

Registration number 03060232

# Zyro Limited

Directors' Report and Financial Statements

for the Year Ended 31 August 2011

TUESDAY



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## **Zyro Limited**

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**Zyro Limited**  
**Company Information**

|                          |  |
|--------------------------|--|
| <b>Directors</b>         | S J Ellison<br>J Ellison<br>A Budd<br>B Johnson<br>M H Barker  |
| <b>Company secretary</b> | J Ellison  |
| <b>Registered office</b> | Thirsk Industrial Estate<br>York Road<br>Thirsk<br>North Yorkshire<br>YO7 3BX  |
| <b>Solicitors</b>        | Short Richardson and Forth LLP<br>4 Mosley Street<br>Newcastle Upon Tyne<br>NE1 1DE  |
| <b>Bankers</b>           | Lloyds TSB Bank Plc<br>8-11 Cambridge Crescent<br>Harrogate<br>North Yorkshire<br>HG1 1PQ  |
| <b>Auditors</b>          | Watson Buckle LLP<br>Statutory Auditor & Chartered Accountants<br>York House<br>Cottingley Business Park<br>Bradford<br>West Yorkshire<br>BD16 1PE |

# Zyro Limited

## Directors' Report for the Year Ended 31 August 2011

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

### Directors of the company

The directors who held office during the year were as follows

S J Ellison

J Ellison

A Budd

B Johnson

The following director was appointed after the year end

M H Barker (appointed 26 March 2012)

### Principal activity

The principal activity of the company is that of wholesaler of bicycle parts, accessories and cyclist's clothing

### Business review

#### *Fair review of the business*

Despite the difficult economic conditions experienced during the trading period, the company continued to increase turnover and underlying profit for the financial year. Sales of higher performance products continued to be strong, while the demand in the leisure and commute areas of the market proved more challenging as these consumers traded down and purchased less expensive products. The very cold weather conditions experienced in late 2010 and early 2011 clearly impacted on sales and the result was that many retailers entered 2011 with excess stocks, this clearly impacted on the repeat orders received by the business and also on the 2011 winter sell in. The relative weakness of Sterling against the Euro and Yen continued to have a negative impact on the company's profit margin. The company has continued to perform at a similar level for the trading period commencing September 2011, with both sales and profitability broadly in line with the same period in the previous fiscal year.

Despite the current economic headwinds the directors believe that the medium to long term outlook for the bicycle and outdoor markets still remains very positive.

#### *Principal risks and uncertainties*

The majority of the company's turnover is derived from sales to retailers in the UK and the Republic of Ireland. Both markets have benefitted from the ride to work schemes encouraged by the governments and these schemes could be under threat of being stopped if the pressure on the governments continue.

Whilst retail sales in the bicycle and outdoor markets have remained strong, the company is exposed to changes in disposable incomes and consumer demand.

A large proportion of the company's products are purchased from suppliers in foreign currencies, these being predominantly US Dollars, Japanese Yen and Euro. The company's profit margin would be affected by changes in the exchange rate against these currencies. In order to limit the company's exposure, the company hedges a significant amount of its foreign currency purchases.

### Charitable donations

During the year the company made charitable donations of £24,152. Individual donations were

|   | £      |
|---|--------|
| Local charities                             | 21,402 |
| World Society for the Protection of Animals | 2,400  |
| NSPCC                                       | 350    |
|   | <hr/>  |

**Zyro Limited**  
**Directors' Report for the Year Ended 31 August 2011**

*..... continued*

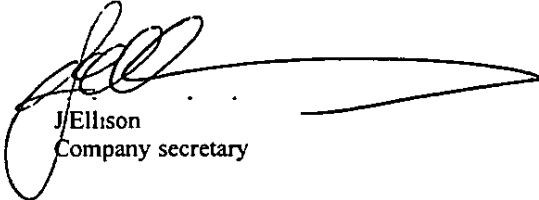
**Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

**Reappointment of auditors**

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Watson Buckle LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 11 May 2012 and signed on its behalf by

  
J. Ellison  
Company secretary

## **Zyro Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent Auditor's Report to the Members of Zyro Limited**

We have audited the financial statements of Zyro Limited for the year ended 31 August 2011, set out on pages 7 to 22. 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 auditor's 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 Statement of Directors' Responsibilities (set out on page 4), 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 (APB'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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 August 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

**Independent Auditor's Report to the Members of  
Zyro Limited**

*..... continued*

**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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



Ian Gill FCCA (Senior Statutory Auditor)  
For and on behalf of Watson Buckle LLP  
Statutory Auditor & Chartered Accountants  
Bradford

11 May 2012



**Zyro Limited**  
**Profit and Loss Account for the Year Ended 31 August 2011**

|   | Note | 2011<br>£               | 2010<br>£               |
|---|------|-------------------------|-------------------------|
| Turnover                                      |      | 28,513,320              | 27,645,167              |
| Cost of sales                                 |      | <u>(19,788,276)</u>     | <u>(18,860,520)</u>     |
| Gross profit                                  |      | 8,725,044               | 8,784,647               |
| Administrative expenses                       |      | <u>(3,974,828)</u>      | <u>(4,325,020)</u>      |
| Operating profit                              | 2    | 4,750,216               | 4,459,627               |
| Other interest receivable and similar income  | 6    | 131                     | 1,877                   |
| Interest payable and similar charges          | 7    | <u>(132,013)</u>        | <u>(140,997)</u>        |
| Profit on ordinary activities before taxation |      | 4,618,334               | 4,320,507               |
| Tax on profit on ordinary activities          | 8    | <u>(1,280,365)</u>      | <u>(1,258,413)</u>      |
| Profit for the financial year                 | 18   | <u><u>3,337,969</u></u> | <u><u>3,062,094</u></u> |


Turnover and operating profit derive wholly from continuing operations

The company has no recognised gains or losses for the year other than the results above

**Zyro Limited**  
**Balance Sheet at 31 August 2011**

|  |      | 2011               |                  | 2010                |                  |
|--|------|--------------------|------------------|---------------------|------------------|
|  | Note | £                  | £                | £                   | £                |
| <b>Fixed assets</b>                                    |      |                    |                  |                     |                  |
| Intangible fixed assets                                | 9    |                    | 24,678           |                     | 36,833           |
| Tangible fixed assets                                  | 10   |                    | <u>2,016,893</u> |                     | <u>2,138,652</u> |
|  |      |                    | 2,041,571        |                     | 2,175,485        |
| <b>Current assets</b>                                  |      |                    |                  |                     |                  |
| Stocks   | 11   | 9,165,682          |                  | 8,916,819           |                  |
| Debtors  | 12   | 5,795,131          |                  | 5,274,940           |                  |
| Cash at bank and in hand                               |      | <u>339,826</u>     |                  | <u>1,129,725</u>    |                  |
|  |      | 15,300,639         |                  | 15,321,484          |                  |
| Creditors Amounts falling due within one year          | 13   | <u>(8,573,153)</u> |                  | <u>(11,885,739)</u> |                  |
| Net current assets                                     |      |                    | <u>6,727,486</u> |                     | <u>3,435,745</u> |
| Total assets less current liabilities                  |      |                    | 8,769,057        |                     | 5,611,230        |
| Creditors Amounts falling due after more than one year | 14   |                    | (250,287)        |                     | (421,838)        |
| Provisions for liabilities                             | 15   |                    | <u>(36,325)</u>  |                     | <u>(44,916)</u>  |
| Net assets   |      |                    | <u>8,482,445</u> |                     | <u>5,144,476</u> |
| <b>Capital and reserves</b>                            |      |                    |                  |                     |                  |
| Called up share capital                                | 16   | 80,000             |                  | 80,000              |                  |
| Profit and loss account                                | 18   | <u>8,402,445</u>   |                  | <u>5,064,476</u>    |                  |
| Shareholders' funds                                    | 19   |                    | <u>8,482,445</u> |                     | <u>5,144,476</u> |

Approved by the Board on 11 May 2012 and signed on its behalf by

  
S J Ellison  
Director

**Zyro Limited**  
**Cash Flow Statement for the Year Ended 31 August 2011**

**Reconciliation of operating profit to net cash flow from operating activities**

|   | 2011             | 2010             |
|---|------------------|------------------|
|   | £                | £                |
| Operating profit                                  | 4,750,216        | 4,459,627        |
| Depreciation, amortisation and impairment charges | 242,324          | 245,227          |
| (Profit)/loss on disposal of fixed assets         | (803)            | 33,487           |
| Increase in stocks                                | (248,863)        | (2,513,332)      |
| Increase in debtors                               | (520,191)        | (570,493)        |
| (Decrease)/increase in creditors                  | (3,104,217)      | 1,558,939        |
| Net cash inflow from operating activities         | <u>1,118,466</u> | <u>3,213,455</u> |

**Cash flow statement**

|  | 2011               | 2010               |
|--|--------------------|--------------------|
|  | £                  | £                  |
| Net cash inflow from operating activities                            | 1,118,466          | 3,213,455          |
| <b>Returns on investments and servicing of finance</b>               |                    |                    |
| Interest received  | 131                | 1,877              |
| HP and finance lease interest  | (7,775)            | (11,909)           |
| Interest paid  | <u>(124,238)</u>   | <u>(129,088)</u>   |
|  | (131,882)          | (139,120)          |
| Taxation paid  | (1,772,596)        | (335,767)          |
| <b>Capital expenditure and financial investment</b>                  |                    |                    |
| Purchase of tangible fixed assets                                    | (17,470)           | (245,378)          |
| Sale of tangible fixed assets  | <u>53,343</u>      | <u>50,795</u>      |
|  | 35,873             | (194,583)          |
| Equity dividends paid  | <u>-</u>           | <u>(3,000,000)</u> |
| Net cash outflow before management of liquid resources and financing | (750,139)          | (456,015)          |
| <b>Financing</b>   |                    |                    |
| Repayment of loans and borrowings                                    | (119,988)          | (111,649)          |
| Repayment of capital element of finance leases and HP contracts      | <u>(190,192)</u>   | <u>(120,522)</u>   |
|  | (310,180)          | (232,171)          |
| Decrease in cash   | <u>(1,060,319)</u> | <u>(688,186)</u>   |

**Zyro Limited**  
**Cash Flow Statement for the Year Ended 31 August 2011**

..... *continued*

**Reconciliation of net cash flow to movement in net debt**

|  | Note | 2011<br>£                 | 2010<br>£               |
|--|------|---------------------------|-------------------------|
| Decrease in cash   |      | (1,060,319)               | (688,186)               |
| Cash outflow from repayment of loans   |      | 119,988                   | 111,649                 |
| Cash outflow from repayment of capital element of finance leases and hire purchase contracts |      | <u>190,192</u>            | <u>120,522</u>          |
| Change in net debt resulting from cash flows   | 22   | (750,139)                 | (456,015)               |
| New finance leases   |      | <u>(143,476)</u>          | <u>(247,909)</u>        |
| Movement in net debt   | 22   | (893,615)                 | (703,924)               |
| Net (debt)/funds at 1 September  | 22   | <u>(553,968)</u>          | <u>149,956</u>          |
| Net debt at 31 August  | 22   | <u><u>(1,447,583)</u></u> | <u><u>(553,968)</u></u> |

## **Zyro Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2011**

#### **1 Accounting policies**

##### **Basis of preparation**

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

##### **Turnover**

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers

##### **Amortisation**

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows

| <b>Asset class</b> | <b>Amortisation method and rate</b> |
|--------------------|-------------------------------------|
| Development costs  | 33% reducing balance basis          |

##### **Depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows

| <b>Asset class</b>       | <b>Depreciation method and rate</b> |
|--------------------------|-------------------------------------|
| Freehold property        | 1% straight line basis              |
| Short leasehold property | straight line over lease term       |
| Plant and machinery      | 20% reducing balance basis          |
| Motor vehicles           | 33% reducing balance basis          |
| Office equipment         | 33% reducing balance basis          |

##### **Research and development**

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project

##### **Stock**

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs

##### **Deferred tax**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date

##### **Foreign currency**

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account

## **Zyro Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2011**

*..... continued*

#### **Hire purchase and leasing**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Pensions**

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

## **2 Operating profit**

Operating profit is stated after charging

|  | <b>2011</b>   | <b>2010</b>  |
|--|---------------|--------------|
|  | <b>£</b>      | <b>£</b>     |
| Operating leases - plant and machinery         | 18,376        | -            |
| Operating leases - other assets                | 115,247       | 46,368       |
| Foreign currency gains                         | (636,853)     | (251,678)    |
| (Profit)/loss on sale of tangible fixed assets | (803)         | 33,487       |
| Depreciation of owned assets                   | 230,169       | 227,085      |
| Amortisation                                   | 12,155        | 18,142       |
| Auditor's remuneration                         | <u>10,000</u> | <u>9,251</u> |

## **3 Auditor's remuneration**

|                                   | <b>2011</b>   | <b>2010</b>  |
|-----------------------------------|---------------|--------------|
|                                   | <b>£</b>      | <b>£</b>     |
| Audit of the financial statements | <u>10,000</u> | <u>9,251</u> |

# Zyro Limited

## Notes to the Financial Statements for the Year Ended 31 August 2011

..... continued

### 4 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows

|                            | 2011<br>No | 2010<br>No |
|----------------------------|------------|------------|
| Administration and support | 57         | 46         |
| Sales                      | 10         | 12         |
| Distribution               | 30         | 29         |
|                            | <u>97</u>  | <u>87</u>  |

The aggregate payroll costs were as follows

|                       | 2011<br>£        | 2010<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 2,623,352        | 2,719,994        |
| Social security costs | 301,398          | 312,471          |
| Staff pensions        | 233,062          | 200,678          |
|                       | <u>3,157,812</u> | <u>3,233,143</u> |

### 5 Directors' remuneration

The directors' remuneration for the year was as follows

|  | 2011<br>£      | 2010<br>£      |
|--|----------------|----------------|
| Remuneration (including benefits in kind)            | 280,832        | 635,924        |
| Company contributions paid to money purchase schemes | <u>120,143</u> | <u>108,944</u> |

During the year the number of directors who were receiving benefits and share incentives was as follows

|   | 2011<br>No | 2010<br>No |
|---|------------|------------|
| Accruing benefits under money purchase pension scheme | <u>4</u>   | <u>4</u>   |

In respect of the highest paid director

|   | 2011<br>£    | 2010<br>£     |
|---|--------------|---------------|
| Remuneration  | 129,602      | 225,612       |
| Company contributions to money purchase pension schemes | <u>7,319</u> | <u>20,250</u> |

# Zyro Limited

## Notes to the Financial Statements for the Year Ended 31 August 2011

..... continued

### 6 Other interest receivable and similar income

|                           | 2011<br>£  | 2010<br>£    |
|---------------------------|------------|--------------|
| Bank interest receivable  | 131        | 1,858        |
| Other interest receivable | -          | 19           |
|                           | <u>131</u> | <u>1,877</u> |

### 7 Interest payable and similar charges

|                             | 2011<br>£      | 2010<br>£      |
|-----------------------------|----------------|----------------|
| Interest on bank borrowings | 48,249         | 49,750         |
| Interest on other loans     | 75,989         | 79,338         |
| Finance charges             | 7,775          | 11,909         |
|                             | <u>132,013</u> | <u>140,997</u> |

### 8 Taxation

#### Tax on profit on ordinary activities

|  | 2011<br>£        | 2010<br>£        |
|--|------------------|------------------|
| <b>Current tax</b>                                 |                  |                  |
| Corporation tax charge                             | 1,291,277        | 1,231,685        |
| Adjustments in respect of previous years           | (2,321)          | (2)              |
| UK Corporation tax                                 | <u>1,288,956</u> | <u>1,231,683</u> |
| <b>Deferred tax</b>                                |                  |                  |
| Origination and reversal of timing differences     | (5,341)          | 26,703           |
| Deferred tax adjustment relating to previous years | (24)             | 27               |
| Effect of changes in tax rates                     | <u>(3,226)</u>   | <u>-</u>         |
| Total deferred tax                                 | <u>(8,591)</u>   | <u>26,730</u>    |
| Total tax on profit on ordinary activities         | <u>1,280,365</u> | <u>1,258,413</u> |



# Zyro Limited

## Notes to the Financial Statements for the Year Ended 31 August 2011

..... continued

### Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is higher than (2010 - higher than) the standard rate of corporation tax in the UK of 26% (2010 - 28%)

The differences are reconciled below

|   | 2011<br>£ | 2010<br>£ |
|---|-----------|-----------|
| Profit on ordinary activities before taxation | 4,618,334 | 4,320,507 |
| Corporation tax at standard rate              | 1,200,767 | 1,209,742 |
| Depreciation in excess of capital allowances  | 4,176     | (27,130)  |
| Other timing differences                      | 1,184     | 426       |
| Change in tax rates                           | 55,225    | -         |
| Expenses not deductible for tax purposes      | 29,925    | 34,545    |
| Over provision in prior year                  | (2,321)   | (2)       |
| Unutilised capital loss carried forward       | -         | 14,102    |
| Total current tax                             | 1,288,956 | 1,231,683 |

### 9 Intangible fixed assets

|                       | Development costs<br>£ | Total<br>£ |
|-----------------------|------------------------|------------|
| <b>Cost</b>           |                        |            |
| At 1 September 2010   | 54,975                 | 54,975     |
| At 31 August 2011     | 54,975                 | 54,975     |
| <b>Amortisation</b>   |                        |            |
| At 1 September 2010   | 18,142                 | 18,142     |
| Charge for the year   | 12,155                 | 12,155     |
| At 31 August 2011     | 30,297                 | 30,297     |
| <b>Net book value</b> |                        |            |
| At 31 August 2011     | 24,678                 | 24,678     |
| At 31 August 2010     | 36,833                 | 36,833     |

# Zyro Limited

## Notes to the Financial Statements for the Year Ended 31 August 2011

..... continued

### 10 Tangible fixed assets

|                          | Freehold<br>land and<br>buildings<br>£ | Short<br>leasehold<br>land and<br>buildings<br>£ | Plant and<br>machinery<br>£ | Motor<br>vehicles<br>£ | Office<br>equipment<br>£ | Total<br>£ |
|--------------------------|--|--|-----------------------------|------------------------|--------------------------|------------|
| <b>Cost or valuation</b> |  |  |                             |                        |                          |            |
| At 1 September 2010      | 1,555,714                              | 42,514   | 301,635                     | 621,085                | 302,438                  | 2,823,386  |
| Additions                | -                                      | -  | 9,449                       | 143,474                | 8,021                    | 160,944    |
| Disposals                | -                                      | -  | -                           | (141,105)              | -                        | (141,105)  |
| At 31 August 2011        | 1,555,714                              | 42,514   | 311,084                     | 623,454                | 310,459                  | 2,843,225  |
| <b>Depreciation</b>      |  |  |                             |                        |                          |            |
| At 1 September 2010      | 90,641                                 | 21,257   | 180,927                     | 215,371                | 176,532                  | 684,728    |
| Charge for the year      | 13,488                                 | 1,765  | 25,247                      | 147,518                | 42,151                   | 230,169    |
| Eliminated on disposals  | -                                      | -  | -                           | (88,565)               | -                        | (88,565)   |
| At 31 August 2011        | 104,129                                | 23,022   | 206,174                     | 274,324                | 218,683                  | 826,332    |
| <b>Net book value</b>    |  |  |                             |                        |                          |            |
| At 31 August 2011        | 1,451,585                              | 19,492   | 104,910                     | 349,130                | 91,776                   | 2,016,893  |
| At 31 August 2010        | 1,465,073                              | 21,257   | 120,708                     | 405,714                | 125,906                  | 2,138,658  |

Included in the gross book value of freehold land and buildings is £188,199 (2011 £188,199) of non-depreciable assets

### Finance lease assets

Included within the net book value of tangible fixed assets is £315,574 (2010 - £318,982) in respect of assets held under finance lease agreements. Depreciation for the year on these assets was £118,649 (2010 - £69,579)

### 11 Stocks

|        | 2011<br>£ | 2010<br>£ |
|--------|-----------|-----------|
| Stocks | 9,165,682 | 8,916,819 |

# Zyro Limited

## Notes to the Financial Statements for the Year Ended 31 August 2011

..... continued

### 12 Debtors

|                                | 2011<br>£        | 2010<br>£        |
|--------------------------------|------------------|------------------|
| Trade debtors                  | 5,531,611        | 4,918,701        |
| Other debtors                  | 900              | 91,100           |
| Prepayments and accrued income | 262,620          | 265,139          |
|                                | <u>5,795,131</u> | <u>5,274,940</u> |

### 13 Creditors Amounts falling due within one year

|   | 2011<br>£        | 2010<br>£         |
|---|------------------|-------------------|
| Trade creditors   | 4,246,975        | 5,481,055         |
| Bank loans and overdrafts                                   | 1,407,943        | 1,128,672         |
| Obligations under finance lease and hire purchase contracts | 129,179          | 133,183           |
| Corporation tax   | 748,045          | 1,231,685         |
| Other taxes and social security                             | 800,821          | 436,052           |
| Other creditors   | 50,692           | 70,981            |
| Directors' current accounts                                 | 903,982          | 2,975,201         |
| Accruals and deferred income                                | 285,516          | 428,910           |
|   | <u>8,573,153</u> | <u>11,885,739</u> |

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the company

|   | 2011<br>£        | 2010<br>£        |
|---|------------------|------------------|
| Bank loans and overdrafts                         | 1,407,943        | 1,128,672        |
| Obligations under finance lease and hire purchase | 129,179          | 133,183          |
|   | <u>1,537,122</u> | <u>1,261,855</u> |

The bank loans and overdraft are secured by an unlimited debenture over the company's assets and by a legal charge over the freehold property

Obligations under finance leases and hire purchase contracts are secured by related assets

### 14 Creditors Amounts falling due after more than one year

|   | 2011<br>£      | 2010<br>£      |
|---|----------------|----------------|
| Bank loans and overdrafts                                   | 219,712        | 348,551        |
| Obligations under finance lease and hire purchase contracts | 30,575         | 73,287         |
|   | <u>250,287</u> | <u>421,838</u> |

# Zyro Limited

## Notes to the Financial Statements for the Year Ended 31 August 2011

..... continued

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the company

|   | 2011<br>£      | 2010<br>£      |
|---|----------------|----------------|
| Bank loans and overdrafts                                   | 219,712        | 348,551        |
| Obligations under finance lease and hire purchase contracts | 30,575         | 73,287         |
|   | <u>250,287</u> | <u>421,838</u> |

The bank loan and overdraft are secured by an unlimited debenture over the company's assets and by a legal charge over the freehold property

Obligations under finance leases and hire purchase contracts are secured by related assets

### Obligations under finance leases and HP contracts

#### Amounts repayable

|                               | 2011<br>£      | 2010<br>£      |
|-------------------------------|----------------|----------------|
| In one year or less on demand | 129,179        | 133,183        |
| Between one and two years     | 30,575         | 73,287         |
|                               | <u>159,754</u> | <u>206,470</u> |

## 15 Provisions

|   | Deferred tax<br>£ | Total<br>£    |
|---|-------------------|---------------|
| At 1 September 2010                     | 44,916            | 44,916        |
| Credited to the profit and loss account | (8,591)           | (8,591)       |
| At 31 August 2011                       | <u>36,325</u>     | <u>36,325</u> |

#### Analysis of deferred tax

|   | 2011<br>£     | 2010<br>£     |
|---|---------------|---------------|
| Difference between accumulated depreciation and amortisation and capital allowances | 40,049        | 47,652        |
| Other timing differences  | (3,724)       | (2,736)       |
|   | <u>36,325</u> | <u>44,916</u> |

# Zyro Limited

## Notes to the Financial Statements for the Year Ended 31 August 2011

..... continued

### 16 Share capital

#### Allotted, called up and fully paid shares

|                     | 2011          |               | 2010          |               |
|---------------------|---------------|---------------|---------------|---------------|
|                     | No            | £             | No.           | £             |
| Ordinary of £1 each | <u>80,000</u> | <u>80,000</u> | <u>80,000</u> | <u>80,000</u> |

### 17 Dividends

|                                    | 2011<br>£ | 2010<br>£        |
|------------------------------------|-----------|------------------|
| Dividends paid                     |           |                  |
| Current year interim dividend paid | <u>-</u>  | <u>3,000,000</u> |

### 18 Reserves

|                     | Profit and<br>loss account<br>£ | Total<br>£       |
|---------------------|---------------------------------|------------------|
| At 1 September 2010 | 5,064,476                       | 5,064,476        |
| Profit for the year | <u>3,337,969</u>                | <u>3,337,969</u> |
| At 31 August 2011   | <u>8,402,445</u>                | <u>8,402,445</u> |

### 19 Reconciliation of movement in shareholders' funds

|   | 2011<br>£        | 2010<br>£          |
|---|------------------|--------------------|
| Profit attributable to the members of the company | 3,337,969        | 3,062,094          |
| Dividends   | <u>-</u>         | <u>(3,000,000)</u> |
| Net addition to shareholders' funds               | 3,337,969        | 62,094             |
| Shareholders' funds at 1 September                | <u>5,144,476</u> | <u>5,082,382</u>   |
| Shareholders' funds at 31 August                  | <u>8,482,445</u> | <u>5,144,476</u>   |

## **Zyro Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2011**

*..... continued*

#### **20 Pension schemes**

##### **Defined contribution pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £233,062 (2010 - £200,678)

Contributions totalling £14,323 (2010 - £9,770) were payable to the schemes at the end of the year and are included in creditors

#### **21 Commitments**

##### **Operating lease commitments**

As at 31 August 2011 the company had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

|                           | 2011<br>£     | 2010<br>£     |
|---------------------------|---------------|---------------|
| <b>Land and buildings</b> |               |               |
| Within one year           | 22,000        | -             |
| Within two and five years | 75,000        | 97,000        |
|                           | <u>97,000</u> | <u>97,000</u> |

##### **Other commitments**

At the year end the company had entered into foreign exchange contracts to buy \$4,280,000 between 12 September 2011 and 2 July 2012 at rates between 1 5900 and 1 6415

At the year end the company had entered into foreign exchange contracts to buy €210,000 between 12 September 2011 and 10 October 2011 at rates between 1 1380 and 1 1443

At the year end the company had entered into foreign exchange contracts to buy ¥232,997,070 between 9 September 2011 and 28 December 2011 at rates between 125 4100 and 128 9700

# Zyro Limited

## Notes to the Financial Statements for the Year Ended 31 August 2011

..... continued

### 22 Analysis of net debt

|  | At 1 September<br>2010<br>£ | Cash flow<br>£     | Other non-cash<br>changes<br>£ | At 31 August<br>2011<br>£ |
|--|-----------------------------|--------------------|--------------------------------|---------------------------|
| Cash at bank and in hand                   | 1,129,725                   | (789,899)          | -                              | 339,826                   |
| Bank overdraft                             | (1,008,684)                 | (270,420)          | -                              | (1,279,104)               |
|  | <u>121,041</u>              | <u>(1,060,319)</u> | <u>-</u>                       | <u>(939,278)</u>          |
| Debt due within one year                   | (119,988)                   | (8,851)            | -                              | (128,839)                 |
| Debt due after more than one year          | (348,551)                   | 128,839            | -                              | (219,712)                 |
| Finance leases and hire purchase contracts | (206,470)                   | 190,192            | (143,476)                      | (159,754)                 |
| Net debt                                   | <u>(553,968)</u>            | <u>(750,139)</u>   | <u>(143,476)</u>               | <u>(1,447,583)</u>        |

### 23 Related party transactions

#### Other related party transactions

During the year the company made the following related party transactions

#### S Ellison

(Director)

During the year interest of £37,995 ( 2010 - £39,669 ) was paid on the directors loan due to S Ellison At the balance sheet date the amount due to S Ellison was £451,991 (2010 - £1,487,601)

#### J Ellison

(Director)

During the year interest of £37,995 ( 2010 - £39,669 ) was paid on the directors loan due to J Ellison At the balance sheet date the amount due to J Ellison was £451,991 (2010 - £1,487,600)

### 24 Control

The company is controlled by the directors who own 100% of the called up share capital