

REGISTERED NUMBER: 02887906 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
FOR
THE MOUNTAIN BOOT COMPANY LIMITED**

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FOR THE YEAR ENDED 30 JUNE 2019**

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THE MOUNTAIN BOOT COMPANY LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2019**

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 UK Bank Plc Floor 3 Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ
SOLICITORS:	Muckle LLP Time Central 32 Gallowgate Newcastle upon Tyne Tyne and Wear NE1 4BF

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

The directors present their strategic report for the year ended 30 June 2019.

REVIEW OF BUSINESS

Turnover was £16.4m, up from £16.0m in the previous year. This was due to strong sales and several new brands in the previous year, which have continued to expand. The company achieved planned turnover for the year.

The gross profit margin was maintained which was pleasing.

Stock has decreased from £3.9m at June 2018 to £3.4m at June 2019. The company has reduced stock to improve the working capital cycle. Despite this decrease, 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 ensures there is an 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

11 December 2019

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2019**

The directors present their report with the financial statements of the company for the year ended 30 June 2019.

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 2019 will be £ 263,600 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2018 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

11 December 2019

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 2019 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and 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.

Auditors' 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.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

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

16 December 2019

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 £	£	2018 £	£
TURNOVER	4		16,350,311		16,044,512
Cost of sales			13,113,241		13,119,781
GROSS PROFIT			3,237,070		2,924,731
Distribution costs		791,693		742,992	
Administrative expenses		1,931,019		1,922,091	
			2,722,712		2,665,083
			514,358		259,648
Other operating income			83,729		116,921
OPERATING PROFIT	6		598,087		376,569
Interest receivable and similar income			153		600
			598,240		377,169
Interest payable and similar expenses	7		109,808		96,987
PROFIT BEFORE TAXATION			488,432		280,182
Tax on profit	8		(265,900)		58,029
PROFIT FOR THE FINANCIAL YEAR			754,332		222,153

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 £	2018 £
PROFIT FOR THE YEAR		754,332	222,153
OTHER COMPREHENSIVE INCOME			
Hedging reserve movement		18,586	(147,729)
Income tax relating to other comprehensive income		(3,916)	<u>25,114</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>14,670</u>	<u>(122,615)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>769,002</u>	<u>99,538</u>

THE MOUNTAIN BOOT COMPANY LIMITED (REGISTERED NUMBER: 02887906)

BALANCE SHEET
30 JUNE 2019

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Tangible assets	10		877,771		874,888
CURRENT ASSETS					
Stocks	11	3,408,415		3,873,915	
Debtors	12	3,978,140		2,882,954	
Cash at bank and in hand		<u>62,223</u>		<u>92,396</u>	
		7,448,778		6,849,265	
CREDITORS					
Amounts falling due within one year	13	<u>6,270,430</u>		<u>6,132,123</u>	
NET CURRENT ASSETS			1,178,348		717,142
TOTAL ASSETS LESS CURRENT LIABILITIES			2,056,119		1,592,030
CREDITORS					
Amounts falling due after more than one year	14		(336,659)		(388,204)
PROVISIONS FOR LIABILITIES	18		(49,777)		(39,545)
NET ASSETS			<u>1,669,683</u>		<u>1,164,281</u>
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		30,629		15,959
Retained earnings	20		<u>1,198,054</u>		<u>707,322</u>
SHAREHOLDERS' FUNDS			<u>1,669,683</u>		<u>1,164,281</u>

The financial statements were approved by the Board of Directors on 11 December 2019 and were signed on its behalf by:

S D Roberts - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 July 2017	383,000	993,769	33,000
Changes in equity			
Dividends	-	(508,600)	-
Total comprehensive income	-	222,153	-
Balance at 30 June 2018	<u>383,000</u>	<u>707,322</u>	<u>33,000</u>
Changes in equity			
Dividends	-	(263,600)	-
Total comprehensive income	-	754,332	-
Balance at 30 June 2019	<u>383,000</u>	<u>1,198,054</u>	<u>33,000</u>
	Capital redemption reserve £	Other reserves £	Total equity £
Balance at 1 July 2017	25,000	138,574	1,573,343
Changes in equity			
Dividends	-	-	(508,600)
Total comprehensive income	-	(122,615)	99,538
Balance at 30 June 2018	<u>25,000</u>	<u>15,959</u>	<u>1,164,281</u>
Changes in equity			
Dividends	-	-	(263,600)
Total comprehensive income	-	14,670	769,002
Balance at 30 June 2019	<u>25,000</u>	<u>30,629</u>	<u>1,669,683</u>

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	(556,993)	854,940
Interest paid		(109,808)	(96,987)
Tax paid		(41,038)	(118,284)
Net cash from operating activities		<u>(707,839)</u>	<u>639,669</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(70,361)	(144,957)
Sale of tangible fixed assets		-	33,450
Interest received		153	600
Net cash from investing activities		<u>(70,208)</u>	<u>(110,907)</u>
Cash flows from financing activities			
Factoring account movement		747,814	-
Loan repayments in year		(49,657)	(181,650)
Movements attributable to hedging		18,586	(147,729)
Equity dividends paid		(263,600)	(508,600)
Net cash from financing activities		<u>453,143</u>	<u>(837,979)</u>
Decrease in cash and cash equivalents		<u>(324,904)</u>	<u>(309,217)</u>
Cash and cash equivalents at beginning of year	2	(1,142,425)	(833,208)
Cash and cash equivalents at end of year	2	<u>(1,467,329)</u>	<u>(1,142,425)</u>

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019**

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

	2019 £	2018 £
Profit before taxation	488,432	280,182
Depreciation charges	67,478	63,430
Loss on disposal of fixed assets	-	773
Finance costs	109,808	96,987
Finance income	(153)	(600)
	<u>665,565</u>	<u>440,772</u>
Decrease/(increase) in stocks	465,500	(969,118)
(Increase)/decrease in trade and other debtors	(822,979)	628,776
(Decrease)/increase in trade and other creditors	(865,079)	754,510
Cash generated from operations	<u>(556,993)</u>	<u>854,940</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 2019

	30.6.19 £	1.7.18 £
Cash and cash equivalents	62,223	92,396
Bank overdrafts	(1,529,552)	(1,234,821)
	<u>(1,467,329)</u>	<u>(1,142,425)</u>

Year ended 30 June 2018

	30.6.18 £	1.7.17 £
Cash and cash equivalents	92,396	267,340
Bank overdrafts	(1,234,821)	(1,100,548)
	<u>(1,142,425)</u>	<u>(833,208)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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.

Long leasehold land and buildings	- Straight line over 50 years and Straight line over 3 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 2019**

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

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2019

3. ACCOUNTING POLICIES - continued

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:

	2019 £	2018 £
United Kingdom	16,117,412	15,736,721
Europe	232,899	307,791
	<u>16,350,311</u>	<u>16,044,512</u>

5. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Wages and salaries	1,038,809	1,018,098
Social security costs	99,878	106,818
Other pension costs	109,581	110,294
	<u>1,248,268</u>	<u>1,235,210</u>

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

	2019	2018
Directors	2	2
Administrative staff	31	32
	<u>33</u>	<u>34</u>

	2019 £	2018 £
Directors' remuneration	108,127	85,921
Directors' pension contributions to money purchase schemes	<u>50,000</u>	<u>50,000</u>

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

	2019	2018
Money purchase schemes	<u>2</u>	<u>2</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2019

6. OPERATING PROFIT

The operating profit is stated after charging:

	2019	2018
	£	£
Hire of plant and machinery	67,570	74,765
Depreciation - owned assets	67,478	63,430
Loss on disposal of fixed assets	-	773
Auditors' remuneration	<u>8,065</u>	<u>8,100</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Bank interest	<u>109,808</u>	<u>96,987</u>

8. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

	2019	2018
	£	£
Current tax:		
UK corporation tax	(89,948)	41,047
Adjustments to prior year	<u>(182,268)</u>	-
Total current tax	<u>(272,216)</u>	<u>41,047</u>
Deferred tax	6,316	16,982
Tax on profit	<u>(265,900)</u>	<u>58,029</u>

Reconciliation of total tax (credit)/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:

	2019	2018
	£	£
Profit before tax	<u>488,432</u>	<u>280,182</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	92,802	53,235
Effects of:		
Capital allowances in excess of depreciation	-	(12,188)
Depreciation in excess of capital allowances	364	-
Other adjustments	<u>(365,382)</u>	-
Deferred tax movement	6,316	16,982
Total tax (credit)/charge	<u>(265,900)</u>	<u>58,029</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2019

8. TAXATION - continued

Tax effects relating to effects of other comprehensive income

	Gross £	2019 Tax £	Net £
Hedging reserve movement	<u>18,586</u>	<u>(3,916)</u>	<u>14,670</u>
	Gross £	2018 Tax £	Net £
Hedging reserve movement	<u>(147,729)</u>	<u>25,114</u>	<u>(122,615)</u>

9. DIVIDENDS

	2019 £	2018 £
Interim	<u>263,600</u>	<u>508,600</u>

10. TANGIBLE FIXED ASSETS

	Long leasehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 July 2018	925,581	734,700	24,479	1,684,760
Additions	2,001	68,360	-	70,361
Disposals	(2,172)	(33,143)	-	(35,315)
At 30 June 2019	<u>925,410</u>	<u>769,917</u>	<u>24,479</u>	<u>1,719,806</u>
DEPRECIATION				
At 1 July 2018	264,969	543,373	1,530	809,872
Charge for year	18,802	42,556	6,120	67,478
Eliminated on disposal	(2,172)	(33,143)	-	(35,315)
At 30 June 2019	<u>281,599</u>	<u>552,786</u>	<u>7,650</u>	<u>842,035</u>
NET BOOK VALUE				
At 30 June 2019	<u>643,811</u>	<u>217,131</u>	<u>16,829</u>	<u>877,771</u>
At 30 June 2018	<u>660,612</u>	<u>191,327</u>	<u>22,949</u>	<u>874,888</u>

11. STOCKS

	2019 £	2018 £
Finished goods and goods for resale	<u>3,408,415</u>	<u>3,873,915</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2019

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	2,506,039	1,654,664
Amounts owed by group undertakings	1,085,787	1,085,787
Other debtors	45,577	27,798
Corporation tax	272,207	-
Prepayments and accrued income	68,530	114,705
	<u>3,978,140</u>	<u>2,882,954</u>

Included in trade debtors are factored debts of £2,456,738 (2018: £1,604,792).

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Bank loans and overdrafts (see note 15)	1,581,907	1,285,288
Other loans (see note 15)	1,972,385	1,224,571
Trade creditors	2,014,644	2,931,709
Amounts owed to group undertakings	107,140	107,140
Corporation tax	-	41,047
Social security and other taxes	441,847	438,233
Other creditors	7,748	7,350
Accrued expenses	144,759	96,785
	<u>6,270,430</u>	<u>6,132,123</u>

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

	2019 £	2018 £
Bank loans (see note 15)	<u>336,659</u>	<u>388,204</u>

15. LOANS

An analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year or on demand:		
Bank overdrafts	1,529,552	1,234,821
Mortgage	52,355	50,467
Other loans	1,972,385	1,224,571
	<u>3,554,292</u>	<u>2,509,859</u>

Amounts falling due between one and two years:

Mortgage - 1-2 years	<u>54,389</u>	<u>52,355</u>
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Amounts falling due between two and five years:

Mortgage - 2-5 years	<u>239,101</u>	<u>230,315</u>
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Amounts falling due in more than five years:

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2019

15. LOANS - continued

	2019 £	2018 £
Amounts falling due in more than five years:		
Repayable by instalments		
Mortgage more than 5 years by instalments	<u>43,169</u>	<u>105,534</u>

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019 £	2018 £
Within one year	85,130	75,178
Between one and five years	<u>81,126</u>	<u>81,093</u>
	<u>166,256</u>	<u>156,271</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	2019 £	2018 £
Bank overdrafts	1,529,552	1,234,821
Other loans	1,972,385	1,224,571
Mortgage	<u>389,014</u>	<u>438,671</u>
	<u>3,890,951</u>	<u>2,898,063</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

	2019 £	2018 £
Deferred tax		
Accelerated capital allowances	42,592	36,276
Deferred taxation - Hedging	<u>7,185</u>	<u>3,269</u>
	<u>49,777</u>	<u>39,545</u>

	Deferred tax £
Balance at 1 July 2018	39,545
Movement in year	<u>10,232</u>
Balance at 30 June 2019	<u>49,777</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2019

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
38,300,000	Ordinary	1p	<u>383,000</u>	<u>383,000</u>

20. RESERVES

	Retained earnings £	Share premium £	Capital redemption reserve £	Other reserves £	Totals £
At 1 July 2018	707,322	33,000	25,000	15,959	781,281
Profit for the year	754,332	-	-	-	754,332
Dividends	(263,600)	-	-	-	(263,600)
Hedging reserve	-	-	-	14,670	14,670
At 30 June 2019	<u>1,198,054</u>	<u>33,000</u>	<u>25,000</u>	<u>30,629</u>	<u>1,286,683</u>

Purpose of reserves:

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 reserve 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 £109,581(2018: £110,294).

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.