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Registration Number 1161150

CHARLES BIRCH LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

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CHARLES BIRCH LIMITED

DIRECTORS, OFFICERS AND ADVISORS

Directors	C H Wilson B Brian M Jackson
Secretary	B Brian
Company Number	1161150
Registered Office	4 Brown Lane West Gelderd Road Leeds West Yorkshire LS12 6BH
Auditors	B M Howarth West House King Cross Road Halifax West Yorkshire HX1 1EB
Bankers	Barclays Bank plc Barclays Business Centre PO Box 100 Leeds West Yorkshire LS1 1PA

CHARLES BIRCH LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2008

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CHARLES BIRCH LIMITED

DIRECTORS' REPORT **for the year ended 30 June 2008**

The directors present their annual report, together with the audited financial statements of the company and the group, for the year ended 30 June 2008

Principal Activity and Review of the Business

The principal activity of the company and its subsidiary undertakings was that 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.

Turnover for the year ended 30 June 2008 increased by 5.1% as compared to the previous year. The increase primarily arose in the retail shops business, with the benefit of a full year's trading from the 3 units acquired in the year ended 30 June 2007 and the acquisition of a further 6 units during the current year, taking the Group's total to 40 units. Gross margins increased from 59.1% to 60.8%, partly as a result of the increased level of retail trade but also due to improvements in the wholesale business. The directors are satisfied with the state of affairs of the group at the year end and are confident of maintaining the underlying improvement in the Group's operating profit in future periods.

Results and Dividends

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

The directors have paid an interim dividend amounting to £141,684 and they do not recommend payment of a final dividend. If this recommendation is approved, £169,613 will be added to group reserves.

Environment

The company 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 company'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.

Trade creditor days of the company at 30 June 2008 were 71 days (2007: 65 days) based on actual monthly purchases and relevant expenses.

Principal risks and uncertainties

Competition and threat to market share is a key risk to the company. The risk is alleviated by maximising customer service, providing a wide range of quality products at competitive prices, and reacting efficiently to customer requirements and queries.

The company is partly financed by the bank loan and overdraft facilities, so is exposed to interest rate fluctuations. Cashflow is carefully managed to minimise the level of the facilities used.

Directors

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

C H Wilson
B Brian
M Jackson

CHARLES BIRCH LIMITED

DIRECTORS' REPORT
for the year ended 30 June 2008

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that B M Howarth be reappointed as auditors of the company will be put to the Annual General Meeting

This report was approved by the Board on 21 October 2008 and signed on its behalf by



B Brian
Secretary

CHARLES BIRCH LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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). The financial statements are required by law to give a true and fair view of the state of the 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,
- 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 company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

The directors must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

So far as the directors are aware, there is no relevant audit information (information needed by the company's auditors in connection with their report) of which the company's auditors are unaware, and

The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



C H Wilson
Director

21 October 2008

CHARLES BIRCH LIMITED

Independent auditors' report to the shareholders of Charles Birch Limited

We have audited the financial statements of Charles Birch Limited for the year ended 30 June 2008 which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement and the related notes, numbered 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. The information given in the directors' report includes that specific information presented in the operating and financial review section of the directors' report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

CHARLES BIRCH LIMITED

Independent auditors' report to the shareholders of Charles Birch Limited continued

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 30 June 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985
- the information given in the Directors' Report is consistent with the financial statements



B M Howarth
Chartered Accountants and
Registered Auditor

West House
King Cross Road
Halifax
West Yorkshire
HX1 1EB

21 October 2008

CHARLES BIRCH LIMITED

GROUP PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2008

		2008	2008	2007	2007
	Notes	£	£	£	£
Turnover	2		10,851,206		10,320,239
Cost of sales			(4,253,978)		(4,220,536)
Gross profit			6,597,228		6,099,703
Administrative expenses					
Exceptional social security costs	3a	-		(331,969)	
Other administrative expenses		(6,038,841)		(5,506,494)	
			(6,038,841)		(5,838,463)
Group operating profit	3		558,387		261,240
Interest payable and similar charges					
On exceptional social security costs	3a, 4	-		(100,904)	
Other interest	4	(96,089)		(101,531)	
			(96,089)		(202,435)
Profit on ordinary activities before taxation			462,298		58,805
Tax on profit on ordinary activities	7		(151,001)		(29,875)
Profit on ordinary activities after taxation	19		311,297		28,930

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

None of the group's activities was acquired or discontinued during the above two financial years

CHARLES BIRCH LIMITED

GROUP BALANCE SHEET
as at 30 June 2008

		2008		2007	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	10		869,474		611,748
Tangible assets	11		2,375,755		2,223,513
			<u>3,245,229</u>		<u>2,835,261</u>
Current Assets					
Stocks	13	2,454,104		2,192,424	
Debtors	14	2,129,804		2,102,791	
Cash at bank and in hand		9,883		8,700	
		<u>4,593,791</u>		<u>4,303,915</u>	
Creditors: amounts falling due within one year	15	(2,759,121)		(2,421,114)	
Net Current Assets			<u>1,834,670</u>		<u>1,882,801</u>
Total Assets Less Current Liabilities			5,079,899		4,718,062
Creditors, amounts falling due after more than one year	16		(736,311)		(579,621)
Provision for Liabilities and Charges	17		(277,175)		(241,641)
Net Assets			<u>4,066,413</u>		<u>3,896,800</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		3,923,380		3,753,767
Equity Shareholders' Funds	20		<u>4,066,413</u>		<u>3,896,800</u>

The financial statements were approved by the Board on 21 October 2008 and signed on its behalf by



C H Wilson
Director

CHARLES BIRCH LIMITED

COMPANY BALANCE SHEET
as at 30 June 2008

		2008		2007	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	11		302,868		298,643
Investments	12		412,442		412,442
			<u>715,310</u>		<u>711,085</u>
Current Assets					
Stocks	13	912,417		829,392	
Debtors	14	3,083,208		2,300,883	
Cash at bank and in hand		<u>1,273</u>		<u>1,200</u>	
		3,996,898		3,131,475	
Creditors: amounts falling due within one year	15	<u>(2,560,011)</u>		<u>(1,812,000)</u>	
Net Current Assets			<u>1,436,887</u>		<u>1,319,475</u>
Total Assets Less Current Liabilities			2,152,197		2,030,560
Creditors: amounts falling due after more than one year	16		(736,311)		(579,621)
Provision for Liabilities and Charges	17		<u>(39,199)</u>		<u>(33,059)</u>
Net Assets			<u><u>1,376,687</u></u>		<u><u>1,417,880</u></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		<u>1,240,183</u>		<u>1,281,376</u>
Equity Shareholders' Funds	20		<u><u>1,376,687</u></u>		<u><u>1,417,880</u></u>

The financial statements were approved by the Board on 21 October 2008 and signed on its behalf by



C H Wilson
Director

CHARLES BIRCH LIMITED

GROUP CASH FLOW STATEMENT
for the year ended 30 June 2008

	Notes	2008 £	2007 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		558,387	261,240
Depreciation of tangible fixed assets		273,870	263,371
Amortisation of intangible fixed assets		118,274	94,341
Loss on sale of fixed assets		3,858	51,221
(Increase)/decrease in stocks		(261,680)	57,684
Increase in debtors		(27,013)	(114,093)
(Decrease)/increase in creditors		(306,045)	436,710
Net cash inflow from operating activities		<u>359,651</u>	<u>1,050,474</u>
Net cash inflow from operating activities		359,651	1,050,474
Returns on investments and servicing of finance	24	(96,089)	(202,435)
Taxation	24	(35,633)	-
Capital expenditure	24	(805,970)	(456,400)
		(578,041)	391,639
Equity dividends paid		(141,684)	(68,307)
		(719,725)	323,332
Financing	24	196,690	(161,338)
(Decrease)/increase in cash in the year		<u>(523,035)</u>	<u>161,994</u>
Reconciliation of net cash flow to movement in net debt (Note 25)			
(Decrease)/increase in cash in the year		(523,035)	161,994
Cash (outflow)/inflow from (increase)/decrease in bank loan and lease financing		(196,690)	161,338
Change in net debt resulting from cash flows		(719,725)	323,332
Movement in net debt in the year		(719,725)	323,332
Net debt at beginning of year		(1,384,907)	(1,708,239)
Net debt at end of year		<u>(2,104,632)</u>	<u>(1,384,907)</u>

CHARLES BIRCH LIMITED

NOTES TO FINANCIAL STATEMENTS for the year ended 30 June 2008

1 Accounting Policies

Accounting convention

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention

Basis of Consolidation

The group financial statements consolidate the accounts of Charles Birch Limited and its subsidiary undertakings made up to 30 June each year

Turnover

Turnover represents the total invoice value, excluding trade discounts and value added tax, of sales made during the year

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

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

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 diminution in value.

Stock

Stock is valued at the lower of cost and net realisable value.

Pensions

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

CHARLES BIRCH LIMITED

NOTES TO FINANCIAL STATEMENTS for the year ended 30 June 2008

Deferred taxation

Deferred taxation is recognised on all timing differences which have originated, but not reversed, at the balance sheet date. Timing differences represent accumulated differences between the company's taxable profit and its financial profit and arise primarily from the difference between accelerated capital allowances and depreciation. Where the effect is material deferred tax is measured on a discounted basis to reflect the time value of money over the period between the balance sheet date and the dates on which it is estimated that the underlying timing differences will reverse.

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

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit	2008 £	2007 £
Operating profit is stated after charging		
Amortisation of intangible assets	118,274	94,341
Depreciation of tangible assets		
- Owned assets	242,739	229,076
- Assets held under finance leases and hire purchase contracts	31,131	34,295
Loss on disposal of tangible fixed assets	3,858	44,387
Loss on disposal of intangible fixed assets	-	6,834
Operating lease rentals		
- other than plant and machinery	178,997	164,568
Auditors' remuneration	14,250	14,250
	<u> </u>	<u> </u>
and after crediting		
Compensation received on relocation	-	141,425
	<u> </u>	<u> </u>

3a. Exceptional item

Administrative costs for the year ended 30 June 2007 included exceptional social security costs of £331,969 relating to the settlement of a long running dispute with H M Revenue and Customs. The dispute was in connection with employment costs incurred in the years ending 30 June 2003 to 2006. Interest arising from the settlement amounted to £100,904.

CHARLES BIRCH LIMITED

NOTES TO FINANCIAL STATEMENTS
for the year ended 30 June 2008

4. Interest payable and similar charges	2008	2007
	£	£
On bank loans and overdrafts	94,986	100,703
Hire purchase interest	1,103	828
Exceptional interest (see note 3a)	-	100,904
	<u>96,089</u>	<u>202,435</u>
5. Employees	2008	2007
	Number	Number
Number of employees		
The average monthly numbers of employees (including the directors) during the year were		
Administration	14	13
Distribution	34	33
Sales	90	82
	<u>138</u>	<u>128</u>
Employment costs	2008	2007
	£	£
Wages and salaries	2,818,422	2,543,469
Social security costs	256,578	630,365
Other pension costs	52,818	57,911
	<u>3,127,818</u>	<u>3,231,745</u>
Directors' emoluments	2008	2007
	£	£
Remuneration	165,575	165,671
Pension contributions	14,211	9,915
	<u>179,786</u>	<u>175,586</u>
	2008	2007
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>3</u>	<u>3</u>

CHARLES BIRCH LIMITED

NOTES TO FINANCIAL STATEMENTS for the year ended 30 June 2008

6. Pension costs

The company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £52,818 (2007: £57,911). There were no amounts outstanding at the balance sheet date.

7. Tax on profit on ordinary activities

Analysis of charge in year

	2008 £	2007 £
Current tax		
UK corporation tax	113,809	11,374
Adjustments in respect of previous periods	1,658	(6,450)
	<u>115,467</u>	<u>4,924</u>
Deferred tax		
Timing differences, origination and reversal	35,534	24,951
Tax on profit on ordinary activities	<u>151,001</u>	<u>29,875</u>

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before taxation	<u>462,298</u>	<u>58,805</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (30 June 2007: 20%)	129,443	11,761
Effects of:		
Expenses not deductible for tax purposes	16,029	14,930
Capital allowances for year in excess of depreciation	(24,954)	(15,713)
Small company/marginal rate	(13,177)	-
Adjustments to tax charge in respect of previous years	1,658	(6,450)
Change in standard rate of corporation tax	6,468	396
Current tax charge for year	<u>115,467</u>	<u>4,924</u>

CHARLES BIRCH LIMITED

NOTES TO FINANCIAL STATEMENTS for the year ended 30 June 2008

8. Profit for the year attributable to shareholders

As permitted by Section 230 of the Companies Act 1985 the Profit and Loss Account of Charles Birch Limited has not been presented with the financial statements

The results after taxation of the company for the year ended 30 June 2008 showed a profit of £100,491 (2007 loss of £44,596)

9. Dividends	2008 £	2007 £
Dividends on equity shares:		
Ordinary shares - Interim paid on ordinary shares	<u>141,684</u>	<u>68,307</u>

10. Intangible fixed assets	Goodwill £
Group	
Cost	
At 1 July 2007	1,033,989
Additions	<u>376,000</u>
At 30 June 2008	<u>1,409,989</u>
Amortisation	
At 1 July 2007	422,241
Charge for year	<u>118,274</u>
At 30 June 2008	<u>540,515</u>
Net book values	
At 30 June 2008	<u>869,474</u>
At 30 June 2007	<u>611,748</u>

Goodwill of £376,000 arose on the acquisition of six additional retail shops. Goodwill represents the difference between the purchase consideration and the fair value of the assets acquired.

CHARLES BIRCH LIMITED
NOTES TO FINANCIAL STATEMENTS
for the year ended 30 June 2008

11. Tangible fixed assets

	Short leasehold Improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Group					
Cost					
At 1 July 2007	231,702	1,391,855	2,127,854	21,504	3,772,915
Additions	17,361	222,060	197,275	-	436,696
Disposals	-	-	-	(21,504)	(21,504)
At 30 June 2008	249,063	1,613,915	2,325,129	-	4,188,107
Depreciation					
At 1 July 2007	130,254	548,674	859,554	10,920	1,549,402
On disposals	-	-	-	(10,920)	(10,920)
Charge for the year	23,693	104,556	145,621	-	273,870
At 30 June 2008	153,947	653,230	1,005,175	-	1,812,352
Net book values					
At 30 June 2008	95,116	960,685	1,319,954	-	2,375,755
At 30 June 2007	101,448	843,181	1,268,300	10,584	2,223,513

Included in fixtures, fittings and equipment are assets held under finance leases or hire purchase contracts with a total net book value of £257,905 (2007 £289,061) the depreciation of which is shown in note 3

Company

Cost					
At 1 July 2007	-	387,992	453,857	21,504	863,353
Additions	-	38,044	17,930	-	55,974
Disposals	-	-	-	(21,504)	(21,504)
At 30 June 2008	-	426,036	471,787	-	897,823
Depreciation					
At 1 July 2007	-	272,337	281,453	10,920	564,710
On disposals	-	-	-	(10,920)	(10,920)
Charge for the year	-	23,455	17,710	-	41,165
At 30 June 2008	-	295,792	299,163	-	594,955
Net book values					
At 30 June 2008	-	130,244	172,624	-	302,868
At 30 June 2007	-	115,655	172,404	10,584	298,643

CHARLES BIRCH LIMITED

NOTES TO FINANCIAL STATEMENTS
for the year ended 30 June 2008

12. Fixed Asset Investments	2008	2007
	£	£
Company		
Subsidiary undertakings	412,442	412,442

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

Company	Country of incorporation or operation	Nature of business	% holding of ordinary shares
Subsidiary undertaking			
Charles Birch (Essex) Limited	Great Britain	Leather and grindery factoring	100
Lancashire Leather Factors Limited	Great Britain	Dormant	78
Collinson's Cut Soles Limited	Great Britain	Dormant	90
Charles Birch (South West) Limited	Great Britain	Dormant	100
Charles Birch (Scotland) Limited	Great Britain	Retailers of shoecare products	100
McNaught Key & Co Limited	Great Britain	Dormant	82
T W Bailey (Merchants) Limited	Great Britain	Dormant	100

13. Stocks	2008	2007
	£	£
Group		
Finished goods and goods for resale	2,454,104	2,192,424
Company		
Finished goods and goods for resale	912,417	829,392

14. Debtors	2008	2007
	£	£
Group		
Trade debtors	1,381,598	1,331,605
Other debtors	30,416	25,288
Prepayments and accrued income	717,790	745,898
	2,129,804	2,102,791
Company		
Trade debtors	574,374	561,225
Amounts owed by group undertakings	2,326,498	1,452,436
Other debtors	2,550	2,821
Prepayments and accrued income	179,786	284,401
	3,083,208	2,300,883

CHARLES BIRCH LIMITED

NOTES TO FINANCIAL STATEMENTS
for the year ended 30 June 2008

15. Creditors: amounts falling due within one year	2008	2007
	£	£
Group		
Bank loans and overdraft	1,272,641	748,423
Net obligations under finance leases and hire purchase contracts	65,563	65,563
Trade creditors	817,842	743,353
Corporation tax	113,809	33,975
Other taxes and social security costs	403,575	339,946
Director's loan account	40,000	-
Other creditors	5,000	10,542
Accruals and deferred income	40,691	479,312
	<u>2,759,121</u>	<u>2,421,114</u>
Company		
Bank loans and overdraft	1,543,446	1,073,558
Net obligations under finance leases and hire purchase contracts	65,563	65,563
Trade creditors	291,256	299,588
Amounts owed to group undertakings	480,039	148,206
Corporation tax	28,719	-
Other taxes and social security costs	91,064	80,400
Director's loan account	40,000	-
Accruals and deferred income	19,924	144,685
	<u>2,560,011</u>	<u>1,812,000</u>

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

The director's loan is unsecured and is repayable by instalments over ten years and interest is charged at 1.5% over base.

CHARLES BIRCH LIMITED
NOTES TO FINANCIAL STATEMENTS
for the year ended 30 June 2008

16. Creditors: amounts falling due after more than one year	2008 £	2007 £
Group and company		
Bank loan	259,879	388,793
Net obligations under finance leases and hire purchase contracts	125,267	190,828
Director's loan account	351,165	-
	<u>736,311</u>	<u>579,621</u>
Loans		
Repayable in five years or more	<u>191,165</u>	<u>-</u>

The bank loan is 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.

The director's loan is unsecured and is repayable by instalments over ten years and interest is charged at 1.5% over base.

17. Provisions for liabilities and charges

Deferred tax is analysed over the following timing differences:

	2008 £	2007 £
Group		
Accelerated capital allowances	<u>277,175</u>	<u>241,641</u>
Company		
Accelerated capital allowances	<u>39,199</u>	<u>33,059</u>

Movements on the provision for deferred taxation are:

Group	£
At 1 July 2007	241,641
Transferred from profit and loss account	35,534
At 30 June 2008	<u>277,175</u>
Company	
At 1 July 2007	33,059
Transferred from profit and loss account	6,140
At 30 June 2008	<u>39,199</u>

CHARLES BIRCH LIMITED

NOTES TO FINANCIAL STATEMENTS
for the year ended 30 June 2008

18. Share capital	2008 £	2007 £
Authorised equity		
493,800 Ordinary shares of £1 each	493,800	493,800
2,200 Ordinary 'B' shares of £1 each	2,200	2,200
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>500,000</u>	<u>500,000</u>
 Allotted, called up and fully paid equity		
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

19. Equity Reserves	Profit and loss account £	Other reserve £	Total £
Group			
At 1 July 2007	3,753,767	20,070	3,773,837
Profit for the year	311,297	-	311,297
Dividend	(141,684)	-	(141,684)
At 30 June 2008	<u>3,923,380</u>	<u>20,070</u>	<u>3,943,450</u>
 Company			
At 1 July 2007	1,281,376	13,541	1,294,917
Profit for the year	100,491	-	100,491
Dividend	(141,684)	-	(141,684)
At 30 June 2008	<u>1,240,183</u>	<u>13,541</u>	<u>1,253,724</u>

CHARLES BIRCH LIMITED
NOTES TO FINANCIAL STATEMENTS
for the year ended 30 June 2008

20. Reconciliation of movements in shareholders' funds	2008	2007
	£	£
Group		
Profit for the year	311,297	28,930
Dividends	(141,684)	(68,307)
	<u>169,613</u>	<u>(39,377)</u>
Opening shareholders' funds	3,896,800	3,936,177
	<u>4,066,413</u>	<u>3,896,800</u>
Company		
Profit/(loss) for the year	100,491	(44,596)
Dividends	(141,684)	(68,307)
	<u>(41,193)</u>	<u>(112,903)</u>
Opening shareholders' funds	1,417,880	1,530,783
	<u>1,376,687</u>	<u>1,417,880</u>

21. Financial commitments

At 30 June 2008 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2008	2007	2008	2007
	£	£	£	£
Expiry date:				
Within one year	88,000	87,450	31,952	22,470
Between two and five years	56,800	63,500	87,424	78,794
In over five years	612,055	534,488	-	-
	<u>756,855</u>	<u>685,438</u>	<u>119,376</u>	<u>101,264</u>

The company is party to a cross guarantee securing the loans and overdrafts of other group companies
The amount so secured at 30 June 2008 was £2,864 (2007 £177,816)

22. Related party transactions

The group operates from certain properties owned by E H Wilson and his family, for which open market rents are paid. E H Wilson is the father of C H Wilson, a director of the company.

During the year a director made an unsecured loan to the company of £400,000. The loan is repayable by instalments over ten years and interest is charged at 1.5% over base.

CHARLES BIRCH LIMITED
NOTES TO FINANCIAL STATEMENTS
for the year ended 30 June 2008

23. Controlling interest

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

24. Gross Cash Flows

	2008	2007
	£	£
Returns on investments and servicing of finance		
Bank interest paid	(94,986)	(100,703)
Interest element of finance leases and hire purchase contract payments	(1,103)	(828)
Other interest	-	(100,904)
	<u>(96,089)</u>	<u>(202,435)</u>
Taxation		
Corporation tax paid	<u>(35,633)</u>	<u>-</u>
Capital expenditure		
Payments to acquire tangible assets	(436,696)	(355,526)
Receipts from sales of intangible assets	-	1
Receipts from sales of tangible assets	6,726	15,625
Purchase of intangible fixed assets	(376,000)	(116,500)
	<u>(805,970)</u>	<u>(456,400)</u>
Financing		
Bank loan advances net of repayments	(128,914)	(128,913)
Other loan advances net of repayments	391,165	-
Capital element of hire purchase agreements net of repayments	(65,561)	(32,425)
	<u>196,690</u>	<u>(161,338)</u>

25. Analysis of changes in net funds

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	8,700	1,183	9,883
Overdrafts	(619,510)	(524,218)	(1,143,728)
	<u>(610,810)</u>	<u>(523,035)</u>	<u>(1,133,845)</u>
Debt due within one year	(194,476)	(40,000)	(234,476)
Debt due after one year	(579,621)	(156,690)	(736,311)
	<u>(774,097)</u>	<u>(196,690)</u>	<u>(970,787)</u>
Net funds	<u>(1,384,907)</u>	<u>(719,725)</u>	<u>(2,104,632)</u>