AMENDING

BEACONSFIELD FOOTWEAR LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JANUARY 2008

Company No. 641365

BEACONSFIELD FOOTWEAR LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2008

CONTENTS	PAGE

BEACONSFIELD FOOTWEAR LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors	S Houlgrave PN Davis
Company Secretary	PN Davis
Registered Office	2 Peel Road West Pimbo Skelmersdale Lancashire WN8 9PT
Auditors	Ernst &Young LLP Registered Auditor 100 Barbirolli Square Manchester M2 3EY
Bankers	HSBC 4 Dale Street Liverpool L69 2BZ
Legal Advisors	DLA LLP 101 Barbirolli Square Bridgewater Manchester M2 3DL

The directors present their report and the financial statements of the group for the year ended 31 January 2008.

Principal Activity and Business Review

The directors are satisfied with the continuing performance and growth of the business and intend to pursue appropriate strategic policies to ensure the continuation of the growth trend.

During the course of the year the group continued to manufacture and merchandise a wide variety of footwear. Both turnover and gross profit grew by 2% in the year.

The increase was achieved due to the rising demand for footwear products and the opening of additional retail units.

At the year end the group had shareholders' funds of £13,446,905 including distributable profits of £13,404,905.

The directors have assessed the main risk facing the company as being the progressive fashion advances related to the industry. The main competitive advantage can be gained from continual mould design and development for new footwear ranges periodically through the year, and widening product appeal to attract a slightly younger customer.

The directors try to mitigate these risks by employing a team of dedicated design specialists who continually update footwear ranges. These ranges are adopted for forthcoming seasonal catalogues and brochures.

Key Performance Indicators

The directors monitor the following Key Performance Indicators on a monthly basis and at the year end they are as follows:

	2008	2007
	£	£
Turnover	37,375,575	36,678,001
Operating Profit	4,737,104	4,398,635
Cash	2,178,448	7,965,217
Net Assets	13,446,905	11,037,310

Results and Dividends

The group trading results for the year and the group and company's financial position at the end of the year are shown in the attached financial statements.

A dividend of £1,000,000 (2007:nil) has been declared and approved during the year.

Directors

The directors who served during the year were as follows:

S Houlgrave
P Houlgrave (resigned 16 April 2007)
S Andrew (resigned 21 December 2007)
PN Davis (appointed 21 July 2008)
T Barnes (resigned 7 November 2008)

Directors' Responsibilities

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

In so far as the directors are aware:

- There is no relevant audit information of which the company's auditors are unaware; and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial risk management objectives and policies

The group and company make little use of the financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk, and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the group or company.

Payments to Suppliers

It is the group and company's policy to make suppliers aware of the terms and conditions upon which the business will trade with them and to abide by those terms. The company had 24 days (2007: 33 days) of purchases outstanding at the end of the financial year.

Disabled employees

The group and company give full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the group and company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the group and company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Post balance sheet event

After the year end, a group restructuring took place. Details of this transaction can be found in note 22 to the accounts.

Auditors

Ernst & Young LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

Registered office:
Beaconsfield Footwear Limited
2 Peel Road
West Pimbo
Skelmersdale
Lancashire
WN8 9PT

Signed by order of the directors

PN Davis
Company Secretary

Approved by the directors on 28 November 2008

BEACONSFIELD FOOTWEAR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 JANUARY 2008

We have audited the group and company financial statements ("the financial statements") of Beaconsfield Footwear Limited for the year ended 31 January 2008 which comprise of the Group Profit and Loss Accounts, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes 1 to 22. 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 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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 in (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.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group and company's circumstances, consistently applied and adequately disclosed.

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 group and company's affairs as at 31 January 2008 and of the group's profit for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young

Ernst & Young
Registered Auditor
100 Barbirolli Square
Manchester
M2 3EY

Date: 28 November 2008

BEACONSFIELD FOOTWEAR LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 JANUARY 2008

	Note	2008 £	2007 £
Turnover	2	37,375,575	36,678,001
Cost of sales		(14,133,230)	(13,889,545)
Gross profit		23,242,345	22,788,456
Distribution costs		(2,266,241)	(2,043,030)
Administrative expenses		(16,239,000)	(16,346,791)
Operating profit	3	4,737,104	4,398,635
Profit/(loss) on disposal of fixed assets		69,166	(105,859)
Interest receivable		115,783	240,315
Interest payable	5	(208,807)	(32,372)
Profit on ordinary activities before taxation		4,713,246	4,500,719
Tax on profit on ordinary activities	6	(1,323,261)	(1,445,205)
Profit on ordinary activities after taxation for the financial year		3,389,985	3,055,514
Dividends on equity shares		(1,000,000)	-
Retained profit transferred to reserves	17	2,389,985	3,055,514

All figures in the profit and loss account relate to continuing operations.

BEACONSFIELD FOOTWEAR LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 JANUARY 2008

	2008 £	2007 £
Profit for the financial year	2,389,985	3,055,514
Currency translation differences on foreign currency net investments	19,610	125,647
Total recognised gains and losses relating to the year	2,409,595	3,181,161

BEACONSFIELD FOOTWEAR LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 JANUARY 2008

	Note	2008 £	2008 £	*2007* £	*2007* £
Fixed assets					
Tangible assets	7		3,078,875		2,418,770
Current assets					
Stocks	9	5,289,973		4,280,095	
Debtors	10	8,204,645		1,076,057	
Cash at bank and in hand		2,178,448		7,965,217	
		15,673,066		13,321,369	
Creditors: Amounts falling due within one year	12	(5,156,645)		(4,702,829)	
Net current assets			10,516,421		8,618,540
Total assets less current liabilities			13,595,296		11,037,310
Creditors: Amounts falling due after more than one year	13		(148,391)		-
			13,446,905		11,037,310
Capital and reserves					
Called up share capital	16		42,000		42,000
Profit and loss account	17		13,404,905		10,995,310
Shareholders' funds	18		13,446,905		11,037,310

These financial statements were approved by the directors on 28 November 2008 and are signed on their behalf by:

PN Davis
Director

BEACONSFIELD FOOTWEAR LIMITED

COMPANY BALANCE SHEET

AS AT 31 JANUARY 2008

		2008	2008	2007	2007
		£	£	£	£
Fixed assets					
Tangible assets	7		3,065,750		2,397,630
Investments	8		27,687		27,687
			3,093,437		2,425,317
Current assets					
Stocks	9	4,849,591		3,988,329	
Debtors	10	8,587,377		1,348,936	
Cash at bank and in hand		2,060,767		7,575,297	
		15,497,735		12,912,562	
Creditors:					
Amounts falling due within one year	12	(5,120,398)		(4,680,659)	
Net current assets			10,377,337		8,231,903
Total assets less current liabilities			13,470,774		10,657,220
Creditors:					
Amounts falling due after more than one year	13		(148,391)		-
			13,322,383		10,657,220
Capital and Reserves					
Called up share capital	16		42,000		42,000
Profit and loss account	17		13,280,383		10,615,220
Shareholders' funds	18		13,322,383		10,657,220

These financial statements were approved by the directors on 28 November 2008 and are signed on their behalf by:

PN Davis
Director

BEACONSFIELD FOOTWEAR LIMITED

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 JANUARY 2008

	Note	2008 £	2007 £
Net cash inflow from operating activities	19	3,603,345	4,923,213
Returns on investments and servicing of finance	19	(93,023)	230,831
Taxation		(1,084,826)	(1,262,172)
Capital expenditure and financial investments	19	(1,436,359)	(1,012,889)
Cash inflow before use of liquid resources and financing		989,137	2,878,983
Financing	19	(6,775,906)	(100,000)
(Decrease)/increase in cash	19	(5,786,769)	2,778,983

The notes on pages 12 to 23 form part of these financial statements

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention in accordance with applicable Accounting Standards.

Basis of Consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and all of its subsidiary undertakings made up to the balance sheet date. The results of subsidiary undertakings are included in the group financial statements from their effective date of acquisition.

The company is exempt from the requirement to present its own profit and loss account under the provisions of Section 230 of the Companies Act 1985.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax, from the sale of footwear.

Tangible fixed assets

All fixed assets are recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset less its estimated residual value over the useful economic life of that asset as follows:

Plant and machinery, and fixtures and fittings	10 to 33.3% straight line
Motor vehicles	25% straight line

Fixed asset investments

Fixed asset investments are recorded at cost, less amounts written off.

Stocks

Stocks are valued at the lower cost and net realisable value, after making due allowance for obsolete and slow moving items. The cost of stocks comprise all costs of purchase, costs of conversion and other costs incurred in bringing stocks to their present location and condition.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

1. Accounting Policies (continued)

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company contributes to a number of defined contribution personal and self administered pension schemes for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

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

Deferred tax assets are recognised only to the extent that the directors consider it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at operating profit.

The profit and loss accounts and balance sheets of overseas subsidiary undertakings are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange adjustments arising from the translation of opening balance sheets are taken to reserves.

2. Turnover

The geographical analysis of turnover is as follows:

	2008	*2007*
	£	£
UK	35,955,211	35,826,995
Rest of world	1,420,364	851,006
	37,375,575	36,678,001

3. Group Operating Profit

The operating profit for the group is stated after charging:

	2008	*2007*
	£	*£*
Depreciation and amortisation		
- of owned tangible fixed assets	831,059	733,713
- of tangible fixed assets held under hire purchase	14,361	100,937
Operating lease rentals		
- land and buildings	650,839	494,425
Fees payable to the company's auditor for the audit of the company's financial statements	31,500	12,700
Fees payable to the company's auditor and its associates for other services		
- other services pursuant to legislation	-	215
- tax services	10,000	2,750

4. Particulars of Employees

The average monthly number of employees, including directors at the end of the year was as follows:

	2008	*2007*
	Number	*Number*
Production and management	341	285

The staff costs during the year were as follows:

	2008	*2007*
	£	*£*
Wages and salaries	5,523,907	5,035,351
Social security costs	481,740	427,716
Other pension costs	26,603	484,843
	6,032,250	5,947,910

The company contributed into a number of personal and group defined contribution schemes for the benefit of employees. The total contributions paid in the year amounted to £26,603 (2007: £484,843).

4. Particulars of Employees *(continued)*

Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2008	2007
	£	£
Emoluments receivable	576,560	494,194
Value of company pension contributions to money purchase schemes	16,499	443,278
	593,059	937,472

Emoluments of highest paid director:	2008	2007
	£	£
Total emoluments	239,454	124,854
Value of company pension contributions to money purchase schemes	11,692	216,667
	251,146	341,521

The number of directors who accrued benefits under company pension schemes was as follows:

	2008	2007
Money purchase schemes	2	4

5. Interest payable

	2008	2007
	£	£
Hire purchase and finance lease charges	6,190	9,484
Other similar charges payable	202,617	22,888
	208,807	32,372

6. Taxation on ordinary activities

(a) Analysis of charge in the year

	2008	2007
	£	£
In respect of the year:		
UK Corporation tax	1,180,840	1,405,139
Adjustment in respect of prior years	(95,017)	(202,863)
	1,085,823	1,202,276
Deferred tax:		
Origination and reversal of timing differences	237,438	242,929
Tax on profit on ordinary activities	1,323,261	1,445,205

6. **Taxation on ordinary activities** *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2007: lower) than the standard rate of corporation tax in the UK of 29.66% (2007 – 30%)

	2008	*2007*
	£	£
Profit on ordinary activities before taxation	4,713,246	4,500,719
Profit on ordinary activities by rate of tax	1,397,950	1,350,216
Effects of:		
Expenses not deductible for tax purposes	68,050	143,134
Depreciation for the period in excess of capital allowances	(49,335)	41,787
Overseas losses incurred	-	62,739
Group tax relief	(13,347)	(62,739)
Other timing differences	(222,478)	(187,500)
Consolidation adjustment	-	57,502
Adjustments to tax charge in respect of previous periods	(95,017)	(202,863)
Total current tax	1,085,823	1,202,276

(c) Factors affecting future tax charge

The future tax charge will be affected by the release of the deferred tax asset (note 11).

7. **Tangible assets**

Group	**Fixtures and fittings**	**Motor vehicles**	**Plant and Machinery**	**Total**
	£	**£**	**£**	**£**
Cost				
At 1 February 2007	1,618,820	398,867	3,311,804	5,329,491
Additions	636,125	120,039	770,095	1,526,259
Disposals	(64,801)	(208,229)	-	(273,030)
At 31 January 2008	2,190,144	310,667	4,081,899	6,582,720
Depreciation - restated				
At 1 February 2007	906,299	261,605	1,742,817	2,910,721
Charge for the year	263,221	68,632	513,567	845,420
Eliminated on disposal	(52,451)	(199,845)	-	(252,296)
At 31 January 2008	1,117,069	130,392	2,256,384	3,503,845
Net book value				
At 31 January 2008	1,073,075	180,285	1,825,515	3,078,875
At 31 January 2007	662,911	137,262	1,618,597	2,418,770

7. Tangible assets *(continued)*

Hire purchase agreements

Included within the net book value of £3,078,875 is £ 277,134 (2007: £269,166) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £14,361 (2007: £100,937).

Company	Fixtures and fittings	Motor vehicles	Plant and Machinery	Total
	£	£	£	£
Cost				
At 1 February 2007	1,488,729	384,639	3,307,225	5,180,593
Additions	635,082	120,039	770,094	1,525,215
Disposals	(64,801)	(208,229)	-	(273,030)
At 31 January 2007	2,059,010	296,449	4,077,319	6,432,778
Depreciation - restated				
At 1 February 2007	780,927	261,308	1,740,728	2,782,963
Charge for the year	258,535	65,126	512,700	836,361
Eliminated on disposal	(52,451)	(199,846)	-	(252,296)
At 31 January 2008	987,011	126,588	2,253,428	3,367,028
Net book value				
At 31 January 2008	1,071,998	169,860	1,823,891	3,065,750
At 31 January 2007	707,802	123,331	1,566,496	2,397,630

During the year the directors have reviewed the disclosures related to the allocation of the brought forward depreciation between fixed assets categories. As a result of the review £49,609 was re-allocated between fixtures and fittings and plant and machinery depreciation brought forward. This does not impact the profit and loss account for current or prior years or any other disclosures.

Hire purchase agreements

Included within the net book value of £3,065,750 is £ 277,134 (2007: £269,166) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £ 14,361(2007: £100,937).

8. Fixed asset investments

Company	Subsidiary undertakings
	£
Cost	
At 1 February 2007 and 31 January 2008	27,687
Net book value	
At 31 January 2008	27,687
At 31 January 2007	*27,687*

8. Fixed asset investments (continued)

Principal fixed asset investments

Name	Class of share	Proportion held	Country of incorporation	Nature of business £
Hotter Comfort Concept US Limited	Ordinary	100%	USA	Footwear retailer
Comfort Concept Limited	Ordinary	100%	UK	Dormant

The company's voting rights in respect of the investments are held in the same proportion as the company's share of the ordinary share capital of each company.

9. Stocks

	Group 2008 £	Group *2007* £	Company 2008 £	Company *2007* £
Raw materials	765,296	675,523	765,296	675,523
Work in progress	65,294	139,365	65,294	139,365
Finished goods	4,459,383	3,465,207	4,019,001	3,173,441
	5,289,973	4,280,095	4,849,591	3,988,329

10. Debtors

	Group 2008 £	Group *2007* £	Company 2008 £	Company *2007* £
Trade debtors	823,060	527,788	746,979	414,876
Prepayments	286,047	176,244	252,850	159,066
Other debtors	23,001	25,727	23,001	12,016
Amounts owed by related undertaking	6,963,677	-	7,462,393	416,680
Deferred taxation (note 11)	108,860	346,298	102,154	346,298
	8,204,645	1,076,057	8,587,377	1,348,936

11. Deferred taxation

The deferred tax included in the balance sheet of the group and company is as follows:

	Group 2008 £	Group *2007* £	Company 2008 £	Company *2007* £
Included in debtors (note 10)	108,860	346,298	102,154	346,298

11. Deferred taxation (continued)

The movement in the deferred taxation account during the year was:

	Group		Company	
	2008	*2007*	**2008**	*2007*
	£	£	**£**	£
At 1 February	346,298	589,227	346,298	589,227
Profit and loss account movement	(237,438)	(242,929)	(244,144)	(242,929)
At 31 January	108,860	346,298	102,154	346,298

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2008	*2007*	**2008**	*2007*
	£	£	**£**	£
Excess of taxation allowances over depreciation on Fixed assets	(66,140)	(28,702)	(72,846)	(28,702)
Other timing differences	175,000	375,000	175,000	375,000
	108,860	346,298	102,154	346,298

12. Creditors: Amounts falling due within one year

	Group		Company	
	2008	*2007*	**2008**	*2007*
	£	£	**£**	£
Obligations under hire purchase contracts	81,047	41,667	81,047	41,667
Trade creditors	1,692,674	2,255,752	1,692,674	2,255,752
Corporation tax	393,611	392,614	393,611	392,614
Other taxes and social security	838,489	710,797	838,489	710,797
Accruals	1,150,824	1,301,999	1,114,577	1,279,829
Dividend – declared and approved	1,000,000	-	1,000,000	-
	5,156,645	4,702,829	5,120,398	4,680,659

13. Creditors: Amounts falling due after more than one year

	Group and Company	
	2008	*2007*
	£	£
Obligations under hire purchase contracts	148,391	-

14. Obligations under Hire Purchase Contracts

Obligations under hire purchase contracts are analysed between amounts payable:

	Group and Company	
	2008	*2007*
	£	*£*
Within one year	81,047	41,667
Between one and two years	83,065	-
Between two and five years	65,326	
	229,438	41,667

Hire purchase contracts are secured on the assets concerned.

15. Derivatives

The company has no financial instruments that fall to be classified as derivatives.

16. Share Capital

	2008	*2007*
	£	*£*
Authorised share capital:		
50,000 Ordinary shares of £1 each	50,000	50,000

Allotted, called up and fully paid:	**2008 Number**	**£**	*2007 Number*	*£*
Ordinary shares of £1 each	42,000	42,000	42,000	42,000

17. Reserves

Group

	Profit and loss account
	£
At 1 February 2007	10,995,310
Profit for the period	2,389,985
Exchange gain	19,610
At 31 January 2008	13,404,905

The profit for the financial year is dealt with in the financial statements of:

	2008	*2007*
	£	*£*
The company	2,665,163	3,458,857
Subsidiaries	(249,965)	(211,664)
Consolidation adjustment	(25,213)	(191,679)
	2,389,985	3,055,514

17. Reserves (continued)

Company

	Profit and loss account £
At 1 February 2007	10,615,220
Profit for the period	2,665,163
At 31 January 2008	13,280,383

18. Reconciliation of Movements in Shareholders' Funds

Group	2008 £	*2007 £*
Profit on ordinary activities after tax	3,389,985	3,055,514
Exchange gain	19,610	125,647
Dividend	(1,000,000)	-
Net increase in shareholders' funds	2,409,595	3,181,161
Shareholders' funds at 31 January 2007	11,037,310	7,856,149
Shareholders' funds at 31 January 2008	13,446,905	11,037,310

Company	2008 £	*2007 £*
Profit on ordinary activities after tax	3,665,163	3,458,857
Dividend	(1,000,000)	-
Net increase in shareholders' funds	2,665,163	3,458,857
Shareholders' funds at 31 January 2007	10,657,220	7,198,363
Shareholders' funds at 31 January 2008	13,322,383	10,657,220

19. Gross cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2008 £	*2007 £*
Operating profit	4,737,104	4,398,635
Depreciation	845,420	834,650
Currency exchange differences	19,610	125,647
Increase in stocks	(1,009,880)	(1,829,422)
(Increase)/decrease in debtors	(402,349)	291,763
(Decrease)/increase in creditors	(586,560)	1,101,940
Net cash inflow from operating activities	3,603,345	4,923,213

19. Gross cash flows (continued)

Returns on investments and servicing of finance

	2008 £	*2007* £
Interest received	115,784	240,315
Interest element of hire purchase payments	(6,190)	(9,484)
Interest paid	(202,617)	-
Net cash (outflow)/inflow from returns on investments and servicing of finance	(93,023)	230,831

Capital expenditure	**2008** £	*2007* £
Payments to acquire tangible fixed assets	(1,526,259)	(1,029,112)
Receipts from sale of fixed assets	89,900	16,223
Net cash outflow from capital expenditure	(1,436,359)	(1,012,889)

Financing	**2008** £	*2007* £
Capital element of hire purchase	187,771	(100,000)
Loan to parent company	(6,963,677)	-
Net cash outflow from financing	(6,775,906)	(100,000)

Reconciliation of net cash flow to movement in net funds

	2008 £	*2007* £
(Decrease)/increase in cash in the period	(5,786,769)	2,778,983
Cash (inflow)/outflow in respect of hire purchase	(187,771)	100,000
Change in net funds resulting from cash flows	(5,974,540)	2,878,983
Net funds at 1 February	7,923,550	5,044,567
Net funds at 31 January	1,949,010	7,923,550

19. Gross cash Flows (continued)

Analysis of changes in net funds

	At 1 February 2007	Cash flows	At 31 January 2008 £
Net cash:			
Cash in hand and at bank	7,965,217	(5,786,769)	2,178,448
Debt:			
Hire purchase agreements	(41,667)	(187,771)	(229,438)
Net funds	7,923,550	(5,974,540)	1,949,010

20. Operating Lease Commitments

At 31 January 2008, the group had annual contributions under non-cancellable operating leases as follows:

	2008	*2007*
Leases of land and buildings which expire:	£	£
Within one year	428,000	-
Between one and five years	41,000	41,000
After five years	155,000	491,100
	624,000	532,100

21. Related Party Transactions and Control

During the year the Peel Road site was rented by Beaconsfield Footwear Limited from the Beaconsfield Footwear Limited Directors' Retirement and Death Benefit Scheme for £395,000 per annum (2007: £395,000) under an agreement until September 2008, with the option to extend beyond this date.

At 31 January 2008, the company was a subsidiary of Hotter Limited. The largest group in which the results of the company are consolidated is that headed by Hotter Limited which is a company incorporated in the UK on 30 January 2007.

In the director's opinion, the company's ultimate parent undertaking and controlling party is Hotter Group Holdings Limited, a company incorporated in the UK on 15 November 2007, whose first financial statements will be drawn for the period to 31 January 2009. None of the shareholders of Hotter Group Holdings Limited has ultimate control.

22. Post Balance Sheet Events

In August 2008, the Group took the decision to close down its operation in the United States. In the director's opinion this will not have a significant impact on the profitability of the business going forward. No costs incurred with this closure have been included in these accounts and the matter has been treated as a non-adjusting post balance sheet event.