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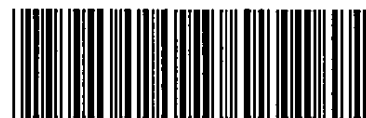
## **Bryncir Products Limited**

Report and Financial Statements

Year Ended

31 December 2007

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**BDO Stoy Hayward**  
Chartered Accountants

# **Bryncir Products Limited**

## **Annual report and financial statements for the year ended 31 December 2007**

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### **Contents**

#### **Page:**

1	Report of the directors
3	Independent auditor's report
5	Consolidated profit and loss account
6	Consolidated statement of total recognised gains and losses
7	Consolidated balance sheet
8	Company balance sheet
9	Consolidated cash flow statement
10	Notes forming part of the financial statements

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### **Directors**

A J Langdon  
M Welden  
I M Snelson

### **Secretary and registered office**

I M Snelson, Gelert House, Penamser Road, Porthmadog, Gwynedd, LL49 9NX

### **Company number**

3582903

### **Auditors**

BDO Stoy Hayward LLP, Commercial Buildings, 11-15 Cross Street, Manchester, M2 1WE

# **Bryncir Products Limited**

## **Report of the directors for the year ended 31 December 2007**

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The directors present their report together with the audited financial statements for the year ended 31 December 2007

### **Results and dividends**

The profit and loss account is set out on page 5 and shows the profit for the year

The directors do not recommend the payment of a dividend. A total dividend of £15 per share was paid during the year ended 31 December 2006

### **Principal activities, review of business and future developments**

The company's principal activity is that of a holding company to a group of companies distributing retailer and outdoor leisure products

The group has invested in resources in 2007 and this will continue in 2008 and into 2009. This has resulted in an increased turnover in 2007 compared to 2006 with an increase in Gross Profit overall. The Gross Profit percentage has decreased due to a change in the split of customers, which will again continue into 2008 and 2009.

Even considering the current economic climate our continued inward investment in resources will result in further increases in Turnover, Gross and Net Profit in 2008 and 2009.

### **Key performance indicators**

The key performance indicators are monitored by the Board on a continuous basis. These include

- Turnover
- Gross margin
- Working capital
- Debt to asset ratio

### **Principal risks and uncertainties**

The group seeks to protect and increase turnover and profitability by delivering a high level of customer service, investing heavily in product development, and maintaining a strong focus on costs and overheads.

Most goods for re-sale are purchased in United States Dollars. The company also sells goods within Europe in Euros. There is therefore an exposure to movements in Sterling to US Dollar and Sterling to Euro exchange rates. The Finance Director monitors this exposure and takes out forward exchange contracts to fix the exchange rate as appropriate.

The group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against contractual agreements. The group also takes out insurance to cover a portion of the credit risk.

The group monitors cash flow as part of its day to day control procedures. The Board considers cash flow projections and ensures that appropriate facilities are available to be drawn on as necessary.

The group funds its working capital through various bank facilities which are secured either against debtors or stock. The board actively monitors available facilities against cash flow projections to ensure that appropriate funds are available. The current facilities are in place until the end of February 2009 and the directors are confident that these facilities will be renewed at that time.

The utilisation of bank funding exposes the company to interest rate risk. The board monitors its cash flow and any potential exposure to interest rate variance and considers appropriate action.

# **Bryncir Products Limited**

## **Report of the directors for the year ended 31 December 2007 (*continued*)**

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### **Post balance sheet events**

At the beginning of 2008 the group entered into an arrangement to purchase stock and the rights to several brands including Hi Gear and Canyon. This acquisition will enable the group to make enhancements to its brand strategy and enter into new markets, most notably in both adult and child cycles and accessories.

### **Directors**

The directors of the company during the year were

A J Langdon  
M Welden

Mr I M Snelson was appointed to the Board on 1 May 2008

### **Directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

### **On behalf of the board**



I M Snelson  
Director

11 November 2008

# **Bryncir Products Limited**

## **Independent auditor's report**

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### **To the shareholders of Bryncir Products Limited**

We have audited the group and parent company financial statements (the "financial statements") of Bryncir Products Limited for the year ended 31 December 2007 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### *Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# Bryncir Products Limited

## Independent auditor's report (*continued*)

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### *Opinion*

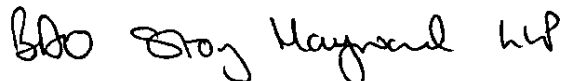
#### In our opinion

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 December 2007 and of its profit for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 December 2007,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

#### Emphasis of matter - Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company is reliant on the continuing support of its bankers and currently has facilities in place to fund its operations until the end of February 2009 when renewal is due to take place. If the facilities were not subsequently renewed this may cast significant doubt about the company's ability to continue as a going concern. The absence of committed facilities beyond February 2009 therefore indicates the existence of a material uncertainty.

The current facilities expire at the end of February 2009 and there is no binding agreement from the bank beyond the renewal date, however, on the basis of the forecasts provided and discussions with the Bank to date, the directors believe that formal approval will be given for adequate facilities. The financial statements do not therefore include the adjustments that would result if the company was unable to continue as a going concern.



#### **BDO STOY HAYWARD LLP**

*Chartered Accountants  
and Registered Auditors  
Manchester*

17 November 2008

## Bryncir Products Limited

### Consolidated profit and loss account for the year ended 31 December 2007

	Note	2007 £	2006 £
<b>Turnover</b>	2	<b>19,442,278</b>	16,956,431
Cost of sales		<b>11,572,401</b>	9,906,050
		<hr/>	<hr/>
<b>Gross profit</b>		<b>7,869,877</b>	7,050,381
Distribution costs		<b>3,911,159</b>	3,300,156
Administrative expenses		<b>3,343,947</b>	3,448,159
		<hr/>	<hr/>
<b>Group operating profit</b>	3	<b>614,771</b>	302,066
Profit on disposal of operation - group		<b>610</b>	-
		<hr/>	<hr/>
<b>Profit on ordinary activities before interest and other income</b>		<b>615,381</b>	302,066
Interest payable and similar charges	6	<b>(428,940)</b>	(315,421)
		<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>186,441</b>	(13,355)
Taxation on profit/(loss) on ordinary activities	7	<b>(88,845)</b>	(38,972)
		<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities after taxation</b>		<b>97,596</b>	(52,327)
		<hr/>	<hr/>

All amounts relate to continuing activities

The notes on pages 10 to 25 form part of these financial statements

# **Bryncir Products Limited**

## **Consolidated statement of total recognised gains and losses for the year ended 31 December 2007**

	<b>Note</b>	<b>2007 £</b>	<b>2006 £</b>
<b>Consolidated statement of total recognised gains and losses</b>			
Profit/(loss) for the financial year		<b>97,596</b>	<b>(52,327)</b>
Total gains and losses for the year before currency adjustments		<b>97,596</b>	<b>(52,327)</b>
Exchange translation differences on consolidation	19	<b>(37,166)</b>	<b>8,085</b>
<b>Total recognised gains and losses for the financial year</b>		<b>60,430</b>	<b>(44,242)</b>

The notes on pages 10 to 25 form part of these financial statements



# Bryncir Products Limited

## Consolidated balance sheet at 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
<b>Fixed assets</b>					
Intangible assets	10		553,136		624,298
Tangible assets	11		2,043,811		2,263,212
			<u>2,596,947</u>		<u>2,887,510</u>
<b>Current assets</b>					
Stocks	13	5,503,485		4,510,676	
Debtors	14	3,588,001		4,234,065	
Cash at bank and in hand		952,873		207,416	
		<u>10,044,359</u>		<u>8,952,157</u>	
<b>Creditors amounts falling due within one year</b>	15	<u>8,253,411</u>		<u>7,232,226</u>	
<b>Net current assets</b>			<u>1,790,948</u>		<u>1,719,931</u>
<b>Total assets less current liabilities</b>			<u>4,387,895</u>		<u>4,607,441</u>
<b>Creditors amounts falling due after more than one year</b>	16	742,172		990,586	
<b>Provisions for liabilities</b>	17	<u>119,656</u>		<u>151,218</u>	
			<u>861,828</u>		<u>1,141,804</u>
			<u>3,526,067</u>		<u>3,465,637</u>
<b>Capital and reserves</b>					
Called up share capital	18		7,376		7,376
Profit and loss account	19		3,518,691		3,458,261
<b>Shareholders' funds</b>	20		<u>3,526,067</u>		<u>3,465,637</u>

The financial statements were approved by the board of directors and authorised for issue on 11 November 2008



M Welden  
Director

The notes on pages 10 to 25 form part of these financial statements

# Bryncir Products Limited

## Company balance sheet at 31 December 2007

	Note	2007 £	2006 £
<b>Fixed assets</b>			
Fixed asset investments	12	1,380,541	1,383,041
<b>Creditors: amounts falling due within one year</b>	15	1,399,286	1,375,665
		<u>          </u>	<u>          </u>
<b>Total assets less current liabilities</b>		(18,745)	7,376
		<u>          </u>	<u>          </u>
<b>Capital and reserves</b>			
Called up share capital	18	7,376	7,376
Profit and loss account	19	(26,121)	-
		<u>          </u>	<u>          </u>
<b>Shareholders' (deficit)/funds</b>	20	(18,745)	7,376
		<u>          </u>	<u>          </u>

The financial statements were approved by the board of directors and authorised for issue on 11 November 2008



M Welden  
Director

The notes on pages 10 to 25 form part of these financial statements

# Bryncir Products Limited

## Consolidated cashflow statement for the year ended 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
<b>Net cash outflow from operating activities</b>	26		(335,927)		(75,826)
<b>Returns on investments and servicing of finance</b>					
Interest paid bank loans		(375,427)		(258,944)	
Interest paid hire purchase		(53,513)		(56,477)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(428,940)		(315,421)
<b>Taxation</b>					
Corporation tax paid			(73,688)		(48,894)
<b>Capital expenditure and financial investment</b>					
Payments to acquire intangible fixed assets		(5,965)		(7,106)	
Payments to acquire tangible fixed assets		(171,491)		(120,918)	
<b>Net cash outflow from capital expenditure and financial investment</b>			(177,456)		(128,024)
<b>Dividends paid</b>			-		(110,640)
<b>Cash outflow before use of financing</b>			(1,016,011)		(678,805)
<b>Financing</b>					
New loans		-		200,000	
Loans repaid		(284,522)		(178,042)	
Capital element of finance leases repaid		(138,781)		(248,040)	
<b>Net cash outflow from financing</b>			(423,303)		(226,082)
<b>Decrease in cash</b>	27		(1,439,314)		(904,887)

The notes on pages 10 to 25 form part of these financial statements

# Bryncir Products Limited

## Notes forming part of the financial statements for the year ended 31 December 2007

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### 1 Accounting policies

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

The following principal accounting policies have been applied

#### *Basis of preparation*

The accounts have been prepared on the basis that the company is a going concern

The directors have prepared detailed trading and cash flow forecasts for the period to 31 December 2009 as part of the normal budgetary process. The directors anticipate continued growth and profitability in the forthcoming year and these forecasts indicate that the company is able to meet its liabilities as they fall due. The cash flow forecasts rely upon the continuing availability of adequate working capital funding.

Bank facilities, sufficient to support current trading levels are in place and are due for review in February 2009 although the company's officers are currently in discussion with its bankers regarding higher facilities to support increased levels of trading. It is expected that these discussions will be concluded in December 2008 although there is no absolute guarantee that facilities would be renewed until the bank has formally agreed this. Should these facilities not be renewed alternative funding would need to be sourced in order for the company to remain a going concern.

On the basis of the forecasts provided and discussions with the Bank to date, the directors believe that formal approval will be given for adequate facilities and the accounts are prepared on an appropriate basis.

#### *Basis of consolidation*

The consolidated financial statements incorporate the results of Bryncir Products Limited and all of its subsidiary undertakings as at 31 December 2007 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

#### *Goodwill*

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 20 years. Impairment tests on the carrying value of goodwill are undertaken

- at the end of the first full financial year following acquisition,
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

#### *Trademarks*

Trademarks are capitalised at cost and amortised over 5 years

#### *Turnover*

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales

# **Bryncir Products Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2007 (continued)**

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## **1 Accounting policies (continued)**

### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Freehold property	- Over 30 to 50 years
Leasehold property	- Over the life of the lease
Fixtures, fittings and equipment	- 10% to 33%
Software and computers	- 17% to 33%
Motor vehicles	- 20% to 50%

### *Valuation of investments*

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

### *Foreign currency*

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rates of exchange ruling on the balance sheet dates. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except for the recognition of deferred tax assets is limited to the extent that the company/group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

### *Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is

# Bryncir Products Limited

## Notes forming part of the financial statements for the year ended 31 December 2007 (continued)

### 1 Accounting policies (continued)

#### *Leased assets (continued)*

charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### *Pension costs*

The group operates a number of defined contribution pension schemes for the benefit of directors and other employees. The assets of the schemes are held separately from those of the company in administered funds. Contributions to these schemes are charged to the profit and loss account in the year in which they become payable.

#### *Government Grants*

Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as depreciation on the assets to which the grant relates.

### 2 Turnover

	2007 £	2006 £
Analysis by geographical market		
United Kingdom	17,688,636	14,825,723
Europe	1,753,642	1,996,726
Rest of the world	-	133,982
	<hr/>	<hr/>
	19,442,278	16,956,431
	<hr/>	<hr/>

Turnover is wholly attributable to the principal activity of the group.

# Bryncir Products Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (continued)

## 3 Operating profit

	2007 £	2006 £
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	396,056	397,485
Amortisation of positive goodwill	61,953	62,726
Amortisation of other intangible fixed assets	6,663	7,295
Hire of plant and machinery - operating leases	156,036	183,310
Hire of other assets - operating leases	510,480	437,819
Government grants released	(22,308)	(22,308)
Auditors' remuneration - fees payable to the company's auditor for the audit of the company's annual accounts	21,000	20,000

Included in the group audit fee is an amount of £4,500 (2006 - £4,250) in respect of the company

## 4 Employees

Staff costs (including directors) consist of

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Wages and salaries	3,084,301	2,798,326	-	-
Social security costs	323,288	297,327	-	-
Other pension costs	112,023	115,996	-	-
	<u>3,519,612</u>	<u>3,211,649</u>	<u>-</u>	<u>-</u>

The average number of employees (including directors) during the year was 144 (2006 - 136)

## 5 Directors' remuneration

	2007 £	2006 £
Directors' emoluments	271,603	300,121
Company contributions to money purchase pension schemes	11,700	9,880

There were 2 directors in the group's defined contribution pension scheme during the year (2006 - 2)

The total amount payable to the highest paid director in respect of emoluments was £172,740 (2006 - £194,810)

# Bryncir Products Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (*continued*)

## 6 Interest payable and similar charges

	2007 £	2006 £
Bank loans and overdrafts	375,427	258,944
Finance leases and hire purchase contracts	53,513	56,477
	<u>428,940</u>	<u>315,421</u>

## 7 Taxation on profit/(loss) on ordinary activities

	2007 £	2006 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	115,819	60,942
Adjustment in respect of previous periods	4,588	(1,597)
	<u>120,407</u>	<u>59,345</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(31,562)	(20,373)
	<u>88,845</u>	<u>38,972</u>
Taxation on profit/(loss) on ordinary activities		

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit/(loss) before tax. The differences are explained below

	2007 £	2006 £
Profit/(loss) on ordinary activities before tax	<u>186,441</u>	<u>(13,355)</u>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 30% (2006 - 30%)	55,932	(4,007)
Effect of		
Expenses not deductible for tax purposes	43,385	34,142
Depreciation for period in excess of capital allowances	26,523	18,103
Adjustment to tax charge in respect of previous periods	4,588	(1,597)
Other timing differences	(1,431)	3,681
Marginal relief	(8,590)	(13,982)
Overseas losses	-	23,005
	<u>120,407</u>	<u>59,345</u>
Current tax charge for the year		



## Bryncir Products Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (*continued*)

### 8 Dividends

	2007 £	2006 £
Ordinary shares		
Dividends paid of £Nil (2006 - £15) per share	-	110,640

### 9 Profit for the financial year

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a loss after tax of £26,121 (2006 - £Nil) which is dealt with in the financial statements of the parent company.

# Bryncir Products Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (*continued*)

## 10 Intangible fixed assets

### Group

	Goodwill on consolidation £	Other intangible fixed assets £	Total £
<i>Cost or valuation</i>			
At 1 January 2007	1,254,524	50,003	1,304,527
Additions	-	5,965	5,965
Disposals	(15,474)	-	(15,474)
	<hr/>	<hr/>	<hr/>
At 31 December 2007	<b>1,239,050</b>	<b>55,968</b>	<b>1,295,018</b>
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 January 2007	648,589	31,640	680,229
Provided for the year	61,953	6,663	68,616
Disposals	(6,963)	-	(6,963)
	<hr/>	<hr/>	<hr/>
At 31 December 2007	<b>703,579</b>	<b>38,303</b>	<b>741,882</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2007	<b>535,471</b>	<b>17,665</b>	<b>553,136</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2006	<b>605,935</b>	<b>18,363</b>	<b>624,298</b>
	<hr/>	<hr/>	<hr/>

The disposal of goodwill relates to the dissolution of non-trading subsidiary undertaking Gelert Far East Limited

# Bryncir Products Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (*continued*)

## 11 Tangible fixed assets

### Group

	Freehold land and buildings £	Leasehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost or valuation</i>					
At 1 January 2007	1,139,070	233,871	64,305	3,062,940	4,500,186
Additions	353	6,389	-	164,749	171,491
Disposals	-	-	-	(63,443)	(63,443)
Exchange adjustments	-	-	-	15,443	15,443
At 31 December 2007	<b>1,139,423</b>	<b>240,260</b>	<b>64,305</b>	<b>3,179,689</b>	<b>4,623,677</b>
<i>Depreciation</i>					
At 1 January 2007	164,337	72,146	18,670	1,981,821	2,236,974
Provided for the year	32,080	16,335	12,084	335,557	396,056
Disposals	-	-	-	(63,443)	(63,443)
Exchange adjustments	-	-	-	10,279	10,279
At 31 December 2007	<b>196,417</b>	<b>88,481</b>	<b>30,754</b>	<b>2,264,214</b>	<b>2,579,866</b>
<i>Net book value</i>					
At 31 December 2007	<b>943,006</b>	<b>151,779</b>	<b>33,551</b>	<b>915,475</b>	<b>2,043,811</b>
At 31 December 2006	974,733	161,725	45,635	1,081,119	2,263,212

The net book value of tangible fixed assets includes an amount of £391,333 (2006 - £512,682) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £147,499 (2006 - £174,799).

# Bryncir Products Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (*continued*)

## 12 Fixed asset investments

### Company

	Group undertakings £
<i>Cost</i>	
At 1 January 2007	1,385,041
Disposals	(2,500)
	<hr/>
At 31 December 2007	1,382,541
	<hr/>
<i>Provisions</i>	
At 1 January 2007 and 31 December 2007	2,000
	<hr/>
<i>Net book value</i>	
At 31 December 2007	1,380,541
	<hr/>
At 31 December 2006	1,383,041
	<hr/>

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

	Country of incorporation or registration	Nature of business
<i>Wholly owned subsidiary undertakings</i>		
Gelert Limited	England	Distributors of outdoor leisure products
Gelert Europe B V	Netherlands	Distributors of outdoor leisure products
Fairway Supplies Limited	England	Dormant
Salewa (UK) Limited	England	Dormant

Non-trading subsidiary undertaking Gelert Far East Limited was dissolved during the year resulting in a profit on disposal of £610

# Bryncir Products Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (continued)

## 13 Stocks

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Finished goods and goods for resale	5,503,485	4,510,676	-	-

There is no material difference between the replacement cost of stocks and the amounts stated above

## 14 Debtors

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Trade debtors	2,948,875	2,363,244	-	-
Other debtors	147,013	107,829	-	-
Prepayments and accrued income	492,113	1,762,992	-	-
	3,588,001	4,234,065	-	-

All amounts shown under debtors fall due for payment within one year

## 15 Creditors amounts falling due within one year

	Group 2007 £	Group 2006 As restated £	Company 2007 £	Company 2006 As restated £
Bank loans and overdrafts (secured)	6,699,135	4,605,436	-	-
Trade creditors	568,454	1,706,701	-	-
Amounts owed to group undertakings	-	-	1,399,286	1,375,665
Corporation tax	94,484	47,765	-	-
Other taxation and social security	284,289	218,340	-	-
Obligations under finance lease and hire purchase contracts	25,902	138,781	-	-
Other creditors	8,300	-	-	-
Accruals and deferred income	550,547	492,903	-	-
Grants	22,300	22,300	-	-
	8,253,411	7,232,226	1,399,286	1,375,665

The prior year accruals and trade creditors have been reanalysed to reflect a more appropriate classification of certain liabilities. As a result trade creditors have increased by £1,319,290, accruals reducing by the same amount.

# Bryncir Products Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (continued)

## 15 Creditors amounts falling due within one year (continued)

Bank loans and overdrafts are secured over the freehold property of the group and with a floating charge over the trade debtors and stocks of the group

## 16 Creditors: amounts falling due after more than one year

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Bank loans (secured)	526,493	726,697	-	-
Obligations under finance lease and hire purchase contracts	101,232	127,134	-	-
Grants	114,447	136,755	-	-
	<u>742,172</u>	<u>990,586</u>	<u>-</u>	<u>-</u>
Maturity of debt				
	Loans and overdrafts 2007 £	Loans and overdrafts 2006 £	Finance leases 2007 £	Finance leases 2006 £
In one year or less, or on demand	<u>6,699,135</u>	<u>4,605,436</u>	<u>25,902</u>	<u>138,781</u>
In more than one year but not more than two years	76,546	200,204	81,539	65,471
In more than two years but not more than five years	135,697	180,533	19,693	61,663
In more than five years	<u>314,250</u>	<u>345,960</u>	<u>-</u>	<u>-</u>
	<u>526,493</u>	<u>726,697</u>	<u>101,232</u>	<u>127,134</u>

Loans due after more than one year include an amount of £314,250 (2006 - 345,960) due after more than five years. This loan is payable within 13 years at an initial monthly repayment of £4,310. The loan attracts an interest rate of 6%.

Bank loans and overdrafts are secured over the freehold property of the group and with a floating charge over the trade debtors and stocks of the group.

# Bryncir Products Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 *(continued)*

## 17 Provisions for liabilities

### Group

	Deferred taxation £
At 1 January 2007	151,218
Credited to profit and loss account	(31,562)
	<hr/>
At 31 December 2007	119,656
	<hr/>

### Deferred taxation

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Accelerated capital allowances	121,803	157,098	-	-
Sundry timing differences	(2,147)	(5,880)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	119,656	151,218	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

There is no provided or unprovided deferred tax on the company

## 18 Share capital

	2007 £	2006 £
<i>Authorised</i>		
50,000 Ordinary shares of £1 each	50,000	50,000
	<hr/>	<hr/>
	2007 £	2006 £
<i>Allotted, called up and fully paid</i>		
7,376 Ordinary shares of £1 each	7,376	7,376
	<hr/>	<hr/>

**Notes forming part of the financial statements  
for the year ended 31 December 2007 (continued)**

## Group

**Company**

## 20 Reconciliation of movements in shareholders' funds

22



# Bryncir Products Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (*continued*)

## 21 Contingent liabilities

A Deferred Duty Guarantee of £150,000 (2006 - £150,000) in favour of HM Customs and Excise is held by HSBC Bank plc

## 22 Pensions

The group contributes to a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the group in an independently administered fund. The pension charge amounted to £105,327 (2006 - £105,635). Contributions amounting to £14,341 (2006 - £11,482) were payable to the funds and are included in creditors.

## 23 Commitments under operating leases

The group and company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2007 £	Other 2007 £	Land and buildings 2006 £	Other 2006 £
Operating leases which expire				
Within one year	-	26,010	-	18,567
In two to five years	251,778	146,708	-	151,275
After five years	287,500	-	432,770	-
	<u>539,278</u>	<u>172,718</u>	<u>432,770</u>	<u>169,842</u>

## 24 Related party disclosures

### *Related party transactions and balances*

During the year, Gelert paid rent on premises of £48,000 (2006 - £48,000) to a group pension scheme of which Mr A J Langdon, a director and shareholder of the company, and Mrs J Langdon, a shareholder of the company, are both beneficiaries.

Included within other debtors is £92,347 (2006 - £65,395) relating to an amount due from Mr A J Langdon.

Included within other debtors is £34,558 (2006 - £40,112) relating to an amount due from Mr M Welden, a director.

## 25 Post balance sheet events

At the beginning of 2008 the group entered into an arrangement to purchase stock and the rights to several brands including Hi Gear and Canyon. This acquisition will enable the group to make enhancements to its brand strategy and enter into new markets, most notably in both adult and child cycles and accessories.

# Bryncir Products Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (*continued*)

## 26 Reconciliation of operating profit to net cash outflow from operating activities

	2007 £	2006 £
Operating profit	614,771	302,066
Amortisation of intangible fixed assets	68,616	70,021
Depreciation of tangible fixed assets	396,056	397,485
Government grants released	(22,308)	(22,308)
Increase in stocks	(975,826)	(864,401)
Decrease/(increase) in debtors	668,093	(1,364,214)
(Decrease)/increase in creditors	(1,085,329)	1,405,525
	<hr/>	<hr/>
Net cash outflow from operating activities	(335,927)	(75,826)
	<hr/>	<hr/>

## 27 Reconciliation of net cash flow to movement in net debt

	2007 £	2006 £
Decrease in cash	(1,439,314)	(911,641)
Cash inflow from changes in debt	423,303	271,787
	<hr/>	<hr/>
Movement in net debt resulting from cash flows	(1,016,011)	(639,854)
Exchange translation	6,754	6,754
	<hr/>	<hr/>
Movement in net debt	(1,009,257)	(633,100)
Opening net debt	(5,390,632)	(4,757,532)
	<hr/>	<hr/>
Closing net debt	(6,399,889)	(5,390,632)
	<hr/>	<hr/>

# Bryncir Products Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (*continued*)

## 28 Analysis of net debt

	At 1 January 2007 £	Cash flow £	Exchange adjustments £	At 31 December 2007 £
Cash at bank and in hand	207,416	738,703	6,754	952,873
Bank overdrafts	(4,308,531)	(2,178,017)	-	(6,486,548)
		(1,439,314)		
Debt due within one year	(296,905)	84,318	-	(212,587)
Debt due after one year	(726,697)	200,204	-	(526,493)
Finance leases	(265,915)	138,781	-	(127,134)
		423,303		
Total	(5,390,632)	(1,016,011)	6,754	(6,399,889)

## 29 Financial commitments

In the prior year the Group had entered into forward contracts to buy foreign currency. Dependent upon US dollar exchange rates ruling at various transaction dates, Gelert Limited was committed to purchase up to a maximum of £9,336,052 as at 31 December 2006. There is no similar commitment as at 31 December 2007.

The Group has letters of credit outstanding to the value of £738,530 (2006 - £812,795) in relation to future purchases of goods for resale.

## 30 Ultimate parent company and parent undertaking of larger group

The ultimate controlling party is Mr A J Langdon.