

148700

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000



pb Price Bailey
CHARTERED ACCOUNTANTS

With offices in
Bishop's Stortford Cambridge Chingford Ely Harlow
Newmarket Norwich Saffron Walden

A member of the UK 200 Group,
an association of independent practising Chartered Accountants

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

ABBREVIATED SHAREHOLDERS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

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GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

COMPANY INFORMATION

NUMBER

148700

CHAIRMAN

P Wildman Esq (retired 25/04/01)
Sir N Purvis KCB (appointed 25/04/01)

OTHER DIRECTORS

W Gray FCMA
H J Gray Esq
R G Blake FCIS
N D J Gray Esq
R W Gray Esq
P D Gray FCMA
J C Gray ACA

SECRETARY

R G Blake FCIS

REGISTERED OFFICE

Station Road
Robertsbridge
East Sussex
TN32 5DH

AUDITORS

Price Bailey
Chartered Accountants
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

DIRECTORS' REPORT

The directors have pleasure in presenting their report, together with the abbreviated financial statements, for the year ended 31 December 2000.

RESULTS AND DIVIDENDS

The directors consider the state of the company's affairs during the year and the financial position at the end of the year to be satisfactory, in light of current market conditions.

The profit on ordinary activities for the year, before taxation, amounted to £111,349 (1999 £306,942).

The directors do not recommend any transfers to reserves other than the £248 (1999 £223,048) retained profit.

£57,100 has been transferred from revaluation reserves to general reserves to reflect the revaluation element of the impairment to some of the land and buildings at Robertsbridge as noted below.

REVIEW OF THE BUSINESS

The principal activities of the company are unchanged from last year and are principally the manufacture, wholesaling and retailing of sports goods.

Although the company had a satisfactory trading year, its premises at Robertsbridge was affected badly by the flooding in Sussex during the 4th quarter of 2000. In consequence, some of the land and buildings were seriously damaged, and although useable, their uses are much restricted. This has caused an impairment of their value that the directors consider is permanent, and a provision of £223,000 is included in the accounts to reflect this.

As a consequence of the flooding the Robertsbridge factory and warehouse operations were re-located to Rye. The directors have made clear that this move is temporary and it is their intention ultimately to return to new buildings at Robertsbridge, this plan is supported by the company's insurers.

Further explanations of the flood related items are detailed in note 6 and 9.

FUTURE DEVELOPMENTS AND EVENTS SINCE THE END OF THE YEAR

The directors anticipate no significant changes in the company's activities in the foreseeable future. There have been no events since the end of the year which require comment by the directors.

OTHER MATTERS

On 16 March 1998 the company entered into an unconditional contract to buy back and cancel 13,528 (33%) £1 ordinary shares and 2,500 (33%) £1 preference shares for a total consideration of £899,887.70. This was agreed to be payable on five successive completion dates, £349,894 being payable on 16 March 1998 and approximately £137,500 each subsequent year on the anniversary of that date.

On 16 March 2000, the third completion took place and 2,068 ordinary shares and 382 preference shares were delivered and cancelled for an aggregate consideration of £137,555.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The directors during the year and their interests in the share capital of the company at the beginning and end of the year were as follows:

Grays of Cambridge (International) Limited

	Cumulative Preference shares of £1 each		Ordinary shares of £1 each	
	At 31 December 2000	At 1 January 2000	At 31 December 2000	At 1 January 2000
P Wildman	-	-	-	-
W Gray	-	-	-	-
H J Gray	-	-	-	-
R G Blake	-	-	-	-
N D J Gray	833	833	4,510	4,510
R W Gray	1,250	1,250	6,765	6,765
P D Gray	1,250	1,250	6,765	6,765
H N J Gray (resigned 13/12/00)	834	834	4,510	4,510
J C Gray (appointed 13/12/00)	833	833	4,510	4,510

None of the directors held any shares in any other group companies which require disclosure under Schedule 7 to the Companies Act 1985.

DIRECTORS' RESPONSIBILITIES

The directors acknowledge their various accounting responsibilities, in particular the requirement to maintain proper and accurate accounting records and the need to safeguard assets and take reasonable steps for the prevention and detection of fraud and other irregularities. In addition, the directors also acknowledge their responsibility for the accounts, which have been prepared from the accounting records.

The accounts are required to give a true and fair view and to comply with the Companies Act 1985. To achieve this, the directors have chosen accounting policies suitable to the business, applied them consistently and made judgements and estimates that they consider prudent and reasonable. They have applied the going concern basis of accounting, which they consider appropriate under the circumstances.

AUDITORS

A resolution to reappoint Price Bailey as auditors will be put to the members at the annual general meeting.

REGISTERED OFFICE

STATION ROAD
ROBERTSBRIDGE
EAST SUSSEX
TN32 5DH

BY ORDER OF THE BOARD


R G Blake
SECRETARY

Dated: 25-04-01

AUDITORS' REPORT TO GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

UNDER SECTION 247B TO THE COMPANIES ACT 1985

We have examined the abbreviated financial statements set out on pages 6 to 22, together with the financial statements of the company for the year ended 31 December 2000 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages 6 to 22 are properly prepared in accordance with those provisions.

Price Bailey

CAUSEWAY HOUSE

1 DANE STREET

BISHOP'S STORTFORD

HERTFORDSHIRE

PRICE BAILEY

CHARTERED ACCOUNTANTS

REGISTERED AUDITORS

10 MAY 2001

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes		1999
GROSS PROFIT		3,005,921	2,857,910
Staff costs	3	1,354,742	1,316,743
Depreciation and adjustments on disposal of fixed assets		63,065	76,770
Exceptional impairment of land and buildings	5/8	223,000	-
Other operating charges		1,530,304	1,250,689
		<u>3,171,111</u>	<u>2,644,202</u>
OPERATING (LOSS)/PROFIT	2	(165,190)	213,708
Interest receivable		22,545	7,776
Interest payable	4	(8,015)	(21,953)
		<u>14,530</u>	<u>(14,177)</u>
		(150,660)	199,531
Income from fixed asset investment		262,009	107,411
Profit on ordinary activities before taxation		111,349	306,942
Tax on profit on ordinary activities	6	110,861	83,654
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		488	223,288
Dividends	7	240	240
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>£ 248</u>	<u>£ 223,048</u>

There have been no recognised gains or losses other than those recognised in the profit and loss account. There have been no discontinued activities in the current or preceding year.

The notes on pages 10 to 22 form part of these financial statements.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2000

		1999
Reported profit on ordinary activities before taxation	111,349	306,942
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	-	1,579
Difference between permanent diminution in value of land and buildings calculated on the historical cost basis and the revalued amount	57,100	-
Historical cost profit on ordinary activities before taxation	<u>£ 168,449</u>	<u>£ 308,521</u>
Historical cost profit for the year retained after taxation and dividends	<u>£ 67,176</u>	<u>£ 224,627</u>

The notes on pages 10 to 22 form part of these financial statements.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

ABBREVIATED BALANCE SHEET AT 31 DECEMBER 2000

	Notes		1999
FIXED ASSETS			
Tangible assets	8	844,174	844,288
Investment in subsidiary	9	125,000	125,000
Investments in associated undertakings	9	300,000	300,000
		<u>1,269,174</u>	<u>1,269,288</u>
CURRENT ASSETS			
Stocks	10	1,887,686	1,791,957
Debtors	11	753,373	449,639
Cash at bank and in hand		479,973	172,207
		<u>3,121,032</u>	<u>2,413,803</u>
CREDITORS: amounts falling due within one year	12	1,243,565	628,985
		<u>1,877,467</u>	<u>1,784,818</u>
NET CURRENT ASSETS			
		<u>3,146,641</u>	<u>3,054,106</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: amounts falling due after more than one year	13	22,440	49,120
Provisions for liabilities and charges	21	281,522	25,000
		<u>£ 2,842,679</u>	<u>£ 2,979,986</u>
CAPITAL AND RESERVES			
Called up share capital	14	36,958	39,408
Revaluation reserve	15	365,961	423,061
Capital redemption reserve	15	11,130	8,680
Profit and loss account	15	2,428,630	2,508,837
		<u>£ 2,842,679</u>	<u>£ 2,979,986</u>
Equity shareholders funds		<u>2,562,682</u>	<u>2,562,434</u>
Non-equity shareholders funds		<u>279,997</u>	<u>417,552</u>
		<u>£ 2,842,679</u>	<u>£ 2,979,986</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

Approved by the board on

N D J Gray Esq

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)

) Directors

P D Gray FCMA

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The notes on pages 10 to 22 form part of these financial statements.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

ABBREVIATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes		1999
Net cash inflow from operating activities	17	721,077	678,228
Returns on investments and servicing of finance			
Interest received	22,545	7,776	
Interest paid	(5,718)	(16,754)	
Dividends received	107,411	49,812	
Interest element of finance lease rental payments	(2,297)	(5,199)	
Net cash inflow from returns on investments and servicing of finance		121,941	35,635
Taxation			
Corporation tax paid (including advance corporation tax)		(77,478)	(6,510)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(315,681)	(62,899)	
Receipts from sales of tangible fixed assets	34,540	-	
Net cash outflow from capital expenditure and investment income		(281,141)	(62,899)
Non-equity dividends paid		-	(240)
Net cash inflow/(outflow) before use of liquid resources and financing		484,399	644,214
Management of liquid resources			-
Financing			
Capital element of finance lease rental payments	(39,078)	(36,180)	
Share buy back	(137,555)	(137,442)	
		(176,633)	(173,622)
Increase/(decrease) in cash in the period	18	307,766	£ 470,592
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period		307,766	470,592
Capital repayments - hire purchase agreement		39,078	36,180
Change in net debt		346,844	506,772
Net debt at 1 January 2000	18	122,906	(383,866)
Net debt at 31 December 2000	18	£ 469,750	£ 122,906

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Accounting convention and standards

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain freehold properties, in accordance with applicable Statements of Standard Accounting Practice and Financial Reporting Standards. The company has elected to adopt the transitional provisions of the "FRS 15 – Tangible Fixed Assets" and retain the current book values for the accounts as disclosed below.

1.2 Turnover

Turnover represents the total amounts receivable (excluding value added tax) in respect of goods sold and services rendered.

1.3 Valuation of fixed assets and investments

Fixed assets and investments are carried at their cost or depreciated value as at 1 January 2000 less depreciation or provision for impairment. The items carried at depreciated value were last valued in 1986 or earlier.

Impairments that are considered to be temporary are taken to the statement of recognised gains and losses or the profit and loss account as appropriate. All permanent impairments are charged directly to the profit and loss account.

1.4 Depreciation and amortisation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset, less estimated residual value, over its expected life on the following basis:

Freehold land	-	Nil
Freehold buildings	-	2% on the straight line basis
Plant and machinery	-	Between 10% and 33% on the reducing balance basis or the straight line basis
Furniture and fittings	-	Between 7.5% and 25% on the reducing balance basis
Motor vehicles	-	25% per annum on the reducing balance basis

Due to recent flooding the company has been forced to move its operations. In doing so it has had to acquire significant amounts of new plant and machinery, which have been claimed from the insurers. Where such insurance proceeds are received they are treated in the manner prescribed for grants in similar circumstances in "SSAP 4 – accounting for government grants". The assets are separately recognised and depreciated as required by the Companies Act, and the related insurance receipts deferred and amortised over the life of the asset.

1.5 Research and development

Expenditure on research and development, patents, trade marks, franchises and goodwill is written off as and when incurred.

1.6 Dividends

Dividends received and receivable at the balance sheet date are included in the profit and loss account for that year. In addition, credit is taken for any dividends which are declared subsequent to the balance sheet date, but which relate to the year ending on or before that date. Dividends are not anticipated where exchange control or other matters make it imprudent to do so.

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

1. **ACCOUNTING POLICIES (continued)**

1.7 **Stock and work in progress**

Stock and work in progress is stated at the lower of cost and net realisable value.

Cost is represented by all expenditure incurred in the usual course of business in bringing products to their present location and condition, including related production overheads based on the normal level of activity.

Net realisable value represents the actual or estimated selling price of the items concerned, less trade discounts, all further costs to completion and all costs to be incurred in marketing, selling and distribution, and is calculated after taking account of obsolescence and physical deterioration. Purchases made under letters of credit arrangements are brought into stock at the time letters of acceptance are signed by the company.

1.8 **Deferred taxation**

The company has adopted FRS 19 in these accounts, and has changed the accounting policy on provision for deferred tax from the liability to the full provision basis as required by the FRS. There is no prior year adjustment as the amounts of unprovided deferred tax on the liability method on timing differences brought forward at the beginning of the year were not significant.

Deferred taxation is calculated using the full provision method on liabilities resulting from the origination or reversal of timing differences between amounts as computed for taxation purposes and amounts as stated in these financial statements in conjunction with losses carried forward.

Deferred tax assets are provided to the extent that they can be recovered from future taxable profits.

1.9 **Foreign currency conversion**

Transactions denominated in foreign currencies are translated into Sterling and recorded at an average rate of exchange ruling during the year.

Balances at the year end denominated in foreign currency are translated into Sterling at the closing rate of exchange.

1.10 **Leasing and hire purchase commitments**

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives, except for those acquired under finance lease contracts, which are depreciated over the life of the contract.

The interest element of rental obligations is charged to the profit and loss account over the period of the contract and represents a constant proportion of the balance of capital payments outstanding.

Rentals paid under operating agreements are charged to income as incurred.

1.11 **Defined contribution pension schemes**

The company contributes to defined contribution pension schemes in respect of some of the directors and employees. The assets of these schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and unfunded payments to former employees.

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

2. OPERATING PROFIT

This is stated after charging/(crediting):		1999
Directors' emoluments (note 3)	219,866	219,951
Auditors' remuneration	18,000	17,000
Operating lease rentals		
- Land and buildings	93,980	62,000
- Plant and machinery	8,309	4,756
Net exchange loss/(gains)	66,587	(26,152)
Depreciation and adjustment on disposal of owned assets	46,523	57,309
Depreciation and adjustment on disposal under hire purchase contracts	16,542	19,461
	<u>219,866</u>	<u>219,951</u>

3. STAFF COSTS

		1999
Wages and salaries:		
Wages and salaries	1,234,795	1,136,693
Social Security costs	62,047	96,193
Pension costs	57,900	83,857
	<u>£1,354,742</u>	<u>£1,316,743</u>

The average weekly number of employees during the year was:

	No:	No:
Production	26	27
Sales	27	23
Administration	18	18
	<u>71</u>	<u>68</u>

Directors' remuneration:

Fees	7,110	13,174
Emoluments	189,985	193,950
Pension contributions	22,771	12,827
Pension to former directors	-	-
	<u>£ 219,866</u>	<u>£ 219,951</u>

Highest paid director

Emoluments	49,186	53,133
Pension contributions	8,160	8,154
	<u>£ 57,346</u>	<u>£ 61,287</u>

There are three directors to whom retirement benefits are accruing under money purchase schemes.

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

4. INTEREST PAYABLE

		1999
On bank loans and overdrafts repayable within five years otherwise than by instalments	5,718	16,754
Hire purchase contracts and finance leases	2,297	5,199
	<u>£ 8,015</u>	<u>£ 21,953</u>

5. EXCEPTIONAL ITEMS

Due to the flooding of its site at Robertsbridge, the company has had to incur considerable expenditure in rectifying the damage and moving to temporary premises at Rye. The move to Rye has largely prevented a massive interruption to the company's cricket business by enabling it to resume production and to re-establish its distribution warehouse. The directors have confirmed their intention to return to new buildings at its historic base in Robertsbridge.

The year end accounts assume that the great majority of costs incurred as a result of the damage at the Robertsbridge site and the move to Rye will be covered under the terms of the company's insurance policy. This assumption is supported by the receipt of £550,000 of funds from the insurers as at the year end and a further £500,000 in April 2001. However none of the company's claims described above have been settled and with significantly more costs to be incurred before the company has relocated back to its permanent site, the accounts include a £225,000 provision.

In addition as a consequence of the flooding, these accounts also include an exceptional provision for £223,000 for the permanent impairment in value of part of Robertsbridge site (see note 8).

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

		1999
UK corporation tax based on profit for the year at 20% (1999 27.29%)	6,246	83,002
Withholding and underlying tax on foreign dividend receivable	59,408	20,859
Deferred taxation on ordinary activities	45,207	(20,207)
	<u>£ 110,861</u>	<u>£ 83,654</u>

7. DIVIDENDS

		1999
6% Cumulative Preference shares:		
Final dividend	£ 240	£ 240

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

8. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Plant and Machinery	Furniture and Fittings	Motor Vehicles	Total
Cost or valuation:					
At 1 January 2000	697,199	419,792	71,626	128,904	1,317,521
Additions	-	130,981	77,928	106,772	315,681
Disposals	-	(2,766)	-	(47,992)	(50,758)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2000	697,199	548,007	149,554	187,684	1,582,444
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:					
At 1 January 1999	92,596	250,224	46,056	84,357	473,233
Charge for the year	9,996	41,848	2,751	15,417	70,012
Eliminated on disposals	-	(2,000)	-	(25,975)	(27,975)
Provision for impairment	223,000	-	-	-	223,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2000	325,592	290,072	48,807	73,799	738,270
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:					
At 31 December 2000	371,607	257,935	100,747	113,885	844,174
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	£ 604,603	£ 169,568	£ 25,570	£ 44,547	£ 844,288
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Assets held under hire purchase contracts

Included in fixed assets are the following amounts relating to assets held under hire purchase contracts:

1999

Plant and machinery	£ 93,738	£ 110,280
	<hr/>	<hr/>

Included in depreciation are the following amounts relating to assets held under hire purchase contracts:

Plant and machinery	£ 16,542	£ 19,461
	<hr/>	<hr/>

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

8. TANGIBLE FIXED ASSETS (continued)

Historical cost information relating to freehold premises included at valuation:

Historical cost:

At 1 January 2000	538,699
Additions	-

31 December 2000	538,699
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Depreciation based on cost:

At 1 January 2000	75,516
Charge for the year	8,417
Provision for impairment	165,900

At 31 December 2000	249,833
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Net historical cost value:

At 31 December 1999	£ 463,183
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At 31 December 2000	£ 288,866
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Freehold land and buildings with carrying values of approximately £411,000 before impairment were affected by flooding during 2000 as indicated in note 5. Simon C Browne MRICS, Chartered Valuation Surveyor, of Ross and Co valued this site on 18 April 2001 at £180,000, and consequently it has been written down to this amount in these accounts.

The remaining fixed assets of the company have not been revalued, but the directors have considered their value and are satisfied that their aggregate value at 31 December 2000 was not less than their net book value shown in the financial statements.

Included in freehold land and buildings is non-depreciable land with a carrying value of £111,000.

If the land and buildings were sold at their carrying value it is considered unlikely that a significant tax liability would arise.

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

9. FIXED ASSET INVESTMENTS

Subsidiary undertakings:

Investment at cost in Sarnian Sports Limited:

As at 1 January 2000 and 31 December 2000

£ 125,000

Grays of Cambridge (International) Limited owns 9 (100%) of the £1 ordinary shares of Sarnian Sports Limited, a company which was incorporated in Guernsey and whose principal activity is the selling of sports equipment.

The subsidiary's audit report for the year ended 31 December 2000 was unqualified.

The company is not required to prepare group accounts as it has taken advantage of Section 248 of the Companies Act 1985.

Financial information about subsidiaries at 31 December 2000:

	Share Capital	Reserves	Retained profit for the year
Sarnian Sports Limited	£ 9	£ 175,206	£ 3,266

Associated undertakings:

1999

**Grays of Cambridge
(Pakistan) Limited and its
subsidiary Dawn Sports
(Private) Limited**

Shares listed on the Lahore
Stock Exchange at
cost/valuation

£ 300,000

£ 300,000

Grays of Cambridge (Pakistan) Limited was incorporated in Pakistan and its shares have been quoted on the Lahore Stock Exchange since January 1987. As at 31 December 2000 the company's holding was 522,666 (40 %) of the 10 Rupee ordinary share capital and the shares were quoted at 227 Rupees each on 5th April 2001.

At the 5th April 2001 price, the company's investment would be worth approximately £1,342,000. If the shares were sold at this valuation a tax liability of approximately £222,000 would arise.

The investment was revalued during 1988 by the directors to take account of its true market value at that date of approximately £300,000, which is the amount included in the company's balance sheet. They consider the carrying value rather than the current market price to be an appropriate measure of value due to limitations on the company's ability to realise full market price.

The principal activity of Grays of Cambridge (Pakistan) Limited is the manufacture and export of quality sports goods.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

9. FIXED ASSET INVESTMENTS (continued)

Financial information about the investment at 30 June 2000:

	Share Capital	Reserves	Retained Profit for the year
Grays of Cambridge (Pakistan) Limited	£ 150,780	£ 2,096,994	£ 260,167

The audit report of Grays of Cambridge (Pakistan) Limited for the year ended 30 June 2000 was unqualified.

Grays of Cambridge (International) Limited also owns the entire share capital of the following non-trading companies, whose names are used for trading within the group:

Name of subsidiary:	Country of Incorporation
Gray-Nicolls Limited	England
Grays Sports Limited	England
P H Gray (Rugby) Limited	England
Grays of Cambridge Limited	England

10. STOCKS

		1999
Raw materials	144,710	220,091
Work in progress	56,889	51,368
Finished stock of own manufacture	135,941	195,484
Finished stock bought in	856,165	389,315
Goods in transit	235,552	96,269
Retail stock	406,584	429,847
Consumable stores	27,599	17,144
Payments on account	24,246	392,439
	£ 1,887,686	£ 1,791,957

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

11. DEBTORS

		1999
Trade debtors	256,256	216,943
Other debtors	190,470	35,481
Prepayments and accrued income	100,046	110,663
Amounts due from subsidiary company	4,000	-
Amounts due from associated company	202,601	86,552
	<hr/>	<hr/>
	£ 753,373	£ 449,639
	<hr/>	<hr/>

Included within prepayments and accrued income is a deferred tax asset of £Nil (1999 £20,207). The whole amount falls due after more than one year.

12. CREDITORS: amounts falling due within one year

		1999
Bank overdraft	-	-
Trade creditors	676,823	134,532
Letters of credit	49,772	96,269
Dividends	720	480
Other taxes and social security costs	27,729	28,510
Corporation tax	5,579	83,002
Accruals and deferred income	466,314	242,972
Obligations under hire purchase contracts	10,223	39,078
Amounts owed to group undertakings	-	4,142
Other creditors	6,405	-
	<hr/>	<hr/>
	£ 1,243,565	£ 628,985
	<hr/>	<hr/>

13. CREDITORS: amounts falling due after more than one year

		1999
Obligations under hire purchase contracts	-	10,223
Other creditors	22,440	38,897
	<hr/>	<hr/>
	£ 22,440	£ 49,120
	<hr/>	<hr/>

£10,223 of the above liabilities are secured on specific assets of the company set out in note 8.

Included within creditors is £38,893 in respect of an unfunded retirement benefit scheme for one of the directors, payable over a number of years. Of this £22,440 falls due after more than one year and £16,453 within one year.

Obligations under hire purchase contracts are analysed as follows:

Amounts falling due within two to five years	£ Nil	£ 10,223
	<hr/>	<hr/>

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

14. SHARE CAPITAL

	No:	1999 No:
Authorised		
6% cumulative preference shares of £1 each	7,500	7,500
Ordinary shares of £1 each	42,500	42,500
	<u>50,000</u>	<u>50,000</u>
Issued and fully paid		
6% cumulative preference shares of £1 each	5,764	6,146
Ordinary shares of £1 each	31,194	33,262
	<u>£ 36,958</u>	<u>£ 39,408</u>

During the year the company purchased and cancelled 2,068 £1 ordinary shares and 382 £1 preference shares for £137,555. Of the issued and fully paid shares subject to a buy back agreement a further 4,136 ordinary and 764 preference shares are held on trust for the company.

The preference shares carry a 6% cumulative dividend, have voting rights, and are redeemable at par in priority to ordinary shares in a winding up.

15. RESERVES

Company:

	Revaluation Reserve	Profit and Loss Account	Capital Redemption Reserve	Total
At 1 January 2000	423,061	2,508,837	8,680	2,940,578
Retained profit for the year	-	248		248
Amortisation during the year	-	-	-	-
Release of revaluation on impairment	(57,100)	57,100	-	-
Purchase of own shares	-	(137,555)	2,450	(135,105)
At 31 December 2000	<u>365,961</u>	<u>2,428,630</u>	<u>11,130</u>	<u>2,805,721</u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

		1999
Profit for the year	488	223,288
Dividends payable	(240)	(240)
Purchase of own shares	(137,555)	(137,442)
Net (withdrawals from)/additions to shareholders funds during the year	(137,307)	85,606
Shareholders' funds at 1 January 2000	2,979,986	2,894,380
Shareholders' funds at 31 December 2000	£ 2,842,679	£ 2,979,986

17. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

		1999
Operating (loss)/profit	(165,190)	213,708
Depreciation charges and adjustments on disposal	63,065	76,770
Permanent impairment	223,000	-
(Increase)/decrease in stocks	(95,729)	55,320
(Increase)/decrease in debtors	(234,942)	74,338
Increase/(decrease) in creditors	699,351	258,092
Increase/(decrease) in provisions for liabilities and charges	231,522	-
Net cash inflow from operating activities	£ 721,077	£ 678,228

18. ANALYSIS OF NET FUNDS

	At 01/01/00	Cash Flow	At 31/12/00
Cash in hand at bank	172,207	307,766	479,973
Finance leases and hire purchase agreements	(49,301)	39,078	(10,223)
Total	£ 122,906	£ 346,844	£ 469,750

Major non-cash transactions

There were no major non-cash transactions during the year.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

19. PENSIONS

19.1 Defined contribution pension schemes

The company contributes to personal pension schemes in respect of three of the directors and other staff.

19.2 Defined benefit pension scheme

The company operated a pension scheme providing benefits based on final pensionable pay. The trustees of the scheme declared their intention to wind up the scheme as at 30 September 1999. The company now offers a group personal pension scheme instead.

19.3 Former employees

Pensions are paid on a voluntary basis to some former employees for whom adequate provision had not been made prior to retirement (see note 21).

The aggregate amount charged for the period in respect of the above schemes was £57,900, and £11,490 was outstanding at 31 December 2000.

20. OPERATING LEASE COMMITMENTS

At the balance sheet date the group had annual commitments under non-cancellable operating leases:

	1999	
	Land and Buildings	Other
Operating leases which expire:		
within one year	-	-
in two to five years	144,000	12,000
after more than five years	50,000	50,000
	<u>£ 194,000</u>	<u>£ 62,000</u>

21. PROVISIONS FOR LIABILITIES AND CHARGES

	1999
Legal claims and actions	65,000
Provision for flood related costs (see note 6)	191,522
Deferred taxation	25,000
	<u>£281,522</u>

The provision for legal claims and actions relates to the cost of current outstanding claims and the cost of winding up the defined benefit pension scheme referred to in note 19.2 above.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS (CONTINUED)

21. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

1999

Deferred tax is analysed as follows:

Accelerated capital allowances	41,250	-
Short term timing differences	(11,000)	(20,207)
Tax losses carried forward	(5,250)	-
	<hr/>	<hr/>
Included within provisions above	£ 25,000	-
Included within "Other debtors"	-	£ (20,207)
	<hr/>	<hr/>
Provision at the start of the year	(20,207)	
Deferred tax charged in profit and loss account	45,207	
	<hr/>	
Provision at the end of the year	£ 25,000	
	<hr/>	

As described in note 19.3 the company pays pensions out of profits to certain former employees. The approximate unprovided capitalised value of these is £69,000.

22. RELATED PARTY TRANSACTIONS

The company trades with Gray-Nicolls (Australia) Pty Ltd, which is a company partially owned by some of the directors. Gray-Nicolls (Australia) Pty Ltd purchased £2,000 (1999 - £69,819) of goods from the company during the year and made sales of £33,000 (1999 - £78,558) on an arms length basis and on normal commercial terms.

At 31 December 2000 the company owed £4,000 to Gray-Nicolls (Australia) Pty Ltd (1999 - was owed £50,631).

Grays of Cambridge (Pakistan) Limited is an associate of the company. At 31 December 2000 the company was owed £166,523 (1999 - £82,297) by the associate. During the year the company purchased goods worth £296,000 (1999 - £305,000) from and sold goods worth £15,000 (1999 - £27,000) to Grays of Cambridge (Pakistan) Limited, on an arms length basis and on normal commercial terms.

Sarnian Sports Limited, a subsidiary company, was charged £8,663 for management and administrative services, and purchased goods for resale of £8,096 during the year. At the year end it owed £4,000 to the company.

A charge for use of residence has been paid to two of the directors, as follows:

W Gray Esq (jointly with his spouse)	£1,000
H J Gray Esq (jointly with his spouse)	£2,300

No single party controls the company.