	<b><u>2</u></b>	<b><u>1</u></b>



**THE MOUNTAIN BOOT COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2016**

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Bank interest	<b><u>82,787</u></b>	<b><u>73,217</u></b>

**7. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK corporation tax	<b>24,457</b>	<b>58,896</b>
Deferred tax	<b><u>(7,299)</u></b>	<b><u>14,427</u></b>
Tax on profit on ordinary activities	<b><u>17,158</u></b>	<b><u>73,323</u></b>

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<b><u>67,366</u></b>	<b><u>360,763</u></b>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	<b>13,473</b>	<b>72,153</b>
Effects of:		
Expenses not deductible for tax purposes	<b>1,087</b>	<b>171</b>
Capital allowances in excess of depreciation	<b>(7,328)</b>	<b>-</b>
Depreciation in excess of capital allowances	<b>-</b>	<b>2,204</b>
Group loss relief	<b>(1,175)</b>	<b>(2,778)</b>
Tax due on restatement of exchange differences	<b>18,400</b>	<b>(12,854)</b>
Deferred tax movement	<b><u>(7,299)</u></b>	<b><u>14,427</u></b>
Total tax charge	<b><u>17,158</u></b>	<b><u>73,323</u></b>

**Tax effects relating to effects of other comprehensive income**

	<b>Gross</b>	<b>2016</b>	<b>Net</b>
	<b>£</b>	<b>Tax</b>	<b>£</b>
Hedging reserve movement	<b><u>1,321,510</u></b>	<b><u>(264,302)</u></b>	<b><u>1,057,208</u></b>
	<b><u>1,321,510</u></b>	<b><u>(264,302)</u></b>	<b><u>1,057,208</u></b>

**THE MOUNTAIN BOOT COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2016**

**7. TAXATION - continued**

	Gross £	2015 Tax £	Net £
Hedging reserve movement	(493,931)	98,786	(395,145)
	<u>(493,931)</u>	<u>98,786</u>	<u>(395,145)</u>

**8. DIVIDENDS**

	2016 £	2015 £
Interim	<u>294,967</u>	<u>175,650</u>

**9. TANGIBLE FIXED ASSETS**

	Long leasehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 July 2015	925,581	489,367	130,863	1,545,811
Additions	-	94,985	-	94,985
Disposals	-	-	(51,460)	(51,460)
At 30 June 2016	<u>925,581</u>	<u>584,352</u>	<u>79,403</u>	<u>1,589,336</u>
<b>DEPRECIATION</b>				
At 1 July 2015	208,113	431,621	57,341	697,075
Charge for year	19,192	29,892	27,816	76,900
Eliminated on disposal	-	-	(46,647)	(46,647)
At 30 June 2016	<u>227,305</u>	<u>461,513</u>	<u>38,510</u>	<u>727,328</u>
<b>NET BOOK VALUE</b>				
At 30 June 2016	<u>698,276</u>	<u>122,839</u>	<u>40,893</u>	<u>862,008</u>
At 30 June 2015	<u>717,468</u>	<u>57,746</u>	<u>73,522</u>	<u>848,736</u>

**THE MOUNTAIN BOOT COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2016**

**9. TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	<b>Motor vehicles £</b>
<b>COST</b>	
At 1 July 2015	
and 30 June 2016	<u>51,500</u>
<b>DEPRECIATION</b>	
At 1 July 2015	17,167
Charge for year	<u>12,875</u>
At 30 June 2016	<u>30,042</u>
<b>NET BOOK VALUE</b>	
At 30 June 2016	<u>21,458</u>
At 30 June 2015	<u>34,333</u>

**10. STOCKS**

	<b>2016 £</b>	<b>2015 £</b>
Finished goods and goods for resale	<u>2,784,950</u>	<u>3,334,380</u>

**11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2016 £</b>	<b>2015 £</b>
Trade debtors	1,932,412	1,316,891
Amounts owed by group undertakings	1,085,149	364,135
Other debtors	795,156	47,706
Deferred tax asset	-	92,691
	<u>3,812,717</u>	<u>1,821,423</u>

Deferred tax asset

	<b>2015 £</b>
Accelerated capital allowances	<u>92,691</u>

Included in trade debtors are factored debts of £1,909,391 (2015: £1,301,050).

**THE MOUNTAIN BOOT COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2016**

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016	2015
	£	£
Bank loans and overdrafts (see note 14)	1,097,114	1,074,535
Other loans (see note 14)	1,336,880	1,088,935
Hire purchase contracts (see note 15)	8,414	8,414
Trade creditors	1,589,309	1,268,841
Amounts owed to group undertakings	107,140	107,140
Corporation tax	24,457	58,895
Social security and other taxes	565,485	398,997
Other creditors	6,163	603,374
Accrued expenses	69,432	60,161
	<u>4,804,394</u>	<u>4,669,292</u>

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016	2015
	£	£
Bank loans (see note 14)	489,045	140,993
Hire purchase contracts (see note 15)	20,430	28,844
	<u>509,475</u>	<u>169,837</u>

**14. LOANS**

An analysis of the maturity of loans is given below:

	2016	2015
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	1,050,313	1,040,261
Mortgage	46,801	34,274
Other loans	1,336,880	1,088,935
	<u>2,433,994</u>	<u>2,163,470</u>
Amounts falling due between one and two years:		
Mortgage - 1-2 years	<u>48,587</u>	<u>35,597</u>
Amounts falling due between two and five years:		
Mortgage - 2-5 years	<u>213,565</u>	<u>105,396</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Mortgage more than 5 years by instalments	<u>226,893</u>	<u>-</u>

# THE MOUNTAIN BOOT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 JUNE 2016

### 15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	<b>Hire purchase contracts</b>	
	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Net obligations repayable:		
Within one year	<b>8,414</b>	8,414
Between one and five years	<b>20,430</b>	28,844
	<b><u>28,844</u></b>	<b><u>37,258</u></b>
	<b>Non-cancellable operating leases</b>	
	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Within one year	<b>53,911</b>	50,392
Between one and five years	<b>89,841</b>	101,491
In more than five years	<b>-</b>	11,018
	<b><u>143,752</u></b>	<b><u>162,901</u></b>

### 16. SECURED DEBTS

The following secured debts are included within creditors:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Bank overdrafts	<b>1,050,313</b>	1,040,261
Other loans	<b>1,336,880</b>	1,088,935
Hire purchase contracts	<b>28,844</b>	37,258
Mortgage	<b>535,185</b>	175,267
	<b><u>2,951,222</u></b>	<b><u>2,341,721</u></b>

The company's bank borrowing are secured by a legal charge over the company's properties and a fixed and floating charge over the company's assets.

The mortgage, which is with HSBC Bank plc, is repayable over ten years and interest is being charged at 3.25% plus base rate.

Other loans, including hire purchase, are secured on the assets to which the loan relates.

### 17. PROVISIONS FOR LIABILITIES

	<b>2016</b>
	<b>£</b>
Deferred tax	
Accelerated capital allowances	<b>19,909</b>
Deferred taxation - Hedging	<b>144,402</b>
	<b><u>164,311</u></b>

# THE MOUNTAIN BOOT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 JUNE 2016

### 17. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 July 2015	(92,691)
Movement in year	257,002
Balance at 30 June 2016	<u>164,311</u>

### 18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2016 £	2015 £
Number:	Class:			
38,300,000	Ordinary	1p	<u>383,000</u>	<u>383,000</u>

### 19. RESERVES

	Retained earnings £	Share premium £	Capital redemption reserve £	Other reserves £	Totals £
At 1 July 2015	1,253,217	33,000	25,000	(479,595)	831,622
Profit for the year	50,208	-	-	-	50,208
Dividends	(294,967)	-	-	-	(294,967)
Exchange movement	-	-	-	1,057,208	1,057,208
At 30 June 2016	<u>1,008,458</u>	<u>33,000</u>	<u>25,000</u>	<u>577,613</u>	<u>1,644,071</u>

#### Reserves:

Called up share capital - represents the nominal value of the shares that have been issued.

Share premium - records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve - reserve created from the company's previous reduction in share capital.

Retained earnings - includes all current and prior period retained profits and losses.

Other reserve - Hedging reserves represents movement on options to reduce forex risk.

### 20. PENSION COMMITMENTS

The group operates two defined contribution schemes. The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted in the current year to £188,472 (2015: £53,170).

### 21. ULTIMATE PARENT COMPANY

MBC Summit Holdings Limited is regarded by the directors as being the company's ultimate parent company.

### 22. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption under the FRS 102 from disclosing intra-group transactions as it is a wholly-owned subsidiary of a company whose consolidated financial statements are publicly available at Companies House.

**THE MOUNTAIN BOOT COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2016**

**23. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is S D Roberts.

**24. FIRST YEAR ADOPTION**

The company has adopted FRS102 for the year ended 30 June 2016.

**THE MOUNTAIN BOOT COMPANY LIMITED**

**RECONCILIATION OF EQUITY**

**1 JULY 2014**

**(DATE OF TRANSITION TO FRS 102)**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>FIXED ASSETS</b>				
Tangible assets		879,338	-	879,338
<b>CURRENT ASSETS</b>				
Stocks		2,859,992	-	2,859,992
Debtors	1	1,678,340	8,332	1,686,672
Cash at bank and in hand		117,802	-	117,802
		4,656,134	8,332	4,664,466
<b>CREDITORS</b>				
Amounts falling due within one year	1	(3,755,403)	(77,833)	(3,833,236)
<b>NET CURRENT ASSETS</b>		900,731	(69,501)	831,230
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,780,069	(69,501)	1,710,568
<b>CREDITORS</b>				
Amounts falling due after more than one year		(212,592)	-	(212,592)
<b>PROVISIONS FOR LIABILITIES</b>	1	(7,235)	7,235	-
<b>NET ASSETS</b>		1,560,242	(62,266)	1,497,976
<b>CAPITAL AND RESERVES</b>				
Called up share capital		383,000	-	383,000
Share premium		33,000	-	33,000
Capital redemption reserve		25,000	-	25,000
Other reserves	1	-	(84,451)	(84,451)
Retained earnings	1	1,119,242	22,185	1,141,427
<b>SHAREHOLDERS' FUNDS</b>		1,560,242	(62,266)	1,497,976

The notes form part of these financial statements



**THE MOUNTAIN BOOT COMPANY LIMITED**

**RECONCILIATION OF EQUITY - continued**  
**30 JUNE 2015**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
<b>FIXED ASSETS</b>				
Tangible assets		848,736	-	848,736
<b>CURRENT ASSETS</b>				
Stocks		3,334,380	-	3,334,380
Debtors	1	1,728,732	92,691	1,821,423
Cash at bank and in hand		49,212	-	49,212
		5,112,324	92,691	5,205,015
<b>CREDITORS</b>				
Amounts falling due within one year	1	(4,161,796)	(507,496)	(4,669,292)
<b>NET CURRENT ASSETS</b>		950,528	(414,805)	535,723
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,799,264	(414,805)	1,384,459
<b>CREDITORS</b>				
Amounts falling due after more than one year		(169,837)	-	(169,837)
<b>PROVISIONS FOR LIABILITIES</b>	1	(8,808)	8,808	-
<b>NET ASSETS</b>		1,620,619	(405,997)	1,214,622
<b>CAPITAL AND RESERVES</b>				
Called up share capital		383,000	-	383,000
Share premium		33,000	-	33,000
Capital redemption reserve		25,000	-	25,000
Other reserves	1	-	(479,595)	(479,595)
Retained earnings	1	1,179,619	73,598	1,253,217
<b>SHAREHOLDERS' FUNDS</b>		1,620,619	(405,997)	1,214,622

**Notes to the reconciliation of equity**

1. As a result of the adoption of FRS 102, the company has adopted the policy of hedging. As a result of revaluing the options outstanding as at the date of transition and accounting for the associated tax consequences, the above adjustments have been made.

**THE MOUNTAIN BOOT COMPANY LIMITED**

**RECONCILIATION OF PROFIT  
FOR THE YEAR ENDED 30 JUNE 2015**

	<b>UK GAAP £</b>	<b>Effect of transition to FRS 102 £</b>	<b>FRS 102 £</b>
<b>TURNOVER</b>	10,538,635	-	10,538,635
Cost of sales	(8,201,474)	64,267	(8,137,207)
<b>GROSS PROFIT</b>	2,337,161	64,267	2,401,428
Distribution costs	(606,379)	-	(606,379)
Administrative expenses	(1,470,892)	-	(1,470,892)
Other operating income	109,779	-	109,779
<b>OPERATING PROFIT</b>	369,669	64,267	433,936
Interest receivable and similar income	44	-	44
Interest payable and similar charges	(73,217)	-	(73,217)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	296,496	64,267	360,763
Tax on profit on ordinary activities	(60,469)	(12,854)	(73,323)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	236,027	51,413	287,440

The notes form part of these financial statements