

# **Beaconsfield Footwear Limited**

## **Report and Financial Statements**

31 January 2010

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COMPANIES HOUSE

**Directors**

S Houlgrave

P N Davis

**Secretary**

P N Davis

**Auditors**

Ernst & Young LLP

Registered Auditor

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 31 January 2010

### 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 £5,000,000 has been declared and approved during the year (2009 – £nil)

### 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 16.2% and 17.2% respectively in the year.

The increase was achieved due to rising demand for footwear products with a strong growth coming from online sales.

At the year end the group had shareholders' funds of £19,826,000 (2009 – £17,685,000) including distributable reserves of £19,784,000 (2009 – £17,643,000)

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 were as follows:

	2010 £000	2009 £000
Turnover	44,456	38,272
Operating profit	7,501	4,882
Cash	5,319	6,937
Net assets	19,826	17,685

### Directors

The directors who served during the year were as follows:

S Houlgrave  
P N Davis

### Principal risks and uncertainties

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.

## Directors' report

### 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 30 days (2009 – 47 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 company'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  
28 May 2010

## 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 31 January 2010 which comprise the Group Profit and Loss Account, the Group and Parent 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 auditors**

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 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.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 2010 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**

**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  
Liverpool

28 May 2010

## Consolidated profit and loss account

for the year ended 31 January 2010

	Notes	2010 £000	2009 £000
<b>Turnover</b>	2	44,456	38,272
Cost of sales		(15,524)	(13,587)
<b>Gross Profit</b>		28,932	24,685
Distribution costs		(1,994)	(2,042)
Administrative expenses		(19,437)	(17,761)
<b>Operating Profit</b>	3	7,501	4,882
Profit on disposal of fixed assets		5	5
Interest receivable		57	113
Interest payable	6	(13)	(11)
<b>Profit on ordinary activities before taxation</b>		7,550	4,989
Tax on profit on ordinary activities	7	(418)	(803)
<b>Profit on ordinary activities after taxation for the financial year</b>	17	7,132	4,186

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

## Statement of total recognised gains and losses

for the year ended 31 January 2010

	2010 £000	2009 £000
Profit for the financial year	7,132	4,186
Currency translation differences on foreign currency net investments	9	52
<b>Total recognised gains and losses relating to the year</b>	7,141	4,238



## Consolidated balance sheet

at 31 January 2010

	Notes	2010 £000	2009 £000
<b>Fixed assets</b>			
Tangible assets	8	3,683	3,322
<b>Current assets</b>			
Stocks	10	7,169	5,857
Debtors	11	7,908	7,264
Cash at bank and in hand		5,319	6,937
		20,396	20,058
<b>Creditors</b> amounts falling due within one year	13	(4,236)	(5,557)
<b>Net current assets</b>		16,160	14,501
<b>Total assets less current liabilities</b>		19,843	17,823
<b>Creditors</b> amounts falling due after more than one year	14	(12)	(104)
<b>Provisions for liabilities and charges – deferred taxation</b>	12	(5)	(34)
		19,826	17,685
<b>Capital and reserves</b>			
Called up share capital	16	42	42
Profit and loss account	17	19,784	17,643
<b>Shareholders' funds</b>	17	19,826	17,685

These financial statements were approved by the directors on 28 May 2010 and are signed on their behalf by



P N Davis  
Director

## Company balance sheet

at 31 January 2010

	Notes	2010 £000	2009 £000
<b>Fixed assets</b>			
Tangible assets	8	3,683	3,318
Investments	9	-	-
		<u>3,683</u>	<u>3,318</u>
<b>Current assets</b>			
Stocks	10	7,169	5,857
Debtors	11	7,956	7,271
Cash at bank and in hand		5,318	6,909
		<u>20,443</u>	<u>20,037</u>
<b>Creditors</b> amounts falling due within one year	13	(4,233)	(5,508)
		<u>16,210</u>	<u>14,529</u>
<b>Net current assets</b>			
		<u>19,893</u>	<u>17,847</u>
<b>Total assets less current liabilities</b>			
<b>Creditors</b> amounts falling due after more than one year	14	(12)	(104)
		<u>19,881</u>	<u>17,743</u>
		<u><u>19,881</u></u>	<u><u>17,743</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	42	42
Profit and loss account	17	19,839	17,701
		<u>19,881</u>	<u>17,743</u>
<b>Shareholders' funds</b>	17	<u>19,881</u>	<u>17,743</u>

These financial statements were approved by the directors on 28 May 2010 and are signed on their behalf by



P N Davis  
Director

## Notes to the financial statements

at 31 January 2010

### 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 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

#### ***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 less accumulated depreciation

#### ***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

#### ***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

## Notes to the financial statements

at 31 January 2010

### 1. Accounting policies (continued)

#### *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.

#### *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.

#### *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.

## Notes to the financial statements

at 31 January 2010

### 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

	2010 £000	2009 £000
United Kingdom	43,634	36,921
Rest of World	822	1,351
	<u>44,456</u>	<u>38,272</u>

### 3. Operating profit

This is stated after charging

	2010 £000	2009 £000
Continuing operations		
Depreciation and amortisation		
– of owned tangible fixed assets	1,249	927
– of tangible fixed assets held under hire purchase	59	50
Operating lease rentals		
– land and buildings	760	734
Fees payable to the company's auditor for the audit of the company's financial statements	30	30
Fees payable to the company's auditor and its associates for other services		
– tax services	14	14
	<u></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 £7,138,000 (2009 – £4,421,000)

### 4. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2010 £000	2009 £000
Emoluments receivable	435	417
Compensation for loss of office	-	50
Value of company pension contributions to money purchase schemes	11	11
	<u>446</u>	<u>478</u>
	<u></u>	<u></u>
	271	263
	<u></u>	<u></u>

## Notes to the financial statements

at 31 January 2010

### 4. Directors' emoluments (continued)

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

	2010 No	2009 No
Money purchase schemes	1	1

### 5. Staff costs

	2010 £000	2009 £000
Wages and salaries	7,167	6,892
Social security costs	631	563
Other pension costs	72	84
	<u>7,870</u>	<u>7,539</u>

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

	2010 No	2009 No
Production and management	354	363

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 £72,000 (2009 – £84,000). There were no unpaid contributions at 31 January 2010 (2009 - £nil).

### 6. Interest payable and similar charges

	2010 £000	2009 £000
Hire purchase and finance lease charges	13	11

## Notes to the financial statements

at 31 January 2010

### 7. Tax

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2010 £000	2009 £000
<i>Current tax</i>		
UK corporation tax on the profit for the year	1,135	666
Adjustments in respect of previous periods	(687)	(6)
Total current tax	448	660
<i>Deferred tax</i>		
Origination and reversal of timing differences	(30)	143
Tax on profit on ordinary activities	418	803

#### (b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28% (2009 – 28.33%). The differences are explained below

	2010 £000	2009 £000
Profit on ordinary activities before tax	7,550	4,989
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28.33%)	2,114	1,414
<i>Effects of</i>		
Expenses not deductible for tax purposes	120	52
(Depreciation in advance of capital allowances)/capital allowances in advance of depreciation	(63)	34
Group tax relief	(1,036)	(648)
Other timing differences	-	(130)
Profit and loss items in consolidation only		(56)
Adjustments to tax charge in respect of previous periods	(687)	(6)
Current tax for the year	448	660

#### (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 31 January 2010

### 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 2009	2,620	328	4,636	7,584
Additions	1,244	52	389	1,685
Disposals	(120)	(67)	-	(187)
At 31 January 2010	3,744	313	5,025	9,082
Depreciation				
At 1 February 2009	1,325	106	2,831	4,262
Provided during the year	658	77	573	1,308
Disposals	(123)	(48)	-	(171)
At 31 January 2010	1,860	135	3,404	5,399
Net book value				
At 31 January 2010	1,884	178	1,621	3,683
At 31 January 2009	1,295	222	1,805	3,322

#### Hire purchase agreements

Included within the net book value of £3,683,000 is £127,000 (2009 – £198,000) 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 £59,000 (2009 – £50,000).

<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 2009	2,600	315	4,629	7,544
Additions	1,244	52	390	1,686
Disposals	(122)	(52)	-	(174)
At 31 January 2010	3,722	315	5,019	9,056
Depreciation				
At 1 February 2009	1,303	98	2,825	4,226
Provided during the year	657	78	573	1,308
Disposals	(122)	(39)	-	(161)
At 31 January 2010	1,838	137	3,398	5,373
Net book value				
At 31 January 2010	1,884	178	1,621	3,683
At 31 January 2009	1,297	217	1,804	3,318



## Notes to the financial statements

at 31 January 2010

### 8. Tangible fixed assets (continued)

Included within the net book value of £3,683,000 is £127,000 (2009 – £198,000) 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 £59,000 (2009 – £50,000)

### 9. Fixed asset investments

<i>Company</i>	<i>Subsidiary undertakings £000</i>
Cost	
At 1 February 2009 and 31 January 2010	27
Provision	
At 1 February 2009 and 31 January 2010	27
Net book value	
At 1 February 2009 and 31 January 2010	-

#### 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>2010 £000</i>	<i>Group 2009 £000</i>	<i>2010 £000</i>	<i>Company 2009 £000</i>
Raw materials	1,264	1,090	1,264	1,090
Work in progress	55	110	55	110
Finished goods	5,850	4,657	5,850	4,657
	<u>7,169</u>	<u>5,857</u>	<u>7,169</u>	<u>5,857</u>

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

## Notes to the financial statements

at 31 January 2010

### 11. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	548	504	548	504
Prepayments	448	685	448	686
Other debtors	102	—	102	—
Amounts owed by related undertaking	6,414	5,964	6,414	5,964
Corporation tax	396	111	396	111
Deferred taxation (note 12)	—	—	48	6
	<u>7,908</u>	<u>7,264</u>	<u>7,956</u>	<u>7,271</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>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Included in debtors (note 11)	—	—	48	6
Included in provisions for liabilities	(5)	(34)	—	—
	<u>—</u>	<u>(34)</u>	<u>48</u>	<u>6</u>

The movement in the deferred taxation account during the year was

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 February 2009	(34)	109	6	102
Profit and loss account movement	2	(143)	17	(96)
Adjustments in respect of previous years	27	—	25	—
At 31 January 2010	<u>(5)</u>	<u>(34)</u>	<u>48</u>	<u>6</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>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Excess of taxation allowances over depreciation on fixed assets	(5)	(34)	(5)	(41)
Other timing differences	—	—	53	47
	<u>(5)</u>	<u>(34)</u>	<u>48</u>	<u>6</u>

## Notes to the financial statements

at 31 January 2010

### 13. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Obligations under hire purchase contracts	85	116	85	116
Trade creditors	1,771	2,768	1,771	2,768
Other taxes and social security	708	1,332	708	1,332
Accruals	1,672	1,341	1,669	1,292
	<u>4,236</u>	<u>5,557</u>	<u>4,233</u>	<u>5,508</u>

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

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Obligations under hire purchase contracts (note 15)	12	104	12	104

### 15 Obligations under finance leases and hire purchase contracts

	<i>Group and company</i>	
	<i>2010</i>	<i>2009</i>
	<i>£000</i>	<i>£000</i>
Amounts payable		
Within one year	85	116
Between one and two years	12	91
Between two and five years	-	13
	<u>97</u>	<u>220</u>

Hire purchase contracts are secured on the assets concerned

### 16. Issued share capital

	<i>2010</i>		<i>2009</i>	
	<i>No</i>	<i>£000</i>	<i>No</i>	<i>£000</i>
<i>Authorised</i>				
Ordinary shares of £1 each	50,000	50	50,000	50
		<u>50</u>		<u>50</u>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	42,000	42	42,000	42
		<u>42</u>		<u>42</u>

## Notes to the financial statements

at 31 January 2010

### 17. Reconciliation of shareholders' funds and movement on reserves

<i>Group</i>	<i>2010</i> <i>£000</i>	<i>2009</i> <i>£000</i>
Profit for the year	7,132	4,186
Currency translation difference	9	52
Dividend	(5,000)	–
Net increase in shareholders' funds	2,141	4,238
Shareholders' funds at start of the year	17,685	13,447
Shareholders' funds at the end of the year	19,826	17,685
<i>Company</i>	<i>2010</i> <i>£000</i>	<i>2009</i> <i>£000</i>
Profit for the year	7,138	4,421
Dividend	(5,000)	–
Net increase in shareholders' funds	2,138	4,421
Shareholders' funds at start of the year	17,743	13,322
Shareholders' funds at the end of the year	19,881	17,743
<i>Group</i>		<i>Profit and loss account £000</i>
At 1 February 2009		17,643
Profit for the year		7,132
Currency translation difference		9
Dividend		(5,000)
At 31 January 2010		19,784
<i>Company</i>		<i>Profit and loss account £000</i>
At 1 February 2009		17,701
Profit for the year		7,138
Dividend		(5,000)
At 31 January 2010		19,839

## Notes to the financial statements

at 31 January 2010

### 19. Operating lease commitments

At 31 January 2010, the group had annual contributions under non-cancellable operating leases as follows

	2010	2009
	£000	£000
Leases of land and buildings which expire		
Within one year	—	—
Between one and five years	99	162
After five years	624	624
	<u>723</u>	<u>786</u>

### 20. 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 company and fellow subsidiaries. The guarantee amounts to £ 12,519,000 at 31 January 2010 (2009 – £14,000,000)

### 21. 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

At 31 January 2010, 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