

Charles Birch Limited
Directors' report and
consolidated financial statements
for the year ended 30 June 2015

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Charles Birch Limited

Company information

Directors	C H Wilson M Jackson D J Barber D D MacDonald
Company number	01161150
Registered office	4 Brown Lane West Gelderd Road Leeds LS12 6BH HX6 2JT
Auditors	B M Howarth Ltd West House King Cross Road Halifax West Yorkshire HX1 1EB
Bankers	HSBC Bank plc PO Box 105 33 Park Row Leeds LS1 1LD

Charles Birch Limited

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Charles Birch Limited

Strategic report for the year ended 30 June 2015

Principal activity and review of the business

The principal activities of the company and its subsidiary undertakings ('the group') are those of leather and grindery factoring and retailing. There have not been any changes in the group's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the group's activities in the next year.

The group turnover for the year ended 30 June 2015 was £14,567,773 compared to £14,642,259 in the previous year.

The directors are pleased to report a further year's growth in profit from the group's wholesale operations. The directors continue to review and upgrade the group's product range and supply chains to meet customer expectations and satisfy their demands.

The group's retailing operations have suffered a reduction in operating profit before amortisation costs. Overheads continue to be well controlled and five poorly performing shops have been closed during the year. The directors continue to closely monitor the performance of individual retail outlets and make appropriate capital improvements to units or implement closures where necessary. The directors are confident that through tight management the retail operations can achieve growth in operating profit in the current year.

The group profit for the year after taxation amounted to £241,738 (2014: £501,577).

The net assets of the group have increased by £129,663 during the year to £5,425,627.

Key performance indicators

The directors use monthly sales and margin reports to monitor the results of each trading component.

Principal risks and uncertainties

The group is exposed to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Cash flow risk

The group has suppliers across Europe and the Far East and is therefore exposed to various foreign currencies. The group pays such suppliers in foreign currencies in advance and therefore shields itself from any deterioration in exchange rates arising.

Credit risk

The group is partly financed by bank loans and overdraft facilities which exposes it to interest rate fluctuations. Cash flow is managed to minimise the levels of facilities used and thereby minimise the interest risk involved.

The group's credit risk is primarily attributable to its trade receivables. The directors manage the risk by assessing the credit status of new customers and regularly monitoring ongoing debt levels but there is no significant concentration of risk with exposure being spread over a large number of customers. The amounts presented in the Balance Sheet are net of doubtful debt provisions.

Charles Birch Limited

**Strategic report
for the year ended 30 June 2015**

Principal risks and uncertainties (continued)

Liquidity risk

Cash flow is carefully managed to minimise the risk and the level of facilities used.

Future developments

The directors have no plans to change the core activities of the group. They are to concentrate on making improvements to the existing business activities and are encouraged by current trading and are optimistic that profitability will continue to improve in the coming year.

This report was approved by the Board on 18 November 2015 and signed on its behalf by



**C H Wilson
Director**

Charles Birch Limited

Directors' report for the year ended 30 June 2015

The directors present their report and the group financial statements for the year ended 30 June 2015.

Results and dividends

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

The directors have paid an interim dividend amounting to £112,075 and they do not recommend payment of a final dividend.

Environmental policy

The group recognises the importance of its environmental responsibilities and attempts to minimise its impact on the environment, including safe disposal of waste, recycling and reducing energy consumption.

Payments of creditors

It is the group's policy to ensure that suppliers are aware of the company's terms of payment, and that these terms are agreed at the commencement of business with each supplier. Payments are made in accordance with the payment terms and conditions agreed.

Directors

The directors who served during the year are as stated below:

C H Wilson
M Jackson
D J Barber
D D MacDonald

Charitable Donations

During the year the company made no charitable or political contributions (2014: £nil).

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and 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.

Charles Birch Limited

**Directors' report
for the year ended 30 June 2015**

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Strategic Report

In accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the directors have disclosed information required by Schedule 7 of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 in the group strategic report.

Auditors

B M Howarth Ltd are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

This report was approved by the Board on 18 November 2015 and signed on its behalf by



**C H Wilson
Director**

Independent auditor's report to the shareholders of Charles Birch Limited

We have audited the financial statements of Charles Birch Limited for the year ended 30 June 2015 which comprise the Group profit and loss account, the Group and Parent Company Balance Sheets, the Group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic and the Directors' reports and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006.

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

**Independent auditor's report to the shareholders of
Charles Birch Limited**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



.....
C J Roulston (senior statutory auditor)
For and on behalf of B M Howarth Ltd
Chartered Accountants and
Statutory Auditors
18 November 2015

West House
King Cross Road
Halifax
West Yorkshire
HX1 1EB

Charles Birch Limited

**Group profit and loss account
for the year ended 30 June 2015**

		Continuing operations	
		2015	2014
	Notes	£	£
Turnover	2	14,567,773	14,642,259
Cost of sales		(5,333,127)	(5,346,314)
Gross profit		9,234,646	9,295,945
Distribution costs		(7,001,676)	(7,065,234)
Administrative expenses		(1,854,685)	(1,873,904)
Other operating income		10,574	452,841
Operating profit	3	388,859	809,648
Share in operating profit in joint venture		5,958	7,461
Profit on ordinary activities before interest		394,817	817,109
Interest payable	4	(86,374)	(165,144)
Profit on ordinary activities before taxation		308,443	651,965
Tax on profit on ordinary activities	8	(66,705)	(150,388)
Profit on ordinary activities after taxation	19	241,738	501,577

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 11 to 26 form an integral part of these financial statements.

Charles Birch Limited

Group balance sheet
as at 30 June 2015

	Notes	2015		2014	
		£	£	£	£
Fixed assets					
Intangible assets	10		804,061		1,069,828
Tangible assets	11		2,611,335		2,581,650
Investments	12		9,673		5,032
			<u>3,425,069</u>		<u>3,656,510</u>
Stocks	13	3,274,648		3,287,962	
Debtors	14	2,719,897		2,668,076	
Cash at bank and in hand		9,407		9,803	
		<u>6,003,952</u>		<u>5,965,841</u>	
Creditors: amounts falling due within one year	15	(2,333,023)		(2,565,890)	
Net current assets			<u>3,670,929</u>		<u>3,399,951</u>
Total assets less current liabilities			7,095,998		7,056,461
Creditors: amounts falling due after more than one year	16		(1,289,965)		(1,417,558)
Provisions for liabilities	17		(380,406)		(342,939)
Net Assets			<u>5,425,627</u>		<u>5,295,964</u>
Capital and reserves					
Called up share capital	18		122,963		122,963
Other reserves	19		20,070		20,070
Profit and loss account	19		5,282,594		5,152,931
Shareholders' funds	20		<u>5,425,627</u>		<u>5,295,964</u>

The financial statements were approved by the Board on 18 November 2015 and signed on its behalf by



C H Wilson
Director

Registration number 01161150

The notes on pages 11 to 26 form an integral part of these financial statements.

Charles Birch Limited

Parent company balance sheet
as at 30 June 2015

	Notes	2015		2014	
		£	£	£	£
Fixed assets					
Tangible assets	11		272,080		294,681
Investments	12		412,444		412,444
			<u>684,524</u>		<u>707,125</u>
Current assets					
Stock	13	1,336,386		1,360,702	
Debtors	14	5,165,930		5,047,998	
Cash at bank and in hand		1,802		1,802	
		<u>6,504,118</u>		<u>6,410,502</u>	
Creditors: amounts falling due within one year	15	(2,121,371)		(1,902,491)	
Net current assets			<u>4,382,747</u>		<u>4,508,011</u>
Total assets less current liabilities			5,067,271		5,215,136
Creditors: amounts falling due after more than one year	16		(1,289,965)		(1,417,558)
Provision for Liabilities and Charges	17		(38,629)		(39,684)
Net Assets			<u>3,738,677</u>		<u>3,757,894</u>
Capital and reserves					
Called up share capital	18		122,963		122,963
Other reserves	19		13,541		13,541
Profit and loss account	19		3,602,173		3,621,390
Shareholders' funds	20		<u>3,738,677</u>		<u>3,757,894</u>

The financial statements were approved by the Board on 18 November 2015 and signed on its behalf by



C H Wilson
Director

Registration number 01161150

The notes on pages 11 to 26 form an integral part of these financial statements.

Charles Birch Limited

Group Cash flow statement
for the year ended 30 June 2015

	Notes	2015 £	2014 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		388,859	809,648
Depreciation of tangible fixed assets		299,786	301,716
Amortisation of intangible fixed assets		265,767	278,208
Decrease/(Increase) in stocks		13,314	(237,200)
(Increase)/decrease in debtors		(51,819)	(116,878)
(Decrease)/increase in creditors		(36,492)	(342,673)
Net cash inflow from operating activities		<u>879,415</u>	<u>692,821</u>
Cash flow statement			
Net cash inflow from operating activities		879,415	692,821
Returns on investments and servicing of finance	24	(86,374)	(145,144)
Taxation	24	-	(117,872)
Capital expenditure	24	(329,471)	(267,613)
		<u>463,570</u>	<u>162,192</u>
Equity dividends paid		(112,075)	(17,500)
		<u>351,495</u>	<u>144,692</u>
Financing	24	(200,138)	(286,004)
Increase/(decrease) in cash in the year		<u>151,357</u>	<u>(141,312)</u>
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the year		151,357	(141,312)
Cash outflow from decrease in debts and lease financing		200,138	286,004
		<u>351,495</u>	<u>144,692</u>
Change in net funds resulting from cash flows			
Net debt at 1 July 2014		<u>(2,023,894)</u>	<u>(2,168,586)</u>
Net debt at 30 June 2015		<u>(1,672,399)</u>	<u>(2,023,894)</u>

Charles Birch Limited

Notes to the financial statements for the year ended 30 June 2015

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board.

Turnover

Turnover represents the total invoice value, excluding trade discounts and value added tax, of sales made during the year. Income is recognised at the point of sale when goods and services are delivered to the customer.

Basis of Consolidation

The group financial statements consolidate the accounts of Charles Birch Limited and its subsidiary undertakings made up to 30 June 2015. The group profit and loss account includes the results of all subsidiary undertakings for the period. Turnover and profits arising on trade between group companies are excluded.

The group financial statements also include the group's share of its interests in a joint venture company whose unaudited accounts are made up to 30 June 2014.

Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	4% - 10% on cost
Plant and machinery	-	10% - 25% reducing balance
Fixtures and fittings	-	10% - 25% reducing balance

Amortisation

Amortisation of intangible fixed assets is made on a 10% straight line basis which is calculated to write off cost over the estimated remaining life.

Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

Stock

Stock and work in progress are valued at the lower of cost and net realisable value.

Charles Birch Limited

Notes to the financial statements for the year ended 30 June 2015

Pensions

Defined contribution pension schemes are operated in respect of certain employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences represent accumulated differences between taxable profits and reported financial profits which arise primarily from the difference between capital allowance rates and depreciation.

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction or at the forward contracted rate if applicable. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date.

2. Turnover

(i) The turnover of the group is presented after allowing for the turnover of joint ventures.

	2015 £	2014 £
Turnover: group and share of joint ventures	14,846,360	14,874,115
Less: share of joint venture's turnover	(278,587)	(231,856)
	<u>14,567,773</u>	<u>14,642,259</u>

(ii) Turnover for the year is derived from the principal activities of group companies, excluding value added tax. Sales are recognised on despatch of goods to customers.

(iii) Turnover attributable to geographical markets outside the United Kingdom amounted to 1.3% for the year.

Charles Birch Limited

**Notes to the financial statements
for the year ended 30 June 2015**

3. Operating profit	2015	2014
	£	£
Operating profit is stated after charging:		
Amortisation of intangible assets	265,767	278,208
Depreciation		
- Owned assets	304,875	301,838
Loss on disposal of tangible fixed assets	736	-
Operating lease rentals		
- Plant and machinery	176,017	167,531
- Other than plant and machinery	1,230,186	1,134,525
Auditors' remuneration		
- audit of financial statements	15,750	16,250
- tax compliance services	3,600	3,600
- statutory accounts and company secretarial services	9,372	8,885
and after crediting:		
Exceptional item included in other operating income		
- Mis-sold finance loan redress settlement	-	(443,615)
4. Interest payable	2015	2014
	£	£
On bank loans and overdrafts	86,374	165,144
5. Employees		
Number of employees	2015	2014
The average monthly numbers of employees (including the directors) during the year were:	Number	Number
Administration	17	17
Sales and distribution	156	166
	173	183
Employment costs	2015	2014
	£	£
Wages and salaries	4,106,791	4,103,479
Social security costs	372,284	356,023
Other pension costs	111,288	84,692
	4,590,363	4,544,194

Charles Birch Limited

Notes to the financial statements for the year ended 30 June 2015

Directors' remuneration

	2015	2014
Remuneration and other emoluments	307,469	291,591
Pension contributions	26,856	26,964
	<u>334,325</u>	<u>318,555</u>
	2015	2014
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>4</u>	<u>4</u>

6. Profit for the year attributable to shareholders

In accordance with Section 408 Companies Act 2006 a separate Profit and Loss Account for Charles Birch Limited (the company) has not been presented in these financial statements.

The profit for the year after taxation of the company is £92,858 (2014: profit £2,354,799).

7. Pension costs

The group and company operate defined contribution pension schemes. The schemes and their assets are held by independent managers. The pension charge represents contributions due from the group and company and amounted to £111,288 (2014: £84,692). There are no amounts outstanding at the balance sheet date.

Charles Birch Limited

**Notes to the financial statements
for the year ended 30 June 2015**

8. Tax on profit on ordinary activities

Analysis of charge in period	2015 £	2014 £
Current tax		
UK corporation tax	27,921	114,418
Share of joint venture	1,067	905
	<u>28,988</u>	<u>115,323</u>
Deferred tax		
Timing differences, origination and reversal	37,467	32,115
Prior period adjustments	-	2,363
Share of joint venture	250	587
Total deferred tax	<u>37,717</u>	<u>35,065</u>
 Tax on profit on ordinary activities	 <u><u>66,705</u></u>	 <u><u>150,388</u></u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the effective rate of corporation tax in the UK (20.75 per cent). The differences are explained below:

	2015 £	2014 £
Profit/(loss) on ordinary activities before taxation	<u>308,443</u>	<u>651,965</u>
Profit/(loss) on ordinary activities multiplied by effective rate of corporation tax in the UK of 20.75% (30 June 2014 : 22.50%)	64,001	146,692
Effects of:		
Expenses not deductible for tax purposes	2,769	3,685
Capital allowances in excess of depreciation for year	(36,853)	(34,361)
Other timing differences	-	891
Marginal tax relief	(929)	(1,584)
Current tax charge for period	<u><u>28,988</u></u>	<u><u>115,323</u></u>

9. Dividends

	2015 £	2014 £
Dividends paid on equity shares		
Equity dividends on ordinary shares	<u><u>112,075</u></u>	<u><u>17,500</u></u>

Charles Birch Limited

**Notes to the financial statements
for the year ended 30 June 2015**

10. Intangible fixed assets

Group	Goodwill £	Total £
Cost		
At 1 July 2014 and 30 June 2015	3,364,596	3,364,596
Amortisation		
At 1 July 2014	2,294,768	2,294,768
Charge for year	265,767	265,767
At 30 June 2015	2,560,535	2,560,535
Net book values		
At 30 June 2015	804,061	804,061
At 30 June 2014	1,069,828	1,069,828

Goodwill represents the difference between the purchase consideration and the fair value of the assets acquired.

Charles Birch Limited

Notes to the financial statements
for the year ended 30 June 2015

11. Tangible fixed assets	Short leasehold improvements	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
Group	£	£	£	£	£
Cost					
At 1 July 2014	344,891	2,452,715	3,215,129	137,479	6,150,214
Additions	4,719	112,758	223,403	2,166	343,046
Disposals	-	(8,500)	-	(5,075)	(13,575)
At 30 June 2015	349,610	2,556,973	3,438,532	134,570	6,479,685
Depreciation					
At 1 July 2014	283,465	1,350,045	1,837,292	97,762	3,568,564
On disposals	-	-	-	(4,339)	(4,339)
Charge for the year	17,377	124,012	152,591	10,145	304,125
At 30 June 2015	300,842	1,474,057	1,989,883	103,568	3,868,350
Net book values					
At 30 June 2015	48,768	1,082,916	1,448,649	31,002	2,611,335
At 30 June 2014	61,426	1,102,670	1,377,837	39,717	2,581,650
Company					
Cost					
At 1 July 2014	-	553,710	568,418	5,075	1,127,203
Additions	-	11,648	5,964	-	17,612
Disposals	-	-	-	(5,075)	(5,075)
At 30 June 2015	-	565,358	574,382	-	1,139,740
Depreciation					
At 1 July 2014	-	421,261	407,167	4,094	832,522
On disposals	-	-	-	(4,339)	(4,339)
Charge for the year	-	22,743	16,489	245	39,477
At 30 June 2015	-	444,004	423,656	-	867,660
Net book values					
At 30 June 2015	-	121,354	150,726	-	272,080
At 30 June 2014	-	132,449	161,251	981	294,681

Charles Birch Limited

**Notes to the financial statements
for the year ended 30 June 2015**

12. Fixed asset investments

Company	2015	2014
	£	£
Subsidiary undertakings	412,442	412,442
Joint venture	2	2
	<u>412,444</u>	<u>412,444</u>

The company's investments at the balance sheet date in the share capital of unlisted company's comprise the following:

	Country of incorporation	Nature of business	% holding of ordinary shares
Subsidiary undertaking			
Charles Birch (Essex) Limited	England & Wales	Leather & grindery factors	100
Lancashire Leather Factors Limited	England & Wales	Dormant	78
Collinson's Cut Soles Limited	England & Wales	Dormant	90
Charles Birch (South West) Limited	England & Wales	Dormant	100
Charles Birch (Scotland) Limited	England & Wales	Shoecare product retailers	100
NcNaught Key & Co. Limited	England & Wales	Dormant	82
T W Bailey (Merchants) Limited	England & Wales	Dormant	100
Boot Repair Company Limited	England & Wales	Footwear repairers	50

All of the above companies are included in the consolidated accounts.

Investment in joint venture

Group	Total £
At 1 July 2014	5,032
Share of profit of joint venture	4,641
Less dividend from joint venture	-
At 30 June 2015	<u>9,673</u>

Charles Birch Limited

Notes to the financial statements
for the year ended 30 June 2015

	2015		2014	
	£	£	£	£
Group's share of profit of joint venture				
Profit before tax		5,958		7,461
Taxation		(1,317)		(1,492)
		<u>4,641</u>		<u>5,969</u>
Group's share of assets and liabilities of joint venture				
Share of assets				
Share of tangible fixed assets	4,184		2,934	
Share of current assets	<u>53,203</u>		<u>36,876</u>	
		57,387		39,810
Share of liabilities				
Liabilities due within one year	(46,877)		(34,192)	
Liabilities due after more than one year	<u>(837)</u>		<u>(586)</u>	
		(47,714)		(34,778)
Share of net tangible assets		<u>9,673</u>		<u>5,032</u>

The joint venture is Boot Repair Company Limited.

13. Stocks	2015	2014
	£	£
Group		
Finished goods and goods for resale	<u>3,274,648</u>	<u>3,287,962</u>
Company		
Finished goods and goods for resale	<u>1,336,386</u>	<u>1,360,702</u>

Charles Birch Limited

Notes to the financial statements for the year ended 30 June 2015

14. Debtors	2015 £	2014 £
Group		
Trade debtors	1,655,298	1,742,149
Other debtors	87,377	27,390
Prepayments and accrued income	977,222	898,537
	<u>2,719,897</u>	<u>2,668,076</u>
Company		
Trade debtors	691,268	770,277
Amounts owed by group undertakings	4,169,542	4,080,470
Other debtors	81,500	22,233
Prepayments and accrued income	223,620	175,018
	<u>5,165,930</u>	<u>5,047,998</u>

Charles Birch Limited

**Notes to the financial statements
for the year ended 30 June 2015**

15. Creditors: amounts falling due within one year	2015	2014
	£	£
Group		
Bank overdrafts	173,807	333,716
Bank loans	218,034	151,818
Trade creditors	1,196,244	1,214,881
Corporation tax	125,905	97,982
Other taxes and social security costs	516,314	538,269
Directors' accounts	-	130,605
Accruals and deferred income	102,719	98,619
	<u>2,333,023</u>	<u>2,565,890</u>
Company		
Bank overdraft	1,157,385	859,015
Bank loan	218,034	151,818
Trade creditors	377,354	400,511
Amounts owed to group undertaking	148,206	148,206
Corporation tax	53,920	40,773
Other taxes and social security costs	135,046	135,649
Directors' accounts	-	130,605
Accruals and deferred income	31,426	35,914
	<u>2,121,371</u>	<u>1,902,491</u>

The bank loan and overdraft are secured by cross guarantees and charges over the group assets. C Wilson has provided a guarantee over the bank loan supported by a charge over property owned by him and his family.

Charles Birch Limited

**Notes to the financial statements
for the year ended 30 June 2015**

16. Creditors: amounts falling due after more than one year	2015 £	2014 £
Group and company		
Bank loans	1,039,965	153,807
Other loans	250,000	250,000
Director's loan account	-	1,013,751
	1,289,965	1,417,558
	1,289,965	1,417,558
Group		
Loans		
Repayable in one year or less, or on demand (Note 15)	391,841	611,139
Repayable between one and two years	116,632	130,605
Repayable between two and five years	349,895	391,815
Repayable in five years or more	823,438	895,138
	1,681,806	2,028,697
	1,681,806	2,028,697
Repayable in five years or more:		
Bank loans	573,438	-
Other loans	250,000	250,000
Director's loan account	-	645,138
	823,438	895,138
	823,438	895,138

The bank loans are secured by cross guarantees and charges over the group assets. Net obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

Charles Birch Limited

Notes to the financial statements
for the year ended 30 June 2015

17. Provision for deferred taxation	2015 £	2014 £
Group		
Accelerated capital allowances	<u>380,406</u>	<u>342,939</u>
Company		
Accelerated capital allowances	<u>38,629</u>	<u>39,684</u>
Group	£	
Provision at 1 July 2014	342,939	
Transferred from profit and loss account	<u>37,467</u>	
Provision at 30 June 2015	<u>380,406</u>	
Company		
Provision at 1 July 2014	39,684	
Transferred from profit and loss account	<u>(1,055)</u>	
Provision at 30 June 2015	<u>38,629</u>	
18. Share capital	2015 £	2014 £
Allotted, called up and fully paid equity shares		
116,963 Ordinary 'A' shares of £1 each	116,963	116,963
2,000 Ordinary 'B' shares of £1 each	2,000	2,000
2,000 Ordinary 'C' shares of £1 each	2,000	2,000
2,000 Ordinary 'D' shares of £1 each	2,000	2,000
	<u>122,963</u>	<u>122,963</u>

All classes of shares carry equal voting rights and all rank equally with regard to distribution in the event of the winding up of the company.

Charles Birch Limited

Notes to the financial statements
for the year ended 30 June 2015

19. Equity Reserves	Profit and loss account £	Other reserve £	Total £
Group			
At 1 July 2014	5,152,931	20,070	5,173,001
Profit for the year	241,738	-	241,738
Dividends	(112,075)	-	(112,075)
At 30 June 2015	<u>5,282,594</u>	<u>20,070</u>	<u>5,302,664</u>
Company			
At 1 July 2014	3,621,390	13,541	3,634,931
Profit for the year	92,858	-	92,858
Dividends	(112,075)	-	(112,075)
At 30 June 2015	<u>3,602,173</u>	<u>13,541</u>	<u>3,615,714</u>
20. Reconciliation of movements in shareholders' funds		2015 £	2014 £
Group			
Profit for the year		241,738	501,577
Dividends		(112,075)	(17,500)
		<u>129,663</u>	<u>484,077</u>
Opening shareholders' funds		<u>5,295,964</u>	<u>4,811,887</u>
Closing shareholders' funds		<u>5,425,627</u>	<u>5,295,964</u>
Company			
Profit for the year		92,858	2,354,799
Dividends		(112,075)	(17,500)
		<u>(19,217)</u>	<u>2,337,299</u>
Opening shareholders' funds		<u>3,757,894</u>	<u>1,420,595</u>
Closing shareholders' funds		<u>3,738,677</u>	<u>3,757,894</u>

Charles Birch Limited

**Notes to the financial statements
for the year ended 30 June 2015**

21. Financial commitments

At 30 June 2015 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Expiry date:				
Within one year	349,479	407,901	39,362	19,737
Between one and five years	442,455	429,974	111,816	111,006
In over five years	237,700	296,650	-	-
	<u>1,029,634</u>	<u>1,134,525</u>	<u>151,178</u>	<u>130,743</u>

22. Related party transactions

The group operates from premises at 4 Brown Lane West, Leeds which is owned by C H Wilson (a director) and 7 Fleet Hall Road, Rochford which is owned by that director's family, for which open market rents are paid. The amount paid in the year to 30 June 2015 was £136,000 (2014: £136,000).

C Wilson has provided a guarantee over the bank loan supported by a charge over property owned by him and his family.

Included within creditors due after one year are loans provided by members of C Wilson's family; G Wilson of £100,000 (2014: £100,000) and D Wilson of £150,000 (2014 £150,000).

The following directors received dividends during the year:

C H Wilson £63,125 (2014: £10,000)

M Jackson £48,950 (2014: £7,500)

23. Controlling interest

The company was controlled throughout the year and the previous year by C H Wilson, a director, and his family, who own the majority of the issued share capital.

Charles Birch Limited

**Notes to the financial statements
for the year ended 30 June 2015**

24. Gross cash flows	2015 £	2014 £
Returns on investments and servicing of finance		
Bank interest paid	(86,374)	(165,144)
Dividends received from joint venture	-	20,000
	<u>(86,374)</u>	<u>(145,144)</u>
Taxation		
Corporation tax paid	-	(117,872)
Capital expenditure		
Payments to acquire tangible assets	(343,046)	(267,613)
Receipts from sales of tangible assets	13,575	-
	<u>(329,471)</u>	<u>(267,613)</u>
Financing		
Bank loan (repayments)/ advances	(150,000)	(150,000)
Other loan repayments	(50,138)	(136,004)
	<u>(200,138)</u>	<u>(286,004)</u>
 25. Analysis of changes in net funds	 Opening balance £	 Cash flows £
		Closing balance £
Cash at bank and in hand	9,803	(396)
Overdrafts	(333,716)	159,909
	<u>(323,913)</u>	<u>159,513</u>
		<u>(164,400)</u>
Debt due within one year	(282,423)	64,389
Debt due after one year	(1,417,558)	127,593
	<u>(2,023,894)</u>	<u>(1,289,965)</u>
Net funds		<u>(1,672,399)</u>