

REGISTERED NUMBER: 00534801 (England and Wales)

Strategic Report, Report of the Directors and

Audited Financial Statements

For The Year Ended 31 December 2018

for

Gardiner Bros. and Company (Leathers)
Limited

Gardiner Bros. and Company (Leathers)
Limited (Registered number: 00534801)

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For The Year Ended 31 December 2018

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Gardiner Bros. and Company (Leathers)
Limited

Company Information
For The Year Ended 31 December 2018

DIRECTORS:

R J Gardiner
P G Gardiner
B J Gardiner
M Holloway
J R Gardiner

SECRETARY:

P G Gardiner

REGISTERED OFFICE:

Units F & G Quedgeley West Business Park
Bristol Road
Hardwicke
Gloucester
Gloucestershire
GL2 4PH

REGISTERED NUMBER:

00534801 (England and Wales)

AUDITORS:

Kingscott Dix Limited
Chartered Accountants
and Statutory Auditor
Goodridge Court
Goodridge Avenue
Gloucester
Gloucestershire
GL2 5EN

Gardiner Bros. and Company (Leathers)
Limited (Registered number: 00534801)

Strategic Report
For The Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

The Board are satisfied with the performance of the business in the year ending 31st December 2018.

Principal Activities:

The business continues to distribute footwear and accessories to the UK retail market.

The business sells footwear and accessories to the UK retail market and also provides management and distribution services to Footsure Western Ltd.

Principal Objectives:

The principal objective of the business is to maintain and grow its market share in the footwear retail market in the United Kingdom.

The business is achieving this objective through its main strategies of:

- Developing its omni-channel market service offering to both retailers and footwear brands; and
- Developing its stable of international brands and brands that it owns and develops itself.

Strategic Report
For The Year Ended 31 December 2018

REVIEW OF BUSINESS

Performance in 2018:

The business grew by 6% in 2018. The business is growing more rapidly in 2019.

Profit on Ordinary Activities before taxation is considered satisfactory.

The company imports a significant amount of its products from suppliers who invoice in Euros or US Dollars. Volatility in currency movements related to Brexit uncertainty continued to impact on gross margin during 2018.

The company continues to grow its omni-channel service to customers and continues to add new brands to its portfolio.

2019 Performance:

2019 has seen a faster increase in sales driven by like for like growth and, in particular, additional virtual distribution retail customers.

The value of gross profit remains stable.

Accordingly the directors expect the operating profit and profit on ordinary activities before taxation to continue to grow significantly in 2019.

The business continues to invest in software and people to further enhance and improve the service it offers to the retailers and brands that it partners with.

The Board take a long term view of the potential for the business and retain profits within the business to allow for ongoing investment in the service package it offers retailers.

During 2019 the Company has introduced new warehouse management systems that are greatly enhancing the efficiency of its operations and allow for rapid growth without associated increase in its costs.

MAIN KPIs:

The principal KPIs that the company uses to manage its performance are:

FINANCIAL:

SALES: Sales grew in 2018 and continue to grow in 2019.

GP%: The gross profit margin fell in 2018 and is stable in 2019.

NON FINANCIAL:

AVAILABILITY: Availability of stock required when required remains at targeted levels between 90% and 95% in 2018 and 2019.

RETURNS: Returns of goods for poor quality continued to decline and is now consistently around 1%.

Gardiner Bros. and Company (Leathers)
Limited (Registered number: 00534801)

Strategic Report
For The Year Ended 31 December 2018

PRINCIPAL RISKS AND UNCERTAINTIES

Change in Market: The principal risk and uncertainty facing the business is the rapid change in the way that the retail market in the UK is structured. The business is overcoming that risk and uncertainty by developing new omni channel services and processes to lead the way in servicing the ever changing retail market in the UK.

Currency Exchange Risk: The company continues to hedge currency to provide stability.

Brexit Planning: The company's main business is within the UK and the company imports the majority of its stock. The company has carried out full no deal Brexit planning and is confident it has the systems and strategies in place to manage any outcome.

The board maintain a risk register that is reviewed at monthly board meetings.

ON BEHALF OF THE BOARD:

J R P Gardiner - Director

29 October 2019

Gardiner Bros. and Company (Leathers)
Limited (Registered number: 00534801)

Report of the Directors
For The Year Ended 31 December 2018

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The business continues to distribute footwear and accessories to the UK retail market.

The business sells footwear and accessories to the UK retail market and also provides management and distribution services to Footsure Western Ltd.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

R J Gardiner
P G Gardiner
B J Gardiner
M Holloway
J R Gardiner

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;
- 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.

Gardiner Bros. and Company (Leathers)
Limited (Registered number: 00534801)

Report of the Directors
For The Year Ended 31 December 2018

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

J R P Gardiner - Director

29 October 2019

Report of the Independent Auditors to the Members of
Gardiner Bros. and Company (Leathers)
Limited

Opinion

We have audited the financial statements of Gardiner Bros. and Company (Leathers) Limited (the 'company') for the year ended 31 December 2018 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 31 December 2018 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
Gardiner Bros. and Company (Leathers)
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 five, 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.

Mark Spashett BSc FCA (Senior Statutory Auditor)
for and on behalf of Kingscott Dix Limited
Chartered Accountants
and Statutory Auditor
Goodridge Court
Goodridge Avenue
Gloucester
Gloucestershire
GL2 5EN

30 October 2019

Gardiner Bros. and Company (Leathers)
Limited (Registered number: 00534801)

Income Statement
For The Year Ended 31 December 2018

	Notes	31.12.18 £	£	31.12.17 £	£
TURNOVER	3		11,256,331		10,663,752
Cost of sales			<u>8,623,106</u>		<u>7,989,566</u>
GROSS PROFIT			2,633,225		2,674,186
Distribution costs		2,116,755		1,768,275	
Administrative expenses		<u>4,981,367</u>		<u>4,656,207</u>	
			<u>7,098,122</u>		<u>6,424,482</u>
			(4,464,897)		(3,750,296)
Other operating income			<u>4,752,235</u>		<u>4,058,775</u>
OPERATING PROFIT	5		287,338		308,479
Gain/loss on revaluation of investment property			<u>42,000</u>		<u>25,000</u>
			329,338		333,479
Interest payable and similar expenses	6		<u>114,291</u>		<u>84,676</u>
PROFIT BEFORE TAXATION			215,047		248,803
Tax on profit	7		<u>(1,588)</u>		<u>3,476</u>
PROFIT FOR THE FINANCIAL YEAR			<u>216,635</u>		<u>245,327</u>

The notes form part of these financial statements

Gardiner Bros. and Company (Leathers)
Limited (Registered number: 00534801)

Other Comprehensive Income
For The Year Ended 31 December 2018

	Notes	31.12.18 £	31.12.17 £
PROFIT FOR THE YEAR		216,635	245,327
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>216,635</u>	<u>245,327</u>

The notes form part of these financial statements

**Gardiner Bros. and Company (Leathers)
Limited (Registered number: 00534801)**

**Balance Sheet
31 December 2018**

	Notes	31.12.18 £	£	31.12.17 £	£
FIXED ASSETS					
Intangible assets	8		14,450		16,256
Tangible assets	9		1,034,932		897,328
Investments	10		262,770		262,770
Investment property	11		142,000		275,001
			<u>1,454,152</u>		<u>1,451,355</u>
CURRENT ASSETS					
Stocks	12	7,774,521		5,368,003	
Debtors	13	3,125,268		3,105,338	
Cash in hand		6,027		5,014	
		<u>10,905,816</u>		<u>8,478,355</u>	
CREDITORS					
Amounts falling due within one year	14	<u>8,229,301</u>		<u>6,008,389</u>	
NET CURRENT ASSETS			<u>2,676,515</u>		<u>2,469,966</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,130,667		3,921,321
CREDITORS					
Amounts falling due after more than one year	15		(12,881)		(17,401)
PROVISIONS FOR LIABILITIES	19		<u>(94,171)</u>		<u>(96,940)</u>
NET ASSETS			<u>4,023,615</u>		<u>3,806,980</u>
CAPITAL AND RESERVES					
Called up share capital	20		6,784		6,784
Investment Property					
Revaluation reserve	21		39,126		98,690
Retained earnings	21		3,977,705		3,701,506
SHAREHOLDERS' FUNDS			<u>4,023,615</u>		<u>3,806,980</u>

The financial statements were approved by the Board of Directors on 29 October 2019 and were signed on its behalf by:

J R P Gardiner - Director

The notes form part of these financial statements

Gardiner Bros. and Company (Leathers)
Limited (Registered number: 00534801)

Statement of Changes in Equity
For The Year Ended 31 December 2018

	Called up share capital £	Retained earnings £	Investment Property Revaluation reserve £	Total equity £
Balance at 1 January 2017	6,784	3,481,179	73,690	3,561,653
Changes in equity				
Total comprehensive income	-	220,327	25,000	245,327
Balance at 31 December 2017	6,784	3,701,506	98,690	3,806,980
Changes in equity				
Total comprehensive income	-	276,199	(59,564)	216,635
Balance at 31 December 2018	6,784	3,977,705	39,126	4,023,615

The notes form part of these financial statements

Gardiner Bros. and Company (Leathers)
Limited (Registered number: 00534801)

Cash Flow Statement
For The Year Ended 31 December 2018

	Notes	31.12.18 £	31.12.17 £
Cash flows from operating activities			
Cash generated from operations	1	47,781	(774,899)
Interest paid		(109,990)	(77,907)
Interest element of hire purchase payments paid		(4,301)	(6,769)
Net cash from operating activities		<u>(66,510)</u>	<u>(859,575)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(18,062)
Purchase of tangible fixed assets		(346,765)	(312,595)
Sale of tangible fixed assets		1,000	1
Sale of fixed asset investments		-	50
Sale of investment property		175,001	-
Net cash from investing activities		<u>(170,764)</u>	<u>(330,606)</u>
Cash flows from financing activities			
Capital repayments in year		(55,803)	(56,918)
Amount introduced by directors		116,627	184,125
Amount withdrawn by directors		(72,302)	(202,572)
Net cash from financing activities		<u>(11,478)</u>	<u>(75,365)</u>
Decrease in cash and cash equivalents		<u>(248,752)</u>	<u>(1,265,546)</u>
Cash and cash equivalents at beginning of year	2	(3,759,238)	(2,493,692)
Cash and cash equivalents at end of year	2	<u>(4,007,990)</u>	<u>(3,759,238)</u>

The notes form part of these financial statements

Gardiner Bros. and Company (Leathers)
Limited (Registered number: 00534801)

Notes to the Cash Flow Statement
For The Year Ended 31 December 2018

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

	31.12.18	31.12.17
	£	£
Profit before taxation	215,047	248,803
Depreciation charges	208,117	201,082
Loss on disposal of fixed assets	1,850	1,745
Gain on revaluation of fixed assets	(42,000)	(25,000)
Finance costs	114,291	84,676
	<u>497,305</u>	<u>511,306</u>
Increase in stocks	(2,406,517)	(737,092)
Increase in trade and other debtors	(21,112)	(723,660)
Increase in trade and other creditors	1,978,105	174,547
Cash generated from operations	<u><u>47,781</u></u>	<u><u>(774,899)</u></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 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	6,027	5,014
Bank overdrafts	<u>(4,014,017)</u>	<u>(3,764,252)</u>
	<u><u>(4,007,990)</u></u>	<u><u>(3,759,238)</u></u>

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	5,014	833
Bank overdrafts	<u>(3,764,252)</u>	<u>(2,494,525)</u>
	<u><u>(3,759,238)</u></u>	<u><u>(2,493,692)</u></u>

The notes form part of these financial statements

Gardiner Bros. and Company (Leathers)
Limited (Registered number: 00534801)

Notes to the Financial Statements
For The Year Ended 31 December 2018

1. STATUTORY INFORMATION

Gardiner Bros. and Company (Leathers) 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.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Preparation of consolidated financial statements

The financial statements contain information about Gardiner Bros. and Company (Leathers) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when goods are dispatched.

Management Charges

Revenue from management charges to associated undertakings is recognised on a straight-line accruals basis and represent the recharge of costs incurred in respect of the transaction.

Rental Income

Turnover represents rental income from the Company's portfolio of investment properties. The company recognises such revenue on a straight line accruals basis.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of nil years.

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 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 shorter.

Short leasehold	- 12.5% on reducing balance
Machinery and equipment	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 20% on cost

Notes to the Financial Statements - continued
For The Year Ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Investments in subsidiaries and associates

Investments in subsidiary and associate undertakings are recognised at cost less any provision for impairment.

Investment property

Investment property is shown at its open market valuation. Any surplus arising from changes in market value are transferred to a revaluation reserve.

Deficits arising from changes in market value, are transferred to the profit and loss account, unless they are of a temporary nature or that they reverse previous gains, then they are taken to the revaluation reserve.

Stocks

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

Costs represent the delivered cost of the stock item and includes carriage, etc.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Cash and cash equivalents

Cash and cash equivalents 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.

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. The impairment loss 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 when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Notes to the Financial Statements - continued
For The Year Ended 31 December 2018

2. ACCOUNTING POLICIES - continued

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Gardiner Bros. and Company (Leathers)
Limited (Registered number: 00534801)

Notes to the Financial Statements - continued
For The Year Ended 31 December 2018

2. ACCOUNTING POLICIES - continued

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.

From time to time the company enters into forward contracts in an attempt to hedge the risks in relation to foreign exchange. These forward contracts are accounted for by recognising a derivative asset or liability at the date of inception of the contract, with any changes in its fair value taken to the profit and loss account.

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 on leased assets where the risks and rewards remain with the lessor, are accounted for on a payable basis and are charged to the profit and loss account in the period to which they relate.

Pension costs and other post-retirement benefits

The company operates a small self administered money purchase pension scheme and contributes to personal pensions of employees outside of the self administered scheme. Contributions payable for the year are charged in the profit and loss account.

Debt factoring

Those debtors which are subject to debt factoring remain the responsibility of the Company and as a result are shown as Trade debtors in the financial statements, the amount advanced by the debt factoring company being recognised as a creditor.

Factoring charges are recognised on a payable basis in the period to which they relate.

3. TURNOVER

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

An analysis of turnover by geographical market is given below:

	31.12.18	31.12.17
	£	£
United Kingdom	11,086,794	10,471,999
Remainder of Europe	139,269	177,603
Rest of World	30,268	14,150
	<u>11,256,331</u>	<u>10,663,752</u>

Gardiner Bros. and Company (Leathers)
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Notes to the Financial Statements - continued
For The Year Ended 31 December 2018

4. EMPLOYEES AND DIRECTORS

	31.12.18	31.12.17
	£	£
Wages and salaries	4,000,151	3,559,786
Social security costs	345,749	304,975
Other pension costs	106,423	65,000
	<u>4,452,323</u>	<u>3,929,761</u>

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

	31.12.18	31.12.17
Directors	5	5
Admin and sales	41	40
Warehouse, support and operations	71	57
	<u>117</u>	<u>102</u>

	31.12.18	31.12.17
	£	£
Directors' remuneration	405,860	397,933
Directors' pension contributions to money purchase schemes	<u>26,733</u>	<u>31</u>

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

Money purchase schemes	<u>3</u>	<u>3</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	31.12.18	31.12.17
	£	£
Emoluments etc	<u>133,667</u>	<u>131,047</u>

5. OPERATING PROFIT

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

	31.12.18	31.12.17
	£	£
Operating lease income	(6,325)	(22,583)
Depreciation - owned assets	179,574	163,629
Depreciation - assets on hire purchase contracts	26,737	35,648
Loss on disposal of fixed assets	1,850	1,745
Patents and licences amortisation	1,806	1,806
Auditors' remuneration	14,230	12,100
Auditors' remuneration for non audit work	3,000	3,000
Foreign exchange differences	-	26,982
Operating leases - land and buildings	<u>416,712</u>	<u>414,949</u>

**Gardiner Bros. and Company (Leathers)
Limited (Registered number: 00534801)**

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2018**

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.18	31.12.17
	£	£
Bank interest	109,990	74,740
Other interest payments	-	3,167
Hire purchase	4,301	6,769
	<u>114,291</u>	<u>84,676</u>

7. TAXATION

Analysis of the tax (credit)/charge

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

	31.12.18	31.12.17
	£	£
Current tax:		
UK corporation tax	1,181	-
Deferred tax	(2,769)	3,476
Tax on profit	<u>(1,588)</u>	<u>3,476</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:

	31.12.18	31.12.17
	£	£
Profit before tax	<u>215,047</u>	<u>248,803</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	40,859	47,273
Effects of:		
Expenses not deductible for tax purposes	1,681	55
Capital allowances in excess of depreciation	-	(7,999)
Depreciation in excess of capital allowances	6,299	-
Utilisation of tax losses	-	(4,291)
Gain on revaluation of investment property	(7,980)	(4,750)
Research and development	(39,678)	(34,961)
Deferred tax	(2,769)	8,149
Total tax (credit)/charge	<u>(1,588)</u>	<u>3,476</u>

**Gardiner Bros. and Company (Leathers)
Limited (Registered number: 00534801)**

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2018**

8. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 January 2018 and 31 December 2018	18,062
AMORTISATION	
At 1 January 2018	1,806
Amortisation for year	1,806
At 31 December 2018	3,612
NET BOOK VALUE	
At 31 December 2018	14,450
At 31 December 2017	16,256

9. TANGIBLE FIXED ASSETS

	Short leasehold £	Machinery and equipment £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2018	17,342	1,392,291	50,780	748,274	2,208,687
Additions	10,257	38,336	20,482	277,690	346,765
Disposals	(7,465)	-	(15,948)	-	(23,413)
At 31 December 2018	20,134	1,430,627	55,314	1,025,964	2,532,039
DEPRECIATION					
At 1 January 2018	10,387	895,687	39,950	365,335	1,311,359
Charge for year	869	127,088	6,233	72,121	206,311
Eliminated on disposal	(6,686)	-	(13,877)	-	(20,563)
At 31 December 2018	4,570	1,022,775	32,306	437,456	1,497,107
NET BOOK VALUE					
At 31 December 2018	15,564	407,852	23,008	588,508	1,034,932
At 31 December 2017	6,955	496,604	10,830	382,939	897,328

The net book value above includes amounts attributable to assets subject to hire purchase and finance lease agreements at 31 December 2018 of £74,477 (2017 : £117,134).

**Gardiner Bros. and Company (Leathers)
Limited (Registered number: 00534801)**

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2018**

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Interest in associate £	Totals £
COST			
At 1 January 2018 and 31 December 2018	<u>315,370</u>	<u>1,000</u>	<u>316,370</u>
PROVISIONS			
At 1 January 2018 and 31 December 2018	<u>53,600</u>	<u>-</u>	<u>53,600</u>
NET BOOK VALUE			
At 31 December 2018	<u>261,770</u>	<u>1,000</u>	<u>262,770</u>
At 31 December 2017	<u>261,770</u>	<u>1,000</u>	<u>262,770</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Group Five (Shoes) Limited

Registered office:

Nature of business: Footwear wholesale

	%		
Class of shares:	holding		
Ordinary-voting	100.00		
Ordinary-non-voting	100.00		
		31.12.18	31.12.17
		£	£
Aggregate capital and reserves		<u>100,034</u>	<u>100,034</u>

Footsure Western Limited

Registered office:

Nature of business: Footwear wholesale

	%		
Class of shares:	holding		
Ordinary	35.70		
		31.12.18	31.12.17
		£	£
Aggregate capital and reserves		4,987,237	4,713,312
Profit for the year		<u>358,516</u>	<u>247,395</u>

**Gardiner Bros. and Company (Leathers)
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**Notes to the Financial Statements - continued
For The Year Ended 31 December 2018**

10. FIXED ASSET INVESTMENTS - continued

H Underwood and Sons Limited

Registered office:

Nature of business: Dormant

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.12.18	31.12.17
		£	£
Aggregate capital and reserves		<u>193,500</u>	<u>193,500</u>

11. INVESTMENT PROPERTY

FAIR VALUE

At 1 January 2018

Disposals

Revaluations

At 31 December 2018

NET BOOK VALUE

At 31 December 2018

At 31 December 2017

Total
£

275,001
(175,001)
<u>42,000</u>
<u>142,000</u>
<u>142,000</u>
<u>275,001</u>

Fair value at 31 December 2018 is represented by:

	£
Valuation in 2011	(43,450)
Valuation in 2018	42,000
Cost	<u>143,450</u>
	<u>142,000</u>

If the investment properties had not been revalued they would have been included at the following historical cost:

	31.12.18	31.12.17
	£	£
Cost	<u>143,450</u>	<u>235,411</u>
Aggregate depreciation	<u>(46,350)</u>	<u>(62,000)</u>

Investment properties were valued on an open market basis on 31 December 2018 by the directors .

The company's investment in Welshpool was sold in 2018.

**Gardiner Bros. and Company (Leathers)
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**Notes to the Financial Statements - continued
For The Year Ended 31 December 2018**

12. STOCKS

	31.12.18	31.12.17
	£	£
Goods for resale	<u>7,774,521</u>	<u>5,368,003</u>

Included in stock are stock provisions totalling £165,305 (2017: £62,915).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.18	31.12.17
	£	£
Trade debtors	2,086,952	2,252,611
Other debtors	8,933	2,745
Due from related party	70,135	79,684
Due from associated companies	-	119,531
Corporation tax recoverable	29,141	30,323
Prepayments and accrued income	<u>930,107</u>	<u>620,444</u>
	<u>3,125,268</u>	<u>3,105,338</u>

Trade debtors of £2,086,952 (2017: £2,252,611) are subject to a debt factoring agreement. The debts remain the responsibility of the Company. At 31 December 2018 £1,266,696 (2017: £944,865) had been advanced by the debt factoring company and is included within bank loans and overdrafts.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.18	31.12.17
	£	£
Bank loans and overdrafts (see note 16)	4,014,017	3,764,252
Hire purchase contracts (see note 17)	4,520	55,803
Trade creditors	547,291	739,936
Amounts owed to group undertakings	294,242	294,242
Social security and other taxes	562,937	685,503
Due to associated companies	2,008,219	-
Due to related party	1,510	1,510
Directors' current accounts	217,521	173,196
Accruals and deferred income	<u>579,044</u>	<u>293,947</u>
	<u>8,229,301</u>	<u>6,008,389</u>

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

	31.12.18	31.12.17
	£	£
Other loans (see note 16)	12,881	12,881
Hire purchase contracts (see note 17)	-	4,520
	<u>12,881</u>	<u>17,401</u>

**Gardiner Bros. and Company (Leathers)
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**Notes to the Financial Statements - continued
For The Year Ended 31 December 2018**

16. LOANS

An analysis of the maturity of loans is given below:

	31.12.18 £	31.12.17 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>4,014,017</u>	<u>3,764,252</u>
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
5% Cumulative Preference		
Shares	<u>12,881</u>	<u>12,881</u>
	<u>12,881</u>	<u>12,881</u>

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.12.18	31.12.17
	£	£
Gross obligations repayable:		
Within one year	5,063	62,530
Between one and five years	<u>-</u>	<u>5,063</u>
	<u>5,063</u>	<u>67,593</u>
Finance charges repayable:		
Within one year	543	6,727
Between one and five years	<u>-</u>	<u>543</u>
	<u>543</u>	<u>7,270</u>
Net obligations repayable:		
Within one year	4,520	55,803
Between one and five years	<u>-</u>	<u>4,520</u>
	<u>4,520</u>	<u>60,323</u>
	Non-cancellable operating leases	
	31.12.18	31.12.17
	£	£
Within one year	317,529	278,699
Between one and five years	<u>260,626</u>	<u>177,532</u>
	<u>578,155</u>	<u>456,231</u>

Gardiner Bros. and Company (Leathers)
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Notes to the Financial Statements - continued
For The Year Ended 31 December 2018

18. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.18	31.12.17
	£	£
Bank overdrafts	4,014,017	3,764,252
Hire purchase contracts	4,520	60,323
	<u>4,018,537</u>	<u>3,824,575</u>

The bank borrowings are secured by fixed and floating charges on the assets of the company together with a composite guarantee with certain associated companies.

19. PROVISIONS FOR LIABILITIES

	31.12.18	31.12.17
	£	£
Deferred tax		
Accelerated capital allowances	91,297	110,347
Tax losses carried forward	-	(13,407)
Revaluation	2,874	-
	<u>94,171</u>	<u>96,940</u>
		Deferred tax
		£
Balance at 1 January 2018		96,940
Accelerated capital allowances		(5,643)
Revaluation gain		2,874
Balance at 31 December 2018		<u>94,171</u>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.18	31.12.17
			£	£
6,784	Ordinary	£1	<u>6,784</u>	<u>6,784</u>

Gardiner Bros. and Company (Leathers)
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Notes to the Financial Statements - continued
For The Year Ended 31 December 2018

21. RESERVES

	Retained earnings £	Investment Property Revaluation reserve £	Totals £
At 1 January 2018	3,701,506	98,690	3,800,196
Profit for the year	216,635		216,635
Revaluation gain	(42,000)	42,000	-
Deferred Tax	2,874	(2,874)	-
Transfer to profit and loss reserves	98,690	(98,690)	-
At 31 December 2018	<u>3,977,705</u>	<u>39,126</u>	<u>4,016,831</u>

22. PENSION COMMITMENTS

The company is a member of the Gardiner Brothers Pension Fund which is a small self administered scheme. The contributions are based on the recommendations of the scheme investment advisers, the fund operating on a "money purchase" basis. Contributions payable for the year are charged in the profit and loss account. The company also contributes on a defined contributions basis to the personal pensions of employees outside the self administered scheme. The charge against profits for the year ended 31st December 2018 is £26,733 (2017: £31) of which £nil (2017 £nil) was unpaid at the year end.

23. CONTINGENT LIABILITIES

The company has given a composite cross guarantee in respect of loans and overdrafts for associated companies as follows:

	31.12.18 £	31.12.17 £
Footsure Western Limited	<u>7,106,662</u>	<u>4,865,848</u>

Gardiner Bros. and Company (Leathers)
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Notes to the Financial Statements - continued
For The Year Ended 31 December 2018

24. RELATED PARTY DISCLOSURES

During the year there were transactions and balances due with related companies as follows:-

Name of company	31.12.18	31.12.17	£	£
i) Associates				
Footsure Western Limited	Balance due from/(to) associate		<u>(2,008,219)</u>	<u>119,531</u>
	Net transfers of footwear out		812,197	1,267,533
	Management charges receivable		(4,745,711)	(4,032,278)
ii) Related parties				
Uniquemix Limited	Balance due from related party		<u>70,135</u>	<u>79,684</u>
	Net transfer of footwear out		210,766	219,112

Gardiner Bros. and Company (Leathers) Limited and it's associate, Footsure Western Limited share warehouse facilities.

Each company retains it's own customer base and stock lines. Where as associate receives orders for lines stocked by another, these goods are transferred at cost

Central costs are incurred in running warehouse and distribution operations which are recharged by way of management charges.

The intercompany balance due between Gardiner Bros. Limited and Footsure Western Limited arises on the transfer of stock, management charges raised and accounting for foreign exchange gains or losses.

Uniquemix Limited, whose activities encompass the operation of retail shops is owned by J E Hooper Limited; a company with common control. All transactions are at an arms length basis on normal commercial terms.

25. ULTIMATE CONTROLLING PARTY

The company is not under the control of any one director.

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