

REGISTERED NUMBER: 02887906 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017
FOR
THE MOUNTAIN BOOT COMPANY LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	4
Income Statement	6
Other Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Cash Flow Statement	10
Notes to the Cash Flow Statement	11
Notes to the Financial Statements	12

THE MOUNTAIN BOOT COMPANY LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2017**

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

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

The directors present their strategic report for the year ended 30 June 2017.

REVIEW OF BUSINESS

Turnover was £14.8m, up from £12.3m in the previous year. This was due to strong sales and several new brands in the previous year, which have continue to expand. The company achieved planned turnover for the year.

The gross profit margin was maintained which was pleasing.

Stock has increased from £2.78m at June 2016 to £2.90m at June 2017. Further additional lines and styles held by the company has had an impact on the stock levels required. The company is required to hold more stock to meet additional demand reflected in the increased turnover. Despite this increase, the company still closely manages stock levels and working capital.

PRINCIPAL RISKS AND UNCERTAINTIES

The company has an established, structured approach to risk management.

The company's activities expose it to a variety of financial risks, including effects of credit, liquidity and cash flows, and foreign currency risk. The company has adopted risk management policies that seek to mitigate these risks in a cost effective manner. Financial assets that expose the company to financial risk consist primarily of trade debtors and cash. Financial liabilities that expose the company to financial risk consist primarily of trade creditors, bank loans and inter company loan agreements.

CREDIT RISK

Credit risk is the loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The company performs ongoing credit evaluations of its customer's financial condition.

LIQUIDITY RISK

Liquidity risk is the risk that the company does not have sufficient liquid assets to meet its obligations as they fall due. Liquidity is maintained at the prudent level and the company ensure there is adequate liquidity buffer to cover contingencies. The company maintains sufficient cash and credit lines from its bankers to meet its funding requirements.

FOREIGN CURRENCY RISK

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

18 December 2017

THE MOUNTAIN BOOT COMPANY LIMITED (REGISTERED NUMBER: 02887906)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2017**

The directors present their report with the financial statements of the company for the year ended 30 June 2017.

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 2017 will be £ 498,600 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2016 to the date of this report.

S D Roberts
Mrs J Roberts

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

18 December 2017

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

Opinion

We have audited the financial statements of The Mountain Boot Company Limited (the 'company') for the year ended 30 June 2017 on pages six to twenty one. 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion 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 the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

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, and for such internal control as the directors determine 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 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 company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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

18 December 2017

THE MOUNTAIN BOOT COMPANY LIMITED (REGISTERED NUMBER: 02887906)

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	2017 £	£	2016 £	£
TURNOVER	4		14,811,311		12,327,986
Cost of sales			11,783,019		9,802,223
GROSS PROFIT			3,028,292		2,525,763
Distribution costs		634,523		681,831	
Administrative expenses		1,823,580		1,790,932	
			2,458,103		2,472,763
			570,189		53,000
Other operating income			118,906		96,319
OPERATING PROFIT	6		689,095		149,319
Interest receivable and similar income			141		834
			689,236		150,153
Interest payable and similar expenses	7		87,556		82,787
PROFIT BEFORE TAXATION			601,680		67,366
Tax on profit	8		117,769		17,158
PROFIT FOR THE FINANCIAL YEAR			483,911		50,208

The notes form part of these financial statements

THE MOUNTAIN BOOT COMPANY LIMITED (REGISTERED NUMBER: 02887906)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	2017 £	2016 £
PROFIT FOR THE YEAR		483,911	50,208
OTHER COMPREHENSIVE INCOME			
Hedging reserve movement		(555,058)	1,321,510
Income tax relating to other comprehensive income		<u>116,019</u>	<u>(264,302)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(439,039)</u>	<u>1,057,208</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>44,872</u>	<u>1,107,416</u>

The notes form part of these financial statements

THE MOUNTAIN BOOT COMPANY LIMITED (REGISTERED NUMBER: 02887906)

BALANCE SHEET
30 JUNE 2017

	Notes	2017 £	£	2016 £	£
FIXED ASSETS					
Tangible assets	10		827,584		862,008
CURRENT ASSETS					
Stocks	11	2,904,797		2,784,950	
Debtors	12	3,511,730		3,812,718	
Cash at bank and in hand		267,340		45,576	
		6,683,867		6,643,244	
CREDITORS					
Amounts falling due within one year	13	5,451,196		4,804,395	
NET CURRENT ASSETS			1,232,671		1,838,849
TOTAL ASSETS LESS CURRENT LIABILITIES			2,060,255		2,700,857
CREDITORS					
Amounts falling due after more than one year	14		(439,235)		(509,475)
PROVISIONS FOR LIABILITIES	18		(47,677)		(164,311)
NET ASSETS			1,573,343		2,027,071
CAPITAL AND RESERVES					
Called up share capital	19		383,000		383,000
Share premium	20		33,000		33,000
Capital redemption reserve	20		25,000		25,000
Other reserves	20		138,574		577,613
Retained earnings	20		993,769		1,008,458
SHAREHOLDERS' FUNDS			1,573,343		2,027,071

The financial statements were approved by the Board of Directors on 18 December 2017 and were signed on its behalf by:

S D Roberts - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 July 2015	383,000	1,253,217	33,000
Changes in equity			
Dividends	-	(294,967)	-
Total comprehensive income	-	50,208	-
Balance at 30 June 2016	<u>383,000</u>	<u>1,008,458</u>	<u>33,000</u>
Changes in equity			
Dividends	-	(498,600)	-
Total comprehensive income	-	483,911	-
Balance at 30 June 2017	<u>383,000</u>	<u>993,769</u>	<u>33,000</u>
	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1 July 2015	25,000	(479,595)	1,214,622
Changes in equity			
Dividends	-	-	(294,967)
Total comprehensive income	-	1,057,208	1,107,416
Balance at 30 June 2016	<u>25,000</u>	<u>577,613</u>	<u>2,027,071</u>
Changes in equity			
Dividends	-	-	(498,600)
Total comprehensive income	-	(439,039)	44,872
Balance at 30 June 2017	<u>25,000</u>	<u>138,574</u>	<u>1,573,343</u>

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	1,421,415	(1,326,052)
Interest paid		(87,556)	(82,787)
Tax paid		(24,557)	(58,895)
Net cash from operating activities		<u>1,309,302</u>	<u>(1,467,734)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(58,169)	(94,985)
Sale of tangible fixed assets		31,230	14,235
Interest received		141	834
Net cash from investing activities		<u>(26,798)</u>	<u>(79,916)</u>
Cash flows from financing activities			
New loans in year		-	550,000
Loan repayments in year		(27,834)	(189,421)
Capital repayments in year		(28,844)	(8,414)
Additional other loans in the year		(638)	247,945
Movements attributable to hedging		(555,058)	1,228,818
Equity dividends paid		(498,600)	(294,967)
Net cash from financing activities		<u>(1,110,974)</u>	<u>1,533,961</u>
Increase/(decrease) in cash and cash equivalents		<u>171,530</u>	<u>(13,689)</u>
Cash and cash equivalents at beginning of year	2	(1,004,738)	(991,049)
Cash and cash equivalents at end of year	2	<u>(833,208)</u>	<u>(1,004,738)</u>

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017**

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

	2017 £	2016 £
Profit before taxation	601,680	67,366
Depreciation charges	71,935	76,900
Profit on disposal of fixed assets	(10,572)	(9,422)
Finance costs	87,556	82,787
Finance income	(141)	(834)
	<u>750,458</u>	<u>216,797</u>
(Increase)/decrease in stocks	(119,847)	549,430
Decrease/(increase) in trade and other debtors	301,626	(1,991,295)
Increase/(decrease) in trade and other creditors	489,178	(100,984)
Cash generated from operations	<u>1,421,415</u>	<u>(1,326,052)</u>

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 2017

	30.6.17 £	1.7.16 £
Cash and cash equivalents	267,340	45,576
Bank overdrafts	(1,100,548)	(1,050,314)
	<u>(833,208)</u>	<u>(1,004,738)</u>

Year ended 30 June 2016

	30.6.16 £	1.7.15 £
Cash and cash equivalents	45,576	49,212
Bank overdrafts	(1,050,314)	(1,040,261)
	<u>(1,004,738)</u>	<u>(991,049)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

1. STATUTORY INFORMATION

The Mountain Boot Company Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. 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.

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:

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

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	- 20% straight line basis and 25 -33% on straight line basis
Motor vehicles	- 25% straight line

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2017**

3. ACCOUNTING POLICIES - continued

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.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2017

3. ACCOUNTING POLICIES - continued

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.

4. 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:

	2017 £	2016 £
United Kingdom	14,515,256	12,097,488
Europe	296,055	230,498
	<u>14,811,311</u>	<u>12,327,986</u>

5. EMPLOYEES AND DIRECTORS

	2017 £	2016 £
Wages and salaries	946,631	844,866
Social security costs	97,618	79,768
Other pension costs	100,348	188,472
	<u>1,144,597</u>	<u>1,113,106</u>

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

	2017	2016
Directors	2	1
Administrative staff	30	27
	<u>32</u>	<u>28</u>

	2017 £	2016 £
Directors' remuneration	65,347	50,621
Directors' pension contributions to money purchase schemes	<u>50,000</u>	<u>142,333</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2017

5. EMPLOYEES AND DIRECTORS - continued

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

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

6. OPERATING PROFIT

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

	2017	2016
	£	£
Hire of plant and machinery	67,406	61,488
Depreciation - owned assets	68,716	64,025
Depreciation - assets on hire purchase contracts	3,219	12,875
Profit on disposal of fixed assets	(10,572)	(9,422)
Auditors' remuneration	<u>8,903</u>	<u>7,095</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Bank interest	<u>87,556</u>	<u>82,787</u>

8. TAXATION

Analysis of the tax charge

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

	2017	2016
	£	£
Current tax:		
UK corporation tax	118,384	24,457
Deferred tax	(615)	(7,299)
Tax on profit	<u>117,769</u>	<u>17,158</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2017

8. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	2017 £	2016 £
Profit before tax	<u>601,680</u>	<u>67,366</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	<u>120,336</u>	13,473
Effects of:		
Expenses not deductible for tax purposes	-	1,087
Capital allowances in excess of depreciation	(458)	(7,328)
Group loss relief	-	(1,175)
Tax due on restatement of exchange differences	-	18,400
Deferred tax movement	(615)	(7,299)
Change in tax rates to 19%	<u>(1,494)</u>	-
Total tax charge	<u>117,769</u>	<u>17,158</u>

Tax effects relating to effects of other comprehensive income

	Gross £	2017 Tax £	Net £
Hedging reserve movement	<u>(555,058)</u>	<u>116,019</u>	<u>(439,039)</u>
		2016	
	Gross £	Tax £	Net £
Hedging reserve movement	<u>1,321,510</u>	<u>(264,302)</u>	<u>1,057,208</u>

9. DIVIDENDS

	2017 £	2016 £
Interim	<u>498,600</u>	<u>294,967</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2017

10. TANGIBLE FIXED ASSETS

	Long leasehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 July 2016	925,581	584,352	79,403	1,589,336
Additions	-	58,169	-	58,169
Disposals	-	-	(55,500)	(55,500)
At 30 June 2017	<u>925,581</u>	<u>642,521</u>	<u>23,903</u>	<u>1,592,005</u>
DEPRECIATION				
At 1 July 2016	227,305	461,513	38,510	727,328
Charge for year	19,196	42,961	9,778	71,935
Eliminated on disposal	-	-	(34,842)	(34,842)
At 30 June 2017	<u>246,501</u>	<u>504,474</u>	<u>13,446</u>	<u>764,421</u>
NET BOOK VALUE				
At 30 June 2017	<u>679,080</u>	<u>138,047</u>	<u>10,457</u>	<u>827,584</u>
At 30 June 2016	<u>698,276</u>	<u>122,839</u>	<u>40,893</u>	<u>862,008</u>

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

	Motor vehicles £
COST	
At 1 July 2016	51,500
Disposals	(51,500)
At 30 June 2017	-
DEPRECIATION	
At 1 July 2016	30,042
Charge for year	3,219
Eliminated on disposal	(33,261)
At 30 June 2017	-
NET BOOK VALUE	
At 30 June 2017	-
At 30 June 2016	<u>21,458</u>

11. STOCKS

	2017 £	2016 £
Finished goods and goods for resale	<u>2,904,797</u>	<u>2,784,950</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2017**

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	2,143,987	1,932,412
Amounts owed by group undertakings	1,085,787	1,085,149
Other debtors	173,791	735,987
Prepayments and accrued income	108,165	59,170
	<u>3,511,730</u>	<u>3,812,718</u>

Included in trade debtors are factored debts of £2,115,546 (2016: £1,909,391).

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Bank loans and overdrafts (see note 15)	1,149,135	1,097,115
Other loans (see note 15)	1,357,070	1,336,880
Hire purchase contracts (see note 16)	-	8,414
Trade creditors	2,041,879	1,589,309
Amounts owed to group undertakings	107,140	107,140
Corporation tax	118,284	24,457
Social security and other taxes	493,378	565,485
Other creditors	81,094	6,163
Accrued expenses	103,216	69,432
	<u>5,451,196</u>	<u>4,804,395</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £	2016 £
Bank loans (see note 15)	439,235	489,045
Hire purchase contracts (see note 16)	-	20,430
	<u>439,235</u>	<u>509,475</u>

15. LOANS

An analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year or on demand:		
Bank overdrafts	1,100,548	1,050,314
Mortgage	48,587	46,801
Other loans	1,357,070	1,336,880
	<u>2,506,205</u>	<u>2,433,995</u>
Amounts falling due between one and two years:		
Mortgage - 1-2 years	<u>50,440</u>	<u>48,587</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2017**

15. LOANS - continued

	2017 £	2016 £
Amounts falling due between two and five years:		
Mortgage - 2-5 years	<u>221,713</u>	<u>213,565</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Mortgage more than 5 years by instalments	<u>167,082</u>	<u>226,893</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2017 £	2016 £
Net obligations repayable:		
Within one year	-	8,414
Between one and five years	<u>-</u>	<u>20,430</u>
	<u>-</u>	<u>28,844</u>
	Non-cancellable operating leases	
	2017 £	2016 £
Within one year	16,424	53,911
Between one and five years	<u>118,649</u>	<u>89,841</u>
	<u>135,073</u>	<u>143,752</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2017

17. SECURED DEBTS

The following secured debts are included within creditors:

	2017 £	2016 £
Bank overdrafts	1,100,548	1,050,314
Other loans	1,357,070	1,336,880
Hire purchase contracts	-	28,844
Mortgage	487,822	535,185
	<u>2,945,440</u>	<u>2,951,223</u>

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.

18. PROVISIONS FOR LIABILITIES

	2017 £	2016 £
Deferred tax		
Accelerated capital allowances	19,294	19,909
Deferred taxation - Hedging	28,383	144,402
	<u>47,677</u>	<u>164,311</u>
		Deferred tax
		£
Balance at 1 July 2016		164,311
Movement in year		(116,634)
Balance at 30 June 2017		<u>47,677</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2017	2016
Number:	Class:	Nominal value:	£	£
38,300,000	Ordinary	1p	<u>383,000</u>	<u>383,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2017

20. RESERVES

	Retained earnings £	Share premium £	Capital redemption reserve £	Other reserves £	Totals £
At 1 July 2016	1,008,458	33,000	25,000	577,613	1,644,071
Profit for the year	483,911	-	-	-	483,911
Dividends	(498,600)	-	-	-	(498,600)
Exchange movement	-	-	-	(439,039)	(439,039)
At 30 June 2017	<u>993,769</u>	<u>33,000</u>	<u>25,000</u>	<u>138,574</u>	<u>1,190,343</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.

21. 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 £100,348 (2016: £188,472).

22. ULTIMATE PARENT COMPANY

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

23. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is S D Roberts.

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.