

Chatham Marine Limited

Filleted Financial Statements
for the Year Ended 31 July 2019

Thompson Jenner LLP
Statutory Auditors
28 Alexandra Terrace
Exmouth
Devon
EX8 1BD

Chatham Marine Limited
(Registration number: 06221251)

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Chatham Marine Limited
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Company Information

Directors	S Marsh R Marsh P Marsh S Ball
Registered office	Hennock Court Hennock Road East Marsh Barton Trading Estate Exeter Devon EX2 8RU
Auditors	Thompson Jenner LLP Statutory Auditors 28 Alexandra Terrace Exmouth Devon EX8 1BD

Chatham Marine Limited
(Registration number: 06221251)

Balance Sheet as at 31 July 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	<u>4</u>	105,832	121,030
Current assets			
Stocks	<u>5</u>	771,534	690,553
Debtors	<u>6</u>	456,790	859,715
Cash at bank and in hand		40,478	216,511
		1,268,802	1,766,779
Creditors: Amounts falling due within one year	<u>7</u>	(646,223)	(1,218,643)
Net current assets		622,579	548,136
Total assets less current liabilities		728,411	669,166
Provisions for liabilities		(16,366)	(16,366)
Net assets		<u>712,045</u>	<u>652,800</u>
Capital and reserves			
Called up share capital		600,002	600,002
Profit and loss account		112,043	52,798
Total equity		<u>712,045</u>	<u>652,800</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 28 July 2020 and signed on its behalf by:

.....

S Marsh
Director

The notes on pages 3 to 8 form an integral part of these financial statements.
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Chatham Marine Limited
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Notes to the Financial Statements for the Year Ended 31 July 2019

1 General information

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is:

Hennock Court
Hennock Road East
Marsh Barton Trading Estate
Exeter
Devon
EX2 8RU

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The directors have considered the impact of COVID-19 and do not consider it to have a material impact on the balances included within the financial statements.

In addition, the Directors do not consider it to cast any significant doubt upon the company's ability to continue to trade as a going concern.

The directors have taken both reactive and proactive measures in order to mitigate any risks associated with COVID-19 including managing cash flow to ensure that debts can be paid when they fall due, managing staffing levels and monitoring key customer and supplier activity.

The directors have implemented robust systems of procedures and controls in order to deal with any associated risks.

Going concern

The financial statements have been prepared on a going concern basis.

Audit report

The Independent Auditors' Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 28 July 2020 was Mr Neil Curtis, who signed for and on behalf of Thompson Jenner LLP.

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Notes to the Financial Statements for the Year Ended 31 July 2019

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Equipment	25% reducing balance
Fixtures and fittings	15% reducing balance
Motor vehicles	25% reducing balance

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Notes to the Financial Statements for the Year Ended 31 July 2019

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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Notes to the Financial Statements for the Year Ended 31 July 2019

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 12 (2018 - 13).

4 Tangible assets

	Fixtures and fittings £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation				
At 1 August 2018	169,360	61,672	45,422	276,454
Additions	7,189	-	34,974	42,163
Disposals	(29,802)	(14,830)	-	(44,632)
At 31 July 2019	146,747	46,842	80,396	273,985
Depreciation				
At 1 August 2018	88,490	34,040	32,894	155,424
Charge for the year	17,380	5,691	11,876	34,947
Eliminated on disposal	(14,861)	(7,357)	-	(22,218)
At 31 July 2019	91,009	32,374	44,770	168,153
Carrying amount				
At 31 July 2019	55,738	14,468	35,626	105,832
At 31 July 2018	80,870	27,632	12,528	121,030

5 Stocks

	2019 £	2018 £
Finished goods and goods for resale	771,534	690,553

The cost of stocks recognised as an expense in the year amounted to £1,501,914 (2018 - £1,565,954).

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Notes to the Financial Statements for the Year Ended 31 July 2019

6 Debtors

	2019	2018
	£	£
Trade debtors	407,891	493,489
Amounts owed by group undertakings	-	297,277
Other debtors	20,906	12,754
Prepayments and accrued income	27,993	56,195
	<hr/>	<hr/>
Total current trade and other debtors	<u>456,790</u>	<u>859,715</u>

7 Creditors

	2019	2018
	£	£
Due within one year		
Trade creditors	259,178	244,739
Amounts owed to group undertakings	282,454	949,600
Taxation and social security	77,466	20,044
Accrued expenses	27,125	4,260
	<hr/>	<hr/>
	<u>646,223</u>	<u>1,218,643</u>

8 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

The total amount of financial commitments not included in the balance sheet is £35,819 (2018 - £53,370). As at 31 July 2019 the company had annual commitments under non-cancellable operating leases due within one year of £18,584 (2018 - £27,391).

There is a cross guarantee for the group overdraft facility between Chatham Marine Limited, Rainbow Club Limited and Sterling & Hunt Limited. The maximum potential liability at the balance sheet date is £650,577 (2018 - £546,955). At the balance sheet date, the company had a guarantee for £60,000 (2018 - £60,000) in favour of HMRC (with recourse).

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Notes to the Financial Statements for the Year Ended 31 July 2019

9 Related party transactions

Transactions with directors

	At 1 August 2018 £	Advances to directors £	Repayments by directors £	At 31 July 2019 £
2019				
Interest free trade debtor account	508	588	(1,052)	44
	<u>508</u>	<u>588</u>	<u>(1,052)</u>	<u>44</u>

	At 1 August 2017 £	Advances to directors £	Repayments by director £	At 31 July 2018 £
2018				
Interest free trade debtor account	261	876	(629)	508
	<u>261</u>	<u>876</u>	<u>(629)</u>	<u>508</u>

10 Parent and ultimate parent undertaking

The company's immediate parent is Stuart Marsh Shoes Limited, incorporated in England & Wales.

These financial statements are available upon request from Hennock Court, Hennock Road East, Marsh Barton Trading Estate, Exeter, Devon, EX2 8RU

11 Non adjusting events after the financial period

Following an in depth strategic review of the Stuart Marsh Shoes Group due to the challenge of the impact of the COVID-19 pandemic resulting in a declining high street, especially in the independent business sector, the aggressive pricing policy of the major retail chains, the uncertainty of exchange rates and the increase in bad and doubtful debts, the board have decided to take the following action.

From 1 August 2020 the trading assets of Sterling & Hunt Limited will be transferred to Chatham Marine Limited. The combined operating entity will be rebranded Marsh Footwear Brands Limited.

The one company approach will result in a more focused administration with resulting cost savings, while investing in the Chatham and Sterling & Hunt brands.

These moves will greatly strengthen the company going forward in these challenging times.