

SC81944

REGISTRAR

GRAHAM TISO LIMITED

DIRECTORS' REPORT AND ACCOUNTS
YEAR ENDED 31 JANUARY 2006



GRAHAM TISO LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 JANUARY 2006

The directors present their report and the audited accounts of the company for the year ended 31 January 2006

ACTIVITIES

The main activity of the company is the retailing of outdoor clothing, footwear and accessories for outdoor leisure activities

ACCOUNTS AND DIVIDENDS

The accounts show a loss for the year after taxation of £63,004 (2005 £381,393 profit) and this is dealt with as shown in the Profit and Loss Account on page 4

During the year, dividends totalling £197,000 were declared and paid on Ordinary shares (2005 £187,000) These dividends were paid from the accumulated retained profits and the undistributed retained profits to be carried forward at 31 January 2006 amounted to £3,458,505

The directors do not propose the payment of any further dividends for the year

CHAIRMAN'S STATEMENT – REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Company's turnover rose yet again to £20.8 million, but after a very reasonable first half year the second half fell away due to unexpected low retail marketplace activity from which the Company was not immune and which resulted in fierce competition, in parallel with additional costs in the business. The year outcome was therefore disappointing with an operating profit of only £81k and a small loss at PBT level.

Anticipating this poor year outcome and the reality that the market place was now unlikely to become less competitive in future years, the Directors embarked on a strategic and operational review to ensure that the Company developed a lower cost base and more efficient operations to both meet competitive pressures more robustly and permit the Company to progress with its intended development plans. During the year therefore the process of re-focus across all business activities was started and which continues, with the reasonable expectation of increasing benefits to 2007/08 and beyond.

As quality of service remains the Company's hallmark extra expenditure continues to be allocated to training and the employment of added or extra skill sets to satisfy this high standard.

My predecessor, William Syson retired in September after many years as advisor to the Tiso family and more recently as Chairman of this Company. Both the family and the Directors enthusiastically acknowledge and thank him for the important part he has played in the development of the Company.

The year also saw the resignation of Ian White, the Director of Finance for many years, and his contribution to the Company's progress is generously acknowledged.

The Company is fortunate in continuing to have the loyalty of all its stakeholders and particularly its employees who support the Company's customer focus and service culture through their hard work and enthusiastic contributions.

Since the end of the financial year, a new group structure has been created in conjunction with the acquisition of another retail business. The directors anticipate that the additional business will make a significant contribution to the overall profitability of the new group in the current and future years.

GRAHAM TISO LIMITED

DIRECTORS' REPORT (Continued)

YEAR ENDED 31 JANUARY 2006

CHARITABLE CONTRIBUTIONS

The company made a charitable donation of £4,000 during the year (2005 £4,000)

DIRECTORS AND THEIR INTERESTS

The directors of the company holding office throughout the year under review were as listed below
The interests of these directors in the issued shares of the company at the beginning and at the end of the year were

	<u>Preference</u>	<u>Ordinary</u>
Mrs M Tiso	80,000	909
Mr C Tiso	360,000	4,091
Mr D Tiso	360,000	4,091
Mr G A Thomson	nil	nil

Mr W W C Syson was a director until his resignation on 5 September 2005. He had no interest in the shares of the company at any time.

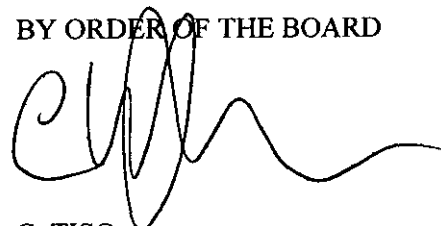
Mr I White was a director until his resignation on 22 December 2005. He had an interest in 909 ordinary shares of the company throughout the period up to his date of resignation.

Mr G M Lunn and Mr B R Thomas were appointed as directors on 10 October 2005 and 5 January 2006 respectively and held office throughout the remainder of the period under review. Mr Lunn and Mr Thomas have had no interest in the shares of the company at any time.

AUDITORS

A resolution proposing the re appointment of Bryce, Wilson & Co, Chartered Accountants, as auditors of the company will be submitted at the Annual General Meeting.

BY ORDER OF THE BOARD



C TISO
Director

EDINBURGH

29th September 2006

GRAHAM TISO LIMITED**YEAR ENDED 31 JANUARY 2006****INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRAHAM TISO LIMITED**

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 9

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 described on page 6 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Accounting Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

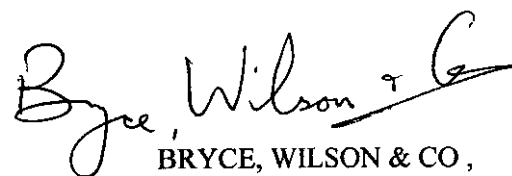
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 January 2006 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BRYCE, WILSON & CO,
Chartered Accountants and Registered Auditors

EDINBURGH
29 September 2006

GRAHAM TISO LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 JANUARY 2006

	<u>Note</u>	<u>2006</u>	<u>2005</u>
		<u>£</u>	<u>£</u>
TURNOVER	2	20,788,178	19,958,858
COST OF SALES		11,992,171	11,536,859
GROSS PROFIT		8,796,007	8,421,999
ADMINISTRATIVE EXPENSES		8,714,976	7,735,708
OPERATING PROFIT FOR YEAR	3	81,031	686,291
Interest receivable		5,854	4,521
Interest (payable)	5	(132,688)	(114,853)
(LOSS) / PROFIT BEFORE TAXATION		(45,803)	575,959
TAXATION	6	17,201	194,566
(LOSS) / PROFIT AFTER TAXATION		(63,004)	381,393
DIVIDENDS	7	197,000	187,000
RETAINED (LOSS) / PROFIT FOR YEAR		(260,004)	194,393
Retained profits brought forward	8	3,718,509	3,549,116
RETAINED PROFITS CARRIED FORWARD		<u>£ 3,458,505</u>	<u>£ 3,743,509</u>

There were no recognised gains or losses for the current financial year and the preceding financial year other than as stated in the Profit and Loss Account

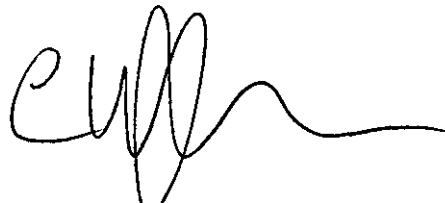
GRAHAM TISO LIMITED

BALANCE SHEET

AS AT 31 JANUARY 2006

	<u>Note</u>	<u>2006</u>	<u>2005</u>
		<u>£</u>	<u>£</u>
FIXED ASSETS			
Tangible assets	9	2,221,027	<u>2,140,176</u>
CURRENT ASSETS			
Stocks		4,481,409	4,284,510
Debtors	10	734,315	650,230
Cash at bank and on hand		10,352	7,802
		<u>5,226,076</u>	<u>4,942,542</u>
CREDITORS			
Amounts falling due within one year	11	<u>2,363,817</u>	<u>1,816,616</u>
NET CURRENT ASSETS		<u>2,862,259</u>	<u>3,125,926</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,083,286</u>	<u>5,266,102</u>
CREDITORS			
Amounts due after more than one year	12	<u>824,681</u>	<u>722,493</u>
NET ASSETS		<u>£ 4,258,605</u>	<u>£ 4,543,609</u>
CAPITAL AND RESERVES			
Called up share capital	13	800,091	800,100
Capital redemption reserve		9	
		<u>800,100</u>	<u>800,100</u>
Profit and Loss Account		<u>3,458,505</u>	<u>3,743,509</u>
SHAREHOLDERS FUNDS	14	<u>£ 4,258,605</u>	<u>£ 4,543,609</u>

Approved by the board of directors on 29th September 2006 and signed on its behalf


C TISO Director

GRAHAM TISO LIMITED

YEAR ENDED 31 JANUARY 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

select suitable accounting policies and then apply them consistently,

make judgements and estimates that are reasonable and prudent,

state whether applicable 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 company will continue in business

The directors are responsible for keeping the proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

GRAHAM TISO LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 JANUARY 2006

Reconciliation of operating profit to net cash inflow from operating activities

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
Operating profit for year	81,031	686,291
Depreciation charges	350,393	314,504
Loss on disposal of tangible fixed assets	3,780	
(Increase) / Decrease in stocks	(196,899)	41,500
(Increase) in debtors	(84,085)	(36,713)
Increase / (Decrease) in creditors	794,006	(426,676)
Net cash inflow from operating activities	£ 948,226	£ 578,906

Cash flow statement

	<u>£</u>	<u>£</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	948,226	578,906
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE (note 1)	(126,834)	(110,332)
TAXATION Corporation tax paid	(194,566)	(332,346)
CAPITAL EXPENDITURE (note 1)	(435,024)	(429,155)
	191,802	(292,927)
EQUITY DIVIDENDS (PAID)	(197,000)	(170,000)
MANAGEMENT OF LIQUID RESOURCES nil (note 1)		
FINANCING (note 1)	137,188	103,647
INCREASE / (DECREASE) IN CASH	£ 131,990	£ (359,280)
Reconciliation of net cash flow to movement in net funds (note 2)		
INCREASE / (DECREASE) IN CASH IN THE YEAR	131,990	(359,280)
NET FUNDS AT 31 JANUARY 2005	(252,753)	106,527
NET FUNDS AT 31 JANUARY 2006	£ (120,763)	£ (252,753)

GRAHAM TISO LIMITED

CASH FLOW STATEMENT (Continued)

YEAR ENDED 31 JANUARY 2006

NOTES TO CASH FLOW STATEMENT

Note 1 GROSS CASH FLOWS

	<u>2006</u>		<u>2005</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Returns on investments and servicing of finance				
Interest received	5,854		4,521	
Interest (paid)	(132,688)		(114,853)	
		<u>(126,834)</u>		<u>(110,332)</u>
Capital expenditure				
(Payments) to acquire tangible fixed assets	(435,024)		(429,155)	
Receipts from sales of tangible fixed assets				
		<u>(435,024)</u>		<u>(429,155)</u>
Management of liquid resources nil				
		<u></u>		<u></u>
Financing				
Buy back of ordinary share capital	(25,000)			
Bank term loan received	300,000		210,000	
Loan (repayments) during year	(137,812)		(106,353)	
		<u>137,188</u>		<u>103,647</u>

Note 2 ANALYSIS OF CHANGES IN NET FUNDS

	<u>At 31 1 06</u>	<u>At 31 1 05</u>	<u>Cash Flows</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Cash at bank and in hand	10,352	7,802	2,550
Bank (overdraft)	(131,115)	(260,555)	129,440
	<u>£ (120,763)</u>	<u>£ (252,753)</u>	<u>£ 131,990</u>

GRAHAM TISO LIMITED

NOTES ON THE ACCOUNTS

YEAR ENDED 31 JANUARY 2006

1 ACCOUNTING POLICIES

(a) Basis of accounts

The accounts are prepared under the historical cost convention and in accordance with applicable U K accounting standards

(b) Depreciation of fixed assets

The cost of leasehold property is written off by equal annual instalments over the length of the lease in respect of each individual property. The cost of other fixed assets is written off by equal annual instalments over their expected useful lives at the following rates

Shop fittings and equipment	20%
Motor vehicles	25%
Computer equipment	33 3%

(c) Stock

Stock is valued at the lower of cost and net realisable value

(d) Pension costs

The company operates a defined contribution scheme and the amount charged to the Profit and Loss Account represents the contributions payable in the year

2 TURNOVER

Turnover represents the invoiced amount of goods sold and services provided during the year stated net of value added tax. The turnover is all attributable to the main activity of the company

3 OPERATING PROFIT FOR YEAR

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
This is stated after charging		
Staff costs (note 4)	4,526,275	3,987,080
Depreciation	350,393	314,504
Auditors' remuneration	18,000	13,000
audit work	6,260	5,770
non audit work	87,822	128,684
Rental charges		

GRAHAM TISO LIMITED

NOTES ON THE ACCOUNTS (Continued)

YEAR ENDED 31 JANUARY 2006

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
4 STAFF COSTS		
Wages and salaries	4,121,938	3,641,404
Social security costs	332,782	291,515
Other pension costs	71,555	54,161
	<u>£ 4,526,275</u>	<u>£ 3,987,080</u>
The average monthly number of employees was	<u>220</u>	<u>206</u>
<u>Directors' remuneration</u>		
The above staff costs include the following		
Remuneration for management services	395,400	262,677
Compensation for loss of office	32,750	
	<u>£ 428,150</u>	<u>£ 262,677</u>
Emoluments of		
Chairman	<u>£ 24,000</u>	<u>£ 18,000</u>
Highest paid director (other than Chairman)	<u>£ 182,653</u>	<u>£ 67,650</u>
The emoluments in respect of the highest paid director relate to a director who resigned during the year		
<u>Other pension costs</u>		
The company operates a defined contribution pension scheme. The "other pension costs" shown above represent the cost for the year. There were no outstanding or prepaid contributions at the balance sheet date (2005 nil).		
5 INTEREST PAYABLE		
On borrowings repayable within five years		
On bank overdraft	77,894	63,102
On borrowings repayable after more than five years		
On bank term loans	54,794	51,751
	<u>£ 132,688</u>	<u>£ 114,853</u>
6 TAXATION		
UK Corporation tax payable calculated at 19% (2005 – 30% and incorporating appropriate marginal rate relief)	17,200	193,620
Adjustment relating to previous year	1	946
	<u>£ 17,201</u>	<u>£ 194,566</u>

GRAHAM TISO LIMITED

NOTES ON THE ACCOUNTS (Continued)

YEAR ENDED 31 JANUARY 2006

YEAR ENDED 31 JANUARY 2006

		<u>2006</u>		<u>2005</u>	
		<u>£</u>		<u>£</u>	
7	DIVIDENDS				
	Dividends paid on ordinary shares	£	<u>197,000</u>	£	<u>187,000</u>
8	RETAINED PROFITS BROUGHT FORWARD				
	Retained profits at 31 January 2005		3,743,509		3,549,116
	<u>Less</u> Amount utilised in respect of purchase of 909 own ordinary shares of £0.01 each during year		<u>25,000</u>		<u> </u>
	Retained profits brought forward as adjusted	£	<u>3,718,509</u>	£	<u>3,549,116</u>
9	FIXED ASSETS Tangible assets				
		<u>Leasehold Property</u>	<u>Fittings & Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
	Cost				
	At 31 January 2005	2,360,197	1,378,293	14,140	3,752,630
	Additions	96,263	310,441	28,320	435,024
	(Disposals)	(4,500)			(4,500)
	At 31 January 2006	<u>2,451,960</u>	<u>1,688,734</u>	<u>42,460</u>	<u>4,183,154</u>
	Aggregate depreciation				
	At 31 January 2005	653,312	945,002	14,140	1,612,454
	Charge for year	117,757	230,339	2,297	350,393
	(On disposals)	(720)			(720)
	At 31 January 2006	<u>770,349</u>	<u>1,175,341</u>	<u>16,437</u>	<u>1,962,127</u>
	Book value				
	At 31 January 2006	£ <u>1,681,611</u>	£ <u>513,393</u>	£ <u>26,023</u>	£ <u>2,221,027</u>
	At 31 January 2005	£ <u>1,706,885</u>	£ <u>433,291</u>	£ <u> </u>	£ <u>2,140,176</u>

NOTES ON THE ACCOUNTS (Continued)

YEAR ENDED 31 JANUARY 2006

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
10 DEBTORS		
Trade debtors	90,781	146,039
Loan to director	87,083	
Other debtors	53,770	57,563
Prepayments	502,681	446,628
	<u>£ 734,315</u>	<u>£ 650,230</u>

At 31 January 2006, £87,083 (2005 – nil) was due by Mr G A Thomson, a director of the company
This loan was repaid in full on 24 August 2006

11 CREDITORS (Due within one year)		
Current instalments due on bank loans (note 12)	183,027	123,027
Bank overdraft (secured)	131,115	260,555
Trade creditors	644,051	460,603
Current corporation tax payable	17,200	193,620
Other taxes and social security costs	983,548	641,918
Other creditors	184,969	
Accruals	219,907	119,893
Dividend payable		17,000
	<u>£ 2,363,817</u>	<u>£ 1,816,616</u>

12 CREDITORS (Due after more than one year)		
Due within five years	915,135	615,135
Due after more than five years	92,573	230,385
	<u>1,007,708</u>	<u>845,520</u>
<u>Less</u> Amount due within one year (note 11)	183,027	123,027
	<u>£ 824,681</u>	<u>£ 722,493</u>

These amounts relate to bank loans which are secured and repayable by monthly instalments within ten years. The loans bear interest charged monthly and calculated at 1.25% and 1.5% over the bank base rate.

GRAHAM TISO LIMITED

NOTES ON THE ACCOUNTS (Continued)

YEAR ENDED 31 JANUARY 2006

	<u>2006</u>	<u>2005</u>
	<u>£</u>	<u>£</u>
13 CALLED UP SHARE CAPITAL		
The authorised share capital of the company is as follows		
Preference shares of £1 each – 800,000	800,000	800,000
Ordinary shares of £0 01 each – 100,000	1,000	1,000
	<u>£ 801,000</u>	<u>£ 801,000</u>

All preference shares are issued and fully paid At 31 January 2005, 10,000 ordinary shares were issued and fully paid and 909 of these shares were brought back by the company during the year The issued and fully paid share capital at 31 January 2006 and 2005 was accordingly as follows

Preference shares of £1 each – 800,000	800,000	800,000
Ordinary shares of £0 01 each – 9,091	91	100
	<u>£ 800,091</u>	<u>£ 800,100</u>

14 SHAREHOLDERS' FUNDS

The movement during the year is as follows

Retained (loss) / profit for the year	(260,004)	194,393
Opening shareholders funds	4,543,609	4,349,216
Funds utilised for purchase of own shares	(25,000)	
	<u>£ 4,258,605</u>	<u>£ 4,543,609</u>

These funds relate to

Non equity interests (Preference shares)	800,000	800,000
Equity interests	3,458,605	3,743,609
	<u>£ 4,258,605</u>	<u>£ 4,543,609</u>

15 RELATED PARTIES

The company pays rents at full commercial rates in respect of certain leasehold premises owned jointly by two of the directors, Mr C Tiso and Mr D Tiso The total rents relating to these premises in respect of the year ended 31 January 2006 amounted to £272,830 (2005 £174,000)

16 CAPITAL COMMITMENTS

At 31 January 2006 capital commitments both authorised and contracted for amounted to £144,645 (2005 – £180,000)