

Registered number: 00148700

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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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

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

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 £1,825,798 (2013 - £1,848,105).

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

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.

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 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 relevant audit information and to establish that the company and the group's auditors are aware of that information.

AUDITORS

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

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

DIRECTORS' RESPONSIBILITIES STATEMENT


The directors are responsible for preparing the Group Strategic Report, 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 accounting 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 *20th May 2015* and signed on its behalf.


P D Gray FCMA
Secretary

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 and is confident about prospects for 2015.

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 grew by 5.2% to £22.4m (2013 - £21.3m).

The Group's profit for the year after tax was £1.8m (2013 - £1.9m).

This report was approved by the board on *20th May 2015* and signed on its behalf.


P D Gray FCMA
Director

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 2014, set out on pages 6 to 25. 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 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 2014 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 Group Strategic Report and 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.

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

21 May 2015

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
TURNOVER	1,2	22,414,751	21,306,766
Change in stocks of finished goods and work in progress		(52,017)	(27,503)
Other operating income	3	212,432	167,166
Raw materials and consumables		535,290	(76,011)
Other external charges		(12,313,278)	(11,908,787)
Staff costs		(4,247,932)	(3,713,227)
Depreciation and amortisation		(192,184)	(188,793)
Other operating charges		(4,281,014)	(3,542,290)
OPERATING PROFIT	4	2,076,048	2,017,321
Share of operating profit in associates		14,764	96,481
TOTAL OPERATING PROFIT		2,090,812	2,113,802
Income from other fixed asset investments		69,363	62,307
Profit on disposal of investments		-	42,053
Interest receivable and similar income		34,550	48,145
Interest payable and similar charges	8	(4,283)	(3,522)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,190,442	2,262,785
Tax on profit on ordinary activities	9	(364,644)	(414,680)
PROFIT FOR THE FINANCIAL YEAR		1,825,798	1,848,105

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account.

The notes on pages 11 to 25 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 2014**

	2014 £	2013 £
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2,190,442	2,262,785
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	609	609
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>2,191,051</u>	<u>2,263,394</u>
HISTORICAL PROFIT FOR THE YEAR AFTER TAXATION	<u>1,826,407</u>	<u>1,848,714</u>

The notes on pages 11 to 25 form part of these financial statements.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED
REGISTERED NUMBER: 00148700

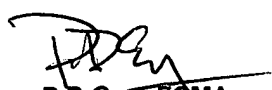
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2014

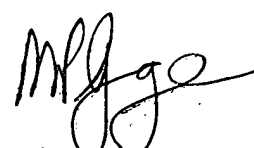
	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	10		1,322,465		1,333,825
Investments	11		816,909		976,960
			<u>2,139,374</u>		<u>2,310,785</u>
CURRENT ASSETS					
Stocks	13	5,758,619		4,808,216	
Debtors	14	11,428,202		8,677,022	
Cash at bank		2,592,037		3,842,241	
		<u>19,778,858</u>		<u>17,327,479</u>	
CREDITORS: amounts falling due within one year	15	(3,188,971)		(3,173,235)	
NET CURRENT ASSETS			<u>16,589,887</u>		<u>14,154,244</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>18,729,261</u>		<u>16,465,029</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	16	(21,916)		(17,303)	
Other provisions	17	(6,465,336)		(4,483,061)	
			<u>(6,487,252)</u>		<u>(4,500,364)</u>
NET ASSETS			<u><u>12,242,009</u></u>		<u><u>11,964,665</u></u>
CAPITAL AND RESERVES					
Called up share capital	18		32,060		32,060
Revaluation reserve	19		34,001		34,610
Capital redemption reserve	19		16,028		16,028
Foreign exchange reserve	19		(225,642)		(177,188)
Other reserves	19		83		83
Profit and loss account	19		12,385,479		12,059,072
SHAREHOLDERS' FUNDS	20		<u><u>12,242,009</u></u>		<u><u>11,964,665</u></u>

The notes on pages 11 to 25 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

20th May 2015


P D Gray FCMA
 Director


M P George
 Director

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED
REGISTERED NUMBER: 00148700

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	10		1,322,465		1,333,825
Investments	11		798,272		917,323
			<u>2,120,737</u>		<u>2,251,148</u>
CURRENT ASSETS					
Stocks	13	5,758,619		4,808,216	
Debtors	14	7,196,851		5,789,864	
Cash at bank		2,358,268		3,591,775	
		<u>15,313,738</u>		<u>14,189,855</u>	
CREDITORS: amounts falling due within one year	15	(3,026,923)		(3,124,386)	
NET CURRENT ASSETS			<u>12,286,815</u>		<u>11,065,469</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,407,552</u>		<u>13,316,617</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	16	(21,916)		(17,303)	
Other provisions	17	(2,317,532)		(1,666,007)	
			<u>(2,339,448)</u>		<u>(1,683,310)</u>
NET ASSETS			<u><u>12,068,104</u></u>		<u><u>11,633,307</u></u>
CAPITAL AND RESERVES					
Called up share capital	18		32,060		32,060
Revaluation reserve	19		325,001		325,610
Capital redemption reserve	19		16,028		16,028
Profit and loss account	19		11,695,015		11,259,609
SHAREHOLDERS' FUNDS	20		<u><u>12,068,104</u></u>		<u><u>11,633,307</u></u>

The notes on pages 11 to 25 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

20th May 2015


P.D. Gray FCMA
 Director


M.P. George
 Director

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	22	714,416	1,686,611
Returns on investments and servicing of finance	23	87,546	90,070
Taxation	23	(503,636)	(283,854)
Capital expenditure and financial investment	23	(48,530)	416,325
Equity dividends paid		(1,500,000)	(550,000)
CASH (OUTFLOW)/INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES		(1,250,204)	1,359,152
Management of liquid resources	23	615,000	(515,000)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(635,204)	844,152

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 £	2013 £
(Decrease)/Increase in cash in the year	(635,204)	844,152
Cash (inflow)/outflow from (increase)/decrease in liquid resources	(615,000)	515,000
MOVEMENT IN NET FUNDS IN THE YEAR	(1,250,204)	1,359,152
Net funds at 1 January 2014	3,842,241	2,483,089
NET FUNDS AT 31 DECEMBER 2014	2,592,037	3,842,241

The notes on pages 11 to 25 form part of these financial statements.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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').

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

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 account 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 provided at rates calculated to write off the cost or valuation of fixed 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
Leasehold improvements	-	over the remaining life of the lease
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.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 Consolidated 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.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.11 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.

1.12 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.

1.13 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.

3. OTHER OPERATING INCOME

	2014 £	2013 £
Other operating income	212,432	167,166

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2014 £	2013 £
Depreciation and adjustment on disposal of tangible fixed assets:		
- owned by the group	201,529	192,210
Operating lease rentals:		
- plant and machinery	10,953	20,575
- other operating leases	116,000	116,000
Research and development expenditure written off	38,393	111,031
Net exchange loss/(gains)	(348,946)	(371,492)

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

5. AUDITORS' REMUNERATION

	2014 £	2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	30,801	27,239
Fees payable to the company's auditor and its associates in respect of:		
The auditing of accounts of associates of the company	4,494	4,071
	<u>4,494</u>	<u>4,071</u>

6. STAFF COSTS

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

	2014 £	2013 £
Wages and salaries	3,673,525	3,228,203
Social security costs	403,517	352,913
Other pension costs	170,890	132,111
	<u>4,247,932</u>	<u>3,713,227</u>

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

	2014 No.	2013 No.
Production	56	51
Sales	50	43
Administration	22	18
	<u>128</u>	<u>112</u>

7. DIRECTORS' REMUNERATION

	2014 £	2013 £
Remuneration	457,379	481,096
	<u>457,379</u>	<u>481,096</u>

During the year retirement benefits were accruing to 3 directors (2013 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £239,663 (2013 - £269,563).

8. INTEREST PAYABLE

	2014 £	2013 £
On bank loans and overdrafts	4,283	3,522
	<u>4,283</u>	<u>3,522</u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

9. TAXATION

	2014 £	2013 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year	383,731	396,677
Adjustments in respect of prior periods	(29,848)	(18,577)
Withholding and underlying tax on foreign income receivable	-	3,026
Share of associates' current tax	6,148	6,075
TOTAL CURRENT TAX	<u>360,031</u>	<u>387,201</u>
DEFERRED TAX (see note 16)		
Origination and reversal of timing differences	4,613	27,479
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>364,644</u>	<u>414,680</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21% (2013 - 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>2,190,442</u>	<u>2,262,785</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2013 - 23.25%)	459,993	526,098
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(2,849)	2,871
Capital allowances for year in excess of depreciation	(677)	(20,675)
Share of partnership profits	21,000	10,335
Adjustments to tax in respect of corporation tax rates	12,706	(17,897)
Adjustments to tax charge in respect of prior periods	(29,848)	(18,577)
Non-taxable income	(14,566)	(9,777)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(91,785)	(72,656)
Other tax adjustments	6,057	(12,521)
CURRENT TAX CHARGE FOR THE YEAR (see note above)	<u>360,031</u>	<u>387,201</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 2014**

10. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant & machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
GROUP AND COMPANY					
COST OR VALUATION					
At 1 January 2014	1,144,494	1,062,708	282,233	543,798	3,033,233
Additions	48,699	70,919	31,294	45,932	196,844
Disposals	-	-	(52,820)	-	(52,820)
At 31 December 2014	<u>1,193,193</u>	<u>1,133,627</u>	<u>260,707</u>	<u>589,730</u>	<u>3,177,257</u>
DEPRECIATION					
At 1 January 2014	299,910	872,779	177,937	348,782	1,699,408
Charge for the year	28,621	84,793	39,844	48,271	201,529
On disposals	-	-	(46,145)	-	(46,145)
At 31 December 2014	<u>328,531</u>	<u>957,572</u>	<u>171,636</u>	<u>397,053</u>	<u>1,854,792</u>
NET BOOK VALUE					
At 31 December 2014	<u>864,662</u>	<u>176,055</u>	<u>89,071</u>	<u>192,677</u>	<u>1,322,465</u>
At 31 December 2013	<u>844,584</u>	<u>189,929</u>	<u>104,296</u>	<u>195,016</u>	<u>1,333,825</u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

10. TANGIBLE FIXED ASSETS (continued)

Land and buildings comprise the following:

	2014 £	2013 £
Freehold land and buildings	787,274	777,027
Leasehold improvements	77,388	67,557
	<u>864,662</u>	<u>844,584</u>

Included in land and buildings is freehold land at cost of £240,000 (2013 - £220,000), 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:

	2014 £	2013 £
GROUP AND COMPANY		
Cost	1,123,189	1,074,490
Accumulated depreciation	(298,414)	(270,402)
	<u>824,775</u>	<u>804,088</u>
Net book value		

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

11. FIXED ASSET INVESTMENTS

GROUP	Unlisted investments £	Investments in participating interests £	Other investments £	Total £
COST OR VALUATION				
At 1 January 2014	8,500	429,319	539,141	976,960
Additions	-	-	12,084	12,084
Disposals	-	-	(131,135)	(131,135)
Share of profit/(loss)	-	(41,000)	-	(41,000)
At 31 December 2014	8,500	388,319	420,090	816,909
NET BOOK VALUE				
At 31 December 2014	8,500	388,319	420,090	816,909
At 31 December 2013	8,500	429,319	539,141	976,960

PARTICIPATING INTERESTS

The accounting reference date of the participating interest 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 2014.

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

11. FIXED ASSET INVESTMENTS (continued)

COMPANY	Shares in group undertakings £	Investments in participating interests £	Unlisted investments £	Other investments £	Total £
COST OR VALUATION					
At 1 January 2014	69,682	300,000	8,500	539,141	917,323
Additions	-	-	-	12,084	12,084
Disposals	-	-	-	(131,135)	(131,135)
At 31 December 2014	69,682	300,000	8,500	420,090	798,272
NET BOOK VALUE					
At 31 December 2014	69,682	300,000	8,500	420,090	798,272
At 31 December 2013	69,682	300,000	8,500	539,141	917,323

PARTICIPATING INTERESTS

The investments in participating interests were revalued during 1988 and the carrying value has not been updated since. The transitional provisions of FRS15 are being followed.

The shares have been quoted on the Lahore Stock Exchange since January 1987 but the share price is unrepresentative of the market value of the share due to the liquidity in the market and the volume of shares held. The directors consider the market value to exceed the deemed cost in the accounts.

Details of the principal subsidiaries and associates can be found under note number 12.

12. PRINCIPAL SUBSIDIARIES AND ASSOCIATES

a. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Grays Sports Limited	England	100	Negotiating, securing and entering sponsorship agreements
Rugby 1823 France SARL	France	100	Sales agency
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

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

13. STOCKS

	GROUP AND COMPANY	
	2014	2013
	£	£
Raw materials and work in progress	644,571	450,008
Goods in transit	683,965	516,033
Finished stock	4,430,083	3,842,175
	<u>5,758,619</u>	<u>4,808,216</u>

14. DEBTORS

	GROUP		COMPANY	
	2014	2013	2014	2013
	£	£	£	£
DUE AFTER MORE THAN ONE YEAR				
Prepayments and accrued income	6,178,905	4,398,596	2,031,100	1,581,542
DUE WITHIN ONE YEAR				
Trade debtors	3,323,863	2,847,983	3,291,189	2,814,048
Other debtors	133,942	134,799	133,945	134,806
Prepayments and accrued income	1,791,492	1,295,644	1,740,617	1,259,468
	<u>11,428,202</u>	<u>8,677,022</u>	<u>7,196,851</u>	<u>5,789,864</u>

**15. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	GROUP		COMPANY	
	2014	2013	2014	2013
	£	£	£	£
Trade creditors	1,286,037	1,086,996	1,164,974	1,082,502
Amounts owed to group undertakings	-	-	115,566	15,750
Corporation tax	55,171	204,923	48,987	198,692
Other taxation and social security	124,441	105,560	87,846	102,602
Other creditors	84,682	51,777	15,572	27,361
Accruals and deferred income	1,638,640	1,723,979	1,593,978	1,697,479
	<u>3,188,971</u>	<u>3,173,235</u>	<u>3,026,923</u>	<u>3,124,386</u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

16. DEFERRED TAXATION

	GROUP AND COMPANY	
	2014	2013
	£	£
At beginning of year	17,303	(10,176)
Charge for the year (P&L)	4,613	27,479
At end of year	<u>21,916</u>	<u>17,303</u>

The provision for deferred taxation is made up as follows:

	GROUP AND COMPANY	
	2014	2013
	£	£
Accelerated capital allowances	38,958	35,651
Tax losses brought forward	(17,042)	(18,348)
	<u>21,916</u>	<u>17,303</u>

17. PROVISIONS

	Other provisions £
GROUP	
At 1 January 2014	4,483,061
Additions	1,982,275
At 31 December 2014	<u>6,465,336</u>

Other Provisions

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

	Other provisions £
COMPANY	
At 1 January 2014	1,666,007
Additions	651,525
At 31 December 2014	<u>2,317,532</u>

Other Provisions

Other provisions relate to liabilities and indemnity payments, dilapidations provisions, unfunded pensions, sponsorship contracts, and estimated costs for defending the company'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 2014**

18. SHARE CAPITAL

	2014 £	2013 £
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	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.

19. RESERVES

	Capital redemption reserve £	Revaluation reserve £	Foreign exchange reserve £	Other reserves £	Profit and loss account £
GROUP					
At 1 January 2014	16,028	34,610	(177,188)	83	12,059,072
Profit for the financial year	-	-	-	-	1,825,798
Dividends: Equity capital	-	-	-	-	(1,500,000)
Transfer between Revaluation reserve and profit and loss account	-	(609)	-	-	609
Movement on foreign exchange	-	-	(48,454)	-	-
At 31 December 2014	<u>16,028</u>	<u>34,001</u>	<u>(225,642)</u>	<u>83</u>	<u>12,385,479</u>

	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £
COMPANY			
At 1 January 2014	16,028	325,610	11,259,609
Profit for the financial year	-	-	1,934,797
Dividends: Equity capital	-	-	(1,500,000)
Transfer between Revaluation reserve and P/L account	-	(609)	609
At 31 December 2014	<u>16,028</u>	<u>325,001</u>	<u>11,695,015</u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
GROUP		
Opening shareholders' funds	11,964,665	10,712,596
Profit for the financial year	1,825,798	1,848,105
Dividends (Note 21)	(1,500,000)	(550,000)
Movement in foreign exchange reserve	(48,454)	(46,119)
Other reserves	-	83
	<u>12,242,009</u>	<u>11,964,665</u>
 Closing shareholders' funds	 <u><u>12,242,009</u></u>	 <u><u>11,964,665</u></u>

	2014 £	2013 £
COMPANY		
Opening shareholders' funds	11,633,307	10,531,347
Profit for the financial year	1,934,797	1,651,960
Dividends (Note 21)	(1,500,000)	(550,000)
	<u>12,068,104</u>	<u>11,633,307</u>
 Closing shareholders' funds	 <u><u>12,068,104</u></u>	 <u><u>11,633,307</u></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 £1,934,797 (2013 - £1,651,960).

21. DIVIDENDS

	2014 £	2013 £
Dividends paid on equity capital	<u>1,500,000</u>	<u>550,000</u>

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating profit	2,076,048	2,017,321
Depreciation of tangible fixed assets	201,529	192,210
Profit on disposal of tangible fixed assets	(9,345)	(3,417)
Increase in stocks	(950,403)	(190,708)
(Increase)/decrease in debtors	(2,751,176)	348,219
Increase/(decrease) in creditors	165,488	(764,398)
Increase in provisions	1,982,275	87,384
	<u>714,416</u>	<u>1,686,611</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u><u>714,416</u></u>	<u><u>1,686,611</u></u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	22,466	31,285
Interest paid	(4,283)	(3,522)
Income from investments	69,363	62,307
	<u>87,546</u>	<u>90,070</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>87,546</u>	<u>90,070</u>
	2014 £	2013 £
TAXATION		
Corporation tax	(503,636)	(283,854)
	<u>2014 £</u>	<u>2013 £</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(195,685)	(391,231)
Sale of tangible fixed assets	16,020	22,650
Sale of listed investments	-	719,246
Long term loan receipts	131,135	65,660
	<u>(48,530)</u>	<u>416,325</u>
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE	<u>(48,530)</u>	<u>416,325</u>
	2014 £	2013 £
MANAGEMENT OF LIQUID RESOURCES		
Cash placed on short-term deposit	615,000	(515,000)
	<u>615,000</u>	<u>(515,000)</u>

24. ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2014 £	Cash flow £	Other non-cash changes £	31 December 2014 £
Cash at bank and in hand	3,842,241	(1,250,204)	-	2,592,037
Less: deposits treated as liquid resources	(1,015,000)	615,000	-	(400,000)
LIQUID RESOURCES:				
Deposits included in cash	1,015,000	(615,000)	-	400,000
NET FUNDS	<u>3,842,241</u>	<u>(1,250,204)</u>	<u>-</u>	<u>2,592,037</u>

GRAYS OF CAMBRIDGE (INTERNATIONAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

25. PENSION COMMITMENTS

Former employees

Pensions are paid on a voluntary basis to some former employees for whom adequate provision had 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 £170,890 (2013 - £132,111). Contributions totalling £81,154 (2013 - £87,370) were payable to the funds at the balance sheet date and are included in creditors.

26. OPERATING LEASE COMMITMENTS

At 31 December 2014 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
	£	£
GROUP AND COMPANY		
EXPIRY DATE:		
Between 2 and 5 years	116,000	116,000

27. 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.

Grays of Cambridge (Pakistan) Limited - A company that is a member of the group.

Worldwide Cricket Company Private Limited - A company with common control.

Sports Developments LLP - An entity controlled by some of the directors.

Grays Pension Trust - A Trust in which some of the directors are Trustees.

Sales to the above related parties totalled £1,157,000 (2013 - £1,376,000).

Purchases from the above related parties totalled £1,898,000 (2013 - £1,987,000).

Admin support was provided to related parties totalling £9,000 (2013 - £9,000).

Amounts owed to the above related parties at the year end totalled £119,000 (2013 - £84,000).

Amounts owed from the above related parties at the year end totalled £1,159,000 (2013 - £755,000).

Loans repaid by related parties totalled £66,000 (2013 - £66,000). At the year end there were loans outstanding due from related parties totalling £320,000 (2013 - £439,000).

Rent paid to the above related parties totalled £93,000 (2013 - £93,000).

Dividends paid to directors totalled £1,500,000 (2013 - £550,000).