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TREK BICYCLE CORPORATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

Company Registration Number 02355933

TREK BICYCLE CORPORATION LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Independent auditor's report to the member	5
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10
 The following pages do not form part of the statutory financial statements	
Detailed profit and loss account	20
Notes to the detailed profit and loss account	21

TREK BICYCLE CORPORATION LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2012

The board of directors	J Burke J R Siefkes R Burns
Company secretary	R Burns
Business address	9 Sherbourne Drive Tilbrook Milton Keynes MK7 8HX
Registered office	9 Sherbourne Drive Tilbrook Milton Keynes MK7 8HX
Auditor	RSM Tenon Audit Limited Cedar House Breckland Linford Wood Milton Keynes MK14 6EX
Solicitors	Devonshires Salisbury House London Wall London EC2M 5QY

TREK BICYCLE CORPORATION LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements of the company for the year ended 31 December 2012

Principal activities and business review

The principal activity of the company is the wholesale distribution of mountain, road, leisure and children's bicycles from the Trek brand and Bontrager parts and accessories, in the UK

The company is a wholly owned subsidiary of the Trek Bicycle Corporation which is registered in Wisconsin, USA

As shown in the company's profit and loss account on page 7, the company's sales increased by 10% over the prior year. Poor weather through April-June adversely affected sales. However the high profile focus on cycling in the summer positively influenced sales. Gross profit margin for the year increased to 23.7% (2011: 22.6%)

Operating Profit has increased significantly to £2,577,228 from £1,482,797 in 2011. Subsequently, our return on capital employed has also increased to 22.8% (2011: 14.5%)

Return on capital employed is defined as Operating Profit divided by Shareholders Funds

Results and dividends

The profit for the year, after taxation, amounted to £2,019,299. It's pleasing to return to sales growth & improving profits following a year of transition in 2011.

Particulars of dividends paid are detailed in note 9 to the financial statements

A dividend of £1,000,000 was paid during the year (2011: nil)

Directors

The directors who served the company during the year were as follows

J Burke
J R Siefkes
R Burns

TREK BICYCLE CORPORATION LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

Principal risks and uncertainties

In the short to medium term it is not clear what impact the global economic climate and the other market challenges will have on 2013

However positive long term trends for cycling such as the rising cost of motoring, public environmental concerns and promotion of good health are all still present. Coupled with high profile exposure of cycling at events like the Olympics the outlook for future growth is still very good

The introduction of new innovative products in continuous supply, have been essential in managing risk. The company is always looking for opportunities to strengthen relationships with customers and increase market share within the customer base. The company's purchases are made primarily in US dollars and euros and it is therefore exposed to currency exchange movements. The parent company takes out dollar foreign exchange contracts in its name to hedge some of these risks

The company is financed by equity and has no third party debt and therefore has no interest rate exposure

Opportunities

We are planning to work more closely with our approved dealer base to improve their business and enhance consumer experience, in some cases this will lead to retail partnerships

We will continue to implement our retail management system called Ascend which we introduced in 2009. We aim to add a number of additional customers to this system in 2013

The new premises significantly improved our office & warehouse storage capacity enabling growth. In addition it has improved facilities for customer meetings & training. Product training & Business development are essential elements of our customer offer going forwards

During 2012 we have added supply of another European market into the business. This continues in 2013

Environment

The company recognises the importance of its environmental responsibilities, monitors its impact and designs and implements policies to reduce any damage that might be caused by the company's activities

Company vehicles are chosen with low CO2 emissions, cycling to work is promoted by giving staff discounts on cycling products and providing shower and bike storage facilities. All waste is collected by recycling agents. Our premises have been built to BREEAM standards

Directors' responsibilities

The directors are responsible for preparing 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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

TREK BICYCLE CORPORATION LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

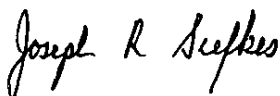
In so far as the directors are, individually, aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

RSM Tenon Audit Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the directors



J R Siefkes

Director

Approved by the directors on 21/4/13

TREK BICYCLE CORPORATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF TREK
BICYCLE CORPORATION LIMITED
YEAR ENDED 31 DECEMBER 2012

We have audited the financial statements of Trek Bicycle Corporation Limited for the year ended 31 December 2012 on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its 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 matters prescribed by the Companies Act 2006

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

TREK BICYCLE CORPORATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF TREK
BICYCLE CORPORATION LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2012

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

RSM Tenon Audit Limited

Philip Gale, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited
Statutory Auditors
Cedar House
Breckland
Linford Wood
Milton Keynes
MK14 6EX

8/4/13

TREK BICYCLE CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
Turnover	2	33,850,161	30,779,816
Cost of sales		(25,827,237)	(23,834,127)
Gross profit		8,022,924	6,945,689
Distribution costs		(952,657)	(1,194,294)
Administrative expenses excluding exceptional items		(4,509,278)	(3,766,741)
Exceptional administrative expenses	6	—	(501,857)
Administrative expenses		(4,509,278)	(4,268,598)
Other operating income	3	16,239	—
Operating profit	4	2,577,228	1,482,797
Interest receivable		133,048	92,929
Interest payable and similar charges	7	(6,960)	(129,474)
Profit on ordinary activities before taxation		2,703,316	1,446,252
Tax on profit on ordinary activities	8	(684,017)	(460,390)
Profit for the financial year		<u>2,019,299</u>	<u>985,862</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 10 to 18 form part of these financial statements

TREK BICYCLE CORPORATION LIMITED

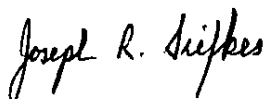
Registered Number 02355933

BALANCE SHEET**31 DECEMBER 2012**

	Note	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	10		1,139,531		1,233,810
Current assets					
Stocks	11	10,978,810		5,364,741	
Debtors	12	8,031,301		6,632,607	
Cash at bank and in hand		1,217,999		547,787	
		<u>20,228,110</u>		<u>12,545,135</u>	
Creditors: Amounts falling due within one year	13	<u>(10,099,643)</u>		<u>(3,530,246)</u>	
Net current assets			10,128,467		9,014,889
Total assets less current liabilities			<u>11,267,998</u>		<u>10,248,699</u>
Capital and reserves					
Called-up share capital	16		799,327		799,327
Profit and loss account	17		10,468,671		9,449,372
Shareholder's funds	18		<u>11,267,998</u>		<u>10,248,699</u>

These financial statements were approved by the directors and authorised for issue on 21/4/13 , and are signed on their behalf by

J R Siefkes
Director



The notes on pages 10 to 18 form part of these financial statements

TREK BICYCLE CORPORATION LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2012

		2012		2011	
	Note	£	£	£	£
Net cash inflow from operating activities	19		2,158,192		1,955,267
Returns on investments and Servicing of finance					
Interest received		133,048		92,929	
Interest paid		<u>(6,960)</u>		<u>(129,474)</u>	
Net cash inflow/(outflow) from returns on investments and servicing of finance			126,088		(36,545)
Taxation			(571,747)		(765,858)
Capital expenditure					
Payments to acquire tangible fixed assets		(47,955)		(1,240,480)	
Receipts from sale of fixed assets		<u>5,634</u>		<u>40,621</u>	
Net cash outflow from capital expenditure			(42,321)		(1,199,859)
Equity dividends paid			(1,000,000)		–
Increase/(decrease) in cash	19		<u>670,212</u>		<u>(46,995)</u>

The notes on pages 10 to 18 form part of these financial statements

TREK BICYCLE CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

Basis of accounting

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

Turnover

The turnover shown in the profit and loss account represents the value of all goods sold during the period, less returns received, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Leasehold improvements	- over the remaining lease term
Fixtures & Fittings	- 20% - 33% per annum

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in first-out method and includes the normal cost of transporting stock to its present location and condition. Cost represents materials, freight and duty, and net realisable value is based on selling prices less anticipated selling costs.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet at their fair value and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

TREK BICYCLE CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

1 Accounting policies *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities recognised have not been discounted

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement

Financial instruments which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principal capital amounts outstanding at the period end. Issue costs relating to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. A financial liability is any contractual arrangement for an entity to deliver cash to the holder of the associated financial instrument

If a financial instrument contains both an equity and a liability element, then the liability element is first established with any residual value being disclosed within equity shareholders' funds. The liability element is the present value of the future payments guaranteed to be made to the holders of the financial instrument

TREK BICYCLE CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2012	2011
	£	£
United Kingdom	30,791,946	28,254,949
Overseas	3,058,215	2,524,867
	<u>33,850,161</u>	<u>30,779,816</u>

3 Other operating income

	2012	2011
	£	£
Other operating income	<u>16,239</u>	<u>-</u>

4. Operating profit

Operating profit is stated after charging/(crediting)

	2012	2011
	£	£
Depreciation of owned fixed assets	142,183	122,352
Profit on disposal of fixed assets	(5,583)	(6,977)
Operating lease costs		
-Plant and machinery	965	4,665
-Other	698,403	725,217
Net profit on foreign currency translation	(142,599)	(572,403)
Auditor's remuneration - audit of the financial statements	19,250	19,000
Auditor's remuneration - other fees	<u>6,500</u>	<u>6,300</u>
	2012	2011
	£	£
Auditor's remuneration - audit of the financial statements	<u>19,250</u>	<u>19,000</u>
Auditor's remuneration - other fees		
- Taxation services	<u>6,500</u>	<u>6,300</u>

TREK BICYCLE CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

5. Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2012	2011
	No	No
Number of distribution staff	27	28
Number of administrative staff	41	39
	<u>68</u>	<u>67</u>

The aggregate payroll costs of the above were

	2012	2011
	£	£
Wages and salaries	2,929,249	2,696,748
Social security costs	320,662	282,169
	<u>3,249,911</u>	<u>2,978,917</u>

Directors' emoluments

No emoluments were paid to the directors by the Company during the year (2011 £nil)

6. Exceptional items

	2012	2011
	£	£
Recognised in arriving at operating profit		
Relocation costs	<u>-</u>	<u>(501,857)</u>

7. Interest payable and similar charges

	2012	2011
	£	£
Other similar charges payable	<u>6,960</u>	<u>129,474</u>

TREK BICYCLE CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2012 £	2011 £
In respect of the year		
UK Corporation tax	662,270	392,478
Under provision in previous year	21,747	61,312
	<u>684,017</u>	<u>453,790</u>
Deferred tax		
Origination and reversal of timing differences	-	6,600
Tax on profit on ordinary activities	<u>684,017</u>	<u>460,390</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 24.50% (2011 - 26%)

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>2,703,316</u>	<u>1,446,252</u>
Profit on ordinary activities by rate of tax	662,312	376,026
Effects of		
Expenses not deductible for tax purposes	8,684	80,106
Capital allowances for period in excess of depreciation	(6,134)	(39,242)
Adjustments to tax charge in respect of previous periods	21,747	61,313
Rounding on tax charge	(2,592)	(24,413)
Total current tax (note 8(a))	<u>684,017</u>	<u>453,790</u>

9. Dividends

Equity dividends

	2012 £	2011 £
Paid during the year		
Dividends on equity shares	<u>1,000,000</u>	<u>-</u>

TREK BICYCLE CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

10. Tangible fixed assets

	Leasehold improvements £	Fixtures & Fittings £	Total £
Cost			
At 1 January 2012	1,015,976	497,563	1,513,539
Additions	–	47,955	47,955
Disposals	(51)	(18,750)	(18,801)
At 31 December 2012	<u>1,015,925</u>	<u>526,768</u>	<u>1,542,693</u>
Depreciation			
At 1 January 2012	45,296	234,433	279,729
Charge for the year	67,731	74,452	142,183
On disposals	–	(18,750)	(18,750)
At 31 December 2012	<u>113,027</u>	<u>290,135</u>	<u>403,162</u>
Net book value			
At 31 December 2012	<u>902,898</u>	<u>236,633</u>	<u>1,139,531</u>
At 31 December 2011	<u>970,680</u>	<u>263,130</u>	<u>1,233,810</u>

11. Stocks

	2012 £	2011 £
Finished goods	<u>10,978,810</u>	<u>5,364,741</u>

12. Debtors

	2012 £	2011 £
Trade debtors	7,597,924	6,338,164
VAT recoverable	8,253	21,892
Other debtors	266,236	152,250
Prepayments and accrued income	158,888	120,301
	<u>8,031,301</u>	<u>6,632,607</u>

13. Creditors: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	517,632	147,760
Amounts owed to group undertakings	7,067,789	1,647,059
Corporation tax	272,270	160,000
PAYE and social security	217,011	166,277
VAT	402,271	501,969
Accruals and deferred income	1,622,670	907,181
	<u>10,099,643</u>	<u>3,530,246</u>

TREK BICYCLE CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

14. Commitments under operating leases

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

	2012		2011	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 1 year	-	85,483	-	22,180
Within 2 to 5 years	-	69,493	110,700	53,360
After more than 5 years	490,020	-	483,795	-
	<u>490,020</u>	<u>154,976</u>	<u>594,495</u>	<u>75,540</u>

15. Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard No 8 "Related Party Transactions" from disclosing transactions with wholly owned group companies

16 Share capital

Allotted, called up and fully paid.

	2012		2011	
	No	£	No	£
175,000 Redeemable Preference 'A' shares of £1 each	175,000	175,000	175,000	175,000
175,000 Redeemable Preference 'B' shares of £1 each	175,000	175,000	175,000	175,000
175,000 Redeemable Preference 'C' shares of £1 each	175,000	175,000	175,000	175,000
175,000 Redeemable Preference 'D' shares of £1 each	175,000	175,000	175,000	175,000
99,327 Ordinary shares of £1 each	99,327	99,327	99,327	99,327
	<u>799,327</u>	<u>799,327</u>	<u>799,327</u>	<u>799,327</u>

Each of the classes of the redeemable preference shares are redeemable at par at any time at the discretion of the directors. Holders are entitled to preferential repayment of capital on liquidation. There are no rights to dividend or to vote at general meetings.

17. Profit and loss account

	2012 £	2011 £
Balance brought forward	9,449,372	8,463,510
Profit for the financial year	2,019,299	985,862
Equity dividends	(1,000,000)	-
Balance carried forward	<u>10,468,671</u>	<u>9,449,372</u>

TREK BICYCLE CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

18. Reconciliation of movements in shareholder's funds

	2012	2011
	£	£
Profit for the financial year	2,019,299	985,862
Equity dividends	(1,000,000)	—
Opening and closing shareholder's non-equity Premium	700,000	700,000
	<u>1,019,299</u>	<u>985,862</u>
Net addition to shareholder's funds	1,019,299	985,862
Opening shareholder's funds	10,248,699	9,262,837
Closing shareholder's funds	<u>11,267,998</u>	<u>10,248,699</u>

19. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2012	2011
	£	£
Operating profit	2,577,228	1,482,797
Depreciation	142,183	122,352
Profit on disposal of fixed assets	(5,583)	(6,977)
(Increase)/decrease in stocks	(5,614,069)	7,062,907
Increase in debtors	(1,398,694)	(1,256,066)
Increase/(decrease) in creditors	6,457,127	(5,449,746)
Net cash inflow from operating activities	<u>2,158,192</u>	<u>1,955,267</u>

Reconciliation of net cash flow to movement in net funds

	2012	2011
	£	£
Increase/(decrease) in cash in the period	670,212	(46,995)
Movement in net funds in the period	670,212	(46,995)
Net funds at 1 January 2012	547,787	594,782
Net funds at 31 December 2012	<u>1,217,999</u>	<u>547,787</u>

Analysis of changes in net funds

	At		At
	1 January		31 December
	2012	Cash flows	2012
	£	£	£
Net cash			
Cash in hand and at bank	547,787	670,212	1,217,999
Net funds	<u>547,787</u>	<u>670,212</u>	<u>1,217,999</u>

TREK BICYCLE CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

20. Ultimate parent undertaking and controlling party

In the opinion of the directors, the company's ultimate parent company and ultimate controlling party is Trek Bicycle Corporation, which is registered in the state of Wisconsin, USA. Trek Bicycle Corporation is the parent undertaking of the largest and smallest group, which includes the company and for which group financial statements are prepared.

In May 2009, 65% of the share capital of the company was pledged as security against group borrowing facilities.

TREK BICYCLE CORPORATION LIMITED
MANAGEMENT INFORMATION
YEAR ENDED 31 DECEMBER 2012

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 5 to 6**

TREK BICYCLE CORPORATION LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2012

	2012		2011	
	£	£	£	£
Turnover		33,850,161		30,779,816
Cost of sales				
Purchases	25,791,454		23,834,127	
Direct costs	<u>35,783</u>		<u>—</u>	
		(25,827,237)		(23,834,127)
Gross profit		<u>8,022,924</u>		<u>6,945,689</u>
Overheads				
Distribution costs	952,657		1,194,294	
Administrative expenses	<u>4,509,278</u>		<u>4,268,598</u>	
		(5,461,935)		(5,462,892)
		<u>2,560,989</u>		<u>1,482,797</u>
Other operating income				
Other operating income		<u>16,239</u>		<u>—</u>
Operating profit		<u>2,577,228</u>		<u>1,482,797</u>
Bank interest receivable		<u>133,048</u>		<u>92,929</u>
		<u>2,710,276</u>		<u>1,575,726</u>
Interest payable to group undertakings		<u>(6,960)</u>		<u>(129,474)</u>
Profit on ordinary activities		<u><u>2,703,316</u></u>		<u><u>1,446,252</u></u>

TREK BICYCLE CORPORATION LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2012

	2012		2011
	£	£	£
Distribution costs			
Repairs and maintenance		34,294	100,861
Warehouse costs		203,389	424,053
Delivery costs		546,172	549,329
Warranty costs		168,802	120,051
		<u>952,657</u>	<u>1,194,294</u>
Administrative expenses			
Personnel costs			
Wages and salaries	2,929,249		2,696,748
Staff national insurance contributions	<u>320,662</u>		<u>282,169</u>
		3,249,911	2,978,917
Establishment expenses			
Rent	623,807		652,292
Insurance	60,447		38,105
Private medical insurance	<u>9,070</u>		<u>10,670</u>
		693,324	701,067
General expenses			
Motor expenses	54,492		68,045
Travelling and entertaining	209,873		225,080
Vehicle leasing charges	74,596		72,925
Telephone	31,967		43,510
Hire of plant and machinery	965		4,665
Printing, stationery and postage	4,760		14,850
Computer software and maintenance costs	74		10,286
Staff training	9,178		9,558
Staff welfare	22,222		10,973
Recruitment costs	7,740		19,216
Sundry expenses	18,718		32,308
Marketing	1,153,779		783,807
Trade subscriptions	4,645		4,917
Management charges payable	(1,166,054)		(842,590)
Legal and professional fees	42,050		(12,525)
Accountancy fees	6,500		6,300
Auditors remuneration	19,250		19,000
Relocation costs	—		501,857
Depreciation of long leasehold	67,731		47,182
Depreciation of fixtures and fittings	74,452		75,170
Profit on disposal of fixed assets	<u>(5,583)</u>		<u>(6,977)</u>
		631,355	1,087,557
Financial costs			
Bad debts written off	38,542		34,251
Bank charges	38,745		39,209
Foreign currency gains/losses	<u>(142,599)</u>		<u>(572,403)</u>
		(65,312)	(498,943)
		<u>4,509,278</u>	<u>4,268,598</u>

TREK BICYCLE CORPORATION LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2012

	2012	2011
	£	£
Interest receivable		
Bank interest receivable	<u>133,048</u>	<u>92,929</u>