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Registered number: 00148700

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

COMPANY INFORMATION

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

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

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GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

INTRODUCTION

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

BUSINESS REVIEW

The Company has been successful in 2016 and is confident about prospects for 2017.

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

The Company actively monitors un-authorised use of its valuable Intellectual Property rights and has made provision in these accounts for the cost of defending its rights.

FINANCIAL KEY PERFORMANCE INDICATORS


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

The Group's turnover fell by 16.0% to £24.1m (2015 - £28.7m).

The Group's operating profit for the year was £1.8m (2015 - £2.8m).

The results for the year benefited from the exceptional sale of the Group's investment in Grays of Cambridge (Pakistan) Limited and Grays Leasing Limited.

This report was approved by the board on 24th May 2017 and signed on its behalf.


.....
P D Gray FCMA
Director

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their report and the financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,171,929 (2015 - £2,382,173).

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

DIRECTORS

The Directors who served during the year were:

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

POST BALANCE SHEET EVENTS

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

FUTURE DEVELOPMENTS

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

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

AUDITORS

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

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and 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 24th May 2017 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 2016, set out on pages 6 to 35. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Financial Reporting Council'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 Group Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of the Group's profit or loss 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.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

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

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.

Richard Vass (Senior Statutory Auditor)

for and on behalf of
Price Bailey LLP

Chartered Accountants
Statutory Auditors

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

1 August 2017

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover		24,143,830	28,723,423
Change in stocks of finished good and work in progress		(73,541)	(55,980)
Other operating income		461,428	233,085
Raw materials and consumables		55,707	318,440
Other external charges		(12,756,603)	(15,278,749)
Staff costs		(5,107,504)	(4,800,671)
Depreciation and amortisation		(272,264)	(260,762)
Other operating expenses		(4,664,982)	(6,165,812)
OPERATING PROFIT		1,786,071	2,712,974
Share of profit of associates		-	127,892
TOTAL OPERATING PROFIT		1,786,071	2,840,866
Income from other fixed asset investments		84,991	62,076
Profit on disposal of investments		511,490	-
Interest receivable and similar income		17,238	21,765
Interest payable and expenses		(1,321)	(3,490)
PROFIT BEFORE TAX		2,398,469	2,921,217
Tax on profit	13	(226,540)	(539,044)
PROFIT FOR THE YEAR		2,171,929	2,382,173
Movement on foreign exchange		(11,767)	66,255
OTHER COMPREHENSIVE INCOME FOR THE YEAR		(11,767)	66,255
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,160,162	2,448,428

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

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED
REGISTERED NUMBER: 00148700

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	16	1,513,576	1,565,582
Investments	17	283,810	941,736
		<u>1,797,386</u>	<u>2,507,318</u>
CURRENT ASSETS			
Stocks	18	6,784,552	6,564,499
Debtors: amounts falling due after more than one year	19	5,940,069	4,725,783
Debtors: amounts falling due within one year	19	3,550,069	4,401,470
Cash at bank and in hand	20	3,773,833	3,307,272
		<u>20,048,523</u>	<u>18,999,024</u>
Creditors: amounts falling due within one year	21	(3,582,331)	(4,285,749)
NET CURRENT ASSETS		<u>16,466,192</u>	<u>14,713,275</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>18,263,578</u>	<u>17,220,593</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	23	(55,227)	(49,953)
Other provisions	24	(6,112,752)	(5,230,203)
		<u>(6,167,979)</u>	<u>(5,280,156)</u>
NET ASSETS		<u><u>12,095,599</u></u>	<u><u>11,940,437</u></u>

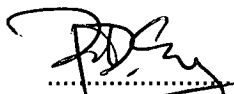
GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED
REGISTERED NUMBER: 00148700


CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
CAPITAL AND RESERVES			
Called up share capital	25	27,060	32,060
Revaluation reserve		32,783	34,001
Capital redemption reserve		16,028	16,028
Foreign exchange reserve		(171,154)	(159,387)
Other reserves		83	83
Profit and loss account		12,190,799	12,017,652
		<u>12,095,599</u>	<u>11,940,437</u>

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

24th May 2017.


.....
P D Gray FCMA
Director


.....
M P George
Director


GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED
REGISTERED NUMBER: 00148700

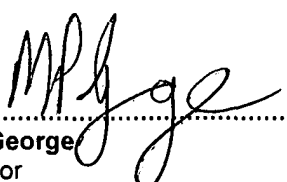
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	16	1,494,406	1,565,582
Investments	17	354,233	1,402,316
		<u>1,848,639</u>	<u>2,967,898</u>
CURRENT ASSETS			
Stocks	18	6,784,552	6,564,499
Debtors: amounts falling due after more than one year	19	2,062,567	1,683,912
Debtors: amounts falling due within one year	19	3,538,824	4,305,173
Cash at bank and in hand	20	3,445,271	3,075,156
		<u>15,831,214</u>	<u>15,628,740</u>
Creditors: amounts falling due within one year	21	(3,581,025)	(4,248,298)
Net current assets		<u>12,250,189</u>	<u>11,380,442</u>
Total assets less current liabilities		<u>14,098,828</u>	<u>14,348,340</u>
PROVISIONS FOR LIABILITIES			
Deferred tax	23	(55,227)	(49,953)
Other provisions	24	(2,235,250)	(2,188,332)
		<u>(2,290,477)</u>	<u>(2,238,285)</u>
NET ASSETS		<u><u>11,808,351</u></u>	<u><u>12,110,055</u></u>
CAPITAL AND RESERVES			
Called up share capital	25	27,060	32,060
Revaluation reserve		32,783	325,001
Capital redemption reserve		16,028	16,028
Profit and loss account		<u>11,732,480</u>	<u>11,736,966</u>
		<u><u>11,808,351</u></u>	<u><u>12,110,055</u></u>

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

28 May 2017.


.....
P D Gray FCMA
Director


.....
M P George
Director

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital £	Capital redemption reserve £	Revaluation reserve £	Foreign exchange reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2016	32,060	16,028	34,001	(159,387)	83	12,017,652	11,940,437
COMPREHENSIVE INCOME FOR THE YEAR							
Profit for the year	-	-	-	-	-	2,171,929	2,171,929
Movement on foreign exchange	-	-	-	(11,767)	-	-	(11,767)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	(11,767)	-	-	(11,767)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	(11,767)	-	2,171,929	2,160,162
Dividends: Equity capital	-	-	-	-	-	(2,000,000)	(2,000,000)
Shares redeemed during the year	(5,000)	-	-	-	-	-	(5,000)
TOTAL TRANSACTIONS WITH OWNERS	(5,000)	-	(1,218)	-	-	(1,998,782)	(2,005,000)
AT 31 DECEMBER 2016	<u>27,060</u>	<u>16,028</u>	<u>32,783</u>	<u>(171,154)</u>	<u>83</u>	<u>12,190,799</u>	<u>12,095,599</u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £	Capital redemption reserve £	Revaluation reserve £	Foreign exchange reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2015	32,060	16,028	34,001	(225,642)	83	12,385,479	12,242,009
COMPREHENSIVE INCOME FOR THE YEAR							
Profit for the year	-	-	-	-	-	2,382,173	2,382,173
Movement on foreign exchange	-	-	-	70,379	-	-	70,379
Cash foreign exchange movement	-	-	-	(4,124)	-	-	(4,124)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	66,255	-	-	66,255
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	66,255	-	2,382,173	2,448,428
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS							
Dividends: Equity capital	-	-	-	-	-	(2,750,000)	(2,750,000)
TOTAL TRANSACTIONS WITH OWNERS	-	-	-	-	-	(2,750,000)	(2,750,000)
AT 31 DECEMBER 2015	<u>32,060</u>	<u>16,028</u>	<u>34,001</u>	<u>(159,387)</u>	<u>83</u>	<u>12,017,652</u>	<u>11,940,437</u>

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

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 January 2016	32,060	16,028	325,001	11,736,966	12,110,055
COMPREHENSIVE INCOME FOR THE YEAR					
Profit for the year	-	-	-	1,703,296	1,703,296
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	1,703,296	1,703,296
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS					
Dividends: Equity capital	-	-	-	(2,000,000)	(2,000,000)
Shares redeemed during the year	(5,000)	-	-	-	(5,000)
TOTAL TRANSACTIONS WITH OWNERS	(5,000)	-	(292,218)	(1,707,782)	(2,005,000)
AT 31 DECEMBER 2016	27,060	16,028	32,783	11,732,480	11,808,351

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 January 2015 (as previously stated)	32,060	16,028	325,001	11,695,015	12,068,104
Prior year adjustment	-	-	-	674,000	674,000
At 1 January 2015 (as restated)	32,060	16,028	325,001	12,369,015	12,742,104
COMPREHENSIVE INCOME FOR THE YEAR					
Profit for the year	-	-	-	2,117,951	2,117,951
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	2,117,951	2,117,951
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS					
Dividends: Equity capital	-	-	-	(2,750,000)	(2,750,000)
TOTAL TRANSACTIONS WITH OWNERS	-	-	-	(2,750,000)	(2,750,000)
AT 31 DECEMBER 2015	32,060	16,028	325,001	11,736,966	12,110,055

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

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £	2015 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	2,171,929	2,382,173
ADJUSTMENTS FOR:		
Depreciation of tangible assets	267,097	270,944
Loss on disposal of tangible assets	5,167	(10,182)
Increase in stocks	(220,053)	(805,880)
Interest paid	1,321	3,490
Interest received	(17,238)	(83,841)
Taxation	226,540	539,044
(Increase) / decrease in debtors	(407,122)	2,397,142
(Decrease) / increase in creditors	(705,100)	1,145,198
Increase / (decrease) in provisions	882,549	(1,235,133)
Share of operating profit in associates	-	(127,892)
Taxation paid	(175,347)	(652,133)
Income from investments	(84,991)	-
Profit on disposal of investments	(511,490)	-
Net cash generated from operating activities	<u>1,433,262</u>	<u>3,822,930</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(244,925)	(525,528)
Sale of tangible fixed assets	24,667	21,650
Purchase of unlisted and other investments	-	(19,901)
Sale of unlisted and other investments	66,324	89,857
Sale of share in associates	1,069,177	-
Interest received	17,238	21,765
Income from investments	118,906	62,076
Net cash from investing activities	<u>1,051,387</u>	<u>(350,081)</u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £	2015 £
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of preference shares	(5,000)	-
Dividends paid	(2,000,000)	(2,750,000)
Interest paid	(1,321)	(3,490)
Net cash used in financing activities	<u>(2,006,321)</u>	<u>(2,753,490)</u>
Net increase in cash and cash equivalents	478,328	719,359
Cash and cash equivalents at beginning of year	3,307,272	2,592,037
Foreign exchange gains and losses	(11,767)	(4,124)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u><u>3,773,833</u></u>	<u><u>3,307,272</u></u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	<u><u>3,773,833</u></u>	<u><u>3,307,272</u></u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

2.3 ASSOCIATES

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

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

2.5 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Depreciation is provided on the following bases:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating expenses' in the Consolidated Statement of Comprehensive Income.

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

2.6 OPERATING LEASES: THE GROUP AS LESSEE

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

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.7 VALUATION OF INVESTMENTS

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

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

Investments held as fixed assets are shown at fair value.

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

2.8 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and manufactured finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

2.9 DEBTORS

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

2.10 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

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

2.11 FINANCIAL INSTRUMENTS

The Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.12 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The company's functional and presentational currency is Pounds.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

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

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

2.14 FINANCE COSTS

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 DIVIDENDS

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

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.16 PENSIONS

Defined contribution pension plan

The Group operates defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.17 INTEREST INCOME

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

2.18 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.19 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.20 RESEARCH AND DEVELOPMENT

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

2.21 SPONSORSHIP AGREEMENTS

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

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

4. TURNOVER

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

5. OTHER OPERATING INCOME

	2016 £	2015 £
Other operating income	461,428	233,085

6. OPERATING PROFIT

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	267,097	270,943
Defined contribution pension cost	183,784	175,145
OPERATING LEASE PAYMENTS		
- plant and machinery	11,077	16,865
- other operating leases	116,000	116,000

7. AUDITORS' REMUNERATION

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

Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	29,079	27,788
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	4,646	4,630
	33,725	32,418

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. EMPLOYEES

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

	2016 £	2015 £
Wages and salaries	4,477,162	4,204,486
Social security costs	446,558	421,040
Cost of defined contribution scheme	183,784	175,145
	<u>5,107,504</u>	<u>4,800,671</u>

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

	2016 No.	2015 No.
Operations	67	60
Sales / commercial	51	55
Administration	22	18
	<u>140</u>	<u>133</u>

9. DIRECTORS' REMUNERATION

	2016 £	2015 £
Directors' emoluments	<u>478,615</u>	<u>582,296</u>

The highest paid Director received remuneration of £247,767 (2015 - £374,438).

10. INCOME FROM INVESTMENTS

	2016 £	2015 £
Income from fixed asset investments	<u>84,991</u>	<u>62,076</u>

11. INTEREST RECEIVABLE

	2016 £	2015 £
Other interest receivable	<u>17,238</u>	<u>21,765</u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Bank interest payable	1,321	3,490

13. TAXATION

	2016 £	2015 £
CORPORATION TAX		
Current tax on profits for the year	259,868	424,074
Adjustments in respect of previous periods	(39,807)	81,897
Share of Associates' current tax	-	3,488
	<u>220,061</u>	<u>509,459</u>
FOREIGN TAX		
Foreign tax on income for the year	<u>1,205</u>	<u>1,548</u>
TOTAL CURRENT TAX	221,266	511,007
DEFERRED TAX		
Origination and reversal of timing differences	<u>5,274</u>	<u>28,037</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u><u>226,540</u></u>	<u><u>539,044</u></u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	2,398,469	2,921,217
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	479,694	584,243
EFFECTS OF:		
Expenses not deductible for tax purposes	3,157	(6,251)
Capital allowances for year in excess of depreciation	-	(13,095)
Share of partnership profits	(25,181)	(12,415)
Adjustments to tax in respect of corporation tax rates	-	5,438
Adjustments to tax charge in respect of prior periods	(39,807)	81,897
Non-taxable income	(17,335)	(12,415)
Adjustment in research and development tax credit leading to a decrease in the tax charge	(120,900)	(105,600)
Capital gains	30,079	-
Other differences leading to a (decrease) / increase in the tax charge	(83,167)	17,242
TOTAL TAX CHARGE FOR THE YEAR	226,540	539,044

14. DIVIDENDS

	2016 £	2015 £
Dividends paid on equity capital	2,000,000	2,750,000

15. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £1,703,296 (2015 - £2,117,951).

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

16. TANGIBLE FIXED ASSETS

Group

	Land & buildings £	Plant & machinery £	Motor vehicles £	Fixtures, fittings & equipment £	Total £
Cost or valuation					
At 1 January 2016	1,316,619	1,272,584	344,082	683,002	3,616,287
Additions	1,285	19,552	52,718	171,370	244,925
Disposals	-	(103,428)	(58,953)	(39,710)	(202,091)
At 31 December 2016	<u>1,317,904</u>	<u>1,188,708</u>	<u>337,847</u>	<u>814,662</u>	<u>3,659,121</u>
Depreciation					
At 1 January 2016	369,494	1,057,043	175,574	448,594	2,050,705
Charge for the year on owned assets	46,633	79,519	60,027	80,918	267,097
Disposals	-	(99,467)	(36,255)	(36,535)	(172,257)
At 31 December 2016	<u>416,127</u>	<u>1,037,095</u>	<u>199,346</u>	<u>492,977</u>	<u>2,145,545</u>
Net book value					
At 31 December 2016	<u>901,777</u>	<u>151,613</u>	<u>138,501</u>	<u>321,685</u>	<u>1,513,576</u>
At 31 December 2015	<u>947,125</u>	<u>215,541</u>	<u>168,508</u>	<u>234,408</u>	<u>1,565,582</u>

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

	2016 £	2015 £
Freehold land and buildings	765,550	788,339
Leasehold improvements	136,227	158,786
	<u>901,777</u>	<u>947,125</u>

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

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

16. TANGIBLE FIXED ASSETS (CONTINUED)

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

	2016 £	2015 £
Group		
Cost	1,247,900	1,246,615
Accumulated depreciation	(386,011)	(339,378)
Net book value	<u>861,889</u>	<u>907,237</u>

Company

	Land & buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings & equipment £	Total £
Cost or valuation					
At 1 January 2016	1,316,619	1,272,584	344,082	683,002	3,616,287
Additions	1,285	19,552	33,490	167,077	221,404
Disposals	-	(103,428)	(58,953)	(39,710)	(202,091)
At 31 December 2016	<u>1,317,904</u>	<u>1,188,708</u>	<u>318,619</u>	<u>810,369</u>	<u>3,635,600</u>
Depreciation					
At 1 January 2016	369,494	1,057,043	175,574	448,594	2,050,705
Charge for the year on owned assets	46,633	79,519	56,470	80,124	262,746
Disposals	-	(99,467)	(36,255)	(36,535)	(172,257)
At 31 December 2016	<u>416,127</u>	<u>1,037,095</u>	<u>195,789</u>	<u>492,183</u>	<u>2,141,194</u>
Net book value					
At 31 December 2016	<u>901,777</u>	<u>151,613</u>	<u>122,830</u>	<u>318,186</u>	<u>1,494,406</u>
At 31 December 2015	<u>947,125</u>	<u>215,541</u>	<u>168,508</u>	<u>234,408</u>	<u>1,565,582</u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

16. TANGIBLE FIXED ASSETS (CONTINUED)

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

	2016 £	2015 £
Freehold land and buildings	765,550	788,339
Leasehold improvements	136,227	158,786
	<u>901,777</u>	<u>947,125</u>

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

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

	2016 £	2015 £
Company		
Cost	1,247,900	1,246,615
Accumulated depreciation	(384,793)	(339,378)
Net book value	<u>863,107</u>	<u>907,237</u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

17. FIXED ASSET INVESTMENTS

Group

	Investments in participating interests £	Unlisted investments £	Other investments £	Total £
Cost or valuation				
At 1 January 2016	583,102	8,500	350,134	941,736
Disposals	(549,187)	(8,500)	(66,324)	(624,011)
Share of profit/(loss)	(33,915)	-	-	(33,915)
At 31 December 2016	-	-	283,810	283,810
Net book value				
At 31 December 2016	-	-	283,810	283,810
At 31 December 2015	583,102	8,500	350,134	941,736

No results are included in the current year for investment in participating interest except for dividend received due to disposal in January 2016.

Company

	Investments in group undertakings £	Investments in participating interests £	Unlisted investments £	Other investments £	Total £
Cost or valuation					
At 1 January 2016	69,682	974,000	8,500	350,134	1,402,316
Additions	741	-	-	-	741
Disposals	-	(974,000)	(8,500)	(66,324)	(1,048,824)
At 31 December 2016	70,423	-	-	283,810	354,233
Net book value					
At 31 December 2016	70,423	-	-	283,810	354,233
At 31 December 2015	69,682	974,000	8,500	350,134	1,402,316

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

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

18. STOCKS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Raw materials and consumables	616,142	567,797	616,142	567,797
Stocks - finished goods in transit	609,883	828,032	609,883	828,032
Finished stock	5,558,527	5,168,670	5,558,527	5,168,670
	<u>6,784,552</u>	<u>6,564,499</u>	<u>6,784,552</u>	<u>6,564,499</u>

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

19. DEBTORS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Due after more than one year				
Prepayments and accrued income	<u>5,940,069</u>	<u>4,725,783</u>	<u>2,062,567</u>	<u>1,683,912</u>
Due within one year				
Trade debtors	2,560,320	3,138,845	2,583,409	3,087,166
Amounts owed by group undertakings	-	-	2,580	-
Other debtors	258,998	251,405	253,015	251,405
Prepayments and accrued income	<u>730,751</u>	<u>1,011,220</u>	<u>699,820</u>	<u>966,602</u>
	<u>3,550,069</u>	<u>4,401,470</u>	<u>3,538,824</u>	<u>4,305,173</u>

20. CASH AND CASH EQUIVALENTS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	<u>3,773,833</u>	<u>3,307,272</u>	<u>3,445,271</u>	<u>3,075,156</u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade creditors	1,311,632	1,872,435	1,371,113	1,913,126
Amounts owed to own subsidiaries	-	-	-	83,121
Corporation tax	8,431	6,749	-	-
Taxation and social security	102,019	149,593	99,062	111,462
Other creditors	62,092	99,721	24,940	21,983
Accruals and deferred income	2,098,157	2,157,251	2,085,910	2,118,606
	<u>3,582,331</u>	<u>4,285,749</u>	<u>3,581,025</u>	<u>4,248,298</u>

22. FINANCIAL INSTRUMENTS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial assets measured at fair value through profit or loss	-	8,500	-	8,500
Financial assets that are debt instruments measured at amortised cost	<u>2,748,873</u>	<u>3,390,250</u>	<u>2,782,735</u>	<u>3,338,571</u>
	<u>2,748,873</u>	<u>3,398,750</u>	<u>2,782,735</u>	<u>3,347,071</u>
Financial liabilities measured at amortised cost	<u>(3,345,279)</u>	<u>(4,129,407)</u>	<u>(3,359,078)</u>	<u>(4,136,836)</u>

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

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

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

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

23. DEFERRED TAXATION

Group

	2016 £	2015 £
At beginning of year	49,953	21,916
Charged to the profit or loss	5,274	28,037
At end of year	55,227	49,953

Company

	2016 £	2015 £
At beginning of year	49,953	21,916
Charged to the profit or loss	5,274	28,037
At end of year	(55,227)	(49,953)

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Accelerated capital allowances	73,993	66,884	73,993	66,884
Tax losses carried forward	(18,766)	(16,931)	(18,766)	(16,931)
	55,227	49,953	55,227	49,953

24. PROVISIONS

Group

	Other provisions £	Total £
At 1 January 2016	5,230,203	5,230,203
Charged to profit or loss	882,549	882,549
At 31 December 2016	6,112,752	6,112,752

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

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

24. PROVISIONS (CONTINUED)

Company

	Other provisions £	Total £
At 1 January 2016	2,188,332	2,188,332
Charged to profit or loss	46,918	46,918
At 31 December 2016	2,235,250	2,235,250

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

25. SHARE CAPITAL

	2016 £	2015 £
SHARES CLASSIFIED AS EQUITY		
ALLOTTED, CALLED UP AND FULLY PAID		
27,060 Ordinary shares of £1 each	27,060	27,060
5,000 6% cumulative preference shares of £1 each	-	5,000
	<u>27,060</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.

During the year the company repurchased the entire preference shares at par.

26. PENSION COMMITMENTS

Former employees

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

The company contributes to personal pension schemes in respect of three directors and other staff. The assets of the schemes are held separately from those of the company in an independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £179,124 (2015 - £175,145). Contributions totalling £93,831 (2015 - £84,656) were payable to the funds at the balance sheet date and are included in creditors and provisions.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

27. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Land and Buildings				
Not later than 1 year	108,500	116,000	108,500	116,000
Later than 1 year and not later than 5 years	75,500	184,000	75,500	184,000
Total	<u>184,000</u>	<u>300,000</u>	<u>184,000</u>	<u>300,000</u>

28. RELATED PARTY TRANSACTIONS

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

Sales to related parties totalled £877,000 (2015 - £1,291,000).

Purchases from related parties totalled £1,336,000 (2015 - £1,930,000).

Admin support was provided to related parties totalling £7,000 (2015 - £9,000).

Amounts owed to related parties at the year end totalled £190,000 (2015 - £66,000).

Amounts owed from related parties at the year end totalled £218,000 (2015 - £683,000).

Loans repaid by related parties totalled £66,000 (2015 - £98,000). At the year end there were loans outstanding due from related parties totalling £171,000 (2015 - £230,000).

Rent paid to related parties totalled £129,000 (2015 - £93,000).

Dividends paid to directors totalled £2,000,000 (2015 - £2,750,000).

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

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

29. SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

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