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Beaconsfield Footwear Limited

Report and Financial Statements

30 January 2011

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COMPANIES HOUSE

Beaconsfield Footwear Limited

Directors

S Houlgrave

P N Davis

J Andersen (appointed 10/08/2010)

Secretary

P N Davis

Auditors

Ernst & Young LLP

100 Barbirolli Square

Manchester M2 3EY

Bankers

HSBC

4 Dale Street

Liverpool L69 2BZ

Legal advisors

DLA Piper UK LLP

101 Barbirolli Square

Bridgewater

Manchester M2 3DL

Registered Office

2 Peel Road

West Pimbo

Skelmersdale

Lancashire WN8 9PT

Directors' report

The directors present their report and the financial statements of the group for the year ended 30 January 2011

Results and dividends

The group profit for the year after taxation amounted to £6,532,000 (2010 – profit of £7,132,000)

A dividend of £6,250,000 has been declared and approved during the year (2010 – £5,000,000)

Principal activity and review of the business

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 increased by 28.4% and 27.7% respectively in the year.

The increase in turnover is attributable to the expansion of retail stores as well as further growth in Mail Order and E-Commerce channels.

At the year end the group had shareholders' funds of £20,107,000 (2010 – £19,826,000) including distributable reserves of £20,065,000 (2010 – £19,784,000)

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 for the group on a monthly basis and at the year end they were as follows:

	2011 £000	2010 £000
Turnover	57,076	44,456
Operating profit	7,765	7,501
Cash	6,092	5,319
Net assets	20,107	19,826

Directors

The directors who served during the year were as follows:

S Houlgrave
P N Davis
J R Andersen

Directors' report (continued)

Principal risks and uncertainties – financial instruments

The group finances its operations through the use of various financial instruments including cash and various other items such as trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations. The company buys goods in currencies other than sterling. As a result, the value of the company's non-sterling purchases and financial liabilities can be affected by movements in exchange rates. Exposure to credit risk and liquidity risk are not considered to be material to the assessment of assets, liabilities and profit of the company.

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.

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 22 days (2010 – 16 days) of purchases outstanding at the end of the financial year.

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.

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of the group's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



P N Davis
Secretary
21/10/11

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 the 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 judgments 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, and
- 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 that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Beaconsfield Footwear Limited

We have audited the financial statements of Beaconsfield Footwear Limited for the year ended 30 January 2011 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Statement of Total Recognised Gains and Losses and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 January 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report (continued)

to the members of Beaconsfield Footwear Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



B Flynn (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

21/10/2011

Group profit and loss account

for the year ended 30 January 2011

	Notes	2011 £000	2010 £000
Turnover	2	57,076	44,456
Cost of sales		(20,131)	(15,524)
Gross profit		36,945	28,932
Distribution costs		(2,163)	(1,994)
Administrative expenses		(27,017)	(19,437)
Operating profit	3	7,765	7,501
Profit on disposal of fixed assets		2	5
Interest receivable		12	57
Interest payable	6	(12)	(13)
Profit on ordinary activities before taxation		7,767	7,550
Tax	7	(1,235)	(418)
Profit for the financial year	17	6,532	7,132

Statement of total recognised gains and losses

for the year ended 30 January 2011

	2011 £000	2010 £000
Profit for the financial year	6,532	7,132
Currency translation differences on foreign currency net investments	(1)	9
Total recognised gains and losses relating to the year	6,531	7,141

Group balance sheet

at 30 January 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Tangible assets	8	4,324	3,683
Current assets			
Stocks	10	8,948	7,169
Debtors	11	9,567	7,908
Cash at bank and in hand		6,092	5,319
		24,607	20,396
Creditors amounts falling due within one year	13	(8,824)	(4,236)
Net current assets		15,783	16,160
Total assets less current liabilities		20,107	19,843
Creditors amounts falling due after more than one year	14	–	(12)
Provisions for liabilities			
Deferred taxation	12	–	(5)
Net assets		20,107	19,826
Capital and reserves			
Called up share capital	16	42	42
Profit and loss account	17	20,065	19,784
Shareholders' funds	17	20,107	19,826



P N Davis
Director

21/10/11

Company balance sheet

at 30 January 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Tangible assets	8	4,324	3,683
		<u>4,324</u>	<u>3,683</u>
Current assets			
Stocks	10	8,948	7,169
Debtors	11	9,567	7,956
Cash at bank and in hand		6,092	5,318
		<u>24,607</u>	<u>20,443</u>
Creditors amounts falling due within one year	13	(8,821)	(4,233)
Net current assets		<u>15,786</u>	<u>16,210</u>
Total assets less current liabilities		<u>20,110</u>	<u>19,893</u>
Creditors amounts falling due after more than one year	14	–	(12)
Net assets		<u>20,110</u>	<u>19,881</u>
Capital and reserves			
Called up share capital	16	42	42
Profit and loss account	17	20,068	19,839
Shareholders' funds	17	<u>20,110</u>	<u>19,881</u>



P N Davis
Director

21/10/11

Notes to the financial statements

at 30 January 2011

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Statement of cash flows

The company has taken advantage of the exemption in FRS 1 from the requirement to produce a statement of cash flows on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

Basis of consolidation

The group 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

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 tangible fixed assets are recorded at cost less accumulated 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

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Fixed asset investments

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

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

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

Notes to the financial statements

at 30 January 2011

1. Accounting policies (continued)

Deferred taxation

Deferred taxation 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 right to pay less or to receive more tax, with the following exceptions

- Deferred tax assets are recognised only to the extent that the directors consider that 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

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

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.

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.

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. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

Pensions

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.

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.

Notes to the financial statements

at 30 January 2011

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties in respect of the group's continuing activity as stated in the directors' report

An analysis of turnover by geographical market is given below

	2011 £000	2010 £000
United Kingdom	55,714	43,634
Rest of World	1,362	822
	<u>57,076</u>	<u>44,456</u>

3. Operating profit

This is stated after charging

	2011 £000	2010 £000
Continuing operations		
Depreciation and amortisation		
– of owned tangible fixed assets	1,403	1,249
– of tangible fixed assets held under hire purchase	57	59
Operating lease rentals		
– land and buildings	931	760
Fees payable to the company's auditor for the audit of the company's financial statements	37	30
Fees payable to the company's auditor and its associates for other services		
– tax services	37	14
– other services	3	–
Exceptional items social security costs and related interest	757	–
	<u>757</u>	<u>–</u>

The company is exempt from the requirement to present its own profit and loss account under the provisions of Section 408 of the Companies Act 2006. The company's own profit for the year was £6,247,000 (2010 – £7,138,000)

Social security costs (£757,000) relate to an assessment of National Insurance contributions, and are included in the amount disclosed in note 5

4. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2011 £000	2010 £000
Emoluments receivable	491	435
Value of company pension contributions to money purchase schemes	35	11
	<u>526</u>	<u>446</u>
Emoluments of the highest paid director	<u>276</u>	<u>271</u>

Notes to the financial statements

at 30 January 2011

4. Directors' emoluments (continued)

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

	2011 No	2010 No
Money purchase schemes	2	1

The highest paid director received emoluments of £276,000 (2010 – £271,000) and £nil (2010 – £nil) in respect of pension scheme contributions

5. Staff costs

	2011 £000	2010 £000
Wages and salaries	8,829	7,167
Social security costs	1,505	631
Other pension costs	87	72
	<u>10,421</u>	<u>7,870</u>

The average monthly number of employees, including directors, during the year was made up as follows

	2011 No	2010 No
Production and management	433	354

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 £87,000 (2010 – £72,000). At 30 January 2011 there were unpaid contributions of £3,000 (2010 – £nil).

6. Interest payable and similar charges

	2011 £000	2010 £000
Hire purchase and finance lease charges	12	13

Notes to the financial statements

at 30 January 2011

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2011 £000	2010 £000
<i>Current tax</i>		
UK corporation tax on the profit for the year	1,300	1,135
Adjustments in respect of previous periods	(43)	(687)
Total current tax (note 7(b))	1,257	448
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 12)	(44)	(30)
Adjustments in respect of previous periods	22	–
Tax on profit on ordinary activities	1,235	418

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28% (2010 – 28%) The differences are explained below

	2011 £000	2010 £000
Profit on ordinary activities before tax	7,767	7,550
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 – 28%)	2,175	2,114
<i>Effects of</i>		
Expenses not deductible for tax purposes	82	120
(Depreciation in advance of capital allowances)/capital allowances in advance of depreciation	44	(63)
Group tax relief	(1,002)	(1,036)
Movements in general provisions	1	–
Adjustments to tax charge in respect of previous periods	(43)	(687)
Current tax for the year	1,257	448

(c) Factors affecting the future tax charge

The future tax charge will be affected by the movement in the deferred tax liability (note 12)

Notes to the financial statements

at 30 January 2011

8. Tangible fixed assets

<i>Group</i>	<i>Fixtures and fittings £000</i>	<i>Motor vehicles £000</i>	<i>Plant and machinery £000</i>	<i>Total £000</i>
Cost or valuation				
At 1 February 2010	3,744	313	5,025	9,082
Additions	1,705	19	399	2,123
Disposals	(27)	(52)	(3)	(82)
At 30 January 2011	5,422	280	5,421	11,123
Depreciation				
At 1 February 2010	1,860	135	3,404	5,399
Provided during the year	782	73	605	1,460
Disposals	(23)	(37)	–	(60)
At 30 January 2011	2,619	171	4,009	6,799
Net book value				
At 30 January 2011	2,803	109	1,412	4,324
At 1 February 2010	1,884	178	1,621	3,683

Hire purchase agreements

Included within the net book value of £4,324,000 is £18,000 (2010 – £127,000) 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 £57,000 (2010 – £59,000).

<i>Company</i>	<i>Fixtures and fittings £000</i>	<i>Motor vehicles £000</i>	<i>Plant and machinery £000</i>	<i>Total £000</i>
Cost or valuation				
At 1 February 2010	3,722	315	5,019	9,056
Additions	1,705	19	399	2,123
Disposals	(27)	(52)	(3)	(82)
At 30 January 2011	5,400	282	5,415	11,097
Depreciation				
At 1 February 2010	1,838	137	3,398	5,373
Provided during the year	782	73	605	1,460
Disposals	(23)	(37)	–	(60)
At 30 January 2011	2,597	173	4,003	6,773
Net book value				
At 30 January 2011	2,803	109	1,412	4,324
At 1 February 2010	1,884	178	1,621	3,683

Notes to the financial statements

at 30 January 2011

8. Tangible fixed assets (continued)

Included within the net book value of £4,324,000 is £18,000 (2010 – £127,000) 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 £57,000 (2010 – £59,000).

9. Fixed asset investments

Company

	<i>Subsidiary undertakings £000</i>
Cost	
At 1 February 2010 and 30 January 2011	27
Provision	
At 1 February 2010 and 30 January 2011	27
Net book value	
At 1 February 2010 and 30 January 2011	–

Principal fixed asset investments

<i>Name</i>	<i>Class of share</i>	<i>Proportion held</i>	<i>Country of incorporation</i>	<i>Nature of business</i>
Hotter Comfort Concept US Limited	Ordinary	100%	USA	Dormant
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.

10. Stocks

	<i>2011 £000</i>	<i>Group 2010 £000</i>	<i>2011 £000</i>	<i>Company 2010 £000</i>
Raw materials	1,340	1,264	1,340	1,264
Work in progress	89	55	89	55
Finished goods	7,519	5,850	7,519	5,850
	<u>8,948</u>	<u>7,169</u>	<u>8,948</u>	<u>7,169</u>

The difference between purchase price or production cost of stocks and their replacement costs is not material.

Notes to the financial statements

at 30 January 2011

11. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	859	548	859	548
Prepayments	686	448	686	448
Other debtors	140	102	140	102
Amounts owed by related undertaking	7,865	6,414	7,865	6,414
Corporation tax	–	396	–	396
Deferred taxation (note 12)	17	–	17	48
	<u>9,567</u>	<u>7,908</u>	<u>9,567</u>	<u>7,956</u>

12. Deferred taxation

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

	<i>Group</i>		<i>Company</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Included in debtors (note 11)	17	–	17	48
Included in provisions for liabilities	–	(5)	–	–
	<u>17</u>	<u>(5)</u>	<u>17</u>	<u>48</u>

The movement in the deferred taxation account during the year was

	<i>Group</i>		<i>Company</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 February 2010	(5)	(34)	48	6
Profit and loss account movement	44	2	44	17
Adjustments in respect of previous years	(22)	27	(75)	25
At 30 January 2011	<u>17</u>	<u>(5)</u>	<u>17</u>	<u>48</u>

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

	<i>Group</i>		<i>Company</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Excess of taxation allowances over depreciation on fixed assets	8	(5)	8	(5)
Other timing differences	9	–	9	53
	<u>17</u>	<u>(5)</u>	<u>17</u>	<u>48</u>

Notes to the financial statements

at 30 January 2011

13. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Obligations under hire purchase contracts	6	85	6	85
Trade creditors	3,270	1,771	3,270	1,771
Corporation tax	637	–	637	–
Other taxes and social security	2,148	708	2,148	708
Accruals	2,763	1,672	2,760	1,669
	<u>8,824</u>	<u>4,236</u>	<u>8,821</u>	<u>4,233</u>

14. Creditors: amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Obligations under hire purchase contracts (note 15)	–	12	–	12
	<u>–</u>	<u>12</u>	<u>–</u>	<u>12</u>

15. Obligations under finance leases and hire purchase contracts

	<i>Group and company</i>	
	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Amounts payable		
Within one year	6	85
Between one and two years	–	12
Between two and five years	–	–
	<u>6</u>	<u>97</u>

Hire purchase contracts are secured on the assets concerned

16. Issued share capital

	<i>2011</i>		<i>2010</i>	
<i>Allotted, called up and fully paid</i>	<i>No</i>	<i>£000</i>	<i>No</i>	<i>£000</i>
Ordinary shares of £1 each	42,000	42	42,000	42
		<u>42</u>		<u>42</u>

Notes to the financial statements

at 30 January 2011

17. Reconciliation of shareholders' funds and movements on reserves

Group

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Profit for the year	6,532	7,132
Currency translation difference	(1)	9
Dividend	(6,250)	(5,000)
Net increase in shareholders' funds	281	2,141
Shareholders' funds at start of the year	19,826	17,685
Shareholders' funds at the end of the year	20,107	19,826

Company

	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>
Profit for the year	6,479	7,138
Dividend	(6,250)	(5,000)
Net increase in shareholders' funds	229	2,138
Shareholders' funds at start of the year	19,881	17,743
Shareholders' funds at the end of the year	20,110	19,881

Group

	<i>Profit and loss account £000</i>
At 1 February 2010	19,784
Profit for the year	6,532
Currency translation difference	(1)
Dividend	(6,250)
At 30 January 2011	20,065

Notes to the financial statements

at 30 January 2011

17. Reconciliation of shareholders' funds and movements on reserves (continued)

Company

	<i>Profit and loss account £000</i>
At 1 February 2010	19,839
Profit for the year	6,479
Dividend	(6,250)
At 30 January 2011	<u>20,068</u>

18. Operating lease commitments

At 30 January 2011, the group had annual contributions under non-cancellable operating leases as follows

	<i>2011 £000</i>	<i>2010 £000</i>
Leases of land and buildings which expire		
Within one year	141	–
Between one and five years	678	99
After five years	630	624
	<u>1,449</u>	<u>723</u>

Expiry date is taken to be the earlier of the lease expiry date and the date of break clause (if applicable) contained within the lease

19. Contingent liabilities

The assets of the company are pledged as security for the bank borrowings of the group by way of a fixed and floating charge

The company has entered into a bank cross guarantee with its ultimate parent undertaking and fellow subsidiaries. The guarantee amounts to £11,334,000 at 30 January 2011 (2010 – £12,519,000)

On 23 February 2011 a former shareholder and director issued proceedings jointly against Stewart Houlgrave and Beaconsfield Footwear Limited. The claim is for damages arising out of allegations concerning the circumstances surrounding the negotiations leading to the acquisition in 2007 of the shareholding of the former shareholder and director. The claim is denied by both Stewart Houlgrave and Beaconsfield Footwear Limited and a full defence was submitted on 17 May 2011.

The directors are of the opinion that the claim is without merit and that to disclose the claimant's estimate of loss and damage without full knowledge of the detail of the claim would be misleading.

No provision for settling the claim has been recorded in these financial statements.

Notes to the financial statements

at 30 January 2011

20. Related party transactions

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 £425,000 per annum under a 15 year agreement until September 2023

21. Ultimate parent undertaking and controlling party

At 30 January 2011, the company was a subsidiary of Hotter Limited

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, whose financial statements, which include the company are available from the address on page 1. None of the shareholders of Hotter Group Holdings Limited has ultimate control