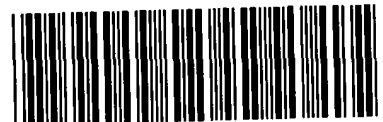


Company Registration No. 01161150 (England and Wales)

Charles Birch Limited
Annual report and
consolidated financial statements
For the year ended 30 June 2017

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Charles Birch Limited

Company information

Directors	C Wilson M Jackson D J Barber D D Macdonald
Secretary	C Moran
Company number	01161150
Registered office	4 Brown Lane West Gelderd Road Leeds LS12 6BH
Auditor	B M Howarth Ltd West House King Cross Road Halifax West Yorkshire HX1 1EB

Charles Birch Limited

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Charles Birch Limited
Strategic report
For the year ended 30 June 2017

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

Principal activity and review of the business

The principal activity of the company and its subsidiary undertakings ('the group') is that of leather and grindery factoring.

The group disposed of the entire share capital of its retailing subsidiary company, Charles Birch (Scotland) Limited on 2 September 2016 and the results of that company are disclosed in the group financial statements as a discontinued operation. 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 2017 from continuing operations increased by 3.25% to £8,193,128 from £7,933,711 in the previous year.

The directors are satisfied with the reported operating profit for the year from continuing operations of £259,057 as compared to £766,038 in the previous year. The directors consider that the reduction in profitability of the wholesale operations was caused partly as a result of certain restructuring and related costs following the disposal of the retailing business. In addition the depreciation in sterling following the Brexit referendum had a negative impact on the cost of imported goods during the year.

The directors continue to review and upgrade the group's product range and supply chains to meet customer expectations and satisfy their demands and look forward to increasing profitability going forward. The group profit for the year after taxation amounted to £3,314,182 (2016 £383,798), including a profit on disposal of the retail operation of £3,196,517. The net assets of the group have increased by £1,974,352 during the year to £7,768,639. The proceeds from the sale of the retailing operation have been partly used to pay off bank loans and the group had net cash at the year-end of £2,726,145.

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 foreign exchange risk and credit risk.

Foreign exchange risk

The group has suppliers across Europe and the Far East and is therefore exposed to various foreign currencies. The group maintains dollar and euro accounts and manages these so as to partially mitigate the group's exposure to short-term foreign exchange movements.

Credit risk

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.

On behalf of the board



C Wilson

Director

21 November 2017

Charles Birch Limited
Directors' report
for the year end 30 June 2017

The directors present their annual report and financial statements for the year ended 30 June 2017.

Directors

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

C Wilson
M Jackson
D J Barber
D D Macdonald

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £1,339,830. The directors do not recommend payment of a further dividend.

Auditor

The auditor, B M Howarth Ltd, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

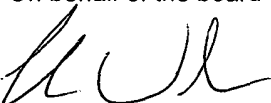
Charles Birch Limited

**Directors' report (continued)
for the year end 30 June 2017**

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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board



C Wilson

Director

21 November 2017

Charles Birch Limited
Independent Auditor's report
to the members of Charles Birch Limited

Opinion

We have audited the financial statements of Charles Birch Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017 which comprise the Group Statement of Comprehensive Income, the Group Statement Of Financial Position, the Company Statement Of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and 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 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 group's and the parent company's affairs as at 30 June 2017 and of its 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

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 group's or the parent 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 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. 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 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.

Charles Birch Limited

Independent Auditor's report (continued) to the members of Charles Birch Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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 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.

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.

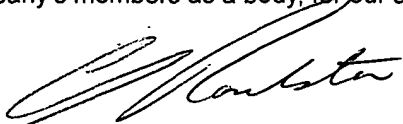
In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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.

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



C J Roulston (Senior Statutory Auditor)
for and on behalf of B M Howarth Ltd
Chartered Accountants and
Statutory Auditor
West House
King Cross Road
Halifax
West Yorkshire
HX1 1EB

21 November 2017

Charles Birch Limited

Group statement of total comprehensive income for the year ended 30 June 2017

	Notes	Continuing operations £	Discontinued operations £	30 June 2017 £	Continuing operations £	Discontinued operations £	30 June 2016 £
Turnover	3	8,193,128	945,722	9,138,850	7,933,711	6,918,990	14,852,701
Cost of sales		(4,627,475)	(185,362)	(4,812,837)	(4,106,742)	(1,324,962)	(5,431,704)
Gross profit		3,565,653	760,360	4,326,013	3,826,969	5,594,028	9,420,997
Distribution costs		(2,303,979)	(717,909)	(3,021,888)	(2,261,013)	(4,718,735)	(6,979,748)
Administrative expenses		(1,029,982)	(166,122)	(1,196,104)	(818,540)	(1,150,884)	(1,969,424)
Other operating income		27,365	-	27,365	18,622	-	18,622
Operating profit	4	259,057	(123,671)	135,386	766,038	(275,591)	490,447
Share of results of associates and joint ventures		-	-	-	30,325	-	30,325
Other interest receivable and similar income		7,112	-	7,112	-	-	-
Other interest payable and similar expenses		(21,186)	(5,256)	(26,442)	(2,243)	(31,975)	(34,218)
Profit/(loss) on disposal of operations		-	3,196,517	3,196,517	-	-	-
Profit before taxation		244,983	3,067,590	3,312,573	794,120	(307,566)	486,554
Taxation	8	4,336	(2,727)	1,609	(58,654)	(44,102)	(102,756)
Profit for the financial year		249,319	3,064,863	3,314,182	735,466	(351,668)	383,798

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

Charles Birch Limited
Group Statement of financial position
as at 30 June 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Goodwill	10		-	553,105	
Other intangible assets	10		249,567		-
Total intangible assets			249,567	553,105	
Tangible assets	11		559,131	2,797,319	
Investments	12		11,490	21,490	
			820,188	3,371,914	
Current assets					
Stocks	15	3,440,201		3,508,934	
Debtors	16	2,343,830		3,015,661	
Cash at bank and in hand		2,726,145		9,947	
			8,510,176	6,534,542	
Creditors: amounts falling due within one year	17	(1,302,889)		(3,476,372)	
Net current assets			7,207,287	3,058,170	
Total assets less current liabilities			8,027,475	6,430,084	
Creditors: amounts falling due after more than one year	18		(250,000)	(250,000)	
Provisions for liabilities	20		(43,836)	(420,797)	
Net assets			7,733,639	5,759,287	
Capital and reserves					
Called up share capital	22	122,963		122,963	
Capital redemption reserve		20,070		20,070	
Profit and loss reserves		7,590,606		5,616,254	
Total equity			7,733,639	5,759,287	

The financial statements were approved by the board of directors and authorised for issue on 21 November 2017 and are signed on its behalf by:



C Wilson
Director

Charles Birch Limited
Company Statement of financial position
as at 30 June 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Intangible assets	10	249,567			
Tangible assets	11	559,131		270,902	
Investments	12	387,444		412,444	
			1,196,142		683,346
Current assets					
Stocks	15	3,440,201		1,545,418	
Debtors	16	2,343,830		4,648,370	
Cash at bank and in hand		2,426,703		1,802	
			8,210,734		6,195,590
Creditors: amounts falling due within one year	17	(3,473,944)		(2,648,514)	
Net current assets			4,736,790		3,547,076
Total assets less current liabilities			5,932,932		4,230,422
Creditors: amounts falling due after more than one year	18		(250,000)		(250,000)
Provisions for liabilities	20		(43,836)		(35,382)
Net assets			5,639,096		3,945,040
Capital and reserves					
Called up share capital	22	122,963		122,963	
Capital redemption reserve		13,541		13,541	
Profit and loss reserves		5,502,592		3,808,536	
Total equity			5,639,096		3,945,040

The financial statements were approved by the board of directors and authorised for issue on 21 November 2017 and are signed on its behalf by:



C Wilson
Director

Company Registration No. 01161150

Charles Birch Limited

Group statement of changes in equity

for the year ended 30 June 2017

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2015		122,963	20,070	5,282,594	5,425,627
Year ended 30 June 2016:					
Profit and total comprehensive income for the year		-	-	383,798	383,798
Dividends	9	-	-	(50,138)	(50,138)
Balance at 30 June 2016		122,963	20,070	5,616,254	5,759,287
Year ended 30 June 2017:					
Profit and total comprehensive income for the year		-	-	3,314,182	3,314,182
Dividends	9	-	-	(1,339,830)	(1,339,830)
Balance at 30 June 2017		122,963	20,070	7,590,606	7,733,639

Charles Birch Limited

Company statement of changes in equity for the year ended 30 June 2017

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2015		122,963	13,541	3,602,173	3,738,677
Year ended 30 June 2016:					
Profit and total comprehensive income for the year		-	-	256,501	256,501
Dividends	9	-	-	(50,138)	(50,138)
Balance at 30 June 2016		122,963	13,541	3,808,536	3,945,040
Year ended 30 June 2017:					
Profit and total comprehensive income for the year		-	-	3,033,886	3,033,886
Dividends	9	-	-	(1,339,830)	(1,339,830)
Balance at 30 June 2017		122,963	13,541	5,502,592	5,639,096

Charles Birch Limited
Group statement of cash flows
for the year ended 30 June 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	26	2,533,280		773,090	
Interest paid		(26,442)		(34,218)	
Income taxes paid		(83,967)		(104,047)	
Net cash inflow from operating activities		2,422,871		634,825	
Investing activities					
Proceeds of disposal of business		3,413,820		-	
Purchase of intangible assets		(272,837)		-	
Purchase of tangible fixed assets		(277,737)	(499,030)		
Proceeds on disposal of tangible fixed assets		80,480	-		
Joint venture share of profits		-	30,325		
Joint venture dividend received		10,000	(11,817)		
Proceeds from other investments and loans		-	500		
Interest received		7,112	-		
Net cash generated from/(used in) investing activities		2,960,838		(480,022)	
Financing activities					
Repayment of bank loans		(1,144,793)	(113,206)		
Dividends paid to equity shareholders		(1,339,830)	(50,138)		
Net cash used in financing activities		(2,484,623)		(163,344)	
Net increase/(decrease) in cash and cash equivalents		2,899,086		(8,541)	
Cash and cash equivalents at beginning of year		(172,941)		(164,400)	
Cash and cash equivalents at end of year		2,726,145		(172,941)	
Relating to:					
Cash at bank and in hand		2,726,145		9,947	
Bank overdrafts included in creditors payable within one year		-		(182,888)	

Charles Birch Limited

Notes to the financial statements for the year ended 30 June 2017

1 Accounting policies

Company information

Charles Birch Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 4 Brown Lane West, Gelderd Road, Leeds, LS12 6BH.

The group consists of Charles Birch Limited and all of its subsidiaries.

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.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £3,033,886 (2016 - £256,501 profit).

The consolidated financial statements incorporate those of Charles Birch Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 June 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

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.

Charles Birch Limited

Notes to the financial statements (continued) for the year ended 30 June 2017

1 Accounting policies

(continued)

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 the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation 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:

Licences	3 - 5 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 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 properties	- 4 - 10% on cost
Plant and equipment	- 10 - 25% reducing balance
Fixtures and fittings	- 10 - 25% reducing balance

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 recognised in the income statement.

Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

Charles Birch Limited

Notes to the financial statements (continued) for the year ended 30 June 2017

1 Accounting policies

(continued)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Financial instruments

The group 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 group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

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 income statement 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 group'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.

Retirement benefits

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

Leases

Rental payable under operating leases are recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

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 are included in the income statement for the period.

Charles Birch Limited

Notes to the financial statements (continued) for the year ended 30 June 2017

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2017 £	2016 £
Turnover		
Group and share of joint ventures	9,388,951	15,195,731
Less share of joint ventures turnover	(250,101)	(343,030)
	<u>9,138,850</u>	<u>14,852,701</u>

Turnover analysed by geographical market

	2017 £	2016 £
United Kingdom	8,749,481	14,624,015
Europe	389,369	228,686
	<u>9,138,850</u>	<u>14,852,701</u>

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(24,678)	(6,373)
Depreciation of owned tangible fixed assets	111,589	313,045
Amortisation of intangible assets	63,288	250,956
Cost of stocks recognised as an expense	4,812,837	5,431,704
Operating lease charges	138,564	141,525
	<u></u>	<u></u>

Gross profit for Continuing operations for the year ended 30 June 2017 reflects the release of the provision for intra-group stock profit following the sale of Charles Birch (Scotland) Limited. This has increased gross profit for the year by £271,256. Sales and cost of sales for Continuing operations for the years ended 30 June 2017 and 2016 reflect the adjustment for the removal of sales and cost of sales in relation to intra-group sales to Charles Birch (Scotland) Limited. This adjustment has no impact on gross profit but does change the reported gross profit percentage. The effect of this adjustment is to increase the reported gross profit percentage from 39.3% to 40.2 % (2016: 41.2% to 48.2%).

Charles Birch Limited

Notes to the financial statements (continued) for the year ended 30 June 2017

5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements	13,150	16,050
For other services		
Taxation compliance services	3,205	3,675
Statutory accounts and company secretarial services	9,155	10,225
	12,360	13,900

6 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Administration	13	19	8	8
Sales and distribution	52	154	38	29
	65	173	46	37

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	1,955,702	4,389,782	1,086,149	826,489
Social security costs	139,629	377,581	-	-
Pension costs	84,855	85,049	63,903	42,691
	2,180,186	4,852,412	1,150,052	869,180

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	290,306	313,070
Company pension contributions to defined contribution schemes	28,284	27,526
	318,590	340,596

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	85,826	99,164
Company pension contributions to defined contribution schemes	9,827	9,371

Charles Birch Limited

Notes to the financial statements (continued) for the year ended 30 June 2017

8 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	-	62,366
Adjustments in respect of prior periods	3,272	-
	<u>3,272</u>	<u>62,366</u>
Total current tax	<u>3,272</u>	<u>62,366</u>
Deferred tax		
Origination and reversal of timing differences	(4,881)	40,390
	<u>(4,881)</u>	<u>40,390</u>
Total tax charge	<u>(1,609)</u>	<u>102,756</u>

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

	2017 £	2016 £
Profit excluding surplus on disposal of subsidiary and before taxation	<u>116,056</u>	<u>486,554</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	22,921	97,311
Tax effect of expenses that are not deductible in determining taxable profit	2,114	7,428
Tax effect of utilisation of tax losses not previously recognised	(29,916)	(1,983)
Adjustments in respect of prior years	3,272	-
	<u>(1,609)</u>	<u>102,756</u>
Tax expense for the year	<u>(1,609)</u>	<u>102,756</u>

9 Dividends

	2017 £	2016 £
Final paid	<u>1,339,830</u>	<u>50,138</u>

Charles Birch Limited

Notes to the financial statements (continued)
for the year ended 30 June 2017

10 Intangible fixed assets

Group	Goodwill	Licences	Total
	£	£	£
Cost			
At 1 July 2016	3,364,596	-	3,364,596
Additions - separately acquired	-	272,837	272,837
Disposals	(3,364,596)	-	(3,364,596)
At 30 June 2017	-	272,837	272,837
Amortisation and impairment			
At 1 July 2016	2,811,491	-	2,811,491
Amortisation charged for the year	40,018	23,270	63,288
Disposals	(2,851,509)	-	(2,851,509)
At 30 June 2017	-	23,270	23,270
Carrying amount			
At 30 June 2017	-	249,567	249,567
At 30 June 2016	553,105	-	553,105
Company		Licences	
		£	
Cost			
At 1 July 2016		-	-
Additions - separately acquired		272,837	272,837
At 30 June 2017		272,837	272,837
Amortisation and impairment			
At 1 July 2016		-	-
Amortisation charged for the year		23,270	23,270
At 30 June 2017		23,270	23,270
Carrying amount			
At 30 June 2017		249,567	249,567
At 30 June 2016		-	-

Charles Birch Limited

Notes to the financial statements (continued) for the year ended 30 June 2017

11 Tangible fixed assets

Group	Leasehold properties £	Plant and equipment £	Fixtures and fittings £	Computers £	Total £
Cost					
At 1 July 2016	370,355	2,784,699	3,640,986	182,676	6,978,716
Additions	-	110,630	125,372	41,735	277,737
Disposals	(370,355)	(2,204,991)	(3,073,808)	(224,411)	(5,873,565)
Transfers	6,503	87,791	45,554	-	139,848
At 30 June 2017	6,503	778,129	738,104	-	1,522,736
Depreciation and impairment					
At 1 July 2016	314,964	1,603,085	2,115,757	147,591	4,181,397
Depreciation charged in the year	3,776	52,270	48,324	7,219	111,589
Eliminated in respect of disposals	(318,334)	(1,156,253)	(1,699,984)	(154,810)	(3,329,381)
At 30 June 2017	406	499,102	464,097	-	963,605
Carrying amount					
At 30 June 2017	6,097	279,027	274,007	-	559,131
At 30 June 2016	55,391	1,181,614	1,525,229	35,085	2,797,319
Company					
	Leasehold properties £	Plant and equipment £	Fixtures and fittings £		Total £
Cost					
At 1 July 2016	-	581,119	594,311		1,175,430
Additions	-	109,219	98,239		207,458
Transfers	6,503	87,791	45,554		139,848
At 30 June 2017	6,503	778,129	738,104		1,522,736
Depreciation and impairment					
At 1 July 2016	-	464,855	439,673		904,528
Depreciation charged in the year	406	34,247	24,424		59,077
At 30 June 2017	406	499,102	464,097		963,605
Carrying amount					
At 30 June 2017	6,097	279,027	274,007		559,131
At 30 June 2016	-	116,263	154,639		270,902

Charles Birch Limited

Notes to the financial statements (continued) for the year ended 30 June 2017

12 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	13	-	-	387,442	412,442
Investments in associates		-	-	2	2
Investments in joint ventures	14	11,490	21,490	-	-
		<u>11,490</u>	<u>21,490</u>	<u>387,444</u>	<u>412,444</u>
Group					Shares £
Cost or valuation					
At 1 July 2016					21,490
Valuation changes					(10,000)
At 30 June 2017					<u>11,490</u>
Carrying amount					
At 30 June 2017					<u>11,490</u>
At 30 June 2016					<u>21,490</u>

13 Subsidiaries

Details of the company's subsidiaries at 30 June 2017 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct
Charles Birch (Essex) Limited England and Wales	Leather & grindery factors	Ordinary	100.00

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Charles Birch (Essex) Limited	107,331	2,204,469

14 Joint ventures

Details of joint ventures at 30 June 2017 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct
Boot Repair Company Ltd England and Wales	Footwear repairer	Ordinary	50

Charles Birch Limited

Notes to the financial statements (continued) for the year ended 30 June 2017

15 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Raw materials and consumables	3,440,201	1,274,162	3,440,201	1,545,418
Finished goods and goods for resale	-	2,234,772	-	-
	<u>3,440,201</u>	<u>3,508,934</u>	<u>3,440,201</u>	<u>1,545,418</u>

16 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	1,693,095	1,798,451	1,693,095	754,522
Amounts due from group undertakings	-	-	-	3,551,180
Other debtors	106,983	41,997	106,983	22,917
Prepayments and accrued income	543,752	1,175,213	543,752	319,751
	<u>2,343,830</u>	<u>3,015,661</u>	<u>2,343,830</u>	<u>4,648,370</u>

17 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	19	-	1,327,681	-	1,731,203
Trade creditors		1,009,209	1,419,142	1,009,209	463,771
Amounts due to group undertakings		-	-	2,159,656	281,586
Corporation tax payable		3,528	84,223	3,528	16,041
Other taxation and social security		214,492	526,531	214,492	121,155
Accruals and deferred income		75,660	118,795	87,059	34,758
		<u>1,302,889</u>	<u>3,476,372</u>	<u>3,473,944</u>	<u>2,648,514</u>

18 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Other borrowings	19	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

Charles Birch Limited

Notes to the financial statements (continued) for the year ended 30 June 2017

19 Loans and overdrafts

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	-	1,144,793	-	1,144,793
Bank overdrafts	-	586,410	-	586,410
Other loans	250,000	250,000	250,000	250,000
	<u>250,000</u>	<u>1,981,203</u>	<u>250,000</u>	<u>1,981,203</u>
Payable within one year	-	1,731,203	-	1,731,203
Payable after one year	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Amounts included above which fall due after five years:				
Payable other than by instalments	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

Charles Birch Limited

Notes to the financial statements (continued) for the year ended 30 June 2017

20 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £
Group		
Accelerated capital allowances	73,752	420,797
Tax losses	(29,916)	-
	<u>43,836</u>	<u>420,797</u>

	Liabilities 2017 £	Liabilities 2016 £
Company		
Accelerated capital allowances	73,752	35,382
Tax losses	(29,916)	-
	<u>43,836</u>	<u>35,382</u>

	Group 2017 £	Company 2017 £
Movements in the year:		
Liability at 1 July 2016	420,797	35,382
Charge to profit or loss	(4,881)	8,454
Liability eliminated on disposal of subsidiary	(372,080)	-
Liability at 30 June 2017	<u>43,836</u>	<u>43,836</u>

21 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>84,855</u>	<u>104,689</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Charles Birch Limited

Notes to the financial statements (continued) for the year ended 30 June 2017

22 Share capital

	Group and company	
	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
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.

23 Operating lease commitments

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Within one year	81,013	293,760	81,013	44,093
Between two and five years	86,588	431,182	86,588	16,046
In over five years	-	408,825	-	-
	<u>167,601</u>	<u>1,133,767</u>	<u>167,601</u>	<u>60,139</u>

24 Related party transactions

Transactions with related parties

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 2017 was £136,000 (2016: £136,000).

Included within creditors due after one year are loans provided by members of C H Wilson's family:

G Wilson £100,000 (2016: £100,000)

D Wilson £150,000 (2016: £150,000)

No interest has been charged on these loans and there are no set repayment dates.

Charles Birch Limited

Notes to the financial statements (continued)

for the year ended 30 June 2017

25 Controlling party

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.

26 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	3,314,182	383,798
Adjustments for:		
Share of results of joint venture	-	(30,325)
Taxation (credited)/charged	(1,609)	102,756
Finance costs	26,442	34,218
Investment income	(7,112)	-
Gain on disposal of business	(3,196,517)	-
Amortisation and impairment of intangible assets	63,288	250,956
Depreciation and impairment of tangible fixed assets	111,589	313,047
Movements in working capital:		
Decrease/(increase) in stocks	1,052,682	(234,286)
Decrease/(increase) in debtors	1,248,488	(296,265)
(Decrease)/increase in creditors	(78,153)	249,191
Cash generated from operations	2,533,280	773,090