

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

COMPANY INFORMATION

REGISTERED NUMBER	00148700
CHAIRMAN	M P George (resigned 26 January 2018) D M Noyes (appointed 23 May 2018)
DIRECTORS	N D J Gray R W Gray P D Gray FCMA J C Gray ACA N J Gray M P George (resigned 26 January 2018) D M Noyes (appointed 23 May 2018)
COMPANY SECRETARY	P D Gray FCMA
REGISTERED OFFICE	Station Road Robertsbridge East Sussex TN32 5DH
INDEPENDENT AUDITORS	Price Bailey LLP Chartered Accountants & Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

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GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

INTRODUCTION

The Company is engaged in the business of supplying quality sports goods and distributing them wherever those sports are played.

BUSINESS REVIEW

The Company has been successful in 2018 and is confident about prospects for 2019.

It continues to invest in its core business and is adapting to changing market conditions.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is reliant on its global sourcing and distribution network and is therefore exposed to risks of foreign exchange rate movements and the risks of unexpected disruptions to supply.

The Company is investing in digital services and is therefore becoming increasingly reliant on robust data security.

The Company manages its product innovation programme to develop market appealing products and mitigate the risk of product obsolescence due to technological advances.

FINANCIAL KEY PERFORMANCE INDICATORS

The principal financial goal of the business is to be profitable and achieve sustainable growth.

The Group's turnover fell by 2.6% to £25.1m (2017 - £25.8m).

The Group's profit for the year after tax was £1.6m (2017 - £1.0m).

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


P D Gray FCMA
Director

Date: 24/4/19

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report and the financial statements for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activities of the Group are the manufacture and distribution of quality branded sports goods.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,602,721 (2017 - £1,043,237).

The Directors consider the state of the Group's affairs during the year and the financial position at the end of the year to be satisfactory.

DIRECTORS

The Directors who served during the year were:

N D J Gray
R W Gray
P D Gray FCMA
J C Gray ACA
N J Gray
M P George (resigned 26 January 2018)
D M Noyes (appointed 23 May 2018)

POST BALANCE SHEET EVENTS

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

FUTURE DEVELOPMENTS

The Directors anticipate no significant changes in the company's activities in the foreseeable future.

AUDITORS

Under section 487(2) of the Companies Act 2006, Price Bailey LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the 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 auditors are aware of that information.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and 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'. 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's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

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


P D Gray ECMA
Secretary

Date: 24/4/19

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

OPINION

We have audited the financial statements of Grays of Cambridge (International) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

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 Auditors' 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.

Richard Vass (Senior Statutory Auditor)

for and on behalf of
Price Bailey LLP

Chartered Accountants
Statutory Auditors

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

30 April 2019

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	25,088,960	25,759,525
Change in stocks of finished goods and work in progress		805,887	(418,686)
Other operating income	5	258,622	289,971
Raw materials and consumables		(355,629)	(555,371)
Other external charges		(12,978,581)	(13,411,779)
Staff costs		(5,603,432)	(5,329,894)
Depreciation and amortisation		(266,287)	(285,783)
Other operating expenses		(5,226,931)	(4,984,569)
OPERATING PROFIT	6	1,722,609	1,063,414
Income from other fixed asset investments		154,149	119,567
Interest receivable and similar income	11	2,181	27,294
Interest payable and expenses	12	(305)	(1,029)
PROFIT BEFORE TAX		1,878,634	1,209,246
Tax on profit	13	(275,913)	(166,009)
PROFIT FOR THE FINANCIAL YEAR		1,602,721	1,043,237
Movement on foreign exchange		(24,455)	(51,644)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,578,266	991,593
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent Company		1,602,721	1,043,237

The notes on pages 16 to 35 form part of these financial statements.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED
REGISTERED NUMBER: 00148700

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	16	1,370,451	1,493,802
Investments	17	100,000	144,929
		<u>1,470,451</u>	<u>1,638,731</u>
CURRENT ASSETS			
Stocks	18	7,527,425	6,532,743
Debtors: amounts falling due after more than one year	19	6,125,835	6,880,591
Debtors: amounts falling due within one year	19	4,523,236	4,299,278
Cash at bank and in hand	20	3,863,279	3,729,625
		<u>22,039,775</u>	<u>21,442,237</u>
Creditors: amounts falling due within one year	21	(4,346,739)	(4,605,142)
NET CURRENT ASSETS		<u>17,693,036</u>	<u>16,837,095</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>19,163,487</u>	<u>18,475,826</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	23	(35,194)	(51,043)
Other provisions	24	(6,362,835)	(7,237,591)
		<u>(6,398,029)</u>	<u>(7,288,634)</u>
NET ASSETS		<u><u>12,765,458</u></u>	<u><u>11,187,192</u></u>

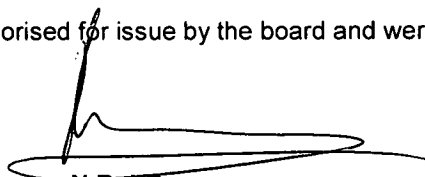
GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED
REGISTERED NUMBER: 00148700

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
CAPITAL AND RESERVES			
Called up share capital	25	27,060	27,060
Revaluation reserve		31,565	32,174
Capital redemption reserve		16,028	16,028
Foreign exchange reserve		(247,253)	(222,798)
Other reserves		83	83
Profit and loss account		12,937,975	11,334,645
		<u>12,765,458</u>	<u>11,187,192</u>

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


P D Gray FCMA
 Director


N D J Gray
 Director

Date: 24/4/19

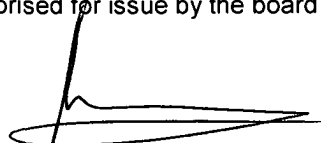
GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED
REGISTERED NUMBER: 00148700

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	16	1,348,465	1,478,411
Investments	17	182,188	215,352
		<u>1,530,653</u>	<u>1,693,763</u>
CURRENT ASSETS			
Stocks	18	7,527,425	6,532,743
Debtors: amounts falling due after more than one year	19	3,305,886	3,977,981
Debtors: amounts falling due within one year	19	4,461,642	4,263,334
Cash at bank and in hand	20	3,679,731	3,467,980
		<u>18,974,684</u>	<u>18,242,038</u>
Creditors: amounts falling due within one year	21	(4,376,055)	(4,554,614)
NET CURRENT ASSETS		<u>14,598,629</u>	<u>13,687,424</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>16,129,282</u>	<u>15,381,187</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	23	(35,194)	(51,043)
Other provisions	24	(3,542,886)	(4,334,981)
		<u>(3,578,080)</u>	<u>(4,386,024)</u>
NET ASSETS		<u><u>12,551,202</u></u>	<u><u>10,995,163</u></u>
CAPITAL AND RESERVES			
Called up share capital	25	27,060	27,060
Revaluation reserve		31,565	32,174
Capital redemption reserve		16,028	16,028
Profit and loss account		12,476,549	10,919,901
		<u>12,551,202</u>	<u>10,995,163</u>

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


P D Gray FCMA
 Director


N D J Gray
 Director

Date: 24/4/19

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Capital redemption reserve	Revaluation reserve	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 January 2018	27,060	16,028	32,174	(222,798)	83	11,334,645	11,187,192
COMPREHENSIVE INCOME FOR THE YEAR							
Profit for the year	-	-	-	-	-	1,602,721	1,602,721
Movement on foreign exchange	-	-	-	(24,455)	-	-	(24,455)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	(24,455)	-	1,602,721	1,578,266
Transfer to/from profit and loss account	-	-	(609)	-	-	609	-
TOTAL TRANSACTIONS WITH OWNERS	-	-	(609)	-	-	609	-
AT 31 DECEMBER 2018	<u>27,060</u>	<u>16,028</u>	<u>31,565</u>	<u>(247,253)</u>	<u>83</u>	<u>12,937,975</u>	<u>12,765,458</u>

The notes on pages 16 to 35 form part of these financial statements.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Capital redemption reserve	Revaluation reserve	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 January 2017	27,060	16,028	32,783	(171,154)	83	12,190,799	12,095,599
COMPREHENSIVE INCOME FOR THE YEAR							
Profit for the year	-	-	-	-	-	1,043,237	1,043,237
Movement on foreign exchange	-	-	-	(51,644)	-	-	(51,644)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	(51,644)	-	1,043,237	991,593
Dividends: Equity capital	-	-	-	-	-	(1,900,000)	(1,900,000)
Transfer to/from profit and loss account	-	-	(609)	-	-	609	-
TOTAL TRANSACTIONS WITH OWNERS	-	-	(609)	-	-	(1,899,391)	(1,900,000)
AT 31 DECEMBER 2017	27,060	16,028	32,174	(222,798)	83	11,334,645	11,187,192

The notes on pages 16 to 35 form part of these financial statements.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2018	27,060	16,028	32,174	10,919,901	10,995,163
COMPREHENSIVE INCOME FOR THE YEAR					
Profit for the year	-	-	-	1,556,039	1,556,039
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	1,556,039	1,556,039
Transfer to/from profit and loss account	-	-	(609)	609	-
TOTAL TRANSACTIONS WITH OWNERS	-	-	(609)	609	-
AT 31 DECEMBER 2018	27,060	16,028	31,565	12,476,549	12,551,202

The notes on pages 16 to 35 form part of these financial statements.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2017	27,060	16,028	32,783	11,732,480	11,808,351
COMPREHENSIVE INCOME FOR THE YEAR					
Profit for the year	-	-	-	1,086,812	1,086,812
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	1,086,812	1,086,812
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS					
Dividends: Equity capital	-	-	-	(1,900,000)	(1,900,000)
Transfer to/from profit and loss account	-	-	(609)	609	-
TOTAL TRANSACTIONS WITH OWNERS	-	-	(609)	(1,899,391)	(1,900,000)
AT 31 DECEMBER 2017	27,060	16,028	32,174	10,919,901	10,995,163

The notes on pages 16 to 35 form part of these financial statements.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	1,602,721	1,043,237
ADJUSTMENTS FOR:		
Depreciation of tangible assets	270,737	295,971
Loss on disposal of tangible assets	(1,826)	(9,982)
Interest paid	305	1,029
Interest received	(2,181)	(27,294)
Taxation charge	275,913	166,009
(Increase)/decrease in stocks	(994,682)	251,809
Decrease/(increase) in debtors	499,183	(1,640,262)
(Decrease)/increase in creditors	(257,882)	1,021,229
(Decrease)/increase in provisions	(874,756)	1,124,839
Corporation tax (paid)	(260,668)	(218,080)
Income from investments	(154,149)	(119,567)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>102,715</u>	<u>1,888,938</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(168,934)	(306,165)
Sale of tangible fixed assets	23,374	39,950
Sale of unlisted and other investments	44,929	138,881
Interest received	2,181	27,294
Income from investments	154,149	119,567
NET CASH FROM INVESTING ACTIVITIES	<u>55,699</u>	<u>19,527</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(1,900,000)
Interest paid	(305)	(1,029)
NET CASH USED IN FINANCING ACTIVITIES	<u>(305)</u>	<u>(1,901,029)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	158,109	7,436
Cash and cash equivalents at beginning of year	3,729,625	3,773,833
Foreign exchange gains and losses	(24,455)	(51,644)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u><u>3,863,279</u></u>	<u><u>3,729,625</u></u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	3,863,279	3,729,625
	<u><u>3,863,279</u></u>	<u><u>3,729,625</u></u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

The company is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is Station Road, Robertsbridge, East Sussex, TN32 5DH.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 judgment in applying the Group's accounting policies (see note 3).

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 following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form 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.

2.3 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Sale of goods

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

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

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.4 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model 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.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line/reducing balance method.

Depreciation is provided on the following bases:

Freehold property	2% straight line
Freehold land	Nil
Leasehold improvements	over the remaining life of the lease
Plant & machinery	15% - 25% on the reducing balance or the straight line basis
Motor vehicles	33% reducing balance
Fixtures & fittings	15% - 25% reducing balance

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 'other operating expenses' in the Consolidated Statement of Comprehensive Income.

Freehold land and buildings are included at deemed cost following the adoption of FRS 102. Deemed cost is the valuation as at the date of transition to FRS 102.

2.5 OPERATING LEASES: THE GROUP AS LESSEE

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.6 VALUATION OF INVESTMENTS

Investments in subsidiaries are valued at cost less provision for impairment.

Investments in associates are stated at the amount of the Company's share of net assets. The Consolidated Statement of Comprehensive Income includes the Company's share of the associated companies' profits after taxation using the equity accounting basis.

Investments held as fixed assets are shown at fair value.

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

2.7 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. Work in progress and manufactured finished goods include labour and attributable overheads.

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 the Consolidated Statement of Comprehensive Income.

2.8 DEBTORS

Short term debtors are measured at transaction price, less any impairment. The impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

2.9 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 Group's cash management.

The Company has taken advantage of the exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

2.10 FINANCIAL INSTRUMENTS

The Group 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 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.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.11 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.

2.12 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The company's functional and presentational currency is Pounds Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using an average rate.

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 Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other external charges'.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.13 FINANCE COSTS

Finance costs are charged to the Consolidated Statement of Comprehensive Income 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.

2.14 DIVIDENDS

Equity dividends are recognised when they become legally payable. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.15 PENSIONS

Defined contribution pension plan

The Group operates defined contribution plans 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 Statement of Comprehensive Income 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.

2.16 INTEREST INCOME

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.17 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 Consolidated Statement of Comprehensive Income 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.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.18 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge 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.

2.19 RESEARCH AND DEVELOPMENT

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred.

2.20 SPONSORSHIP AGREEMENTS

The Company sponsors various sporting bodies, individuals and events. Payments are matched to the relevant season or events' related income.

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 Directors make estimates and assumptions concerning the future based on their knowledge of the business and the markets it operates in. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

4. TURNOVER

In the opinion of the Directors the disclosure of turnover by geographical segment would be seriously prejudicial in the interests of the company and therefore this information has not been disclosed.

5. OTHER OPERATING INCOME

	2018 £	2017 £
Other operating income	258,622	289,971

6. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	270,737	295,971
Defined contribution pension cost	189,788	176,301
OPERATING LEASE PAYMENTS		
- property leases	143,500	116,500
- other operating leases	2,860	4,831

7. AUDITORS' REMUNERATION

FEES PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:

Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	28,139	30,242
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	4,780	4,831
	32,919	35,073

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

8. EMPLOYEES

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	4,915,015	4,668,435	4,712,198	4,469,727
Social security costs	512,822	498,781	432,770	415,490
Cost of defined contribution scheme	189,788	176,301	184,950	171,575
	<u>5,617,625</u>	<u>5,343,517</u>	<u>5,329,918</u>	<u>5,056,792</u>

Key management compensation

Key management personnel are not different from the Directors and their compensation is detailed in Note 9.

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

	2018 No.	2017 No.
Operations	70	66
Sales / commercial	53	51
Administration	18	19
	<u>141</u>	<u>136</u>

9. DIRECTORS' REMUNERATION

	2018 £	2017 £
Directors' emoluments	<u>649,158</u>	<u>667,076</u>

The highest paid Director received remuneration of £386,175 (2017 - £331,602).

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. INCOME FROM INVESTMENTS

	2018 £	2017 £
Income from fixed asset investments	126,323	76,089
Dividends received from unlisted investments	27,826	43,478

11. INTEREST RECEIVABLE

	2018 £	2017 £
Other interest receivable	2,181	27,294

12. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £	2017 £
Bank interest payable	305	1,029

13. TAXATION

	2018 £	2017 £
CORPORATION TAX		
Current tax on profits for the year	228,079	121,991
Adjustments in respect of previous periods	62,330	38,595
	290,409	160,586
FOREIGN TAX		
Foreign tax on income for the year	1,353	9,607
TOTAL CURRENT TAX	291,762	170,193
DEFERRED TAX		
Origination and reversal of timing differences	(15,849)	(4,184)
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	275,913	166,009

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

13. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.75%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	1,878,634	1,209,246
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.75%)	356,940	238,826
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,413	1,180
Share of partnership profits	2,282	3,869
Adjustments to tax charge in respect of prior periods	62,330	38,595
Non-taxable income	(5,287)	(29,673)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(153,695)	(89,863)
Other differences leading to an increase (decrease) in the tax charge	10,930	3,075
TOTAL TAX CHARGE FOR THE YEAR	275,913	166,009

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

14. DIVIDENDS

	2018 £	2017 £
Dividends paid on equity capital	-	1,900,000

15. 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 £1,556,039 (2017 - £1,086,812).

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. TANGIBLE FIXED ASSETS

Group

	Land & buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings & equipment £	Total £
Cost or valuation					
At 1 January 2018	1,317,904	1,297,852	376,455	857,272	3,849,483
Additions	-	75,216	93,718	-	168,934
Disposals	-	-	(60,980)	-	(60,980)
At 31 December 2018	<u>1,317,904</u>	<u>1,373,068</u>	<u>409,193</u>	<u>857,272</u>	<u>3,957,437</u>
Depreciation					
At 1 January 2018	460,223	1,124,216	198,660	572,582	2,355,681
Charge for the year on owned assets	44,115	87,915	75,513	63,194	270,737
Disposals	-	-	(39,432)	-	(39,432)
At 31 December 2018	<u>504,338</u>	<u>1,212,131</u>	<u>234,741</u>	<u>635,776</u>	<u>2,586,986</u>
Net book value					
At 31 December 2018	<u>813,566</u>	<u>160,937</u>	<u>174,452</u>	<u>221,496</u>	<u>1,370,451</u>
At 31 December 2017	<u>857,681</u>	<u>173,636</u>	<u>177,795</u>	<u>284,690</u>	<u>1,493,802</u>

The net book value of land and buildings may be further analysed as follows:

	2018 £	2017 £
Freehold	722,453	744,002
Long leasehold	91,113	113,679
	<u>813,566</u>	<u>857,681</u>

Freehold land and buildings are included at deemed cost following the adoption of FRS102. Deemed cost is the valuation as at 1 January 2014.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. TANGIBLE FIXED ASSETS (CONTINUED)

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

	2018 £	2017 £
GROUP		
Cost	1,247,900	1,247,900
Accumulated depreciation	(471,786)	(428,280)
NET BOOK VALUE	<u>776,114</u>	<u>819,620</u>

Company

	Land & buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings & equipment £	Total £
Cost or valuation					
At 1 January 2018	1,317,904	1,297,852	356,577	852,834	3,825,167
Additions	-	75,216	72,548	-	147,764
Disposals	-	-	(48,174)	-	(48,174)
At 31 December 2018	<u>1,317,904</u>	<u>1,373,068</u>	<u>380,951</u>	<u>852,834</u>	<u>3,924,757</u>
Depreciation					
At 1 January 2018	460,223	1,124,216	191,450	570,867	2,346,756
Charge for the year on owned assets	44,115	87,915	71,976	62,321	266,327
Disposals	-	-	(36,791)	-	(36,791)
At 31 December 2018	<u>504,338</u>	<u>1,212,131</u>	<u>226,635</u>	<u>633,188</u>	<u>2,576,292</u>
Net book value					
At 31 December 2018	<u>813,566</u>	<u>160,937</u>	<u>154,316</u>	<u>219,646</u>	<u>1,348,465</u>
At 31 December 2017	<u>857,681</u>	<u>173,636</u>	<u>165,127</u>	<u>281,967</u>	<u>1,478,411</u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. TANGIBLE FIXED ASSETS (CONTINUED)

The net book value of land and buildings may be further analysed as follows:

	2018 £	2017 £
Freehold land and buildings	722,453	744,002
Leasehold improvements	91,113	113,679
	<u>813,566</u>	<u>857,681</u>

Freehold land and buildings are included at deemed cost following the adoption of FRS102. Deemed cost is the valuation as at 1 January 2014.

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

	2018 £	2017 £
GROUP		
Cost	1,247,900	1,247,900
Accumulated depreciation	(471,786)	(428,280)
NET BOOK VALUE	<u>776,114</u>	<u>819,620</u>

17. FIXED ASSET INVESTMENTS

Group

	Other fixed asset investments £
Cost or valuation	
At 1 January 2018	144,929
Disposals	(44,929)
At 31 December 2018	<u>100,000</u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

17. FIXED ASSET INVESTMENTS (CONTINUED)

Company

	Investments in subsidiary companies £	Other fixed asset investments £	Total £
Cost or valuation			
At 1 January 2018	70,423	144,929	215,352
Additions	-	15,652	15,652
Disposals	-	(48,816)	(48,816)
At 31 December 2018	<u>70,423</u>	<u>111,765</u>	<u>182,188</u>

Details of the principle subsidiaries and associates can be found under note 29

18. STOCKS

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Raw materials and consumables	971,814	783,019	971,814	783,019
Stocks - finished goods in transit	768,770	826,476	768,770	826,476
Finished goods and goods for resale	5,786,841	4,923,248	5,786,841	4,923,248
	<u>7,527,425</u>	<u>6,532,743</u>	<u>7,527,425</u>	<u>6,532,743</u>

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

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. DEBTORS

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Due after more than one year				
Prepayments and accrued income	6,125,835	6,880,591	3,305,886	3,977,981
	<u>6,125,835</u>	<u>6,880,591</u>	<u>3,305,886</u>	<u>3,977,981</u>
	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Due within one year				
Trade debtors	2,951,353	2,767,944	2,892,632	2,772,644
Amounts owed by group undertakings	-	-	53,516	35,041
Other debtors	233,400	291,584	226,524	286,306
Prepayments and accrued income	1,338,483	1,239,750	1,288,970	1,169,343
	<u>4,523,236</u>	<u>4,299,278</u>	<u>4,461,642</u>	<u>4,263,334</u>

20. CASH AND CASH EQUIVALENTS

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	3,863,279	3,729,625	3,679,731	3,467,980
	<u>3,863,279</u>	<u>3,729,625</u>	<u>3,679,731</u>	<u>3,467,980</u>

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	1,296,959	1,825,839	1,288,917	1,439,332
Amounts owed to group undertakings	-	-	86,722	542,248
Corporation tax	9,492	10,013	-	-
Other taxation and social security	109,209	191,809	106,618	100,343
Other creditors	64,244	93,043	23,618	25,322
Accruals and deferred income	2,866,835	2,484,438	2,870,180	2,447,369
	<u>4,346,739</u>	<u>4,605,142</u>	<u>4,376,055</u>	<u>4,554,614</u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

22. FINANCIAL INSTRUMENTS

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
FINANCIAL ASSETS				
Financial assets measured at fair value through profit or loss	3,863,279	3,729,625	3,679,731	3,467,980
Financial assets that are debt instruments measured at amortised cost	3,017,114	3,059,527	3,006,573	3,093,990
	<u>6,880,393</u>	<u>6,789,152</u>	<u>6,686,304</u>	<u>6,561,970</u>
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	<u>(4,228,038)</u>	<u>(4,403,320)</u>	<u>(4,254,465)</u>	<u>(4,454,271)</u>

Financial assets measured at fair value through profit or loss comprise of cash at bank and in hand and unlisted investments.

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors, accruals and deferred income and amounts owed to group companies.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

23. DEFERRED TAXATION

Group

	2018 £	2017 £
At beginning of year	51,043	55,227
Charged to profit or loss	(15,849)	(4,184)
AT END OF YEAR	35,194	51,043

Company

	2018 £	2017 £
At beginning of year	51,043	55,227
Charged to profit or loss	(15,849)	(4,184)
AT END OF YEAR	35,194	51,043

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Accelerated capital allowances	49,434	66,100	49,434	66,100
Tax losses carried forward	(14,240)	(15,057)	(14,240)	(15,057)
	35,194	51,043	35,194	51,043

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

24. PROVISIONS

Group

	Other provisions £	Total £
At 1 January 2018	7,237,591	7,237,591
Charged to profit or loss	(874,756)	(874,756)
AT 31 DECEMBER 2018	6,362,835	6,362,835

Company

	Other provisions £	Total £
At 1 January 2018	4,334,981	4,334,981
Charged to profit or loss	(792,095)	(792,095)
AT 31 DECEMBER 2018	3,542,886	3,542,886

Other provisions relate to liabilities and indemnity payments, dilapidation provisions, unfunded pensions, sponsorship contracts, and estimated costs for defending the group's Intellectual Property rights. The timing of these are not known.

25. SHARE CAPITAL

	2018 £	2017 £
ALLOTTED, CALLED UP AND FULLY PAID		
27,060 (2017 - 27,060) Ordinary shares of £1 each	27,060	27,060

26. PENSION COMMITMENTS

Former employees

Pensions are paid on a voluntary basis to some former employees for whom adequate provision has not been made prior to retirement.

The company contributes to personal pension schemes in respect of three directors and other staff. The assets of the schemes are held separately from those of the company in an independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £184,950 (2017 - £171,575). Contributions totalling £83,765 (2017 - £88,569) were payable to the funds at the balance sheet date and are included in creditors and provisions.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

27. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Not later than 1 year	159,000	145,500	159,000	145,400
Later than 1 year and not later than 5 years	513,000	564,000	513,000	564,000
	<u>672,000</u>	<u>709,500</u>	<u>672,000</u>	<u>709,400</u>

28. RELATED PARTY TRANSACTIONS

The Group and Company has traded with related parties during the year as follows:

Sales to related parties totalled £700,000 (2017 - £869,000).

Purchases from related parties totalled £1,022,000 (2017 - £1,462,000).

Admin support was provided to related parties totalling £9,000 (2017 - £10,000).

Amounts owed to related parties at the year end totalled £10,000 (2017 - £5,000).

Amounts owed from related parties at the year end totalled £477,000 (2017 - £526,000).

Loans repaid by related parties totalled £40,000 (2017 - £139,000). At the year end there were loans outstanding due from related parties totalling £NIL (2017 - £40,000).

Rent paid to related parties totalled £156,000 (2017 - £116,000).

Dividends paid to directors totalled £NIL (2017 - £1,900,000).

The Company has taken advantage of the exemption under FRS 102 (Section 33.1A) not to disclose transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly-owned by such a member.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

29. SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Grays Sports Limited	Negotiating, securing and entering sponsorship agreements	Ordinary	100%
Rugby 1823 SARL	Sales agency	Ordinary	100%
Hockey 1890 BV	Sales agency	Ordinary	100%
Gray-Nicolls Limited	Dormant	Ordinary	100%
James Gilbert Limited	Dormant	Ordinary	100%
Grays of Cambridge Limited	Dormant	Ordinary	100%
H J Gray & Sons	Dormant	Ordinary	100%

The registered address of Rugby 1823 SARL is 294 Route de Saint-Omer, 62280 Saint-Martin-Boulogne, France.

The registered address of Hockey 1890 BV is Plesmanstraat 1, 3833 LA Leusden, Netherlands.

The registered address of all other companies is Station Road, Robertsbridge, East Sussex, TN32 5DH.