

Registered number 00148700

# GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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COMPANIES HOUSE

**pb** Price Bailey  
CHARTERED ACCOUNTANTS

With offices in  
Bishop's Stortford Cambridge Ely Guernsey  
London City London Mayfair London North Norwich

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

**GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**

**COMPANY INFORMATION**

<b>COMPANY NUMBER</b>	00148700
<b>CHAIRMAN</b>	P E Hopper
<b>DIRECTORS</b>	N D J Gray R W Gray P D Gray FCMA J C Gray ACA N J Gray
<b>COMPANY SECRETARY</b>	P D Gray FCMA
<b>REGISTERED OFFICE</b>	Station Road Robertsbridge East Sussex TN32 5DH
<b>AUDITORS</b>	Price Bailey LLP Chartered Accountants & Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

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**GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**

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## **GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

The directors present their report and the financial statements for the year ended 31 December 2011

#### **PRINCIPAL ACTIVITIES**

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

#### **BUSINESS REVIEW**

The key performance indicator for the business is to trade profitably. In 2011 the group has achieved this, returning an after tax profit of £1,324,292 (2010 - £274,240)

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £1,324,292 (2010 - £274,240)

The directors consider the state of the group's affairs during the year and the financial position at the end of the year to be satisfactory

Subsequent to the year end the directors recommend a dividend to be paid amounting to £620,000

#### **DIRECTORS**

The directors who served during the year were

N D J Gray  
R W Gray  
P D Gray FCMA  
J C Gray ACA  
N J Gray

#### **EVENTS SINCE THE END OF THE YEAR**

There have been no events since the end of the year which require comment by the directors

#### **FUTURE DEVELOPMENTS**

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

#### **PROVISION OF INFORMATION TO AUDITORS**

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

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information

## GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

#### AUDITORS

The auditors, Price Bailey LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

#### DIRECTORS' RESPONSIBILITIES STATEMENT


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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the board on 31/5/12 and signed on its behalf

  
P D Gray FCMA  
Secretary





## **GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**

We have audited the financial statements of Grays of Cambridge (International) Limited for the year ended 31 December 2011, set out on pages 5 to 26. 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' 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 group's and the parent company's affairs as at 31 December 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

**GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRAYS OF CAMBRIDGE  
(INTERNATIONAL) LIMITED**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Paul Dearsley (Senior Statutory Auditor)

for and on behalf of  
**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

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

26 June 2012



**GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
<b>TURNOVER</b>	1,2	20,128,853	17,625,530
Change in stocks of finished goods and work in progress		(3,593)	(8,757)
Other operating income	3	278,195	42,360
Raw materials and consumables		548,630	80,881
Other external charges		(12,438,845)	(11,277,706)
Staff costs		(3,295,787)	(2,975,894)
Depreciation and amortisation		(46,434)	(143,563)
Other operating charges		(3,726,223)	(3,091,510)
<b>OPERATING PROFIT</b>	4	1,444,796	251,341
Share of operating loss in associates		(28,940)	(26,789)
<b>TOTAL OPERATING PROFIT</b>		1,415,856	224,552
Income from other fixed asset investments		69,093	110,634
Interest receivable and similar income		80,678	75,622
Interest payable and similar charges	8	(5,341)	(9,413)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,560,286	401,395
Tax on profit on ordinary activities	9	(235,994)	(127,155)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,324,292	274,240

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and Loss Account

The notes on pages 10 to 26 form part of these financial statements



**GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**

**CONSOLIDATED NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 £	2010 £
<b>REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	1,560,286	401,395
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	609	609
<b>HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>1,560,895</u>	<u>402,004</u>
<b>HISTORICAL PROFIT FOR THE YEAR AFTER TAXATION</b>	<u>1,324,901</u>	<u>274,849</u>

The notes on pages 10 to 26 form part of these financial statements

**GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**  
**REGISTERED NUMBER: 00148700**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2011**

	Note	£	2011 £	£	2010 £
<b>FIXED ASSETS</b>					
Intangible assets	10		5,000		10,000
Tangible assets	11		1,073,395		1,275,556
Investments	12		1,827,703		1,873,287
			<u>2,906,098</u>		<u>3,158,843</u>
<b>CURRENT ASSETS</b>					
Stocks	14	4,270,327		4,198,400	
Debtors	15	7,128,441		7,894,324	
Cash at bank		2,886,452		1,270,631	
		<u>14,285,220</u>		<u>13,363,355</u>	
<b>CREDITORS</b> amounts falling due within one year	16	(3,268,412)		(3,426,169)	
<b>NET CURRENT ASSETS</b>			<u>11,016,808</u>		<u>9,937,186</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>13,922,906</u>		<u>13,096,029</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	17	(4,843)		-	
Other provisions	18	(3,660,708)		(4,153,305)	
			<u>(3,665,551)</u>		<u>(4,153,305)</u>
<b>NET ASSETS</b>			<u><u>10,257,355</u></u>		<u><u>8,942,724</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		32,060		32,060
Revaluation reserve	20		35,828		36,437
Capital redemption reserve	20		16,028		16,028
Foreign exchange reserve	20		(77,186)		(66,925)
Profit and loss account	20		10,250,625		8,925,124
<b>SHAREHOLDERS' FUNDS</b>	21		<u><u>10,257,355</u></u>		<u><u>8,942,724</u></u>

The notes on pages 10 to 26 form part of these financial statements

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

31/5/12

  
**P D Gray ECMA**  
 Director

  
**P E Hopper**  
 Director

**GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**  
**REGISTERED NUMBER: 00148700**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2011**

	Note	£	2011 £	£	2010 £
<b>FIXED ASSETS</b>					
Intangible assets	10		5,000		10,000
Tangible assets	11		1,073,395		1,275,556
Investments	12		1,719,278		1,698,634
			<u>2,797,673</u>		<u>2,984,190</u>
<b>CURRENT ASSETS</b>					
Stocks	14	4,270,327		4,198,400	
Debtors	15	5,447,028		5,573,965	
Cash at bank		2,886,446		1,174,171	
		<u>12,603,801</u>		<u>10,946,536</u>	
<b>CREDITORS</b> amounts falling due within one year	16	(3,387,035)		(3,429,527)	
<b>NET CURRENT ASSETS</b>			<u>9,216,766</u>		<u>7,517,009</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>12,014,439</u>		<u>10,501,199</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	17	(4,843)		-	
Other provisions	18	(1,996,501)		(1,846,816)	
			<u>(2,001,344)</u>		<u>(1,846,816)</u>
<b>NET ASSETS</b>			<u>10,013,095</u>		<u>8,654,383</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		32,060		32,060
Revaluation reserve	20		326,828		327,437
Capital redemption reserve	20		16,028		16,028
Profit and loss account	20		9,638,179		8,278,858
<b>SHAREHOLDERS' FUNDS</b>	21		<u>10,013,095</u>		<u>8,654,383</u>

The notes on pages 10 to 26 form part of these financial statements

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

31/5/12

  
P D Gray FCMA  
Director

  
P E Hopper  
Director





**GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
Net cash flow from operating activities	23	1,189,011	(874,245)
Dividends received from associates		19,173	48,819
Returns on investments and servicing of finance	24	144,430	176,843
Taxation	24	98,341	(227,425)
Capital expenditure and financial investment	24	140,083	(118,653)
<b>CASH INFLOW/(OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>		<b>1,591,038</b>	<b>(994,661)</b>
Management of liquid resources	24	(530,000)	750,000
Financing	24	(6,446)	(6,446)
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<b>1,054,592</b>	<b>(251,107)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 £	2010 £
Increase/(Decrease) in cash in the year	1,054,592	(251,107)
Cash outflow from decrease in liquid resources	530,000	(750,000)
Cash outflow from decrease in debt and lease financing	6,446	6,446
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>1,591,038</b>	<b>(994,661)</b>
Net funds at 1 January 2011	1,260,962	2,255,623
<b>NET FUNDS AT 31 DECEMBER 2011</b>	<b>2,852,000</b>	<b>1,260,962</b>

The notes on pages 10 to 26 form part of these financial statements

## GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

#### 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 and in accordance with applicable accounting standards

##### 1.2 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of Grays of Cambridge (International) Limited and all of its subsidiary undertakings ('subsidiaries')

The investment in its associate is consolidated using the equity accounting method in accordance with FRS 9 ('accounting for associates')

##### 1.3 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods sold and services rendered, exclusive of Value Added Tax and trade discounts

Revenue is recognised when goods are dispatched

##### 1.4 VALUATION OF FIXED ASSETS AND INVESTMENTS

Fixed assets and investments are carried at their cost or depreciated value as at 31 January 2000 less depreciation or provision for impairment. The items carried at depreciated value were last valued in 1986 or earlier and the transitional provisions of FRS 15 have been adopted such that these valuations will not be updated

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 accounts and reversals of past impairments credited to the profit and loss account

##### 1.5 DEPRECIATION AND AMORTISATION

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	2% on the straight line basis
Freehold land	-	Nil
Plant & machinery	-	Between 15% and 25% on the reducing balance basis or the straight line basis
Motor vehicles	-	33% per annum on the reducing balance basis
Fixtures & fittings	-	Between 15% and 25% on the reducing balance basis

Where insurance proceeds are received for asset purchase 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

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## **GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **1 ACCOUNTING POLICIES (continued)**

##### **1.6 INVESTMENTS**

- (i) **Subsidiary undertakings**  
Investments in subsidiaries are valued at cost less provision for impairment
- (ii) **Associated undertakings**  
Investments in associates are stated at the amount of the company's share of net assets. The Profit and Loss Account includes the company's share of the associated companies' profits after taxation using the equity accounting basis
- (iii) **Other investments**  
Investments held as fixed assets are shown at cost less provision for impairment

##### **1.7 RESEARCH AND DEVELOPMENT**

Expenditure on research and development, patents, trademarks and franchises is written off as and when incurred

##### **1.8 DIVIDENDS**

Dividends received and receivable at the balance sheet date are included in the profit and loss account for that year. Dividends are not anticipated where exchange control or other matters make it imprudent to do so

##### **1.9 STOCKS**

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

##### **1.10 DEFERRED TAXATION**

Deferred taxation is calculated, in accordance with FRS 19, 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

Deferred tax assets and liabilities are not discounted

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## **GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

#### **1 ACCOUNTING POLICIES (continued)**

##### **1.11 FOREIGN CURRENCIES**

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

##### **1.12 LEASING AND HIRE PURCHASE**

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

##### **1.13 DEFINED CONTRIBUTION PENSION SCHEMES**

The company contributes to defined contribution pension schemes in respect of employees and some of the directors. 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

##### **1.14 INTANGIBLE FIXED ASSETS AND AMORTISATION**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life

Intellectual property rights are stated at cost less provision for impairment. They are written off in equal instalments over its useful economic life. The directors have assessed the useful economic life as being ten years

##### **1.15 SPONSORSHIP AGREEMENTS**

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

#### **2 TURNOVER**

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

**GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**3 OTHER OPERATING INCOME**

	2011 £	2010 £
Other operating income	278,195	42,360

**4 OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	2011 £	2010 £
Amortisation - intangible fixed assets	5,000	5,000
Depreciation and adjustment on disposal of tangible fixed assets		
- owned by the group	109,834	134,181
- held under finance leases	3,290	4,910
Operating lease rentals		
- plant and machinery	1,496	2,263
- other operating leases	18,608	26,750
Research and development expenditure written off	13,717	33,467
Net exchange loss/(gains)	(236,286)	(174,128)

**5 AUDITORS' REMUNERATION**

	2011 £	2010 £
Fees payable to the company's auditor for the audit of the company's annual accounts	26,052	29,465
Fees payable to the company's auditor and its associates in respect of		
The auditing of accounts of associates of the company pursuant to legislation	4,518	4,398



# GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 6. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2011 £	2010 £
Wages and salaries	2,752,214	2,565,165
Social security costs	273,451	242,059
Other pension costs	270,123	168,670
	<u>3,295,788</u>	<u>2,975,894</u>

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

	2011 No	2010 No
Production	41	45
Sales	37	37
Administration	17	13
	<u>95</u>	<u>95</u>

### 7 DIRECTORS' REMUNERATION

	2011 £	2010 £
Emoluments	<u>541,018</u>	<u>440,482</u>
Company pension contributions to defined contribution pension schemes	<u>150,000</u>	<u>50,000</u>

During the year retirement benefits were accruing to 5 directors (2010 - 5) in respect of defined contribution pension schemes

The highest paid director received remuneration of £231,136 (2010 - £175,641)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £50,000 (2010 - £NIL)

### 8 INTEREST PAYABLE

	2011 £	2010 £
On bank loans and overdrafts	4,753	8,825
On finance leases and hire purchase contracts	588	588
	<u>5,341</u>	<u>9,413</u>

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# GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 9. TAXATION

	2011 £	2010 £
<b>ANALYSIS OF TAX CHARGE IN THE YEAR</b>		
<b>CURRENT TAX</b> (see note below)		
UK corporation tax charge on profit for the year	311,567	127,827
Adjustments in respect of prior periods	(107,077)	-
Withholding and underlying tax on foreign income receivable	3,891	3,479
Share of associates' current tax	7,854	6,008
<b>TOTAL CURRENT TAX</b>	<u>216,235</u>	<u>137,314</u>
<b>DEFERRED TAX</b> (see note 17)		
Origination and reversal of timing differences	19,759	(10,159)
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>235,994</u>	<u>127,155</u>

### FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2010 - higher than) the standard rate of corporation tax in the UK of 26.49% (2010 - 28%). The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	<u>1,560,286</u>	<u>401,395</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.49% (2010 - 28%)	413,320	112,391
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(28,454)	12,940
Capital allowances for year in excess of depreciation	4,674	9,685
Share of partnership profits	(6,006)	(4,229)
Adjustments to tax in respect of corporation tax rates	(8,528)	(6,980)
Adjustments to tax charge in respect of prior periods	(107,077)	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(62,086)	-
Other tax adjustments	10,392	13,507
<b>CURRENT TAX CHARGE FOR THE YEAR</b> (see note above)	<u>216,235</u>	<u>137,314</u>

### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges

**GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**10 INTANGIBLE FIXED ASSETS**

	Trademarks £	Goodwill £	Total £
<b>GROUP AND COMPANY COST</b>			
At 1 January 2011 and 31 December 2011	50,000	586,300	636,300
<b>AMORTISATION</b>			
At 1 January 2011	40,000	586,300	626,300
Charge for the year	5,000	-	5,000
At 31 December 2011	45,000	586,300	631,300
<b>NET BOOK VALUE</b>			
At 31 December 2011	5,000	-	5,000
At 31 December 2010	10,000	-	10,000

**11 TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
<b>GROUP AND COMPANY COST OR VALUATION</b>					
At 1 January 2011	1,265,859	852,620	307,661	459,075	2,885,215
Additions	-	29,442	13,352	16,698	59,492
Disposals	(196,428)	(29,777)	(15,185)	(37,873)	(279,263)
At 31 December 2011	1,069,431	852,285	305,828	437,900	2,665,444
<b>DEPRECIATION</b>					
At 1 January 2011	299,237	793,087	193,517	323,818	1,609,659
Charge for the year	16,378	33,024	37,037	26,685	113,124
On disposals	(59,700)	(29,258)	(12,125)	(29,651)	(130,734)
At 31 December 2011	255,915	796,853	218,429	320,852	1,592,049
<b>NET BOOK VALUE</b>					
At 31 December 2011	813,516	55,432	87,399	117,048	1,073,395
At 31 December 2010	966,622	59,533	114,144	135,257	1,275,556

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2011 £	2010 £
<b>GROUP AND COMPANY</b>		
Motor vehicles	6,679	9,969

# GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 11 TANGIBLE FIXED ASSETS (continued)

Included in land and buildings is freehold land at cost of £220,000 (2010 - £250,000), which is not depreciated

The freehold land and buildings were revalued in 1986 or earlier with the exception of the impaired property that was revalued in April 2001 by Simon C Browne MRICS, Chartered Valuation Surveyor, of Ross and Co, and written down in the 2000 accounts by £223,000. On 10 May 2004 Keith Ross FRICS, Chartered Valuation Surveyor, of Ross and Co undertook an updated valuation of the site to assess any reversal of this impairment following the completion of flood defences work by the Environment Agency. This resulted in a reversal of £204,000 in the 2003 accounts of the previous impairment, giving a valuation of £375,000. The transitional provisions of FRS15 are being followed in respect of the revaluation of properties.

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

	2011 £	2010 £
<b>GROUP AND COMPANY</b>		
Cost	999,427	1,195,855
Accumulated depreciation	(231,421)	(271,557)
	<hr/>	<hr/>
Net book value	768,006	924,298
	<hr/>	<hr/>



# GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 12 FIXED ASSET INVESTMENTS

GROUP	Listed investments £	Unlisted investments £	Investments in participating interests £	Other investments £	Total £
<b>COST OR VALUATION</b>					
At 1 January 2011	677,193	8,500	543,535	644,059	1,873,287
Additions	-	-	-	20,644	20,644
Share of profit/(loss)	-	-	(66,228)	-	(66,228)
At 31 December 2011	677,193	8,500	477,307	664,703	1,827,703
<b>NET BOOK VALUE</b>					
At 31 December 2011	677,193	8,500	477,307	664,703	1,827,703
At 31 December 2010	677,193	8,500	543,535	644,059	1,873,287

### LISTED INVESTMENTS

The market value of the listed investments at 31 December 2011 was £736,854 (2010 - £725,468)

### PARTICIPATING INTERESTS

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 2011 the company's holding was 2,922,975 (39.77%) of the 10 Rupee ordinary share capital and the shares were quoted at 23.00 Rupees each.

At the 31 December 2011 price, the company's investment would be worth approximately £481,000. If the shares were sold at this valuation a tax liability of approximately £nil 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 accounting reference date of Grays of Cambridge (Pakistan) Limited is 30 June. The financial statements of the company have been consolidated on the basis of interim financial statements for the period to 31 December 2011.

# GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 12 FIXED ASSET INVESTMENTS (continued)

COMPANY COST OR VALUATION	Shares in group undertakings £	Investments in participating interests £	Listed investments £	Unlisted investments £	Other investments £	Total £
At 1 January 2011	68,882	300,000	677,193	8,500	644,059	1,698,634
Additions	-	-	-	-	20,644	20,644
At 31 December 2011	68,882	300,000	677,193	8,500	664,703	1,719,278
<b>NET BOOK VALUE</b>						
At 31 December 2011	68,882	300,000	677,193	8,500	664,703	1,719,278
At 31 December 2010	68,882	300,000	677,193	8,500	644,059	1,698,634

#### LISTED INVESTMENTS

The market value of the listed investments at 31 December 2011 was £736,854 (2010 - £725,468)

Details of the principal subsidiaries and associates can be found under note number 13

### 13 PRINCIPAL SUBSIDIARIES AND ASSOCIATES

#### a PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Grays Sports Limited	England	100	Negotiating, securing and entering sponsorship agreements
Gray-Nicolls Limited	England	100	Dormant
James Gilbert Limited	England	100	Dormant
Grays of Cambridge Limited	England	100	Dormant
H J Gray & Sons Limited	England	100	Dormant

#### b. PRINCIPAL ASSOCIATES

Company name	Country	Percentage Shareholding	Description
Grays of Cambridge (Pakistan) Limited	Pakistan	39.77	Manufacture and export of quality sports goods



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**GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**14 STOCKS**

	<b>GROUP AND COMPANY</b>	
	2011 £	2010 £
Raw materials	414,255	389,220
Work in progress	17,814	7,532
Finished stock of own manufacture	65,550	73,471
Goods in transit	590,676	956,443
Finished stock bought in	3,126,333	2,737,907
Consumable stores	55,699	33,827
	<u>4,270,327</u>	<u>4,198,400</u>

**15 DEBTORS**

	<b>GROUP</b>		<b>COMPANY</b>	
	2011 £	2010 £	2011 £	2010 £
Trade debtors	2,904,853	2,901,043	2,904,853	2,901,043
Other debtors	191,976	221,483	191,970	213,082
Prepayments and accrued income	4,031,612	4,756,882	2,350,205	2,444,924
Deferred tax asset (see note 17)	-	14,916	-	14,916
	<u>7,128,441</u>	<u>7,894,324</u>	<u>5,447,028</u>	<u>5,573,965</u>

**16. CREDITORS.  
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>GROUP</b>		<b>COMPANY</b>	
	2011 £	2010 £	2011 £	2010 £
Bank loans and overdrafts	31,229	-	-	-
Net obligations under finance leases and hire purchase contracts	3,223	9,669	3,223	9,669
Trade creditors	1,234,893	1,827,115	1,234,893	1,381,496
Amounts owed to group undertakings	-	-	183,503	489,610
Corporation tax	303,398	5,998	297,732	-
Social security and other taxes	340,398	95,466	321,916	65,942
Proposed dividend	-	600	-	600
Other creditors	29,560	29,705	29,560	29,705
Accruals and deferred income	1,325,711	1,457,616	1,316,208	1,452,505
	<u>3,268,412</u>	<u>3,426,169</u>	<u>3,387,035</u>	<u>3,429,527</u>

The aggregate amount of secured liabilities is £3,223 (2010 - £9,669)

Net obligations under finance leases and hire purchase contracts are secured against the assets to which they relate

**GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**17 DEFERRED TAXATION**

	<b>GROUP AND COMPANY</b>	
	2011	2010
	£	£
At beginning of year	14,916	4,757
(Charge for)/released during the year	(19,759)	10,159
	<u>(4,843)</u>	<u>14,916</u>
At end of year	<u>(4,843)</u>	<u>14,916</u>

The deferred taxation balance is made up as follows

	<b>GROUP AND COMPANY</b>	
	2011	2010
	£	£
Accelerated capital allowances	(7,773)	(8,282)
Short term timing differences	2,930	23,198
	<u>(4,843)</u>	<u>14,916</u>
	<u>(4,843)</u>	<u>14,916</u>

**18 PROVISIONS**

	Other provisions £
<b>GROUP</b>	
At 1 January 2011	4,153,305
Additions	(642,282)
Amounts used	149,685
At 31 December 2011	<u>3,660,708</u>

**Other Provisions**

Other provisions relate to liabilities and indemnity payments, dilapidations provisions, unfunded pensions, and, sponsorship contracts. The timing of these are not known.

	Other provisions £
<b>COMPANY</b>	
At 1 January 2011	1,846,816
Amounts used	149,685
At 31 December 2011	<u>1,996,501</u>

**Other Provisions**

Other provisions relate to liabilities and indemnity payments, dilapidations provisions, unfunded pensions, and, sponsorship contracts. The timing of these are not known.

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# GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 19 SHARE CAPITAL

	2011 £	2010 £
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
27,060 Ordinary shares of £1 each	27,060	27,060
5,000 6% cumulative preference shares of £1 each	5,000	5,000
	<u>32,060</u>	<u>32,060</u>

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

### 20 RESERVES

	Capital redemption reserve £	Revaluation reserve £	Foreign exchange reserve £	Profit and loss account £
<b>GROUP</b>				
At 1 January 2011	16,028	36,437	(66,925)	8,925,124
Profit for the year	-	-	-	1,324,292
Dividends Non-equity capital	-	-	-	600
Transfer between Revaluation reserve and profit and loss account	-	(609)	-	609
Movement on foreign exchange	-	-	(10,261)	-
At 31 December 2011	<u>16,028</u>	<u>35,828</u>	<u>(77,186)</u>	<u>10,250,625</u>
		Capital redemption reserve £	Revaluation reserve £	Profit and loss account £
<b>COMPANY</b>				
At 1 January 2011		16,028	327,437	8,278,858
Profit for the year		-	-	1,358,112
Dividends Non-equity capital		-	-	600
Transfer between Revaluation reserve and P/L account		-	(609)	609
At 31 December 2011		<u>16,028</u>	<u>326,828</u>	<u>9,638,179</u>

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# GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
<b>GROUP</b>		
Opening shareholders' funds	8,942,724	8,667,657
Profit for the year	1,324,292	274,240
Dividends (Note 22)	600	(300)
Movement in foreign exchange reserve	(10,261)	1,127
	<u>10,257,355</u>	<u>8,942,724</u>
Closing shareholders' funds		
	<u>10,257,355</u>	<u>8,942,724</u>
	2011 £	2010 £
<b>COMPANY</b>		
Opening shareholders' funds	8,654,383	8,204,049
Profit for the year	1,358,112	450,634
Dividends (Note 22)	600	(300)
	<u>10,013,095</u>	<u>8,654,383</u>
Closing shareholders' funds		
	<u>10,013,095</u>	<u>8,654,383</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account

The profit for the year dealt with in the accounts of the company was £1,358,112 (2010 - £450,634)

### 22. DIVIDENDS

	2011 £	2010 £
Final dividend	<u>(600)</u>	<u>300</u>

On 30 May 2012 the directors propose a dividend of £620,000

The final dividend reversal included above relates to prior year dividend creditor waived during the year

### 23. NET CASH FLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	1,444,796	251,341
Amortisation of intangible fixed assets	5,000	5,000
Depreciation of tangible fixed assets	113,124	139,091
Profit on disposal of tangible fixed assets	(71,690)	(528)
Increase in stocks	(71,926)	(621,254)
Decrease/(increase) in debtors	741,653	(613,114)
(Decrease)/increase in creditors	(479,349)	320,592
Decrease in provisions	(492,597)	(355,373)
	<u>1,189,011</u>	<u>(874,245)</u>
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>		
	<u>1,189,011</u>	<u>(874,245)</u>

**GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**24 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2011 £	2010 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	80,678	75,622
Interest paid	(4,753)	(8,825)
Hire purchase interest	(588)	(588)
Income from investments	69,093	110,634
	<u>144,430</u>	<u>176,843</u>
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
	2011 £	2010 £
<b>TAXATION</b>		
Corporation tax repaid/(paid)	98,341	(227,425)
	<u>2011 £</u>	<u>2010 £</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(59,492)	(102,109)
Sale of tangible fixed assets	220,219	2,300
Long term loan payments	(20,644)	(18,844)
	<u>140,083</u>	<u>(118,653)</u>
<b>NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE</b>		
	2011 £	2010 £
<b>MANAGEMENT OF LIQUID RESOURCES</b>		
Cash placed on short-term deposit	(530,000)	750,000
	<u>2011 £</u>	<u>2010 £</u>
<b>FINANCING</b>		
Repayment of finance leases	(6,446)	(6,446)



# GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 25 ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2011 £	Cash flow £	Other non-cash changes £	31 December 2011 £
Cash at bank and in hand	1,270,631	1,615,821	-	2,886,452
Less deposits treated as liquid resources	(570,000)	(530,000)	-	(1,100,000)
Bank overdraft	-	(31,229)	-	(31,229)
	<u>700,631</u>	<u>1,054,592</u>	<u>-</u>	<u>1,755,223</u>
<b>LIQUID RESOURCES.</b>				
Deposits included in cash	570,000	530,000	-	1,100,000
<b>DEBT.</b>				
Debts due within one year	(9,669)	6,446	-	(3,223)
<b>NET FUNDS</b>	<u>1,260,962</u>	<u>1,591,038</u>	<u>-</u>	<u>2,852,000</u>

### 26. CONTINGENT LIABILITIES

Possible future liabilities arising from sponsorship contracts in place at the year end which are dependant on future events total £260,000 (2010 - £345,000)

### 27 PENSION COMMITMENTS

Defined contribution pension schemes

The company contributes to personal pension schemes in respect of five directors and other staff. The assets of the schemes are held separately from those of the company in an independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £270,123 (2010 - £168,670). Contributions totalling £12,208 (2010 - £89,223) were payable to the funds at the balance sheet date and are included in creditors.

### 28. OPERATING LEASE COMMITMENTS

At 31 December 2011 the Group and Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2011 £	2010 £
<b>GROUP AND COMPANY</b>		
<b>EXPIRY DATE:</b>		
Between 2 and 5 years	14,250	14,250
After more than 5 years	<u>30,000</u>	<u>-</u>

**GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**29. RELATED PARTY TRANSACTIONS**

The company has traded with the following related parties during the year

Gray-Nicolls Sports Pty Limited - A company partially owned by some of the directors  
Gray-Nicolls Sports (NZ) Limited - A wholly owned subsidiary of Gray-Nicolls Sports Pty Limited  
Grays of Cambridge (Pakistan) Limited - A company that is a member of the group  
Worldwide Cricket Company Private Limited - A company with common control  
Grays Developments LLP - An entity controlled by some of the directors

Sales to the above related parties totalled £1,179,000 (2010 - £751,000)

Purchases from the above related parties totalled £1,949,000 (2010 - £2,159,000)

Admin support was provided to related parties totalling £8,000 (2010 - £12,000)

Amounts owed to the above related parties at the year end totalled £77,000 (2010 - £68,000)

Amounts owed from the above related parties at the year end totalled £984,000 (2010 - £640,000)

Loans repaid by related parties totalled £Nil (2010 - £Nil) At the year end there were loans outstanding due from related parties totalling £565,000 (2010 - £544,000)

The company sold Freehold Land and Buildings during the year amounting to £220,000 (2010 - £Nil) to Grays Pension Trust, in which some of the directors are trustees The transactions were made on an arms length basis