

Company Registration No. 2887906 (England and Wales)

**THE MOUNTAIN BOOT COMPANY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

# THE MOUNTAIN BOOT COMPANY LIMITED

## COMPANY INFORMATION

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|                          |  |
|--------------------------|--|
| <b>Directors</b>         | Mr SD Roberts<br>Mrs J Roberts   |
| <b>Secretary</b>         | Mr SJ McBride  |
| <b>Company number</b>    | 2887906  |
| <b>Registered office</b> | Unit 5<br>New York Way<br>New York Industrial Estate<br>Wallsend<br>Tyne and Wear<br>NE27 0QF  |
| <b>Auditor</b>           | Robson Laidler Accountants Limited<br>Fernwood House<br>Fernwood Road<br>Jesmond<br>Newcastle Upon Tyne<br>Tyne and Wear<br>England<br>NE2 1TJ |
| <b>Bankers</b>           | HSBC UK Bank Plc<br>Floor 3<br>Central Square South<br>Orchard Street<br>Newcastle upon Tyne<br>NE1 3AZ  |
| <b>Solicitors</b>        | Muckle LLP<br>Time Central<br>32 Gallowgate<br>Newcastle upon Tyne<br>Tyne and Wear<br>England<br>NE1 4BF                                      |

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# THE MOUNTAIN BOOT COMPANY LIMITED

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# THE MOUNTAIN BOOT COMPANY LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 30 JUNE 2021**

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The directors present the strategic report for the year ended 30 June 2021.

### **Fair review of the business**

Turnover was £20.8m, up from £13.7m in the previous year. This was due to the business benefitting from increased demand in outdoor leisure pursuits as a result of the Covid 19 pandemic.

### **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.

By order of the board

Mr SJ McBride  
**Secretary**

9 December 2021

# THE MOUNTAIN BOOT COMPANY LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 JUNE 2021**

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The directors present their annual report and financial statements for the year ended 30 June 2021.

### Principal activities

The principal activity of the company continued to be that of importing and distributing footwear, climbing and outdoor equipment, accessories and apparel.

### Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £485,440.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr SD Roberts

Mrs J Roberts

### Auditor

In accordance with the company's articles, a resolution proposing that Robson Laidler Accountants Limited be reappointed as auditor of the company will be put at a General Meeting.

### Statement of directors' responsibilities

The directors are responsible for preparing the annual report 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;
- 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 of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

**THE MOUNTAIN BOOT COMPANY LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 JUNE 2021***

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By order of the board

Mr SJ McBride  
**Secretary**

9 December 2021

# THE MOUNTAIN BOOT COMPANY LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE MOUNTAIN BOOT COMPANY LIMITED

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#### Opinion

We have audited the financial statements of The Mountain Boot Company Limited (the 'company') for the year ended 30 June 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 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 *Auditor's 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# THE MOUNTAIN BOOT COMPANY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF THE MOUNTAIN BOOT COMPANY LIMITED

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#### **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 and the directors' report.

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 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the 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.

#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The risk of material misstatement due to error or fraud has been assessed in conjunction with how internal controls may mitigate any such risk. These controls are reviewed as part of the audit by performing systems walkthroughs to ensure they are operating effectively. Other substantive testing is also performed on all material balances and therefore any instances of non-compliance should be identified or considered as insignificant.

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



# **THE MOUNTAIN BOOT COMPANY LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF THE MOUNTAIN BOOT COMPANY LIMITED**

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#### **Use of our report**

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

**Michael T Moran BA FCA (Senior Statutory Auditor)**  
**For and on behalf of Robson Laidler Accountants Limited**

9 December 2021

#### **Statutory Auditor**

Fernwood House  
Fernwood Road  
Jesmond  
Newcastle Upon Tyne  
Tyne and Wear  
England  
NE2 1TJ

# THE MOUNTAIN BOOT COMPANY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

|  | Notes    | 2021<br>£        | 2020<br>£        |
|--|----------|------------------|------------------|
| <b>Turnover</b>                                  | <b>2</b> | 20,830,530       | 13,662,204       |
| Cost of sales                                    |          | (16,214,340)     | (11,031,117)     |
| <b>Gross profit</b>                              |          | <b>4,616,190</b> | <b>2,631,087</b> |
| Distribution costs                               |          | (875,666)        | (662,326)        |
| Administrative expenses                          |          | (2,036,460)      | (1,675,568)      |
| Other operating income                           |          | 161,893          | 90,881           |
| <b>Operating profit</b>                          | <b>3</b> | <b>1,865,957</b> | <b>384,074</b>   |
| Interest payable and similar expenses            | <b>6</b> | (73,853)         | (92,763)         |
| <b>Profit before taxation</b>                    |          | <b>1,792,104</b> | <b>291,311</b>   |
| Tax on profit                                    | <b>7</b> | (272,804)        | 42,903           |
| <b>Profit for the financial year</b>             |          | <b>1,519,300</b> | <b>334,214</b>   |
| <b>Other comprehensive income</b>                |          |                  |                  |
| Cash flow hedges (loss)/gain arising in the year |          | (422,499)        | 83,989           |
| Tax relating to other comprehensive income       |          | 80,275           | (15,958)         |
| <b>Total comprehensive income for the year</b>   |          | <b>1,177,076</b> | <b>402,245</b>   |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# THE MOUNTAIN BOOT COMPANY LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2021

|  | Notes | 2021<br>£          | £                       | 2020<br>£          | £                       |
|--|-------|--------------------|-------------------------|--------------------|-------------------------|
| <b>Fixed assets</b>  |       |                    |                         |                    |                         |
| Tangible assets  | 9     |                    | 798,752                 |                    | 822,293                 |
| <b>Current assets</b>  |       |                    |                         |                    |                         |
| Stocks   | 10    | 3,521,428          |                         | 4,373,652          |                         |
| Debtors  | 12    | 3,690,990          |                         | 2,598,517          |                         |
| Cash at bank and in hand                                       |       | 386,326            |                         | 174,403            |                         |
|  |       | <u>7,598,744</u>   |                         | <u>7,146,572</u>   |                         |
| <b>Creditors: amounts falling due within one year</b>          | 13    | <u>(5,759,941)</u> |                         | <u>(5,873,433)</u> |                         |
| <b>Net current assets</b>                                      |       |                    | 1,838,803               |                    | 1,273,139               |
| <b>Total assets less current liabilities</b>                   |       |                    | <u>2,637,555</u>        |                    | <u>2,095,432</u>        |
| <b>Creditors: amounts falling due after more than one year</b> | 14    |                    | (235,368)               |                    | (294,683)               |
| <b>Provisions for liabilities</b>                              |       |                    |                         |                    |                         |
| Deferred tax liability   | 16    | <u>(31,177)</u>    | 31,177                  | <u>59,021</u>      | (59,021)                |
| <b>Net assets</b>  |       |                    | <u><u>2,433,364</u></u> |                    | <u><u>1,741,728</u></u> |
| <b>Capital and reserves</b>                                    |       |                    |                         |                    |                         |
| Called up share capital  | 18    |                    | 383,000                 |                    | 383,000                 |
| Share premium account  | 19    |                    | 33,000                  |                    | 33,000                  |
| Hedging reserve  | 21    |                    | (243,564)               |                    | 98,660                  |
| Capital redemption reserve                                     | 20    |                    | 25,000                  |                    | 25,000                  |
| Profit and loss reserves                                       | 22    |                    | 2,235,928               |                    | 1,202,068               |
| <b>Total equity</b>  |       |                    | <u><u>2,433,364</u></u> |                    | <u><u>1,741,728</u></u> |

The financial statements were approved by the board of directors and authorised for issue on 9 December 2021 and are signed on its behalf by:

Mr SD Roberts  
Director

Company Registration No. 2887906

# THE MOUNTAIN BOOT COMPANY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

|  | Share capital | Share premium account | Hedging reserve | Capital redemption reserve | Profit and loss reserves | Total     |
|--|---------------|-----------------------|-----------------|----------------------------|--------------------------|-----------|
| Notes                                      | £             | £                     | £               | £                          | £                        | £         |
| <b>Balance at 1 July 2019</b>              | 383,000       | 33,000                | 30,629          | 25,000                     | 1,198,054                | 1,669,683 |
| <b>Year ended 30 June 2020:</b>            |               |                       |                 |                            |                          |           |
| Profit for the year                        | -             | -                     | -               | -                          | 334,214                  | 334,214   |
| Other comprehensive income:                |               |                       |                 |                            |                          |           |
| Cash flow hedges gains                     | -             | -                     | 83,989          | -                          | -                        | 83,989    |
| Tax relating to other comprehensive income | -             | -                     | (15,958)        | -                          | -                        | (15,958)  |
| Total comprehensive income for the year    | -             | -                     | 68,031          | -                          | 334,214                  | 402,245   |
| Dividends                                  | -             | -                     | -               | -                          | (330,200)                | (330,200) |
| <b>Balance at 30 June 2020</b>             | 383,000       | 33,000                | 98,660          | 25,000                     | 1,202,068                | 1,741,728 |
| <b>Year ended 30 June 2021:</b>            |               |                       |                 |                            |                          |           |
| Profit for the year                        | -             | -                     | -               | -                          | 1,519,300                | 1,519,300 |
| Other comprehensive income:                |               |                       |                 |                            |                          |           |
| Cash flow hedges gains                     | -             | -                     | (422,499)       | -                          | -                        | (422,499) |
| Tax relating to other comprehensive income | -             | -                     | 80,275          | -                          | -                        | 80,275    |
| Total comprehensive income for the year    | -             | -                     | (342,224)       | -                          | 1,519,300                | 1,177,076 |
| Dividends                                  | -             | -                     | -               | -                          | (485,440)                | (485,440) |
| <b>Balance at 30 June 2021</b>             | 383,000       | 33,000                | (243,564)       | 25,000                     | 2,235,928                | 2,433,364 |

# THE MOUNTAIN BOOT COMPANY LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

|   |       | 2021                      | 2020                      |
|---|-------|---------------------------|---------------------------|
|   | Notes | £                         | £                         |
| <b>Cash flows from operating activities</b>                   |       |                           |                           |
| Cash generated from operations                                | 26    | 2,331,522                 | 1,418,317                 |
| Interest paid   |       | (73,853)                  | (92,763)                  |
| Income taxes refunded   |       | 36,178                    | 272,218                   |
| <b>Net cash inflow from operating activities</b>              |       | <u>2,293,847</u>          | <u>1,597,772</u>          |
| <b>Investing activities</b>                                   |       |                           |                           |
| Purchase of tangible fixed assets                             |       | (84,737)                  | (20,784)                  |
| Receipts arising from loans made                              |       | 100,000                   | (100,000)                 |
| <b>Net cash generated from/(used in) investing activities</b> |       | <u>15,263</u>             | <u>(120,784)</u>          |
| <b>Financing activities</b>                                   |       |                           |                           |
| Repayment of borrowings                                       |       | -                         | (1,972,385)               |
| Repayment of bank loans                                       |       | (744,528)                 | 648,793                   |
| Dividends paid  |       | (485,440)                 | (330,200)                 |
| <b>Net cash used in financing activities</b>                  |       | <u>(1,229,968)</u>        | <u>(1,653,792)</u>        |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   |       | <u>1,079,142</u>          | <u>(176,804)</u>          |
| Cash and cash equivalents at beginning of year                |       | (1,560,146)               | (1,467,329)               |
| Effect of foreign exchange rates                              |       | (422,499)                 | 83,987                    |
| <b>Cash and cash equivalents at end of year</b>               |       | <u><u>(903,503)</u></u>   | <u><u>(1,560,146)</u></u> |
| <b>Relating to:</b>   |       |                           |                           |
| Cash at bank and in hand                                      |       | 386,326                   | 174,403                   |
| Bank overdrafts included in creditors payable within one year |       | <u><u>(1,289,829)</u></u> | <u><u>(1,734,549)</u></u> |

# THE MOUNTAIN BOOT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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### 1 Accounting policies

#### Company information

The Mountain Boot Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 5, New York Way, New York Industrial Estate, Wallsend, Tyne and Wear, NE27 0QF.

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

The financial statements are rounded to the nearest £1

#### 1.1 Accounting convention

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

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

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

#### 1.2 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.

#### 1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 Turnover

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

#### 1.5 Tangible fixed assets

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

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

|                              |                               |
|------------------------------|-------------------------------|
| Leasehold land and buildings | Straight line over 3-50 years |
| Fixtures and fittings        | 20%- 33% Straight line        |
| Motor vehicles               | 25% Straight line             |

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

# THE MOUNTAIN BOOT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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### 1 Accounting policies

(Continued)

#### 1.6 Impairment of fixed 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.

#### 1.7 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.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

##### *Other financial assets*

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### *Impairment of financial assets*

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# THE MOUNTAIN BOOT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.10 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.

#### **1.11 Taxation**

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

##### **Current tax**

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

##### **Deferred tax**

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

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



# THE MOUNTAIN BOOT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 1 Accounting policies (Continued)

#### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.13 Leases

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

#### 1.14 Foreign exchange

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

### 2 Turnover and other revenue

|   | 2021<br>£         | 2020<br>£         |
|---|-------------------|-------------------|
| <b>Turnover analysed by geographical market</b> |                   |                   |
| United Kingdom                                  | 20,555,695        | 13,483,924        |
| Europe  | 274,835           | 178,280           |
|   | <u>20,830,530</u> | <u>13,662,204</u> |
|   | 2021<br>£         | 2020<br>£         |
| <b>Other significant revenue</b>                |                   |                   |
| Commissions received                            | 44                | 940               |
| Grants received                                 | 88,125            | -                 |
|   | <u>88,169</u>     | <u>940</u>        |

### 3 Operating profit

|   | 2021<br>£      | 2020<br>£      |
|---|----------------|----------------|
| Operating profit for the year is stated after charging/(crediting):                       |                |                |
| Government grants   | (88,125)       | -              |
| Fees payable to the company's auditor for the audit of the company's financial statements | 8,480          | 9,415          |
| Depreciation of owned tangible fixed assets   | 108,278        | 76,262         |
| Operating lease charges   | 77,110         | 65,540         |
|   | <u>105,743</u> | <u>151,217</u> |

# THE MOUNTAIN BOOT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 4 Employees

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

|                       | 2021<br>Number | 2020<br>Number |
|-----------------------|----------------|----------------|
| Directors             | 2              | 2              |
| Office Staff          | 14             | 14             |
| Sales Representatives | 6              | 6              |
| Warehouse Staff       | 12             | 12             |
| Total                 | 34             | 34             |

Their aggregate remuneration comprised:

|                       | 2021<br>£ | 2020<br>£ |
|-----------------------|-----------|-----------|
| Wages and salaries    | 1,143,455 | 947,921   |
| Social security costs | 107,340   | 95,491    |
| Pension costs         | 153,006   | 93,645    |
|                       | 1,403,801 | 1,137,057 |

### 5 Directors' remuneration

|   | 2021<br>£ | 2020<br>£ |
|---|-----------|-----------|
| Remuneration for qualifying services                          | 105,526   | 102,908   |
| Company pension contributions to defined contribution schemes | 90,996    | 37,500    |
|   | 196,522   | 140,408   |

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 2 (2020 - 2).

### 6 Interest payable and similar expenses

|  | 2021<br>£ | 2020<br>£ |
|--|-----------|-----------|
| <b>Interest on financial liabilities measured at amortised cost:</b> |           |           |
| Interest on bank overdrafts and loans                                | 73,853    | 92,763    |

# THE MOUNTAIN BOOT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 7 Taxation

|  | 2021<br>£ | 2020<br>£ |
|--|-----------|-----------|
| <b>Current tax</b>                                   |           |           |
| UK corporation tax on profits for the current period | 282,727   | (36,189)  |
| <b>Deferred tax</b>                                  |           |           |
| Origination and reversal of timing differences       | (9,923)   | (6,714)   |
| Total tax charge/(credit)                            | 272,804   | (42,903)  |

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

|  | 2021<br>£ | 2020<br>£ |
|--|-----------|-----------|
| Profit before taxation   | 1,792,104 | 291,311   |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%) | 340,500   | 55,349    |
| Permanent capital allowances in excess of depreciation   | 13,329    | 10,292    |
| Other adjustments  | (71,102)  | (101,830) |
| Deferred tax movement  | (9,923)   | (6,714)   |
| Taxation charge/(credit) for the year  | 272,804   | (42,903)  |

In addition to the amount charged/(credited) to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

|  | 2021<br>£ | 2020<br>£ |
|--|-----------|-----------|
| Deferred tax arising on:   |           |           |
| Revaluation of financial instruments treated as cash flow hedges | (80,275)  | 15,958    |

### 8 Dividends

|              | 2021<br>£ | 2020<br>£ |
|--------------|-----------|-----------|
| Interim paid | 485,440   | 330,200   |

# THE MOUNTAIN BOOT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 9 Tangible fixed assets

|                                    | Leasehold land<br>and buildings | Fixtures and<br>fittings | Motor vehicles | Total     |
|------------------------------------|---------------------------------|--------------------------|----------------|-----------|
|                                    | £                               | £                        | £              | £         |
| <b>Cost</b>                        |                                 |                          |                |           |
| At 1 July 2020                     | 925,410                         | 790,701                  | 24,479         | 1,740,590 |
| Additions                          | -                               | 28,880                   | 55,857         | 84,737    |
| Disposals                          | -                               | (155,066)                | -              | (155,066) |
| At 30 June 2021                    | 925,410                         | 664,515                  | 80,336         | 1,670,261 |
| <b>Depreciation and impairment</b> |                                 |                          |                |           |
| At 1 July 2020                     | 300,734                         | 603,794                  | 13,769         | 918,297   |
| Depreciation charged in the year   | 19,135                          | 75,032                   | 14,111         | 108,278   |
| Eliminated in respect of disposals | -                               | (155,066)                | -              | (155,066) |
| At 30 June 2021                    | 319,869                         | 523,760                  | 27,880         | 871,509   |
| <b>Carrying amount</b>             |                                 |                          |                |           |
| At 30 June 2021                    | 605,541                         | 140,755                  | 52,456         | 798,752   |
| At 30 June 2020                    | 624,676                         | 186,907                  | 10,710         | 822,293   |

### 10 Stocks

|                                     | 2021<br>£ | 2020<br>£ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 3,521,428 | 4,373,652 |

### 12 Debtors

|   | 2021<br>£ | 2020<br>£ |
|---|-----------|-----------|
| <b>Amounts falling due within one year:</b> |           |           |
| Trade debtors                               | 2,490,772 | 1,196,272 |
| Corporation tax recoverable                 | -         | 36,178    |
| Amounts owed by group undertakings          | 1,085,787 | 1,085,787 |
| Other debtors                               | 24,977    | 222,687   |
| Prepayments and accrued income              | 89,454    | 57,593    |
|   | 3,690,990 | 2,598,517 |

Included in trade debtors are factored debts of £2,011,307 (2019 : £1,091,885)

# THE MOUNTAIN BOOT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 13 Creditors: amounts falling due within one year

|                                    | Notes | 2021<br>£        | 2020<br>£        |
|------------------------------------|-------|------------------|------------------|
| Bank loans and overdrafts          | 15    | 1,347,740        | 2,477,673        |
| Trade creditors                    |       | 2,245,127        | 2,498,403        |
| Amounts owed to group undertakings |       | 107,140          | 107,140          |
| Corporation tax                    |       | 282,727          | -                |
| Other taxation and social security |       | 1,253,243        | 730,900          |
| Other creditors                    |       | 309,832          | 6,471            |
| Accruals and deferred income       |       | 214,132          | 52,846           |
|                                    |       | <u>5,759,941</u> | <u>5,873,433</u> |

### 14 Creditors: amounts falling due after more than one year

|                           | Notes | 2021<br>£      | 2020<br>£      |
|---------------------------|-------|----------------|----------------|
| Bank loans and overdrafts | 15    | <u>235,368</u> | <u>294,683</u> |

### 15 Loans and overdrafts

|                         | 2021<br>£        | 2020<br>£        |
|-------------------------|------------------|------------------|
| Bank loans              | 293,279          | 1,037,807        |
| Bank overdrafts         | 1,289,829        | 1,734,549        |
|                         | <u>1,583,108</u> | <u>2,772,356</u> |
| Payable within one year | 1,347,740        | 2,477,673        |
| Payable after one year  | <u>235,368</u>   | <u>294,683</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.

# THE MOUNTAIN BOOT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

|                                      | Liabilities<br>2021<br>£ | Liabilities<br>2020<br>£ |
|--------------------------------------|--------------------------|--------------------------|
| <b>Balances:</b>                     |                          |                          |
| Accelerated capital allowances       | 25,955                   | 35,878                   |
| Hedging                              | (57,132)                 | 23,143                   |
|                                      | <u>(31,177)</u>          | <u>59,021</u>            |
| <b>Movements in the year:</b>        |                          | <b>2021<br/>£</b>        |
| Liability at 1 July 2020             |                          | 59,021                   |
| Credit to profit or loss             |                          | (9,923)                  |
| Credit to other comprehensive income |                          | (80,275)                 |
|                                      |                          | <u>(31,177)</u>          |
| Asset at 30 June 2021                |                          | <u>(31,177)</u>          |

### 17 Retirement benefit schemes

|   | 2021<br>£ | 2020<br>£ |
|---|-----------|-----------|
| <b>Defined contribution schemes</b>                                 |           |           |
| Charge to profit or loss in respect of defined contribution schemes | 153,006   | 93,645    |

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

### 18 Share capital

|   | 2021<br>Number | 2020<br>Number | 2021<br>£ | 2020<br>£ |
|---|----------------|----------------|-----------|-----------|
| <b>Ordinary share capital<br/>Issued and fully paid</b> |                |                |           |           |
| Ordinary shares of £1 each                              | 383,000        | 383,000        | 383,000   | 383,000   |

### 19 Share premium account

|                                      | 2021<br>£ | 2020<br>£ |
|--------------------------------------|-----------|-----------|
| At the beginning and end of the year | 33,000    | 33,000    |

The purpose of this reserve is to record the amount above the nominal value received for shares sold, less transaction costs.

# THE MOUNTAIN BOOT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 20 Capital redemption reserve

|                                      | 2021<br>£ | 2020<br>£ |
|--------------------------------------|-----------|-----------|
| At the beginning and end of the year | 25,000    | 25,000    |

The reserve created from the company's previous reduction in share capital

### 21 Hedging reserve

|   | 2021<br>£ | 2020<br>£ |
|---|-----------|-----------|
| At the beginning of the year                | 98,660    | 30,629    |
| Gains and losses on cash flow hedges        | (422,499) | 83,989    |
| Tax on gains and losses on cash flow hedges | 80,275    | (15,958)  |
| At the end of the year                      | (243,564) | 98,660    |

This reserve represents movement on options to reduce forex risk.

### 22 Profit and loss reserves

|   | 2021<br>£ | 2020<br>£ |
|---|-----------|-----------|
| At the beginning of the year            | 1,202,068 | 1,198,054 |
| Profit for the year                     | 1,519,300 | 334,214   |
| Dividends declared and paid in the year | (485,440) | (330,200) |
| At the end of the year                  | 2,235,928 | 1,202,068 |

### 23 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | 2021<br>£ | 2020<br>£ |
|----------------------------|-----------|-----------|
| Within one year            | 55,093    | 59,689    |
| Between two and five years | 28,506    | 21,259    |
|                            | 83,599    | 80,948    |

### 24 Directors' transactions

| Description | % Rate | Opening balance | Amounts repaid | Closing balance |
|-------------|--------|-----------------|----------------|-----------------|
|             |        | £               | £              | £               |

# THE MOUNTAIN BOOT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 24 Directors' transactions (Continued)

|                |   |                |                  |          |
|----------------|---|----------------|------------------|----------|
| Directors loan | - | 100,000        | (100,000)        | -        |
|                |   | <u>100,000</u> | <u>(100,000)</u> | <u>-</u> |

### 25 Ultimate controlling party

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

The ultimate controlling party is S D Roberts.

### 26 Cash generated from operations

|  | 2021<br>£        | 2020<br>£        |
|--|------------------|------------------|
| Profit for the year after tax                        | 1,519,300        | 334,214          |
| <b>Adjustments for:</b>                              |                  |                  |
| Taxation charged/(credited)                          | 272,804          | (42,903)         |
| Finance costs  | 73,853           | 92,763           |
| Depreciation and impairment of tangible fixed assets | 108,278          | 76,262           |
| <b>Movements in working capital:</b>                 |                  |                  |
| Decrease/(increase) in stocks                        | 852,224          | (965,237)        |
| (Increase)/decrease in debtors                       | (1,228,651)      | 1,243,596        |
| Increase in creditors                                | 733,714          | 679,622          |
| <b>Cash generated from operations</b>                | <u>2,331,522</u> | <u>1,418,317</u> |



# THE MOUNTAIN BOOT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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### 27 Analysis of changes in net debt

|  | 2021<br>£          |
|--|--------------------|
| <b>Opening net debt</b>                    |                    |
| Cash at bank and in hand                   | (1,560,146)        |
| Borrowings excluding overdrafts            | (1,037,807)        |
|  | <u>(2,597,953)</u> |
| <b>Changes in net debt arising from:</b>   |                    |
| Cash flows of the entity                   | 1,823,669          |
| Changes in market value and exchange rates | (422,498)          |
|  | <u>(1,196,782)</u> |
| <b>Closing net debt as analysed below</b>  | <u>(1,196,782)</u> |
| <b>Closing net debt</b>                    |                    |
| Cash at bank and in hand                   | (903,503)          |
| Borrowings excluding overdrafts            | (293,279)          |
|  | <u>(1,196,782)</u> |

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.