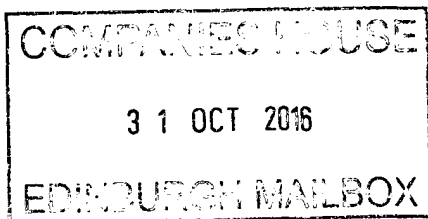


Registered number: SC419949



Mark Birkbeck & Sons Limited

**Annual Report
and Financial Statements**

For the year ended 31 January 2016



CLB
coopers
Chartered Accountants
Delivering solutions through excellence

MARK BIRKBECK & SONS LIMITED

Company Information

Directors	Mr M N T Birkbeck Mr P M Birkbeck
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Company secretary	Mr P M Birkbeck
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Registered number	SC419949
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Registered office	The House of Bruar Blair Atholl Perth Perthshire PH18 5TW
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Independent auditor	CLB Coopers Fleet House New Road Lancaster LA1 1EZ
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MARK BIRKBECK & SONS LIMITED

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MARK BIRKBECK & SONS LIMITED

Group strategic report For the year ended 31 January 2016

Business review

Our core operation continues to be that of the retail of clothing through our Scotland based retail outlet. Our mail order brochure revenue continues to increase and complements our internet site. The House of Bruar boasts some of Britain's finest produce, clothing and rural artwork. Within our walls you will find items ranging from traditional Scottish tweed to cashmere jumpers and locally sourced food stuffs.

Financial key performance indicators

The business has continued to see the benefits of the policy to continually invest in the infrastructure of the site and in the generation of the mail order database. Additional buildings have been constructed on the Ballinluig Site to cater for increased direct shopping activity. Group turnover has increased from £23,770,814 to £24,435,060 with a small decrease in group operating profit from £3,644,158 to £3,560,030. We are very pleased with the performance of the business.

The general state of the economy is a concern for luxury retailing, especially taking the Brexit vote into account, as it will lead to a contraction in the market. However we believe we are well placed to withstand any market downturn, as can be seen by our increase in turnover and maintained gross margins over the last three financial years. During the year to January 2016, significant effort has been invested in ensuring stock is current and well managed.

In order to manage any cash flow risk and maintain healthy working capital and a continued debt free position, the company monitors cash flow as part of its day to day control procedures and considers cash flow projections in both the short term and long term.

Other key performance indicators

Our income is mainly generated from two distinct sources, over the counter sales and mail order. A key indicator of over the counter sales which is monitored daily is the number of visitors to the store. This is achieved by the use of a counter on the car parks multiplied by an average of 2.57 people per car. During the year to 31 January 2016, the number of vehicles visiting the site increased by 3.5%.

Counter sales are also monitored daily against the same day of the previous calendar year, gross profit is monitored on a weekly basis and operating profit on a month by month basis.

Mail order sales are monitored by reviewing the quantity and the average value of orders placed on a daily basis. These values include orders generated by the internet.

The balance sheet and profitability of the business continue to improve and yet the economy continues to make trading difficult.

Future opportunities

A matter of both opportunity and concern is the plan to dual the A9 between Perth and Inverness. The business has made representations in the Scottish Parliament, the local authorities and to the local council, which have to date all been received positively. In our opinion the numbers of visitors to the area will increase enormously once the road is finished, but the process and construction phase will cause problems.

Therefore the business needs to expand the direct shopping elements of the operation. The core of mail order fulfilment operations has moved from the main site to Ballinluig, which will aid the progression to a multi season mail order business. During the year, planning permission for an expansion of nearly 80,000 ft² of warehouse and distribution space at Ballinluig was attained.

There is an increasing demand for House of Bruar branded merchandise at retail and more significantly on the internet and via mail order. This is enhanced by the promotion of world famous brands offered via all channels to the customer.

MARK BIRKBECK & SONS LIMITED

Group strategic report (continued)
For the year ended 31 January 2016

This report was approved by the board and signed on its behalf.



Mr P M Birkbeck
Director

Date: 31/10/16

MARK BIRKBECK & SONS LIMITED

Directors' report For the year ended 31 January 2016

The directors present their report and the financial statements for the year ended 31 January 2016.

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' 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 company and 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 for the group financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the company during the year was that of a holding company.

The principal activities of the company's subsidiaries during the year were high quality retailing and property development.

Results and dividends

The profit for the year, after taxation, amounted to £2,521,685 (2015:£2,253,333).

The directors have not recommended payment of a dividend.

Directors

The directors who served during the year were:

Mr M N T Birkbeck
Mr P M Birkbeck

Future developments

The directors have outlined future plans for the group in the strategic report on page 1.

Financial instruments

Details of the company's financial risk management objectives and policies are included in note 31 to the financial statements.

MARK BIRKBECK & SONS LIMITED

Directors' report
For the year ended 31 January 2016

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the group since the year end.

Auditors

The auditor, CLB Coopers, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Mr P M Birkbeck
Director

Date:

31/10/16

MARK BIRKBECK & SONS LIMITED

Independent auditor's report to the shareholders of Mark Birkbeck & Sons Limited

We have audited the financial statements of Mark Birkbeck & Sons Limited for the year ended 31 January 2016, set out on pages 7 to 41. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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, 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 Financial Reporting Council'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 group strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 the parent company's affairs as at 31 January 2016 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 Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MARK BIRKBECK & SONS LIMITED

Independent auditor's report to the shareholders of Mark Birkbeck & Sons 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.



Philip Whiteway (Senior statutory auditor)

for and on behalf of
CLB Coopers

Statutory Auditors and Chartered Accountants

Fleet House
New Road
Lancaster

LA1 1EZ

Date: 31 October 2016

MARK BIRKBECK & SONS LIMITED

Consolidated statement of comprehensive income (including profit and loss account) For the year ended 31 January 2016

	Note	2016 £	As restated 2015 £
Turnover	4	24,435,060	23,770,814
Cost of sales		(13,162,654)	(12,023,449)
Gross profit		11,272,406	11,747,365
Administrative expenses		(8,835,089)	(8,228,338)
Exceptional administrative expenses	6	(40,835)	-
Other operating income	5	113,548	125,131
Fair value movements	6	1,050,000	-
Operating profit	6	3,560,030	3,644,158
Interest receivable and similar income	10	3,677	3,108
Interest payable and similar charges	11	(353,326)	(373,817)
Profit before taxation		3,210,381	3,273,449
Tax on profit	12	(688,696)	(1,020,116)
Profit for the year		2,521,685	2,253,333
Total comprehensive income for the year		2,521,685	2,253,333

There was no recognised gains and losses for 2016 or 2015 other than those included in the consolidated profit and loss account.

The notes on pages 15 to 41 form part of these financial statements.

MARK BIRKBECK & SONS LIMITED

Registered number: SC419949

**Consolidated balance sheet
As at 31 January 2016**

	Note	2016 £	As restated 2015 £
Fixed assets			
Intangible assets	13	17,085,647	18,130,630
Tangible assets	14	14,496,103	14,148,375
Investment property	16	4,010,736	2,960,736
		<u>35,592,486</u>	<u>35,239,741</u>
Current assets			
Stocks	17	5,836,374	7,246,550
Debtors: amounts falling due within one year	18	249,537	303,409
Cash at bank and in hand	19	4,824,392	2,293,401
		<u>10,910,303</u>	<u>9,843,360</u>
Creditors: amounts falling due within one year	20	(7,509,464)	(7,758,938)
Net current assets		<u>3,400,839</u>	<u>2,084,422</u>
Total assets less current liabilities		<u>38,993,325</u>	<u>37,324,163</u>
Creditors: amounts falling due after more than one year	21	(5,107,993)	(5,333,982)
Provisions for liabilities			
Deferred taxation	23	(298,423)	(292,425)
Net assets		<u><u>33,586,909</u></u>	<u><u>31,697,756</u></u>
Capital and reserves			
Called up share capital	24	1,428	1,428
Share premium account	25	2,000,000	2,000,000
Non-distributable profit and loss account	25	1,879,212	1,879,212
Profit and loss account	25	29,706,269	27,817,116
		<u><u>33,586,909</u></u>	<u><u>31,697,756</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



Mr P M Birkbeck
Director

31/10/16

The notes on pages 15 to 41 form part of these financial statements.

MARK BIRKBECK & SONS LIMITED

Registered number: SC419949

Company balance sheet

As at 31 January 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	15	42,700,000	42,700,000
		<u>42,700,000</u>	<u>42,700,000</u>
Current assets			
Cash at bank and in hand	19	205,772	46,803
		<u>205,772</u>	<u>46,803</u>
Creditors: amounts falling due within one year	20	(5,517,091)	(5,673,445)
Net current liabilities		<u>(5,311,319)</u>	<u>(5,626,642)</u>
Total assets less current liabilities		<u>37,388,681</u>	<u>37,073,358</u>
Creditors: amounts falling due after more than one year	21	(5,107,993)	(5,333,982)
Net assets		<u><u>32,280,688</u></u>	<u><u>31,739,376</u></u>
Capital and reserves			
Called up share capital	24	1,428	1,428
Share premium account	25	2,000,000	2,000,000
Profit and loss account	25	30,279,260	29,737,948
		<u><u>32,280,688</u></u>	<u><u>31,739,376</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mr P M Birkbeck
Director

Date: 31/10/16

The notes on pages 15 to 41 form part of these financial statements.

MARK BIRKBECK & SONS LIMITED

Consolidated statement of changes in equity For the year ended 31 January 2016

	Share capital £	Share premium £	Non- distributable profit and loss account As restated £	Profit and loss account As restated £	Total equity As restated £
At 1 February 2015	1,428	2,000,000	1,879,212	27,817,116	31,697,756
Profit for the year	-	-	-	2,521,685	2,521,685
Dividends: Equity capital	-	-	-	(632,532)	(632,532)
At 31 January 2016	1,428	2,000,000	1,879,212	29,706,269	33,586,909

The notes on pages 15 to 41 form part of these financial statements.

MARK BIRKBECK & SONS LIMITED

Consolidated statement of changes in equity For the year ended 31 January 2015

	Share capital	Share premium	Non- distributable profit and loss account As restated	Profit and loss account As restated	Total equity As restated
	£	£	£	£	£
At 1 February 2014	1,428	25,262,289	1,879,212	2,934,405	30,077,334
Profit for the year	-	-	-	2,253,333	2,253,333
Dividends: Equity capital	-	-	-	(632,911)	(632,911)
Share premium reduction	-	(23,262,289)	-	-	(23,262,289)
Other movements	-	-	-	23,262,289	23,262,289
At 31 January 2015	1,428	2,000,000	1,879,212	27,817,116	31,697,756

The notes on pages 15 to 41 form part of these financial statements.

On 29 January 2015 a special resolution was passed by the directors reducing the share premium account to £2,000,000.

MARK BIRKBECK & SONS LIMITED

Company statement of changes in equity For the year ended 31 January 2016

	Share capital £	Share premium £	Profit and loss account £	Total equity £
At 1 February 2015	1,428	2,000,000	29,737,948	31,739,376
Profit for the year	-	-	1,173,844	1,173,844
Dividends: Equity capital	-	-	(632,532)	(632,532)
At 31 January 2016	1,428	2,000,000	30,279,260	32,280,688

The notes on pages 15 to 41 form part of these financial statements.

MARK BIRKBECK & SONS LIMITED

Company statement of changes in equity For the year ended 31 January 2015

	Share capital £	Share premium £	Profit and loss account £	Total equity £
At 1 February 2014	1,428	25,262,289	3,289,418	28,553,135
Profit for the year	-	-	3,819,152	3,819,152
Dividends: Equity capital	-	-	(632,911)	(632,911)
Share premium reduction	-	(23,262,289)	-	(23,262,289)
Other movements	-	-	23,262,289	23,262,289
At 31 January 2015	<u>1,428</u>	<u>2,000,000</u>	<u>29,737,948</u>	<u>31,739,376</u>

The notes on pages 15 to 41 form part of these financial statements.

On 29 January 2015 a special resolution was passed by the directors reducing the share premium account to £2,000,000.

MARK BIRKBECK & SONS LIMITED

Consolidated statement of cash flows For the year ended 31 January 2016

	2016 £	As restated 2015 £
Cash flows from operating activities		
Profit for the financial year	2,521,685	2,253,333
Adjustments for:		
Amortisation of intangible assets	1,142,357	1,167,016
Depreciation of tangible assets	690,081	627,612
Profit on disposal of tangible assets	-	(18,456)
Decrease/(Increase) in stocks	1,410,176	(1,998,768)
Interest payable	353,326	373,817
Interest receivable	(3,677)	(3,108)
Taxation	688,696	1,020,116
Increase in debtors	53,872	43,158
Decrease in creditors	(409,100)	(89,462)
Change in fair value of investment properties	(1,050,000)	-
Corporation tax paid	(853,054)	(906,973)
Net cash generated from operating activities	4,544,362	2,468,285
Cash flows from investing activities		
Purchase of intangible fixed assets	(97,374)	(105,620)
Purchase of tangible fixed assets	(1,037,809)	(1,701,097)
Sale of tangible fixed assets	-	24,600
Purchase of investment properties	-	(260,736)
Interest received	3,677	3,108
Net cash from investing activities	(1,131,506)	(2,039,745)
Cash flows from financing activities		
Increase in debenture loans	773,693	190,000
Repayment of debenture loans	(669,700)	(997,044)
Dividends paid	(632,532)	(632,911)
Interest paid	(353,326)	(84,786)
Net cash used in financing activities	(881,865)	(1,524,741)
Net increase / (decrease) in cash and cash equivalents	2,530,991	(1,096,201)
Cash and cash equivalents at beginning of year	2,293,401	3,389,602
Cash and cash equivalents at the end of year	4,824,392	2,293,401
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,824,392	2,293,401
	4,824,392	2,293,401

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements For the year ended 31 January 2016

1. General information

Mark Birkbeck & Sons Limited is a holding company with two trading subsidiaries. The House of Bruar Limited is a high quality retailer trading from its site in Perthshire, Scotland and online. M & L Birkbeck Property Limited is an investment property company which receives rental income from its property in the Bahamas. The company is a private company limited by shares and is incorporated and domiciled in Scotland. The address of its registered office is The House of Bruar, Blair Atholl, Perth, Perthshire, PH18 5TW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 35 to the financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the company's accounting policies (see note 3).

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The parent company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

These disclosures are included in the consolidated financial statements.

2.3 Basis of consolidation

The consolidated financial statements present the results of group and its own subsidiaries ("the group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 February 2014. Therefore, the group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements For the year ended 31 January 2016

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life. The current rate of amortisation is considered appropriate by the directors given the increasing profitability and reputation of the subsidiary company to which the goodwill relates.

The negative goodwill arising on acquisition is not amortised to the consolidated statement of comprehensive income and is held at cost until the investment property to which it relates is sold.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Amortisation is provided on the following bases:

Other intangible assets	-	33 % straight line
Goodwill	-	5 % straight line
Trademarks	-	5 % straight line

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements For the year ended 31 January 2016

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided on the following basis:

Freehold land and buildings	- 2% straight line
Leasehold property improvements	- over term of lease
Motor vehicles	- 25% straight line
Fixtures and fittings	- 15% straight line
Computer equipment	- 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the consolidated statement of comprehensive income.

2.7 Revaluation of tangible fixed assets

As permitted by the transitional provisions of FRS 102 the properties held as freehold properties in the financial statements were revalued at the transition date. The group will retain this value as deemed cost and have not adopted a policy of revaluation of freehold land and buildings.

2.8 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the consolidated statement of comprehensive income.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements For the year ended 31 January 2016

2. Accounting policies (continued)

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.13 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

2. Accounting policies (continued)

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

2.16 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.18 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements For the year ended 31 January 2016

2. Accounting policies (continued)

2.19 Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

2.20 Borrowing costs

All borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.22 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements
For the year ended 31 January 2016

2. Accounting policies (continued)

2.23 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.24 Related party transactions

The group discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

2.25 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements For the year ended 31 January 2016

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Depreciation

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful lives of the assets. These are assessed annually. They are amended when necessary to reflect changes in the condition of the assets and future economic utilisation. Current depreciation rates of the classes of tangible fixed assets are detailed in accounting policy 2.6. See note 14 for the carrying amount of each class of tangible fixed assets.

Amortisation

The annual amortisation charge for intangible fixed assets is sensitive to changes in the estimated useful lives of the assets. These are assessed annually. Current amortisation rates of the intangible fixed assets are detailed in accounting policy 2.5. See note 13 for the carrying amount of the intangible fixed assets.

Stock provision

The group operates a perpetual stock system. The directors review sales each month and assess which lines of stock are not selling in line with expectations. Due to the nature of the stock and the market in which the group operates, lines of stock which are not selling frequently are discounted and sold for a lower margin before any provision is applied. A stock provision is applied by the directors if any stock lines are not selling despite being reduced for a period of time. The directors are very knowledgeable around the stock and around the seasonal trends in the market and this is taken into account before any stock provision is applied.

Release of mail order costs

The group makes mail order sales through its mail order catalogues which are released bi-annually. The costs of producing these catalogues are held on the balance sheet in stock and released to the profit and loss over the period in which sales are made from the catalogue. The release of the costs is calculated by the directors on a monthly basis taking into account the sales made in that month and their knowledge of the trends in mail order sales based on previous years.

Impairment of investment properties

The group holds investment property at market value. The investment property shown in the group accounts is located in the Bahamas. The market value of the property is assessed by the directors annually and external valuations are obtained on a regular basis. Any impairment of the property is shown in the Consolidated statement of comprehensive income. See note 16 for full details of the investment property held by the group.

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements For the year ended 31 January 2016

4. Analysis of turnover

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Sales	24,435,060	23,770,814
	<u>24,435,060</u>	<u>23,770,814</u>

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	24,012,061	23,421,153
Rest of Europe	205,621	213,536
Rest of the world	217,378	136,125
	<u>24,435,060</u>	<u>23,770,814</u>

5. Other operating income

	2016 £	2015 £
Net rents receivable	22,917	23,682
Sundry income	18,186	14,655
Commissions receivable	72,445	86,794
	<u>113,548</u>	<u>125,131</u>

6. Operating profit

The operating profit is stated after charging/(crediting):

	2016 £	As restated 2015 £
Depreciation of tangible fixed assets	690,081	627,612
Amortisation of intangible assets, including goodwill	1,142,357	1,167,016
Foreign exchange differences	(58,854)	41,202
Exceptional administrative expenses - bad debt written off	40,835	-
Change in fair value of investment property	<u>(1,050,000)</u>	<u>-</u>

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements For the year ended 31 January 2016

7. Auditor's remuneration

	2016 £	2015 £
Fees payable to the group's auditor and its associates for the audit of the group's annual accounts	<u>20,726</u>	<u>27,762</u>

Audit fees for the company were £4,076 (2015: £7,950).

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	3,881,750	3,588,508
Social security costs	294,452	286,138
Other pension costs	18,942	15,211
	<u>4,195,144</u>	<u>3,889,857</u>

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

	2016 No.	2015 No.
Administrative	39	37
Sales	149	143
Warehouse	35	34
	<u>223</u>	<u>214</u>

9. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	65,325	66,684
Company contributions to defined contribution pension schemes	242	202
	<u>65,567</u>	<u>66,886</u>

During the year retirement benefits were accruing to 1 director (2015:1) in respect of defined contribution pension schemes.

Directors remuneration represents all remuneration in the current and prior year for key management personnel.

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements
For the year ended 31 January 2016

10. Interest receivable and similar income

	2016 £	2015 £
Other interest receivable	3,677	3,108
	<u>3,677</u>	<u>3,108</u>

11. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	-	12,529
Other loan interest payable	353,326	361,288
	<u>353,326</u>	<u>373,817</u>

12. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	682,698	968,433
Deferred tax		
Origination and reversal of timing differences	5,998	51,683
Taxation on profit on ordinary activities	<u>688,696</u>	<u>1,020,116</u>

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements For the year ended 31 January 2016

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20.17% (2015: 21.33%). The differences are explained below:

	2016 £	As restated 2015 £
Profit on ordinary activities before tax	3,210,381	3,273,449
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.17% (2015: 21.33%)	647,534	698,227
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	212,799	225,592
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8,423	7,734
Capital allowances for the year in deficit of /(excess of) depreciation	11,644	(17,455)
Profit on disposal of fixed assets	-	(3,937)
Capital items expensed	221	-
Decrease in tax charge due to change in tax rates	(283)	(305)
Other timing differences leading to an increase in taxation	-	51,698
Non-tax changes in fair value of investment property	(211,785)	-
Changes in provisions leading to an increase in the tax charge	493	-
Unrelieved tax losses carried forward	13,652	6,879
Deferred tax movement in accelerated capital allowances	5,998	51,683
Total tax charge for the year	688,696	1,020,116

Factors that may affect future tax charges

Future reductions to the UK corporation tax rates have been announced by the current UK government. The main rates of corporation tax will reduce from 20% to 19% for the financial years beginning 1 April 2017, 1 April 2018 and 1 April 2019. There will be a further reduction to 18% for the financial year beginning 1 April 2020.

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements For the year ended 31 January 2016

13. Intangible assets

Group

	Goodwill £	Negative goodwill £	Other intangible assets As restated £	Total £
Cost				
At 1 February 2015	21,100,561	(112,313)	382,603	21,370,851
Additions	-	-	97,374	97,374
At 31 January 2016	21,100,561	(112,313)	479,977	21,468,225
Amortisation				
At 1 February 2015	3,005,354	-	234,867	3,240,221
Charge for the year	1,055,028	-	87,329	1,142,357
At 31 January 2016	4,060,382	-	322,196	4,382,578
Net book value				
At 31 January 2016	17,040,179	(112,313)	157,781	17,085,647
At 31 January 2015	18,095,207	(112,313)	147,736	18,130,630

The amortisation charge of £1,142,357 (2015: £1,167,016) is included in administrative expenses in the Consolidated statement of comprehensive income.

The goodwill arose on the acquisition of 100% of the share capital of The House of Bruar on 6 April 2012. The goodwill is being amortised over 20 years to 6 April 2032.

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements
For the year ended 31 January 2016

14. Tangible fixed assets

Group

	Freehold land and buildings As restated £	Leasehold property improvements As restated £	Motor vehicles As restated £	Fixtures and fittings As restated £	Computer equipment As restated £	Total As restated £
Cost or valuation						
At 1 February 2015	12,018,916	945,285	129,605	2,013,096	313,760	15,420,662
Additions	600,701	878	833	298,823	136,574	1,037,809
At 31 January 2016	<u>12,619,617</u>	<u>946,163</u>	<u>130,438</u>	<u>2,311,919</u>	<u>450,334</u>	<u>16,458,471</u>
Depreciation						
At 1 February 2015	235,211	81,492	44,279	718,592	192,713	1,272,287
Charge for the year	243,375	30,537	32,712	298,344	85,113	690,081
At 31 January 2016	<u>478,586</u>	<u>112,029</u>	<u>76,991</u>	<u>1,016,936</u>	<u>277,826</u>	<u>1,962,368</u>
Net book value						
At 31 January 2016	<u>12,141,031</u>	<u>834,134</u>	<u>53,447</u>	<u>1,294,983</u>	<u>172,508</u>	<u>14,496,103</u>
At 31 January 2015	<u>11,783,705</u>	<u>863,793</u>	<u>85,326</u>	<u>1,294,504</u>	<u>121,047</u>	<u>14,148,375</u>

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2016 £	As restated 2015 £
Group		
Cost	11,175,643	10,574,942
Accumulated depreciation	(902,846)	(664,960)
Net book value	<u>10,272,797</u>	<u>9,909,982</u>

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements
For the year ended 31 January 2016

15. Fixed asset investments

Company

	Shares in group undertakings £
Cost or valuation	
At 1 February 2015	42,700,000
At 31 January 2016	<u>42,700,000</u>
Net book value	
At 31 January 2016	<u>42,700,000</u>
At 31 January 2015	<u>42,700,000</u>

Details of the principal subsidiaries can be found in note 34 to the financial statements.

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements
For the year ended 31 January 2016

16. Investment property

Group

	Freehold investment property £
Valuation	
At 1 February 2015	2,960,736
Revaluation	1,050,000
At 31 January 2016	4,010,736

The 2016 valuations were made by the directors, on an open market value for existing use basis, as guided by a qualified valuer.

The change in fair value of £1,050,000 (2015: £Nil) is included in operating profit in the Consolidated statement of comprehensive income (including profit and loss account).

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements For the year ended 31 January 2016

17. Stocks

	Group	Group As restated	Company	Company
	2016	2015	2016	2015
	£	£	£	£
Finished goods and goods for resale	5,836,374	7,246,550	-	-
	<u>5,836,374</u>	<u>7,246,550</u>	<u>-</u>	<u>-</u>

Stock recognised in cost of sales during the year as an expense was £13,162,654 (2015: £12,023,449).

18. Debtors

	Group	Group As restated	Company	Company
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	21,816	2,787	-	-
Other debtors	106,667	160,275	-	-
Prepayments and accrued income	121,054	140,347	-	-
	<u>249,537</u>	<u>303,409</u>	<u>-</u>	<u>-</u>

19. Cash and cash equivalents

	Group	Group	Company	Company
	2016	2015	2016	2015
	£	£	£	£
Cash at bank and in hand	4,824,392	2,293,401	205,772	46,803
	<u>4,824,392</u>	<u>2,293,401</u>	<u>205,772</u>	<u>46,803</u>

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements
For the year ended 31 January 2016

20. Creditors: Amounts falling due within one year

	Group	Group As restated	Company	Company
	2016	2015	2016	2015
	£	£	£	£
Debenture loans	5,350,373	5,020,391	5,350,373	5,020,391
Trade creditors	491,211	378,701	-	3,300
Corporation tax	280,449	450,805	-	-
Taxation and social security	769,350	880,425	52,485	72,254
Other creditors	491,935	618,773	109,975	282,526
Accruals and deferred income	126,146	409,843	4,258	294,974
	<u>7,509,464</u>	<u>7,758,938</u>	<u>5,517,091</u>	<u>5,673,445</u>

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

	Group	Group As restated	Company	Company
	2016	2015	2016	2015
	£	£	£	£
Debentures loans	5,107,993	5,333,982	5,107,993	5,333,982
	<u>5,107,993</u>	<u>5,333,982</u>	<u>5,107,993</u>	<u>5,333,982</u>

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements For the year ended 31 January 2016

22. Financial instruments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	41,816	63,623	-	-
	<u>41,816</u>	<u>63,623</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(11,441,512)	(11,351,847)	(10,568,341)	(10,640,199)
	<u>(11,441,512)</u>	<u>(11,351,847)</u>	<u>(10,568,341)</u>	<u>(10,640,199)</u>
Financial assets				

Financial assets held by the group include:

Trade debtors of £21,816 (2015: £2,787) incurred in the normal course of trading for the group companies. These balances are recoverable within one year.

Other debtors of £20,000 (2015: £60,836) relating to a debenture and an aged debt which has been written off as an exceptional item in the current year.

Financial liabilities

Financial liabilities held by the group include:

Loan notes repayable of £10,458,366 (2015: £10,354,373) to shareholders and related parties. These are repayable in line with the repayment schedule. The group pays 4% interest on the loan notes.

Trade creditors held at amortised cost of £491,211 (2015: £378,701) incurred in the normal course of trading for the group companies.

Other creditors of £491,935 (2015: £618,773) which consists of loan accounts for the directors all repayable within one year and wages due to employees.

Financial liabilities held by the company include:

Loan notes repayable of £10,458,366 (2015: £10,354,373) as detailed above.

Trade creditors of £Nil (2015: £3,300) incurred in the normal course of trading for the company.

Other creditors of £109,975 (2015: £282,526) which consists of the loan account for the directors.

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements For the year ended 31 January 2016

23. Deferred taxation

Group

	Deferred tax £
At 1 February 2015	292,425
Charged to the profit or loss	5,998
At 31 January 2016	298,423

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Accelerated capital allowances	298,423	292,425	-	-
	298,423	292,425	-	-

24. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
9,030 A Ordinary shares of £0.10 each	903	903
2,255 B Ordinary shares of £0.10 each	226	226
2,255 F Ordinary shares of £0.10 each	226	226
714 D Ordinary shares of £0.10 each	71	71
10 E Ordinary shares of £0.10 each	1	1
10 C Ordinary shares of £0.10 each	1	1
	1,428	1,428

The different classes of shares rank pari passu in respect of voting rights and in the event of winding up.

As respects dividends, the shares participate in a distribution to such extent as the directors determine or recommend.

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements For the year ended 31 January 2016

25. Reserves

Share premium

The share premium account represents any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Profit and loss account represents accumulated comprehensive income for the year and prior periods net of equity dividends paid.

Non-distributable profit and loss account

Non-distributable profit and loss account represents the accumulated revaluation gains on freehold land and buildings held by the group.

26. Dividends

	2016 £	2015 £
Dividends paid on equity capital	632,532	632,911
	<u>632,532</u>	<u>632,911</u>

27. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £1,173,844 (2015:£3,819,152).

28. Capital commitments

At 31 January 2016 the group and company had capital commitments as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Contracted for but not provided in these financial statements	709,740	-	-	-
	<u>709,740</u>	<u>-</u>	<u>-</u>	<u>-</u>

29. Pension commitments

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the group in independent trustee administered funds. The pension costs charge for the year amounted to £18,942 (2015: £15,211). At the balance sheet date £4,892 (2015: £2,128) was owed to the pension scheme.

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements For the year ended 31 January 2016

30. Commitments

Rent is payable to The Bruar Trust each year calculated at £1,300 plus 1.5% of turnover on certain departments of the business subject to a minimum rental payment of £35,000 per annum. Rent paid in the year ended 31 January 2016 amounted to £145,553 (2015: £136,920).

The group had commitments to buy a total of 100,000 euros at an average rate of 1.4015:£1 and to buy a total of 200,000 euros at an average rate of 1.3985 euros:£1 at various dates before the 31 March 2016.

31. Financial instruments

The group holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the group's operations.

Transactions in financial instruments result in the group assuming or transferring to another party one or more of the financial risks described below.

Credit risk

The group has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Liquidity risk

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring that the group has sufficient liquid resources to meet the operating needs of the business.

Currency risk

The group's principal foreign currency exposures arise via:

- (a) Purchasing goods from overseas companies. The group seeks to invoice and be invoiced in its principal trading currency wherever possible so as to minimise its exposure to foreign currency movements.
- (b) Bank accounts held in foreign currencies. The group has engaged in forward positions to minimise risk exposure.

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements For the year ended 31 January 2016

32. Related party transactions

The company has taken advantage of the exemption contained in Financial Reporting Standard 102 and has therefore not disclosed transactions with wholly owned entities which form part of the group.

During the year the group and company continued to borrow funds from Mr M N T Birkbeck, a director. Interest of £14,812 (2015: £22,492) was charged on this loan by the group and company. During the year the group and company paid dividends amounting to £400,000 (2015: £400,379) to Mr M N T Birkbeck. At the balance sheet date the group owed £291,262 (2015: £434,360) to Mr M N T Birkbeck. At the balance sheet date the company owed £109,975 (2015: £282,526) to Mr M N T Birkbeck.

During the year the group and company continued to borrow funds from Mr P M Birkbeck, a director. Interest of £49,708 (2015: £26,401) was charged on this loan by the group and company. During the year the group and company paid dividends amounting to £200,000 (2015: £200,000) to Mr P M Birkbeck. At the balance sheet date the group and company owed £1,335,005 (2015: £555,223) to Mr P M Birkbeck.

During the year the group and company continued to borrow funds from Mr T M Birkbeck, the son of Mr M N T Birkbeck. Interest of £40,010 (2015: £40,389) was charged on this loan by the group and company. During the year the group and company paid dividends amounting to £31,646 (2015: £31,646) to Mr T M Birkbeck. At the balance sheet date the group and company owed £1,055,908 (2015: £1,012,857) to Mr T M Birkbeck.

During the year the group and company continued to borrow funds from Mrs A Glass, the daughter of Mr M N T Birkbeck. Interest of £14,471 (2015: £14,453) was charged on this loan by the group and company. During the year the group and company paid dividends amounting to £443 (2015: £443) to Mrs A Glass. At the balance sheet date the group and company owed £385,887 (2015: £362,648) to Mrs A Glass.

During the year the group and company continued to borrow funds from Mrs G Dearden, the daughter of Mr M N T Birkbeck. Interest of £37,450 (2015: £38,407) was charged on this loan by the group and company. During the year the group and company paid dividends amounting to £443 (2015: £443) to Mrs G Dearden. At the balance sheet date the group and company owed £982,659 (2015: £953,063) to Mrs G Dearden.

During the year the group and company continued to borrow funds from Mrs L Birkbeck, the wife of Mr M N T Birkbeck. Interest of £196,875 (2015: £219,145) was charged on this loan by the group and company. At the balance sheet date the group owed £6,841,511 (2015: £7,607,549) to Mrs L Birkbeck. At the balance sheet date the company owed £6,698,906 (2015: £7,470,579) to Mrs L Birkbeck.

During the year the group paid remuneration of £66,885 (2015: £61,000) to related parties.

33. Controlling party

The ultimate controlling party in the current and previous year is Mr M N T Birkbeck by virtue of his majority shareholding.

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements
For the year ended 31 January 2016

34. Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holdings	Principal activity
The House of Bruar Limited	Scotland	Ordinary	100 %	High quality retailing
M & L Birkbeck Property Limited	England and Wales	Ordinary	100 %	Property development

M & L Birkbeck Property Limited was transferred from The House of Bruar Limited to Mark Birkbeck & Sons Limited on 29 January 2015.

MARK BIRKBECK & SONS LIMITED

Notes to the financial statements For the year ended 31 January 2016

35. Transition to FRS 102

The group and company transitioned to FRS 102 from previously extant UK GAAP as at 1 February 2014. The impact of the transition to FRS 102 is as follows:

Reconciliation of equity at 1 February 2014

	Note	Group £	Company £
Equity at 1 February 2014 under previous UK GAAP		27,864,313	28,553,135
Reversal of government grant		91,433	-
Reversal of depreciation on property		1,604,760	-
Property revaluation		274,452	-
Capitalisation of mail order costs		242,376	-
Equity shareholders funds at 1 February 2014 under FRS 102		30,077,334	28,553,135

Reconciliation of equity at 31 January 2015

	Note	Group £	Company £
Equity at 31 January 2015 under previous UK GAAP		29,735,200	31,739,376
Reversal of government grant		88,833	-
Reversal of depreciation on property		1,604,760	-
Property revaluation		274,452	-
Additional depreciation on revaluation		(5,489)	-
Equity shareholders funds at 31 January 2015 under FRS 102		31,697,756	31,739,376

Reconciliation of profit and loss account for the year ended 31 January 2015

		Group £	Company £
Profit for the year under UK GAAP		2,503,798	3,819,152
Reversal of government grant amortisation charge		(2,600)	-
Additional depreciation on revaluation		(5,489)	-
Reversal of mail order costs capitalised at transition		(242,376)	-
Profit for the year ended 31 January 2015 under FRS 102		2,253,333	3,819,152

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Notes to the financial statements
For the year ended 31 January 2016

35. Transition to FRS 102 (continued)

The following were changes in accounting policies arising from the transition to FRS 102:

Changes to the group financial statements

Government Grant

Under FRS 102 the group has chosen to write off the government grant at transition. The net book value of the grant at transition of £91,433 was released to the profit and loss account. The grant was being amortised on an annual basis and the credit of £2,600 to the profit and loss account made in the year ended 31 January 2015 has been reversed as part of the transitional adjustments.

Property revaluation

The group has elected to use the transitional provisions under FRS 102 to revalue the land and buildings at transition and deem this as cost. The group has not adopted an accounting policy of revaluing land and buildings. At transition the land and buildings increased in value by £274,452 in addition to the reversal of historical depreciation charged of £1,604,760. Following the revaluation additional depreciation of £5,489 has been charged to the profit and loss account in the year ended 31 January 2015 due to the higher cost of the site.

Mail order catalogues

At the transition date the group had released all of the costs of producing the mail order catalogues to the profit and loss account. Under FRS 102 mail order catalogues should be recognised in stock. A value of £242,376 has been adjusted at transition and released to the profit and loss account in the year ended 31 January 2015. In this year the group changed their accounting policy and recognised the asset with monthly releases based on the sales made from the catalogues. There is therefore no adjustment made to equity in the year ended 31 January 2015.

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Notes to the financial statements
For the year ended 31 January 2016

35. Transition to FRS 102 (continued)

Statement of cash flows

The group cash flow statement reflects the presentation requirements of FRS 102, which is different to that prepared under FRS 1. In addition the cash flow statement reconciles to 'cash and cash equivalents' whereas under previous UK GAAP the cash flow reconciled to cash. Cash and cash equivalents are defined in FRS 102 as 'cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value'. Cash under FRS 1 is defined as 'cash in hand and deposits repayable on demand with any qualifying institution less overdrafts from any qualifying institution repayable on demand'. The definition of FRS 1 is more restrictive than under FRS 102.

Changes to the company financial statements

The policies applied under the company's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit and loss.