Tandem Group plc

Annual report and accounts
Year ended 31 December 2013

Tandem Group plc

Welcome to Tandem Group plc

Tandem Group plc is a designer, developer and distributor of sports and leisure products.

Governance

Financials

Financial Calendar

Annual General Meeting	10 June 2014
Interim Results for six months to 30 June 2014	September 2014
Annual Results for year ended 31 December 2014	April 2015

Directors and Advisers

Directors

M P J Keene
Non-Executive Chairman

S J Grant
Chief Executive Officer

J C Shears
Group Finance Director

P Ratcliffe
Group Commercial Director

J S T Morris
Non-Executive Director

A Q Bestwick
Non-Executive Director

Company Secretary
J C Shears

Registered office
35 Tameside Drive, Castle Bromwich, Birmingham, B35 7AG

Registration
Registered in England No. 616818

Website
www.tandemgroup.co.uk

Nominated Adviser and Broker
Cairn Financial Advisers LLP
61 Cheapside, London, EC2V 6AX

Chartered Accountants and Statutory Auditor
Grant Thornton UK LLP
Colmore Plaza, 20 Colmore Circus, Birmingham, B4 6AT

Solicitors
Shoosmiths LLP
2 Colmore Square, 38 Colmore Circus, Queensway,
Birmingham, B4 6BJ

Registrars
Capita Registrars
The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU
Telephone 0871 664 0300

Governance

Financials

Brands

Bicycles and accessories
Bion*
Boss
British Eagle
CBR
Claud Butler
Dawes
Dirty
Elswick
Exile
Falcon
KED Helmsysteme*
OGNS*
RST*
Scorpion
Townsend
Urban Mover*
Zombie

Football Training
Kickmaster

Golf
Ben Sayers
Bioflow*

Outdoor play
Hedstrom

Snooker & pool
Pot Black

Table Sports
Pot Black

Wheeled toys
Batman*
Ben 10*
Ben and Holly's Little Kingdom*
Bored
E-moto
Fireman Sam*
Grow & Go
Mike the Knight*
Mister Maker*
My Little Pony*
Octonauts*
One Direction*
Peppa Pig*
Postman Pat*
Power Rangers*
Skylanders*
Star Wars*Stunted
The Simpsons*
Thomas & Friends*
Tree Fu Tom*
Transformers*
Wired
Woolly and Tig*
Zoomies

* Under licence/distribution

Chairman´s Statement

Introduction

I am pleased to present the results for the year ended 31 December 2013.

Although the first half of the year was disappointing with revenues nearly 22% behind the prior period due to a prolonged period of poor weather, in the second half the Group recovered strongly with revenue more than 17% ahead of the prior year second half. I am happy to report that the strong second half performance has been carried forward into 2014.

Results

Revenue for the year ended 31 December 2013 reduced by 2% to £28,347,000 compared to £28,952,000 in the year ended 31 December 2012.

Profit before taxation and non-underlying items improved from £768,000 for the year ended 31 December 2012 to £823,000 for the year ended 31 December 2013.

The prior year profit was restated for changes to the pension accounting standard, IAS 19. The impact of this was a reduction in reported 2012 profit before tax of £62,000 from £830,000 to £768,000 and this is detailed further in notes 2 and 18.

Non-underlying items included exceptional restructuring costs of £142,000, a fair value adjustment for foreign currency derivative contracts which totalled £516,000 and £149,000 in respect of pension finance costs also required to be disclosed under IAS 19. The Board considers that none of these charges reflect the underlying performance of the Group and accordingly have changed the presentation of the Consolidated income statement to reflect this.

Net assets increased to £5,640,000 at 31 December 2013 compared to £5,562,000 at 31 December 2012.

Further details of operational activities and a detailed segment review of performance can be found in the Strategic report on page 3.

Dividend

In accordance with our progressive dividend payment policy, we are proposing to pay a final dividend of 2.30 pence per share (year ended 31 December 2012 – 2.20 pence per share) which, when combined with the interim dividend of 1.15 pence per share (year ended 31 December 2012 – 1.10 pence per share), gives a total dividend of 3.45 pence for the year (year ended 31 December 2012 – 3.30 pence per share).

Subject to shareholder approval at the Annual General Meeting to be held on 10 June 2014, the final dividend will be paid on or around 13 June 2014 to shareholders on the share register as at 16 May 2014. The ex-dividend date will be 14 May 2014.

Pensions

The Group operates two defined benefit pension schemes. Both schemes are closed to new members and there are no active members in either scheme. In the year to 31 December 2013 £242,000 (year ended 31 December 2012 – £239,000) was paid into the schemes to reduce the actuarially calculated funding deficits and £69,000 (year ended 31 December 2012 – £75,000) was paid out in government levies and administration costs.

Property acquisition

In February 2013 we acquired the freehold on our property in Castle Bromwich. The cost of the acquisition was £2.6 million, satisfied by means of a new 5 year term loan of £1.6 million provided by the Company's bankers and the balance from existing cash resources.

Environmental matters

In February 2014 we completed the installation of a solar PV system at our Castle Bromwich site. Costing £247,000, the system has the capacity to generate up to 250 kWp from 999 panels fitted to the roof and we anticipate a payback period of approximately 6 years. Electricity for the site will be self-generated for much of the year, we will benefit from a guaranteed feed-in tariff for the next 20 years and we have signed an agreement to sell any excess electricity generated.

Employees

We have teams of highly dedicated and hard working employees who are committed to the ongoing success of the Group. The Board thanks them all for their efforts and continuing contribution to the profitability of the businesses during the year.

Strategy

We continue to be clearly focussed on our Group strategic objective to maintain our position as a leading supplier to the UK bicycle and the outdoor and wheeled toy markets. We continue to invest in the appropriate infrastructure, logistics and back office systems to facilitate this strategy.

Restructuring

Following the closure of the Brigg site we have consolidated the warehouse operation into our existing Scunthorpe distribution centre and taken a new office lease nearby.

As previously reported the management team has been streamlined and restructured and now reports directly to the Group CEO, Steve Grant. We expect these changes to improve operational efficiency, reduce overhead and further develop the business.

Outlook

The year has started positively both in own brands and licensed product. Our new range of products for 2014 have been well received at the various trade and road shows attended in January. Although extremely wet in some parts of the UK, the weather has generally been milder and there are more encouraging signs emerging from the macro economy.

The breadth of new licences agreed for 2014 and beyond in our sports, leisure & toys business demonstrates our continuing commitment to provide a platform for growth. In our bicycles, business a number of new product developments, for example our 'Academy' range of premium junior cycles, will support us in taking market share in a mature leisure cycling market.

Group revenue for the first quarter was well ahead of the corresponding period in the prior year. Although we were required to record a significant foreign currency fair value adjustment at 31 December 2013 this will unwind as foreign currency contracts mature which should enhance 2014 profitability although we continue to remain conscious of the impact of fluctuations in the US dollar.

M P J Keene
Non-Executive Chairman
4 April 2014

Strategic Report

Operating and Financial Review

Revenue and profit

Group revenue for the year ended 31 December 2013 reduced by 2.1% from £28,952,000 to £28,347,000.

Despite a particularly challenging first half of the year the second half of the year saw a significant turnaround in performance with revenue in the 6 month period to 31 December 2013 of £17,096,000, 17.3% ahead of the same period last year.

Gross profit margin, at 29.2% (year ended 31 December 2012 – 29.7%), was slightly below the prior year reflecting a reduced margin in a competitive cycling market.

In accordance with our ongoing drive to control overheads, operating expenses reduced by 4.0% to £7,314,000 (year ended 31 December 2012 – £7,617,000).

Operating profit for the year ended 31 December 2013 was £972,000 which was marginally ahead of the previous year (year ended 31 December 2012 – £971,000). However, due to the impact of non-underlying items explained below, net profit for the year ended 31 December 2013 was £354,000 (year ended 31 December 2012 restated – £611,000).

The prior year profit was restated to take account of the transitional provisions required by amendments to IAS 19, notably relating to the measurement of the expected return on assets. In the Consolidated income statement, the restatement relates to pension scheme finance cost. The net adjustment to the Consolidated income statement is matched by an equal and opposite adjustment relating to the re-measurement of defined benefit plans in the Consolidated statement of comprehensive income. As a result there was a reduction to the previously stated profit for the year ended 31 December 2012 of £62,000.

Non-underlying items

Non-underlying items are material items which have arisen from unusual non-recurring or non-trading events. For the year ended 31 December 2013 non-underlying items comprised exceptional costs of Group restructuring, the finance cost related to the Group's pension schemes calculated in accordance with IAS 19 and the impact of the fair value adjustment in respect of derivative foreign exchange contracts under IAS 39.

Finance costs

Total finance costs for the year ended 31 December 2013 increased to £814,000 from £203,000 restated for the year ended 31 December 2012. This comprised interest payable on bank overdrafts and invoice finance facilities which increased from £66,000 last year to £149,000 partly due to interest in respect of the Group's mortgage loan detailed in the 'Capital expenditure' section below.

The remaining charges were included in the non-underlying items described above and related to pension finance costs in accordance with IAS 19 of £149,000 (restated for year ended 31 December 2012 – £137,000) and the impact of the fair value adjustment in respect of derivative foreign exchange contracts under IAS 39 which was £516,000 (year ended 31 December 2012 – £nil).

Taxation

The tax credit in the year of £338,000 comprised credits in respect of the recognition of trading losses, movements in the pension schemes' liabilities and deferred tax in relation to fair value movements on derivatives totalling £327,000 (year ended 31 December 2012 – £105,000 charge)and a current tax credit of £11,000 (year ended 31 December 2012 – £52,000 charge).

Capital expenditure

In February 2013 the Group completed the purchase of the freehold on its property in Castle Bromwich, Birmingham for cash consideration (before expenses) of £2,600,000. The consideration was satisfied by means of a new 5 year term loan provided by the Company's bankers and the balance from existing cash resources.

In October 2013 the Group entered into an agreement to implement a solar PV system at its Castle Bromwich site. The cost of the project was £247,000 and was completed in February 2014.

Cash flows, working capital and net debt

Net cash inflow from operating activities before movements in working capital for the year ended 31 December 2013 decreased to £954,000 compared to £1,061,000 in the prior year.

Total cash generated from operations was £1,629,000 compared to £412,000 last year. This was improved principally due to favourable movements in working capital, in particular a reduction in stock in our Claud Butler and corporate bicycle businesses.

Net cash outflows from investing activities increased significantly to £2,892,000 compared to £150,000 in the year ended 31 December 2012 due to the purchase of the Castle Bromwich freehold.

Net cash inflows from financing activities were £2,960,000 in the year ended 31 December 2013 following a new 5 year mortgage loan of £1,610,000 from the Group's bankers and an inflow of £1,535,000 from invoice finance facilities. The compared to a cash outflow from financing activities of £748,000 in the previous year.

Net debt at 31 December 2013 comprising cash and cash equivalents, invoice financing liabilities and borrowings was £3,116,000 compared to £1,496,000 at 31 December 2012 which reflected the purchase of the Castle Bromwich property in February 2013.

Dividends

Total dividends paid and proposed increased from 3.30 pence per share for the year ended 31 December 2012 to 3.45 pence per share for the year ended 31 December 2013, an increase of 4.5%. The dividend cover ratio was 2.2 (year ended 31 December 2012 – 4.4). It continues to be the Group's policy to progressively increase the dividend payment to shareholders where trading performance permits.

Earnings per share

Basic earnings per share reduced to 7.63 pence per share for the year ended 31 December 2013 compared to 13.22 pence per share in the year ended 31 December 2012. Diluted earnings per share reduced from 13.05 pence per share in the year ended 31 December 2012 to 7.54 pence per share in the year ended 31 December 2013.

Strategic Report continued

Bicycles and accessories

Revenue in our bicycles and accessories businesses was £15,149,000 for the year ended 31 December 2013 compared to £16,979,000 in the prior year.

Operating profit for the year before the allocation of corporate charges and exceptional costs was £476,000 compared to £797,000 for the year ended 31 December 2012.

The first half of the year was significantly impacted by the poor weather. This was partially recovered in the second half of the year in our Dawes Cycles business which was 8.7% ahead of the second half of 2012. However, performance from both Claud Butler and the corporate bicycles division were behind expectation and meant that overall revenues for the year were 10.8% behind the previous year.

As we previously reported, significant changes were made at Claud Butler during the year. The management team was restructured and a number of support functions centralised. In February 2014, the Brigg site was closed and the business was relocated to modern offices close to the distribution centre in Scunthorpe which have already improved operational efficiencies and reduced overhead.

We have strengthened our corporate bicycles division with additional sales and product development resources. The Falcon, Elswick, Townsend, British Eagle, Boss and Zombie ranges all underwent extensive redevelopment during the year and it was necessary to clear stock overhangs from the prior year. Coupled with intense price competition meant that it was a challenging year but we are optimistic about the future performance potential from this part of the business which is already gathering momentum in 2014.

Although there were some geographical variations, bicycle dealer attendances at our 2014 UK 'roadshows' were ahead of the previous year. In particular, we were pleased with the increased attendance generated by the new Claud Butler range. Revenue from our Dawes business has continued to grow in 2014 with our adult and junior heritage ranges performing strongly.

As a result, bicycles revenue for the first quarter was ahead of the first quarter in the prior year.

Sports, leisure and toys

Revenue in our sports, leisure and toys business for the year ended 31 December 2013 was £13,198,000 compared to £11,973,000 in the prior year.

Operating profit before the allocation of corporate charges was £1,038,000 for the year ended 31 December 2013 compared to £892,000 in the year ended 31 December 2012.

Despite a 25.5% decrease in revenue in the first six months of the year compared to the prior period, the second half saw a 40.1% increase against the second half of 2012. Overall revenue for the year was therefore 10.2% ahead against a reported reduction in overall toy market revenues of 1% in 2013 compared to the previous year.

There were several reasons for the strong second half performance. In licences, Peppa Pig, One Direction, Skylanders and Batman, with a new range of battery operated products, performed ahead of expectation. In own brands, our Hedstrom and Stunted scooter ranges continued to perform strongly with revenue ahead of the prior year. The weather also helped in the second half of the year. It was the warmest and sunniest summer since 2006 and the driest since 2003.

The annual toy fair exhibition held at London's Olympia took place in January and several new customers showed interest in our 2014 portfolios of products and licences. Feedback to the ranges was encouraging from both existing customers and licensors alike.

We are pleased to report that the improved performance has continued into 2014 and we have agreed new licences for 2014 and beyond including Transformers, Star Wars, Angry Birds, The Simpsons, Peter Rabbit, Mister Maker and Woolly & Tig.

Sports, leisure and toys revenue for the first quarter was significantly ahead of the same period in the prior year.

Key performance indicators

A wide variety of daily key performance indicators are produced for all of our businesses to enable us to monitor performance against budget and the previous year. The key performance indicators that the Directors consider salient to the Group's performance are shown below:

	Year ended 31 December 2013 Actual	**Year ended 31 December 2013 Target**	Year ended 31 December 2012 restated Actual
Gross profit margin The ratio of gross profit to sales expressed as a percentage	**29.2%**	**30.5%**	29.7%
Turnover per employee The total of sales invoiced to customers, excluding value added tax, divided by the average number of employees during the period	**£346,000**	**£334,000**	£325,000
Net operating expenses % of sales The ratio of net operating expenses, before goodwill impairment and exceptional costs, to the total of sales invoiced to customers, excluding value added tax, expressed as a percentage	**25.8%**	**26.1%**	26.3%
Interest cover The ratio of operating profit before goodwill impairment and exceptional costs, to net interest payable on bank loans, overdrafts and invoice finance facilities	**6.5**	**10.7**	14.7
Shareholders' return The ratio of net profit before goodwill impairment and exceptional costs to shareholders' funds at the start of the year expressed as a percentage	**8.9%**	**14.6%**	9.9%
Adjusted earnings per share – pence The net profit before goodwill impairment and exceptional costs divided by the weighted average number of ordinary shares in issue during the year	**10.7**	**17.6**	13.2

Principal risks and uncertainties

The management of the business and the nature of the Group's strategy are subject to a number of risks and uncertainties. The principal risks facing the business are set out as follows:

Suppliers

In order to achieve competitively priced products the Group has outsourced production, mainly to countries in Asia. Risks and uncertainties of this strategy include management issues at the factories, the possibility of changes in import duties and shipping delays. We manage this risk by having a local office in Hong Kong with a team that works closely with the factories and we develop contingency plans should the need arise to make changes.

Fluctuations in currency exchange rates

A significant amount of the Group's purchases are made in US dollars. As a Group, we are therefore exposed to foreign currency fluctuations. The Group manages its foreign exchange risk with forward foreign exchange contracts to reduce the exposure and does not adopt formal hedge accounting. If these activities do not mitigate the exposure, then the results and the financial condition of the Group may be adversely impacted.

Licences

A number of the Group's brands are used under licence from global licensors. The licences are generally for between two and three years. If the licences are not renewed the Group would have to seek alternative licences in order to avoid a reduction in revenue.

Competition

The companies in the Group operate in highly competitive markets. As a result there is constant pressure on margins and the additional risk of being unable to meet customers' expectations. Policies of supply chain management and product development are in place to mitigate such risks.

Volatility in financial markets may require further cash contributions to our pension fund

The Group has commitments under defined benefit pension schemes. The Group is obliged to make contributions to the schemes based on actuarial valuations, which in turn are based on long-term assumptions to calculate scheme liabilities. Volatility of the financial markets can also affect the value of the assets in the schemes. This may lead to a requirement to increase the cash contributed by the Group to the schemes. If the Group is required to make significant additional contributions, the financial position of the Group may be materially affected with a significant reduction in operating cash flows. In turn, this may adversely impact future developments of the business.

Financial risks

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks. A summary of these risks is disclosed in note 16.

S J Grant
Chief Executive Officer
4 April 2014

J C Shears
Group Finance Director

Directors´ Report

The Directors submit their annual report with the audited financial statements for the year ended 31 December 2013.

Principal activity

The Group is principally engaged in the design, development, sourcing and distribution of sports and leisure equipment. The Chairman's statement and Strategic report on pages 2 and 3 should be read in conjunction with this report.

Results and dividend

The results for the year ended 31 December 2013 are set out in the Consolidated income statement on page 11. An interim dividend of 1.15 pence per ordinary share was paid on 1 November 2013 in respect of the six month period to 30 June 2013 (period ended 30 June 2012 – 1.10 pence). The Directors are proposing a final dividend of 2.30 pence per ordinary share (year ended 31 December 2012 – 2.20 pence) payable to shareholders on the register on 16 May 2014 and will be paid on or around 13 June 2014.

Significant shareholders

As at 4 April 2014 the Directors have been notified of the following interests representing 3% or more of the issued ordinary share capital. The percentage holdings exclude 1,343,726 shares held in treasury.

	Ordinary Shares of 25p	%
Jupiter Asset Management	540,941	11.6
S E Stride	383,320	8.2
M P J Keane	221,560	4.7
Harvard International	152,000	3.3
S J Grant	150,000	3.2

Directors

The present Directors are as follows:

M P J Keene
Mervyn joined the Company in 1989 and became Managing Director of the former Garden Leisure Division. He was appointed Group Finance Director in 1993 and became Non-Executive Chairman in June 2010. He is a Fellow of the Association of Chartered Certified Accountants.

S J Grant
Steve joined MV Sports & Leisure Limited ('MV') from the accountancy profession in 1990 becoming Finance Director in that year. He was appointed Managing Director of MV in 1996 and became Chief Executive Officer of the Group in June 2010.

J C Shears
Jim joined the Company as Group Financial Controller in 2002. He was appointed Company Secretary in 2008 and Group Finance Director in June 2010. He previously worked for the Audit Commission, IFG Group plc and AWG plc where he held various financial roles. Jim is a Fellow of the Institute of Chartered Accountants in England and Wales.

P Ratcliffe
Phil joined MV in 1999 and has many years' experience in commercial and strategic roles within the consumer goods sector, incorporating well known companies such as Car Plan, Waddingtons Games and Mattel. His experience encompasses marketing, licensing, product development, Far East sourcing and account management. Phil is a Fellow of The Chartered Institute of Marketing and is the current Vice Chairman of The British Toy & Hobby Association (BTHA) and will be appointed Chairman in June 2014.

J S T Morris
Simon has worked in corporate finance for over 30 years, initially at Lazard Brothers and Dillon Read and later with MSB Corporate Finance and Smith & Williamson. He was appointed to the Board in March 2010 and is an experienced Non-Executive Director.

A Q Bestwick
Andy was formerly Managing Director of Gardman Holdings Limited. He has considerable experience in product development, sourcing and supply chain management, particularly from Asia, and selling to national and independent retailers. He was appointed to the Board as a Non-Executive Director in April 2010.

The interests of the Directors and their immediate families (as defined by the Companies Act 2006) in the shares of the Company are shown below:

Held beneficially and fully paid

	4 April 2014 25p ordinary shares	31 December 2013 25p ordinary shares	1 January 2013 25p ordinary shares
M P J Keene	221,560	221,560	216,360
S J Grant	150,000	150,000	100,000
J C Shears	60,000	60,000	29,500
P Ratcliffe	33,835	33,835	6,400
J S T Morris	15,000	15,000	—

In accordance with the Articles of Association, M P J Keene and A Q Bestwick, whose service contracts may be terminated by either party giving 6 months' written notice, retire at the Annual General Meeting and offer themselves for re-election.

Directors´ and officers´ liability insurance

Directors' and officers' liability insurance has been purchased by the Group during the year.

Business review, key performance indicators (KPIs) and principal risks and uncertainties

A review of the Group's trading operations, KPIs and principal risks and uncertainties is contained in the Strategic Report on page 3.

Environmental policies

Tandem Group plc recognises its responsibility to protect the environment. The Group manages its operations in ways that are environmentally sustainable and economically feasible and provides appropriate educational programs for staff and other stakeholders.

All Directors and managers of Tandem Group plc and its subsidiaries are committed to ensuring that environmental issues are carefully considered during all planning and operational decision making.

The Group's environmental policy applies to all land, premises and activities within its control. The Group promotes the use of sustainable resources and discourages wasteful or damaging practices. Subsidiary companies within the Group develop their own local policies and arrangements for implementing and monitoring the Group's objectives.

As a major supplier of bicycles and wheeled toys in the UK we believe that we are contributing to a sustainable transport strategy, improving the environment by providing an emission free transport alternative and encouraging better health and fitness of the nation.

Corporate social responsibility

The Group has a Corporate Social Responsibility Committee (CSRC) which meets regularly, with members from each of the Group's operations, including the Hong Kong office.

The CSRC is responsible for ensuring that each business in the Group operates to the same broad guidelines defined in the Group policy statement issued by the CSRC. This statement deals with health and safety, employee well being, the Group's impact on the environment and its social responsibility.

Every new or prospective supplier must satisfactorily complete an audit before being validated by the Group. Follow up audits are undertaken on a regular basis once suppliers are accepted. With the benefits of language and location, the Group's Hong Kong office is able to control the audits of the suppliers in Asia. Other supplier audits are controlled from the UK.

The Group continues to be engaged in a number of projects, in conjunction with stakeholders, to reduce carbon dioxide emissions, safely and efficiently dispose of waste and, where possible, re-use and recycle products and packaging.

Employment policies

It is the policy of the Group that there should be no unfair discrimination in considering applications for employment, including those from disabled persons. All employees are given equal opportunities for career development and promotion. Health and safety committee meetings are held within the operating businesses.

The necessity and importance of good communications and relations with all employees is well recognised and accepted throughout the Group. Employees are kept fully aware of management policies applicable to their respective duties. The Directors are committed to the principle of employee and executive share participation as evidenced by the existence of share option schemes. Options are granted under these schemes in order that employees can participate in the Group's performance.

Statement of Directors´ responsibilities

The Directors are responsible for preparing the Directors' report, Strategic report and 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 to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and the Directors have elected to prepare Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and profit or loss of the Group and the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 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.

Directors' Report continued

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The notice of the Annual General Meeting includes resolutions 6, 7 and 8 proposed as special business.

Resolution 6 is an ordinary resolution which seeks the authority from shareholders for the Company to purchase its own shares.

Resolution 7 is a special resolution and seeks the authority from shareholders for the Directors to be given the general power to allot equity securities (as defined by section 560 of the Companies Act 2006) for cash.

Resolution 8 is also a special resolution which seeks the authority from shareholders for the Company to make market purchases.

The Directors would only exercise these authorities if the effect of doing so would, in their opinion, be in the best interests of shareholders generally. In addition, in exercising such authorities, the Company would comply with the current guidelines of the ABI and the UK Listing Authority.

By Order of the Board

J C Shears
Company Secretary
4 April 2014

Registered number: 00616818

Corporate Governance Statement

As the Company's shares are traded on AIM the Company has not complied with the UK Corporate Governance Code nor is it required to. However, the Company is committed to high standards of corporate governance and draws upon best practice available, including those aspects of the code considered appropriate.

The Company is controlled through the Board of Directors which comprises three executive Directors and three independent non-executive Directors. The service contracts of the three executive Directors may be terminated by either party giving 12 months' written notice. The remuneration and other emoluments of executive Directors and senior managers are determined by the Remuneration Committee, of which M P J Keene, J S T Morris and A Q Bestwick are members. Executive remuneration packages are subject to an annual review and are designed to attract, motivate and retain Directors and senior managers of a high calibre.

The Board has a formal schedule of matters reserved to it and meets monthly. It is responsible for overall Group strategy, acquisition and divestment policy, approval of major capital expenditure projects and consideration of significant financing matters. It monitors the exposure to key business risks and reviews the strategic direction of its trading businesses, their annual budgets, their progress towards achievement of those budgets and their capital expenditure programmes. The Board also considers environmental and employee issues and key appointments. All Directors will submit themselves for re-election at least once every three years.

The Board has established three committees. The Audit Committee meets as appropriate to review the Group's accounting policies, reporting procedures and financial matters, with the Group Finance Director and the external auditor in attendance. The Nominations Committee meets when applicable to consider and recommend to the Board changes in the Board's composition. The Remuneration Committee reviews the terms and conditions of employment of the Directors and senior managers. M P J Keene and J S T Morris are members of the Audit Committee. M P J Keene and A Q Bestwick are members of the Nominations Committee. Independent external advice is taken when appropriate.

The Group encourages two-way communication with both its institutional and private investors and endeavours to respond quickly to all queries received verbally or in writing. The executive Directors attended meetings with shareholders in the year ended 31 December 2013.

The Group has a comprehensive system for reporting financial results to the Board. Each operating unit prepares monthly results with a comparison against budget. Towards the end of each financial year the operating units prepare detailed budgets for the following year. Budgets and plans are reviewed by the Board before being formally adopted.

Quality and integrity of personnel is regarded as vital to the maintenance of the Group's system of internal control. Due to the relatively small number of key employees within the business, the Board has first hand knowledge of their performance.

The executive management has defined the financial controls and procedures with which each operating unit is required to comply. Key controls over major business risks include reviews against performance indicators and exception reporting. The operating units make regular assessments of the extent of their compliance with these controls and procedures.

Much of the Group's financial and management information is processed by and stored on computer systems. Accordingly, the Group has established controls and procedures over the security of data held on computer systems. Also, the Group has put in place arrangements for computer processing to continue and data to be retained in the event of the complete failure of the Group's own data processing facility.

With a substantial part of purchases in United States dollars, protecting against foreign exchange fluctuations in this currency is recognised by the Directors as a key responsibility. The use of various financial instruments minimises vulnerability to the volatility of the US dollar.

A number of the Group's key functions, including treasury, taxation and insurance, are dealt with centrally by the Group Finance Director who reports to the Board on a monthly basis.

The Group meets its day to day working capital requirements through certain overdraft and invoice financing facilities. The bank facilities were renewed in November 2013 and the Group expects to operate within the facilities currently agreed.

Based on the Group's plans, and after making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Report of the Independent Auditor

to the members of Tandem Group plc

We have audited the financial statements of Tandem Group plc for the year ended 31 December 2013 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated statement of changes in equity, the Consolidated cash flow statement, the Company balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 auditor

As explained more fully in the Statement of Directors' responsibilities set out on pages 7 and 8 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2013 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Rebecca Eagle
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
4 April 2014

Consolidated Income Statement

	Note	Year ended 31 December 2013 Before non-underlying items £'000	Non-underlying items £'000	After non-underlying items £'000	Year ended 31 December 2012 Restated £'000
Revenue	3	**28,347**	**—**	**28,347**	28,952
Cost of sales		**(20,061)**	**—**	**(20,061)**	(20,364)
Gross profit		**8,286**	**—**	**8,286**	8,588
Operating expenses	4	**(7,314)**	**—**	**(7,314)**	(7,617)
Operating profit before exceptional costs		**972**	**—**	**972**	971
Exceptional costs		**—**	**(142)**	**(142)**	—
Operating profit after exceptional costs		**972**	**(142)**	**830**	971
Finance costs	5	**(149)**	**(665)**	**(814)**	(203)
Profit before taxation		**823**	**(807)**	**16**	768
Tax credit/(expense)	7	**230**	**108**	**338**	(157)
Net profit for the year		**1,053**	**(699)**	**354**	611
Earnings per share	8			**Pence**	Pence
Basic				**7.63**	13.22
Diluted				**7.54**	13.05

Consolidated Statement of Comprehensive Income

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 Restated £'000
Net profit for the year	**354**	611
Other comprehensive income:		
Items that will be reclassified subsequently to profit and loss:		
Foreign exchange differences on translation of foreign operations	**(53)**	(93)
Items that will not be reclassified subsequently to profit or loss:		
Actuarial loss on pension schemes	**(16)**	(942)
Movement in pension schemes' deferred tax provision	**(128)**	63
Other comprehensive income for the year	**(197)**	(972)
Total comprehensive income for the year attributable to equity shareholders	**157**	(361)

All figures relate to continuing operations.

The accompanying notes form an integral part of these financial statements.

Governance

Financials

Consolidated Balance Sheet

	Note	At 31 December 2013 £'000	At 31 December 2012 £'000
Non current assets			
Intangible fixed assets	9	**2,236**	2,236
Property, plant and equipment	10	**3,128**	348
Deferred taxation	17	**1,947**	1,749
		7,311	4,333
Current assets			
Inventories	11	**3,827**	4,783
Trade and other receivables	12	**5,374**	4,829
Cash and cash equivalents	13	**2,925**	1,498
		12,126	11,110
Total assets		**19,437**	15,443
Current liabilities			
Trade and other payables	14	**(3,557)**	(3,188)
Other liabilities	15	**(4,636)**	(2,994)
Derivative financial liability held at fair value	16	**(516)**	—
Current tax liabilities		**(222)**	(160)
		(8,931)	(6,342)
Non current liabilities			
Borrowings	15	**(1,405)**	—
Pension schemes' deficits	18	**(3,461)**	(3,539)
		(4,866)	(3,539)
Total liabilities		**(13,797)**	(9,881)
Net assets		**5,640**	5,562
Equity			
Share capital	19	**1,503**	1,503
Shares held in treasury	19	**(336)**	(361)
Share premium		**84**	13
Other reserves		**2,730**	2,783
Profit and loss account		**1,659**	1,624
Total equity		**5,640**	5,562

The financial statements were approved by the Board on 4 April 2014 and signed on its behalf by:

M P J Keene
Director

J C Shears
Director

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Share capital £'000	Shares held in treasury £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Translation reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2012	1,503	(337)	13	1,036	1,427	413	2,093	6,148
Net profit for the year (restated)	—	—	—	—	—	—	611	611
Re-translation of overseas subsidiaries	—	—	—	—	—	(93)	—	(93)
Net actuarial loss on pension schemes (restated)	—	—	—	—	—	—	(879)	(879)
Total comprehensive income for the year attributable to equity shareholders	—	—	—	—	—	(93)	(268)	(361)
Share based payments	—	—	—	—	—	—	5	5
Share buyback	—	(24)	—	—	—	—	(58)	(82)
Dividends paid	—	—	—	—	—	—	(148)	(148)
Total transactions with owners	—	(24)	—	—	—	—	(469)	(586)
Balance at 1 January 2013	1,503	(361)	13	1,036	1,427	320	1,624	5,562
Net profit for the year	—	—	—	—	—	—	354	354
Re-translation of overseas subsidiaries	—	—	—	—	—	(53)	—	(53)
Net actuarial loss on pension schemes	—	—	—	—	—	—	(144)	(144)
Total comprehensive income for the year attributable to equity shareholders	—	—	—	—	—	(53)	210	157
Share based payments	—	—	—	—	—	—	8	8
Exercise of share options	—	25	71	—	—	—	(26)	70
Dividends paid	—	—	—	—	—	—	(157)	(157)
Total transactions with owners	—	25	71	—	—	—	35	78
Balance at 31 December 2013	**1,503**	**(336)**	**84**	**1,036**	**1,427**	**267**	**1,659**	**5,640**

The share premium was created following the exercise of share options.

The merger reserve was created as a result of merger relief being claimed in respect of previous share issues.

Other reserves include a capital redemption reserve and a translation reserve. These reserves are non-distributable.

The profit and loss account includes all current and prior period results and share based payments as disclosed in the consolidated income statement.

The accompanying notes form an integral part of these financial statements.

Governance

Financials

Consolidated Cash Flow Statement

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 Restated £'000
Cash flows from operating activities		
Profit before taxation for the year	**16**	768
Adjustments:		
Depreciation of property, plant and equipment	**116**	85
Finance costs	**814**	203
Share based payments	**8**	5
Net cash flow from operating activities before movements in working capital	**954**	1,061
Change in inventories	**956**	407
Change in trade and other receivables	**(870)**	275
Change in trade and other payables	**589**	(1,331)
Cash generated from operations	**1,629**	412
Interest paid	**(151)**	(79)
Tax paid	**(62)**	(290)
Net cash flows from operating activities	**1,416**	43
Cash flows from investing activities		
Purchases of property, plant and equipment	**(2,896)**	(154)
Sale of property, plant and equipment	**4**	4
Net cash flows from investing activities	**(2,892)**	(150)
Cash flows from financing activities		
New loans	**1,610**	—
Loan repayments	**(98)**	—
Movement in invoice financing	**1,535**	(518)
Exercise of share options	**70**	—
Dividends paid	**(157)**	(148)
Payment to acquire own shares	**—**	(82)
Net cash flows from financing activities	**2,960**	(748)
Net change in cash and cash equivalents	**1,484**	(855)
Cash and cash equivalents at beginning of year	**1,498**	2,446
Effect of foreign exchange rate changes	**(57)**	(93)
Cash and cash equivalents at end of year	**2,925**	1,498

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

1. General information

Tandem Group plc, a public limited company traded on the Alternative Investment Market, is incorporated and domiciled in the United Kingdom. The Company acts as a holding company of the Group. The registered office and principal place of business of the Group is disclosed on the Directors and advisers page to these financial statements. The Group's principal activity is disclosed on page 6.

The financial statements for the year ended 31 December 2013 (including the comparatives for the year ended 31 December 2012) were approved by the Board of Directors on 4 April 2014.

The Group does not have an ultimate controlling related party.

2. Accounting policies

Non-underlying items

Non-underlying items are material items which arise from unusual non-recurring or non-trading events. They are disclosed in aggregate on the Consolidated income statement where in the opinion of the Directors such disclosure is necessary in order to fairly present the results for the period. Non-underlying items comprise exceptional costs of Group restructuring, the finance cost related to the Group's pension schemes calculated in accordance with IAS 19 and the impact of the movement in respect of derivative foreign exchange contracts held at fair value through the profit and loss in accordance with IAS 39.

Change of accounting policies

Amendments to IAS 19 'Employee Benefits' (IAS 19)

The 2011 amendments to IAS 19 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- eliminate the 'corridor method' and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability; and
- enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

IAS 19 has been applied retrospectively in accordance with its transitional provisions. Consequently, the Group has restated its reported results in the comparative year ended 31 December 2012 with the effect of the application of IAS 19 a reduction to net profit of £62,000 and a reduction is basic and diluted earnings per share of 1.35 pence and 1.33 pence respectively. The impact of deferred tax movements in the consolidated income statement and statement of comprehensive income is considered immaterial to the financial statements.

Basis of preparation

The principal accounting policies of the Group are set out below and are consistent with those applied in the prior year financial statements.

Overall considerations

The consolidated financial statements have been prepared using the measurement bases specified by IFRS as adopted by the EU for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

All accounting estimates and assumptions that are used in preparing the financial statements are consistent with the Group's latest approved budget where applicable. Judgements are based on the information available at each balance sheet date. Disclosure of the significant accounting estimates and judgements can be found on pages 18 and 19.

Basis of consolidation

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through voting rights. The consolidated financial statements of the Group incorporate the financial statements of the parent Company as well as those entities controlled by the Group by full consolidation.

In addition, acquired subsidiaries are subject to application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the consolidated financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at these fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Foreign currency

The Group's consolidated financial statements are presented in sterling (£), which is also the functional currency of the parent Company.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary balance sheet items at year end exchange rates are recognised in the consolidated income statement.

Notes to the Financial Statements continued

2. Accounting policies continued

In the Group's financial statements, all items and transactions of Group entities with a functional currency other than sterling were translated into sterling upon consolidation. Assets and liabilities have been translated into sterling at the closing rate at the balance sheet date. Income and expenses have been translated into sterling at the average rates over the reporting period. Any differences arising from this procedure have been charged or credited through other comprehensive income to the currency translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into sterling at the closing rate.

The Group has taken advantage of the exemption in IFRS 1 and has deemed cumulative translation differences for all foreign operations to be £nil at the date of transition to IFRS. The gain or loss on disposal of these operations excludes translation differences that arose before the date of transition to IFRS but includes later translation differences.

Income recognition

Revenue is measured by reference to the fair value of consideration receivable by the Group for goods supplied, excluding VAT and trade discounts. Revenue is recognised upon the sale of goods or transfer of risk to the customer. Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods which is generally when they are received by the customer at the agreed place of delivery;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Business combinations and goodwill

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately. Goodwill is carried at cost less accumulated impairment losses and is tested annually for impairment as described below.

Impairment

The Group's goodwill and property, plant and equipment is subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Cash-generating units that include goodwill are tested for impairment at least annually. All other individual assets or cash-generating units that do not include goodwill are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Property, plant and equipment

Property, plant and equipment is carried at acquisition cost less subsequent depreciation and impairment losses. Depreciation is charged on these assets on a straight line basis over the estimated useful economic life of each asset. Material residual value estimates and useful economic lives are updated as required and at least annually. The useful lives of property, plant and equipment can be summarised as follows:

Land	not depreciated
Freehold building	50 years
Short leasehold land and buildings	Length of lease
Vehicles	3 – 4 years
Plant and machinery	3 – 10 years

2. Accounting policies continued

Inventories

All inventories and work in progress are stated at the lower of cost and net realisable value. Cost is based on the first in first out method and, where appropriate, includes a proportion of related overhead expenditure.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers whose members are responsible for allocating resources and assessing performance of the operating segments.

Leases

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable in advance at the date of inception of the lease.

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis. Associated costs, such as maintenance and insurance, are expensed as incurred. The Group does not act as a lessor.

Taxation

Current income tax assets or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However, in accordance with the rules set out in IAS 12, no deferred taxes are recognised on the initial recognition of goodwill, nor on the initial recognition of assets or liabilities unless acquired in a business combination or in a transaction that affects tax or accounting profit. This applies also to temporary differences associated with shares in subsidiaries if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. Deferred tax liabilities are provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the consolidated income statement. Changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that are charged directly to other comprehensive income or equity are charged or credited directly to other comprehensive income or equity respectively.

Employee benefits

Defined contribution pension schemes

Pensions to employees are provided through contributions to individual personal pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of personal pension plans are expensed as they fall due. Liabilities and assets may be recognised if an underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short term nature.

Defined benefit pension schemes

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates that have terms to maturity approximating to the terms of the related liability. Appropriate adjustments are made for unrecognised actuarial gains or losses and past service costs.

Actuarial gains and losses are recognised immediately in the consolidated statement of comprehensive income. The net surplus or deficit is presented in non current assets or liabilities on the consolidated balance sheet. The related deferred tax is shown with other deferred tax balances. A surplus is recognised only to the extent that it is recoverable by the Group.

The service cost and costs from settlements and curtailments are charged to operating expenses. Net interest costs or income are included in finance costs or income in the consolidated income statement. Post-employment benefits other than pensions are accounted for in the same way.

Financial assets

The Group's financial assets include cash and cash equivalents and trade and other receivables.

All financial assets are recognised when the entity becomes party to the contractual provisions of an instrument. All financial assets are initially recognised at fair value, plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Interest and other cash flows resulting from holding financial assets are recognised in the consolidated income statement using the effective interest rate method, regardless of how the related carrying amount of financial assets is measured.

Notes to the Financial Statements continued

2. Accounting policies continued

Trade receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents include cash at bank and in hand and short term highly liquid investments such as bank deposits less advances from banks repayable within three months from the date of advance.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. When the Company purchases its own equity share capital, the consideration paid is deducted from equity attributable to the Company's equity shareholders until the shares are cancelled or reissued.

Share capital is determined using the nominal value of shares that have been issued.

The merger reserve was created as a result of merger relief being claimed in respect of previous share issues.

Other reserves include a capital redemption reserve and a translation reserve. These reserves are non-distributable.

The profit and loss account includes all current and prior period results and share based payments as disclosed in the consolidated income statement.

Share based employee remuneration

The Group operates equity settled share based remuneration plans for its senior employees.

All employee services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share based remuneration is ultimately recognised as an expense in the consolidated income statement with a corresponding credit to reserves, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Financial liabilities

The Group's financial liabilities include trade and other payables, invoice finance and forward exchange contracts.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised in the consolidated income statement.

Finance charges are charged to the consolidated income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

Invoice finance liabilities are recognised at the time the Group becomes a party to the contractual provisions of the invoice finance agreement.

Forward exchange contracts are financial liabilities held at fair value through profit and loss in accordance with the policy below.

Forward foreign exchange contracts

From time to time the Group enters into forward contracts for the purchase or sale of foreign currencies. These are classified as derivatives and carried at fair value through profit or loss in the consolidated financial statements. Any re-measurement gains or losses are taken to the consolidated income statement.

Forward exchange contracts are entered into to mitigate exposure to foreign exchange fluctuations relating to purchases made in foreign currencies, principally the US dollar. The Group's policy is to reduce substantially the risk associated with purchases denominated in foreign currencies by using forward fixed rate currency purchase contracts, taking into account any foreign currency cash flows. The foreign exchange contracts do not meet the criteria for treatment as an effective hedge and accordingly any gain or loss is recognised immediately in the consolidated income statement as a finance cost.

Significant accounting estimates and judgements

Certain estimates and judgements need to be made by the Directors of the Group which affect the results and position of the Group as reported in the financial statements. Estimates and judgements are required if, for example, as at the reporting date not all liabilities have been settled and certain assets and liabilities are recorded at fair value which requires a number of estimates and assumptions to be made.

2. Accounting policies continued

Key areas of estimation uncertainty

Impairment of goodwill

The annual impairment assessment in respect of goodwill requires estimates of the value in use of cash generating units to which goodwill has been allocated to be calculated. As a result, estimates of future cash flows are required, together with an appropriate discount factor for the purpose of determining the present value of those cash flows. The basis of review of the carrying value of goodwill is as detailed in note 9 to the consolidated financial statements.

Pension scheme valuation

The liabilities in respect of defined benefit pension schemes are calculated by qualified actuaries and reviewed by the Group, but are necessarily based on subjective assumptions. The principal uncertainties relate to the estimation of the discount rate, life expectancies of scheme members, future investment yields and general market conditions for factors such as inflation and interest rates. The specific assumptions adopted are disclosed in detail in note 18 to the consolidated financial statements. Profits and losses in relation to changes in actuarial assumptions are taken directly to reserves and therefore do not impact on the profitability of the business, but the changes do impact on net assets.

Inventory provisioning

The Group reviews the net realisable value of and demand for its inventory on an ongoing basis to ensure recorded inventory is stated at the lower of cost or net realisable value. Factors that could impact estimated demand and selling prices are the timing and success of future technological innovations, competitor actions, suppliers prices and economic trends. If total inventory losses differ, the Group's consolidated net income in the year would have improved or declined, depending upon whether the actual results were better or worse than expected.

Bad debt provision

At each reporting period, the Directors review outstanding debts and determine appropriate provision levels. The recovery of certain debts is dependent on the individual circumstances of customers. As disclosed in note 12 there are a number of debts which remain outstanding past their due date, which the Directors believe to be recoverable.

Key judgements

Deferred tax assets

In determining the deferred tax asset to be recognised the Directors carefully review the recoverability of these assets on a prudent basis and reach a judgement based on the best available information. Estimates and judgements used in the financial statements are based on historical experience and other assumptions that the Directors and management consider reasonable and are consistent with the Group's latest budgeted forecasts where applicable. Judgements are based on the information available at each balance sheet date. Although these estimates are based on the best information available to the Directors, actual results may ultimately differ from those estimates.

Standards and interpretations not yet applied

The following new standards and interpretations, which are yet to become mandatory, have not been applied in the Group's consolidated financial statements for the year ended 31 December 2013:

- IFRS 9 Financial Instruments (not yet adopted by the EU)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
- IFRS 11 Joint Arrangements (effective date 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014)
- IFRS 14 Regulatory Deferral Accounts (not yet adopted by the EU)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2014)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective date 1 January 2014)
- Transition Guidance – Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective date 1 January 2014)
- Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27 (effective 1 January 2014)
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (effective 1 January 2014)
- IFRIC Interpretation 21 Levies (not yet adopted by the EU)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) (effective 1 January 2014)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective 1 January 2014)
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (not yet adopted by the EU)
- Annual Improvements to IFRSs 2010-2012 Cycle (not yet adopted by the EU)
- Annual Improvements to IFRSs 2011-2013 Cycle (not yet adopted by the EU)

The Group is currently not aware of any material impact on the financial statements as a result of the introduction of the above standards and interpretations.

Notes to the Financial Statements continued

3. Segmental reporting

For management purposes the Group is organised into two operating segments. The revenues, results and net assets for these segments are shown below:

Year ended 31 December 2013	Bicycles and accessories £'000	Sports, leisure and toys £'000	Total £'000
Revenue	15,149	13,198	28,347
Segment result before corporate charges	476	1,038	1,514
Allocation of corporate charges	(188)	(346)	(534)
Segment result after corporate charges	288	692	980
Unallocated corporate charges			(8)
Operating profit			972
Exceptional costs			(142)
Finance costs			(814)
Profit before taxation			16
Tax credit			338
Net profit for the year			354
Segment assets	8,064	5,843	13,907
Unallocated assets			5,530
Total assets			19,437
Segment liabilities	(3,443)	(5,117)	(8,560)
Unallocated liabilities			(5,237)
Total liabilities			(13,797)
Consolidated net assets			5,640
Capital additions			
Group	—	—	2,745
Segments	14	137	151
	14	137	2,896
Depreciation and goodwill impairment	46	70	116

3. Segmental reporting continued

Year ended 31 December 2012	Bicycles and accessories £'000	Sports, leisure and toys £'000	Total £'000
Revenue	16,979	11,973	28,952
Segment result before corporate charges	797	892	1,689
Allocation of corporate charges	(409)	(307)	(716)
Segment result after corporate charges	388	585	973
Unallocated corporate charges			(2)
Operating profit			971
Finance costs			(203)
Profit before taxation			768
Tax expense			(157)
Net profit for the year			611
Segment assets	7,797	3,116	10,913
Unallocated assets			4,530
Total assets			15,443
Segment liabilities	(3,289)	(2,796)	(6,085)
Unallocated liabilities			(3,796)
Total liabilities			(9,881)
Consolidated net assets			5,562
Capital additions	94	60	154
Depreciation and goodwill impairment	39	46	85

The Group's revenues and non current assets are divided into the following geographical areas:

Year ended 31 December 2013	**United Kingdom £'000**	**Europe £'000**	**Rest of the World £'000**	**Total £'000**
Revenue	**25,941**	**1,440**	**966**	**28,347**
Non current assets	**5,361**	**—**	**3**	**5,364**

Year ended 31 December 2012	United Kingdom £'000	Europe £'000	Rest of the World £'000	Total £'000
Revenue	26,588	1,521	843	28,952
Non current assets	2,578	—	6	2,584

There was one customer (year ended 31 December 2012 – one) whose revenue from transactions amounted to 10% or more of the Group's revenue.

Governance

Financials

Notes to the Financial Statements continued

4. Operating expenses

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Distribution costs	**4,324**	4,606
Administrative expenses (before exceptional costs)	**2,990**	3,011
Total operating expenses (before exceptional costs) as shown in the Consolidated income statement	**7,314**	7,617
The operating expenses disclosed above include the following charges:		
Employee benefits expense (note 6)	**3,566**	3,553
Depreciation	**116**	85
Operating lease costs	**483**	750
Other expenses	**3,149**	3,229
	7,314	7,617

Auditor's remuneration in the capacity as auditor of the parent Company was £3,000 (year ended 31 December 2012 – £3,000) and in the capacity as auditor of the subsidiary companies was £60,000 (year ended 31 December 2012 – £60,000). Non audit remuneration in respect of tax services totalled £13,000 (year ended 31 December 2012 – £14,000).

Exceptional costs during the year of £142,000 (year ended 31 December 2012 – £nil) related to restructuring costs incurred by the Group.

5. Finance costs

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 Restated £'000
Finance costs		
Interest payable on bank overdrafts and invoice finance facilities	**149**	66
Expected return on pension scheme assets less interest on liabilities	**149**	137
Fair value adjustment in respect of derivative financial liabilities held at fair value through profit and loss	**516**	—
	814	203

6. Directors´ and employees´ remuneration

Employee benefits expense

Expense recognised for employee benefits is analysed below:

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Wages and salaries	3,119	3,084
Social security costs	334	322
Share-based employee remuneration	8	5
Pension scheme contributions - defined contribution schemes	105	142
	3,566	3,553

	Number	Number
The average number of people (including Directors) employed by the Group during the year was:		
Selling and distribution	59	62
Management and administration	23	27
	82	89

Directors´ remuneration

	Year ended 31 December 2013					
	Salary/Fee £'000	Performance bonus £'000	Benefits in kind £'000	Pension contribution £'000	Total £'000	Year ended 31 December 2012 £'000
M P J Keene	50	—	—	—	50	50
S J Grant	147	—	5	34	186	199
J C Shears	110	—	3	26	139	148
P Ratcliffe	133	—	6	12	151	101
J S T Morris	20	—	—	—	20	20
A Q Bestwick	20	—	—	—	20	20
	480	—	14	72	566	538

In addition to the above the total charge for Employer's National Insurance for the period was £60,000 (year ended 31 December 2012 – £58,000). During the year and in the previous year the Group contributed to defined contribution pension schemes for S J Grant, J C Shears and P Ratcliffe. The related share based remuneration charge was £7,000 (year ended 31 December 2012 – £5,000) of which £3,000 (year ended 31 December 2012 – £3,000) related to J C Shears, £3,000 (year ended 31 December 2012 – £1,000) related to S J Grant and £1,000 (year ended 31 December 2012 – £1,000) related to P Ratcliffe.

Key management personnel

The Group considers the key management of the business to be the Directors of Tandem Group plc.

Notes to the Financial Statements continued

6. Directors´ and employees´ remuneration continued

Share based employee remuneration

The following options were held at 31 December 2013 under the Group's share option schemes:

Number of shares	At 1 January 2013	Granted during period	Exercised/ lapsed during period	At 31 December 2013	Option price per 25p ordinary share	Exercise period
2007 Employee Share Option Scheme						
Directors						
M P J Keene	86,400	—	—	**86,400**	78.91p	31/01/10 – 14/06/17
S J Grant	83,200	—	(8,200)	**75,000**	78.91p	31/01/10 – 14/06/17
	27,475	—	—	**27,475**	107.00p	31/01/14 – 14/06/21
	—	47,525	—	**47,525**	79.00p	31/12/15 – 29/10/23
J C Shears	8,000	—	—	**8,000**	78.91p	31/01/10 – 14/06/17
	67,000	—	—	**67,000**	107.00p	31/01/14 – 14/06/21
	—	35,000	—	**35,000**	79.00p	31/12/15 – 29/10/23
P Ratcliffe	32,000	—	—	**32,000**	78.91p	31/01/10 – 14/06/17
	14,000	—	—	**14,000**	107.00p	31/01/14 – 14/06/21
	—	37,400	—	**37,400**	79.00p	31/12/15 – 29/10/23
Other employees	116,000	—	—	**116,000**	78.91p	31/01/10 – 14/06/17
	23,400	—	—	**23,400**	107.00p	31/01/14 – 14/06/21
1996 Approved Share Option Scheme						
Directors						
M P J Keene	15,200	—	(15,200)	—	71.88p	01/05/06 – 01/05/13
S J Grant	20,800	—	(20,800)	—	71.88p	01/05/06 – 01/05/13
	16,000	—	(16,000)	—	62.50p	26/06/09 – 26/06/16
P Ratcliffe	18,400	—	(18,400)	—	71.88p	01/05/06 – 01/05/13
	5,600	—	—	**5,600**	62.50p	26/06/09 – 26/06/16
Other employees	40,800	—	(40,800)	—	71.88p	01/05/06 – 01/05/13
	26,400	—	—	**26,400**	62.50p	26/06/09 – 26/06/16
	600,675	119,925	(119,400)	**601,200**		

The Group has the following outstanding share options and exercise prices:

	At 31 December 2013			At 31 December 2012		
	Number	**Exercise price (pence)**	**Remaining contractual life (years)**	Number	Exercise price (pence)	Remaining contractual life (years)
Date exercisable (option life):						
2006 (up to 2013)	—	—	—	95,200	71.88	0.3
2009 (up to 2016)	**32,000**	**62.50**	**2.5**	48,000	62.50	3.5
2010 (up to 2017)	**317,400**	**78.91**	**3.5**	325,600	78.91	4.5
2014 (up to 2021)	**131,875**	**107.00**	**7.5**	131,875	107.00	8.5
2015 (up to 2023)	**119,925**	**79.00**	**9.8**	—	—	—

6. Directors´ and employees´ remuneration continued

The ordinary share mid-market price on 31 December 2013 was 75.0p (31 December 2012 – 79.5p). During the period, the highest mid-market price was 100.0p (31 December 2012 – 100.5p) and the lowest was 73.5p (31 December 2012 – 75.0p). The weighted average exercise price of the options in issue was 84.7p (31 December 2012 – 82.7p).

The fair value of options granted was determined for IFRS 2 using the Black-Scholes valuation model. Significant inputs into the calculations were:

- exercise prices of 62.50p (31 December 2012 – 62.50p) to 107.00p (31 December 2012 – 107.00p);
- 36.3% (31 December 2012 – 36.3%) to 48.0% (31 December 2012 – 48.0%) volatility based on expected and historical share price;
- a risk-free interest rate of 0.86% (31 December 2012 – 0.60%); and
- all options are assumed to vest after three and a half years from the date of grant of the options.
- dividend yield of 4.03%

In total £8,000 (31 December 2012 – £5,000) of share-based employee remuneration expense has been included in the Consolidated income statement. No liabilities were recognised due to share-based transactions.

7. Tax expense

The relationship between the expected tax expense at 23.25% (year ended 31 December 2012 – 24.5%) and the actual tax income recognised in the consolidated income statement can be reconciled as follows:

	Year ended 31 December 2013		Year ended 31 December 2012	
	£'000	**%**	£'000	%
Profit before taxation	**16**		830	
Tax rate	**23.25%**		24.50%	
Expected tax expense	**4**	**23.3**	203	24.5
Expenses not deductible for tax purposes	**27**	**168.8**	(11)	(1.3)
Movement in unrecognised deferred tax asset	**(802)**	**(5,012.5)**	(361)	(43.6)
Effect of differing rates on overseas taxation	**13**	**(81.3)**	11	1.3
Effect of change in tax rate	**503**	**3,143.8**	332	40.0
Adjustments in respect of prior periods	**(83)**	**(518.8)**	(17)	(2.0)
Actual tax (credit)/expense	**(338)**	**(2,112.5)**	157	18.9
Actual tax expense comprises:				
Current tax (credit)/expense	**(11)**		52	
Deferred tax (credit)/expense	**(327)**		105	
	(338)		157	

There is no tax expense or credit in relation to share-based payments credited to equity. At 31 December 2013 there are trading losses and loan relationship deficits of approximately £13,778,000 (31 December 2012 – £14,229,000) available for carry forward against future profits of the same trade.

Notes to the Financial Statements continued

8. Earnings per share

The calculation of earnings per share is based on the net profit and ordinary shares in issue during the year as follows:

	Year ended 31 December 2013 £'000	Year ended 31 December restated 2012 £'000
Net profit for the year	**354**	611
Weighted average shares in issue (excluding shares held in treasury) used for basic earnings per share	**4,637,337**	4,620,109
Weighted average dilutive shares under option	**60,245**	60,312
Average number of shares used for diluted earnings per share	**4,697,582**	4,680,421

	Pence	Pence
Basic earnings per share	**7.63**	13.22
Diluted earnings per share	**7.54**	13.05

9. Goodwill

	Goodwill £'000
Gross carrying amount at 1 January 2012, 1 January 2013 and 31 December 2013	**7,193**
Impairment provisions at 1 January 2012, 1 January 2013 and 31 December 2013	**4,957**
Net book value	
At 31 December 2013	**2,236**
At 31 December 2012	2,236

Goodwill above relates to the following cash-generating units:

	Date of acquisition	**Goodwill on acquisition £'000**	**Carrying value of goodwill £'000**
Pot Black	28 September 2000	1,906	965
Dawes Cycles	26 June 2001	895	695
Ben Sayers	25 February 2002	715	576
Others (fully impaired)		3,677	—
		7,193	2,236

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and is tested annually for impairment.

The key assumptions for each of the cash generating units include stable growth and profit margins, which have been determined based on past experience in this market. Internal and external market data has been used in setting the assumptions. It is considered that this is the best available input for forecasting this market.

The recoverable amounts were determined based on a value-in-use calculation, covering a detailed one year conservative forecast, followed by an extrapolation of expected cash flow over the next four years at growth rates of 2.0% for each cash generating unit, which represents a conservative long term average growth rate, followed by year five cash flows in perpetuity. The growth rates used do not exceed the long term average growth for the market in which the Group operates.

9. Goodwill continued

A forecast period of five years has been used representing the expected minimum period that the business model is sustainable assuming no significant changes in the business.

The discount rate used is 5.17%, being the Group's weighted average cost of capital, which is considered to be suitable for each cash generating unit as they operate in similar markets.

If the growth rate was assumed to be nil in the Directors' opinion there would still be no provision for impairment required. The Directors believe that there are no reasonably possible changes in assumptions which would cause recoverable amounts to equal carrying amounts. No further sensitivities have been applied to the calculation.

Goodwill and impairment policies are detailed in note 2 to these consolidated financial statements.

10. Property, plant and equipment

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Vehicles £'000	Plant and machinery £'000	Total £'000
Gross carrying amount					
At 1 January 2012	—	496	22	2,091	2,609
Additions	—	18	8	128	154
Disposals	—	—	(22)	(16)	(38)
Foreign exchange adjustments	—	(2)	—	(3)	(5)
At 1 January 2013	—	512	8	2,200	2,720
Additions	2,745	111	—	40	2,896
Disposals	—	—	—	(4)	(4)
Foreign exchange adjustments	—	(1)	—	(2)	(3)
At 31 December 2013	**2,745**	**622**	**8**	**2,234**	**5,609**
Depreciation					
At 1 January 2012	—	381	22	1,922	2,325
Provided in the period	—	29	1	55	85
Eliminated on disposals	—	—	(22)	(12)	(34)
Foreign exchange adjustments	—	(2)	—	(2)	(4)
At 1 January 2013	—	408	1	1,963	2,372
Provided in the year	—	38	2	76	116
Eliminated on disposals	—	—	—	(4)	(4)
Foreign exchange adjustments	—	(1)	—	(2)	(3)
At 31 December 2013	**—**	**445**	**3**	**2,033**	**2,481**
Net book value at 31 December 2013	**2,745**	**177**	**5**	**201**	**3,128**
Net book value at 31 December 2012	—	104	7	237	348

The borrowings of the Group are secured by a fixed and floating charge over the assets of the Group.

Notes to the Financial Statements continued

11. Inventories

	At 31 December 2013 £'000	At 31 December 2012 £'000
Finished goods for resale	**3,827**	4,783

Cost of sales includes material costs of £18,903,000 (year ended 31 December 2012 – £19,167,000) and other costs of £1,158,000 (year ended 31 December 2012 – £1,197,000).

12. Trade and other receivables

	At 31 December 2013 £'000	At 31 December 2012 £'000
Trade receivables	**5,045**	4,411
Prepayments and accrued income	**253**	308
Other receivables	**76**	110
	5,374	4,829

Trade and other receivables are usually due within 30 and 90 days and do not bear any effective interest rate. All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regards to trade and other receivables as the amounts recognised resemble a large number of receivables from various customers.

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and accordingly a provision of £91,000 (year ended 31 December 2012 – £99,000) has been made. The movement in the provision for impairment losses can be reconciled as follows:

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Amounts brought forward	**99**	92
Amounts written off	**(34)**	(45)
Impairment loss	**63**	99
Impairment loss reversed	**(37)**	(47)
At year end	**91**	99

12. Trade and other receivables continued

Some of the unimpaired trade receivables were past due as at the reporting date. The age of trade receivables at the reporting date was:

	At 31 December 2013 £'000	At 31 December 2012 £'000
Not past due	**3,488**	2,558
Past due 0 – 90 days	**1,506**	1,750
Past due 91 – 180 days	**45**	102
Past due more than 180 days	**6**	1
	5,045	4,411

13. Cash and cash equivalents

	At 31 December 2013 £'000	At 31 December 2012 £'000
Cash and cash equivalents per consolidated cash flow statement	**2,925**	1,498

Cash and cash equivalents consist of cash at bank and in hand. All cash at bank and in hand held by subsidiary undertakings is available for use by the Group.

14. Trade and other payables

	At 31 December 2013 £'000	At 31 December 2012 £'000
Trade payables	**1,845**	1,615
Other payables	**1,712**	1,573
	3,557	3,188

The Directors consider, due to their short duration, that the carrying amounts recognised in the Consolidated balance sheet to be a reasonable approximation of the fair value of trade and other payables.

15. Other liabilities

	At 31 December 2013 £'000	At 31 December 2012 £'000
Invoice finance liability	**4,529**	2,994
Current borrowings with contractual maturities in less than one year	**107**	—
	4,636	2,994
Non-current borrowings with contractual maturities between two to five years	**1,405**	—
	6,041	2,994

The invoice finance liability is secured over the trade receivables of the Group and borrowings are secured over the property.

Governance

Financials

Notes to the Financial Statements continued

16. Financial assets and liabilities

The financial assets of the Group, all of which fall due within one year, comprise:

	At 31 December 2013			At 31 December 2012		
	Loans and receivables £'000	Assets not within the scope of IAS 39 £'000	Total £'000	Loans and receivables £'000	Assets not within the scope of IAS 39 £'000	Total £'000
Cash and cash equivalents:						
– Sterling	1,740	—	1,740	679	—	679
– US dollars	1,009	—	1,009	661	—	661
– Euro	(6)	—	(6)	(10)	—	(10)
– Others	182	—	182	168	—	168
	2,925	—	2,925	1,498	—	1,498
Trade and other receivables	5,108	266	5,374	4,521	308	4,829
Inventories	—	3,827	3,827	—	4,783	4,783
Current assets	5,180	4,093	12,126	4,521	5,091	11,110

The financial liabilities of the Group comprised:

	At 31 December 2013				At 31 December 2012		
	Other financial liabilities at amortised cost £'000	Liabilities not within the scope of IAS 39	Financial liabilities held at fair value through profit and loss £'000	Total £'000	Other financial liabilities at amortised cost £'000	Liabilities not within the scope of IAS 39 £'000	Total £'000
Forward exchange derivatives	—	—	516	516	—	—	—
Trade and other payables	1,975	1,582	—	3,557	2,134	1,054	3,188
Invoice finance liability	4,529	—	—	4,529	2,994	—	2,994
Current borrowings	107	—	—	107	—	—	—
Current tax liability	—	222	—	222	—	160	160
Current liabilities	6,611	1,804	516	8,931	5,128	1,214	6,342
Non current borrowings	1,405	—	—	—	`—	—	—

The Group is exposed through its operations to one or more of the following financial risks:

Interest rate risk

The Group's banking and invoice finance facilities are subject to variable interest rates. As a result, changes in interest rates could have an impact on the net result for the year and to equity. Interest rate sensitivities have not been presented here as the Directors do not consider the amounts to be material to the financial statements.

Liquidity risk

Liquidity risk is managed centrally on a Group basis. Bank and invoice finance facilities are agreed at appropriate levels having regard to the Group's forecast operating cash flows and capital expenditure.

16. Financial assets and liabilities continued

Credit risk

The Group faces credit risk due to the credit it extends to customers in the normal course of business. All customers are subject to strict credit checking and acceptance procedures in order to minimise the risk to the Group. Credit limits are agreed and closely monitored on a local level.

Foreign currency risk

The Group uses forward foreign exchange contracts to mitigate exchange rate exposure arising from forecast purchases in US dollars and other currencies. All forward exchange contracts are considered by management to be part of economic hedge arrangements but have not been formally designated. The decision to hedge is influenced by the size of the exposure, the certainty of it arising and the exchange rate prevailing at the time.

The fair values for these contracts have been estimated using relevant market exchange and interest rates.

The Group's US dollar contracts relate to cash flows that have been forecast for 2014. At 31 December 2013, a loss of £516,000 (year ended 31 December 2012 – £nil) has been recorded in the consolidated balance sheet in respect of outstanding contracts at the balance sheet date in accordance with IAS 39.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into Sterling at the closing rate.

	At 31 December 2013				At 31 December 2012			
	USD £'000	**GBP £'000**	**Other £'000**	**Total £'000**	USD £'000	GBP £'000	Other £'000	Total £'000
Financial assets	**2,126**	**9,804**	**196**	**12,126**	1,662	9,292	156	11,110
Financial liabilities	**(1,183)**	**(7,748)**	**—**	**(8,931)**	(1,447)	(4,895)	—	(6,342)
Total exposure	**943**	**2,056**	**196**	**3,195**	215	4,397	156	4,768

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level one : quoted prices in active markets for identical assets or liabilities
- Level two: inputs other than quoted prices included within Level one that are observable for the asset or liability, either directly or indirectly
- Level three: unobservable inputs for the asset or liability

The only financial instruments held at fair value at 31 December 2013 (year ended 31 December 2012 – none) are forward exchange contracts which have a value of £516,000 and are disclosed as a liability at the year end. These contracts are Level two financial liabilities and all expire with 12 months from 31 December 2013. All other financial liabilities are Level one.

There were no transfers between Level one and Level two in 2013 or 2012.

Measurement of financial instruments

The Group has relied upon valuations performed by third party valuations specialist for complex valuations of the forward exchange contracts. Valuation techniques have utilised observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for forward exchange contracts.

Notes to the Financial Statements continued

17. Deferred taxation

Deferred taxation arising from temporary differences and unused tax losses can be summarised as follows:

	At 31 January 2012 £'000	Movement in the period £'000	At 31 December 2012 £'000	Movement in the year £'000	**At 31 December 2013 £'000**
Provided					
Pension obligations	(702)	(112)	(814)	87	**(727)**
Property, plant and equipment	(381)	106	(275)	82	**(193)**
Current liabilities - provisions	(32)	4	(28)	24	**(4)**
Financial instruments	—	—	—	(103)	**(103)**
Unused tax losses	(677)	45	(632)	(288)	**(920)**
Total	(1,792)	43	(1,749)	(198)	**(1,947)**
Presented as:					
Deferred tax asset	(1,192)	43	(1,749)	(198)	**(1,947)**
Unprovided					
Property, plant and equipment	(2)	—	(2)	1	**(1)**
Current liabilities - provisions	(4)	(1)	(5)	—	**(5)**
Unused tax losses	(2,337)	298	(2,039)	799	**(1,240)**
Capital losses	(1,666)	134	(1,532)	6	**(1,526)**
ACT	(647)	—	(647)	5	**(642)**
Total	(4,656)	431	(4,225)	811	**(3,414)**

The provision of a deferred tax asset is based on the future trading forecasts for the Group. A deferred tax asset has not been recognised in respect of certain trading losses, capital losses, excess management expenses and advance corporation tax (ACT) as the Group does not anticipate sufficient taxable trading profits, capital gains, utilisation of management expenses or recovery of ACT respectively, to arise within the foreseeable future.

For both schemes, the trustees have responsibility for setting the overall investment strategy, and delegate the day to day management of the schemes to the scheme advisors, including investment managers.

18. Pension scheme arrangements

The Group operates two funded pension schemes, The Tandem Group Pension Plan and The Casket Group Retirement and Death Benefit Scheme. In addition, subsidiary companies of the Group contribute to other defined contribution schemes and individual pension plans.

For both schemes, the trustees have responsibility for setting the overall investment strategy, and delegate the day to day management of the schemes to the scheme advisors, including investment managers.

The Tandem Group Pension Plan

A contributory pension scheme, the Tandem Group Pension Plan, has two sections. One provides benefits based on final pensionable salary, the other provides benefits based on defined contributions. The scheme is closed to new members.

The assets of the scheme are held separately from those of the Group, being invested with managed funds.

Contributions to the final salary section are determined by an independent qualified actuary on the basis of the triennial valuation using the Defined Accrued Benefit Method. The date of the last triennial valuation was 1 October 2013.

18. Pension scheme arrangements continued

The present value of the defined benefit obligations as at the balance sheet dates is as follows:

	31 December 2013 £'000	31 December 2012 £'000
Defined benefit obligation at the beginning of the year	**10,582**	9,620
Interest cost	**449**	494
Actuarial losses due to changes in demographic assumptions	**241**	—
Actuarial (gains)/losses due to changes in financial assumptions	**(135)**	1,107
Benefits paid	**(726)**	(639)
Defined benefit obligation at the end of the year	**10,411**	10,582

For determination of the pension obligation, the following actuarial assumptions were used:

	31 December 2013 £'000	31 December 2012 £'000
Discount rate	**4.50%**	4.40%
Increase in pensionable salaries*	**— %**	— %
Increase in pensions in payment	**Up to 5.00%**	Up to 5.00%
Increase in deferred pensions	**3.00% to 5.00%**	3.00% to 5.00%
Inflation assumption	**3.30%**	2.50%
Mortality assumption table	**S1 PxA (YOB)**	PA92 (YOB MC)

* There are no members whose benefits are linked to salaries.

The mortality assumptions in the table above imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2013	20.5
Female retiring in 2013	22.7
Male retiring in 2033	21.8
Female retiring in 2033	24.2

The assets held for the defined benefit obligations can be reconciled from the opening balance to the balance sheet date as follows:

	31 December 2013 £'000	31 December 2012 £'000
Fair value of scheme assets at the beginning of the year	**7,355**	7,252
Interest income	**311**	372
Return on plan assets	**197**	232
Contributions	**142**	138
Benefits paid	**(726)**	(639)
Fair value of scheme assets at the end of the year	**7,279**	7,355

The actual return on scheme assets over the period ended 31 December 2013 was £508,000.

Governance

Financials

Notes to the Financial Statements continued

18. Pension scheme arrangements continued

	31 December 2013 £'000	31 December 2012 £'000
Equities – UK	**426**	404
Equities – overseas	**2,875**	3,254
Property	**664**	618
Diversified growth assets	**1,171**	1,092
Gilts	**306**	323
Corporate Bonds	**1,782**	1,634
Cash and other	**55**	30
Total fair value of assets	**7,279**	7,355

None of the fair value of the assets shown above include any of the company's own financial instruments or any property occupied by, or other assets used by, the company. All debt and equity instruments have quoted prices in active markets (Level one). Fair values of real estate properties do not have quoted prices and have been determined based on professional appraisals that would be classed as Level three of the fair value hierarchy as defined in IFRS 13 'Fair value measurements'.

Sensitivities to the principal assumptions of the present value of the defined benefit obligation may be analysed as follows:

	Change in assumptions	Change in liabilities
Discount rate	Decrease of 0.25% per annum	Increase by 2.8%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 4.7%

The Directors believe that changes in the other assumptions noted above do not have a material impact on the defined benefit obligation.

The sensitivity analyses are based on a change in one assumption while not changing all other assumptions. This analysis may not be representative of the actual changes in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The average duration of the defined benefit obligation at 31 December 2013 is 12 years.

The reconciliation of movements in the year were as follows:

	31 December 2013 £'000	31 December 2012 Restated £'000
Deficit at the beginning of the year	**(3,227)**	(2,368)
Movement in year:		
Contributions	**142**	138
Finance cost	**(138)**	(122)
Actuarial gain/(loss)	**91**	(875)
Deficit at the end of the year	**(3,132)**	(3,227)
Related deferred tax asset	**658**	742
Net deficit at the end of the year	**(2,474)**	(2,485)

The expected contributions in the year ending 31 December 2014 are £142,000 in accordance with the agreed schedule of contributions. The trustees and employer have agreed a schedule of contributions covering the period to March 2027.

18. Pension scheme arrangements continued

Defined benefit costs recognised in profit or loss are as follows:

	31 December 2013 £'000	31 December 2012 £'000
Net interest cost	**138**	122
Defined benefit costs recognised in profit or loss	**138**	122

Defined benefit costs recognised in other comprehensive income are as follows:

	31 December 2013 £'000	31 December 2012 £'000
Return on plan assets (excluding amounts included in net interest cost) – gain	**197**	232
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – loss	**(241)**	(1,107)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	**135**	—
Total actuarial gains and losses and total amount recognised in other comprehensive income – gain/(loss)	**91**	(875)

The Casket Group Retirement and Death Benefit Scheme

Prior to 1995, Casket Limited operated a defined benefits pension scheme. On 31 May 1995 proceedings commenced to wind up this scheme. On 1 June 1995 a new defined contribution scheme commenced. Current employees at that time had an amount transferred to individual accounts in the new scheme. Former employees had their deferred benefits transferred to be payable out of a contingency fund.

The present value of the defined benefit obligations as at the balance sheet dates are as follows:

	31 December 2013 £'000	31 December 2012 £'000
Defined benefit obligation at the beginning of the year	**2,481**	2,320
Interest cost	**106**	120
Actuarial losses due to changes in demographic assumptions	**59**	—
Actuarial losses due to changes in financial assumptions	**245**	151
Benefits paid	**(138)**	(110)
Defined benefit obligation at the end of the year	**2,753**	2,481

For determination of the pension obligation, the following actuarial assumptions were used:

	31 December 2013 £'000	31 December 2012 £'000
Discount rate	**4.50%**	4.40%
Increase in pensions in payment	**3.30%**	2.50%
Increase in pensionable salaries *	**—%**	—%
Increase in deferred pensions	**3.30%**	2.50%
Inflation assumption	**3.30%**	2.50%
Mortality assumption table	**S1 PxA (YOB)**	PA92 (YOB MC)

* There are no members whose benefits are linked to salaries

Governance

Financials

Notes to the Financial Statements continued

18. Pension scheme arrangements continued

The mortality assumptions in the table above imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2013	20.5
Female retiring in 2013	22.7
Male retiring in 2033	21.8
Female retiring in 2033	24.2

The assets held for the defined benefit obligations can be reconciled from the opening balance to the balance sheet date as follows:

	31 December 2013 £'000	31 December 2012 £'000
Fair value of scheme assets at the beginning of the year	**2,169**	1,989
Interest income	**95**	105
Return on plan assets (excluding amounts included in interest income)	**197**	84
Contributions	**101**	101
Benefits paid	**(138)**	(110)
Fair value of scheme assets at the end of the year	**2,424**	2,169

The actual return on scheme assets over the period ended 31 December 2013 was £292,000.

The value of assets in the scheme were:

	31 December 2013 £'000	31 December 2012 £'000
Equities	**1,641**	1,359
Property	**34**	32
Gilts	**514**	549
Corporate bonds	**109**	112
Cash and other	**126**	117
Total fair value of assets	**2,424**	2,169

None of the fair value of the assets shown above include any of the company's own financial instruments or any property occupied by, or other assets used by, the company. All debt and equity instruments have quoted prices in active markets (Level one). Fair values of real estate properties do not have quoted prices and have been determined based on professional appraisals that would be classed as Level three of the fair value hierarchy as defined in IFRS 13 'Fair value measurements'.

18. Pension scheme arrangements continued

Sensitivities to the principal assumptions of the present value of the defined benefit obligation may be analysed as follows:

	Change in assumptions	Change in liabilities
Discount rate	Decrease of 0.25% per annum	Increase by 2.8%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 4.7%
Rate of inflation	Increase 0.25% per annum	Increase by 3.6%

The Directors believe that changes in the other assumptions noted above do not have a material impact on the defined benefit obligation.

The sensitivity analyses are based on a change in one assumption while not changing all other assumptions. This analysis may not be representative of the actual changes in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The average duration of the defined benefit obligation at 31 December 2013 is 15 years.

The reconciliation of movements in the year were as follows:

	31 December 2013 £'000	31 December 2012 Restated £'000
Deficit at the beginning of the year	(312)	(331)
Movement in year:		
Contributions	101	101
Finance cost	(11)	(15)
Actuarial loss	(107)	(67)
Deficit at the end of the year	(329)	(312)
Related deferred tax asset	69	72
Net deficit at the end of the year	(260)	(240)

The expected contributions in the year ending 31 December 2014 are £101,000 in accordance with the agreed schedule of contributions. The trustees and employer have agreed a schedule of contributions covering the period to July 2019.

Defined benefit costs recognised in profit or loss are as follows:

	31 December 2013 £'000	31 December 2012 £'000
Net interest cost	11	15
Defined benefit costs recognised in profit or loss	11	15

Defined benefit costs recognised in other comprehensive income are as follows:

	31 December 2013 £'000	31 December 2012 £'000
Return on plan assets (excluding amounts included in net interest cost) – gain	197	84
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – (loss)/gain	(59)	—
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – loss	(245)	(151)
Total actuarial gains and losses and total amount recognised in other comprehensive income – loss	(107)	(67)

Notes to the Financial Statements continued

18. Pension scheme arrangements continued

Group pension scheme deficit

	31 December 2013 £'000	31 December 2012 £'000
Deficit		
The Tandem Group Pension Plan	**(3,132)**	(3,227)
The Casket Group Retirement and Death Benefit Scheme	**(329)**	(312)
	(3,461)	(3,539)
Related deferred tax asset		
The Tandem Group Pension Plan	**658**	742
The Casket Group Retirement and Death Benefit Scheme	**69**	72
Net deficit at the end of the year	**(2,734)**	(2,725)

The amounts recognised in the Consolidated statement of comprehensive income in the year ended 31 December 2013 are a gain of £91,000 in respect of the Tandem Group Pension Plan and a loss of £107,000 in respect of the Casket Group Retirement and Death Benefit Scheme. The net cumulative actuarial loss taken directly to the Consolidated statement of comprehensive income since the date of transition to IFRS on 1 February 2006 is £1,508,000 in total in respect of both schemes.

Deferred tax liabilities and assets have been recognised in respect of the surpluses and deficits on the Tandem and Casket schemes to the extent that it is believed probable that a benefit will arise.

19. Equity

	Number of Shares	£'000
Allotted, called up and fully paid		
At 1 January 2012 – ordinary shares 25p each	4,666,500	1,166
Share buybacks	(95,346)	(24)
At 31 December 2012 – ordinary shares 25p each	4,571,154	1,142
Exercise of share options	98,600	25
At 31 December 2013 – ordinary shares 25p each	**4,669,754**	**1,167**

20. Financial commitments

The total charge for the period for operating lease rentals in respect of land and buildings was £360,000 (year ended 31 December 2012 – £620,000) and for other operating leases was £123,000 (year ended 31 December 2012 – £130,000).

	At 31 December 2013		At 31 December 2012	
Operating lease commitments	**Land and buildings £'000**	**Other £'000**	Land and buildings £'000	Other £'000
Total future minimum payments under operating leases:				
Within one year	**276**	**220**	709	224
Within two to five years	**235**	**290**	983	299
	511	**510**	1,692	523

Total future minimum lease commitments include £122,000 in respect of premises at Pinchbeck, Spalding, previously occupied by the Group's former Garden Leisure Division, which have been sublet at an equivalent annual rental.

21. Related parties

Transactions with the Directors are disclosed in note 6.

During the period dividends were paid to the Directors as follows:

	31 December 2013 £'000	31 December 2012 £'000
M P J Keene	7	7
S J Grant	4	3
J C Shears	2	1
P Ratcliffe	1	—
	14	11

There were no other related party transactions during the current or prior year.

22. Contingent liabilities

The Group had no contingent liabilities at 31 December 2013 or 31 December 2012.

23. Capital management policies and procedures

The Group's capital management objectives are:

- To ensure the Group has adequate resources to support the plans of the business;
- To ensure the Group's ability to continue as a going concern; and
- To provide an adequate return to shareholders

In order to maintain or adjust the capital structure, the Group may adopt a number of approaches to meet these objectives. The principal instruments which are used to meet the Group's working capital requirements are equity, bank overdrafts and invoice finance arrangements. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Strategic report on pages 3 to 5 details the working capital and net debt measures used by the Group.

24. Capital commitments

On 18 October 2013 the Group entered into an agreement to implement a solar PV system at its Castle Bromwich site. The cost of the project was £247,000 and was completed in February 2014.

Five Year History

	Year ended 31 December 2013 £'000	Year ended 31 December Restated 2012 £'000	11 month period ended 31 December 2011 £'000	Year ended 31 January 2011 £'000	Year ended 31 January 2010 £'000
Revenue	**28,347**	28,952	29,042	34,610	35,678
Cost of sales	**(20,061)**	(20,364)	(20,784)	(24,777)	(25,998)
Gross profit	**8,286**	8,588	8,258	9,833	9,680
Operating expenses	**(7,314)**	(7,617)	(7,391)	(8,628)	(8,463)
Operating profit before exceptionals	**972**	971	867	1,205	1,217
Exceptional items	**(142)**	—	—	—	—
Operating profit after exceptionals	**830**	971	867	1,205	1,217
Finance costs	**(814)**	(203)	(96)	(120)	(194)
Finance income	**—**	—	49	—	—
Profit before taxation	**16**	768	820	1,085	1,023
Tax credit/(expense)	**338**	(157)	(179)	—	(22)
Net profit for the year/period	**354**	611	641	1,085	1,001

The five year history does not form part of the audited financial statements.

Company Balance Sheet under UK GAAP

	Note	At 31 December 2013 £'000	At 31 December 2012 £'000
Fixed assets			
Intangible assets	4	**213**	308
Tangible assets	5	**2,745**	—
Investments	4	**3,600**	—
		6,558	308
Current assets			
Debtors	6	**3,359**	5,152
Cash at bank and in hand		**1,055**	2,732
		4,414	7,884
Creditors – amounts falling due within one year	7	**(2,088)**	(373)
Net current assets		**2,326**	7,511
Total assets less current liabilities and net assets before pension scheme deficit		**8,884**	7,819
Creditors – amounts falling due after one year	8	**(1,405)**	—
Net pension scheme deficit	15	**(2,474)**	(2,485)
Net assets after pension scheme deficit		**5,005**	5,334
Capital and reserves			
Called up share capital	10	**1,503**	1,503
Shares held in treasury	11	**(336)**	(361)
Share premium	11	**84**	13
Merger reserve	11	**1,036**	1,036
Capital redemption reserve	11	**1,427**	1,427
Profit and loss account	11	**1,291**	1,716
Shareholders' funds		**5,005**	5,334

The financial statements were approved by the Board of Directors on 4 April 2014.

M P J Keene
Director

J C Shears
Director

The accompanying notes on pages 42 to 51 form part of these UK GAAP financial statements.

Notes to the UK GAAP Financial Statements

1. Accounting policies

Basis of preparation

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

The principal accounting policies of the Company are set out below which have remained unchanged from the previous year.

Investments

Investments in the Company are included at cost less amounts written off. Where the consideration for the acquisition of a subsidiary undertaking includes shares in the Company to which the provisions of sections 612 and 613 of the Companies Act 2006 apply, cost represents the nominal value of shares issued together with the fair value of any additional consideration given and costs.

Goodwill

Goodwill arising on acquisitions, representing the excess of the fair value of the consideration given over the fair value of the identifiable assets acquired, is capitalised within fixed assets and amortised on a straight line basis over 20 years. It is considered that the businesses to which the goodwill relates will generate profits indefinitely but a 20 year amortisation period has been prudently used. Goodwill impairment reviews have been conducted in both the current and comparative periods.

Negative goodwill is amortised over the lives of the identifiable assets to which it relates.

Tangible fixed assets

Tangible fixed assets are held at cost less depreciation unless the value is impaired at which point they are carried at the higher of net realisable value or the present value of future cash flows arising from that asset. Depreciation is provided on a straight line basis to write off the assets over their economic lives as follows:

Land	not depreciated
Freehold building	50 years
Plant and machinery	3 – 10 years

Foreign exchange

Transactions in foreign currencies are translated at the rate ruling on the date of the transaction. Where monetary assets and liabilities exist in foreign currencies, they are translated into sterling at the exchange rates ruling at the balance sheet date. Differences on exchange are taken directly to the profit and loss account.

Financial assets

The Company's financial assets comprise cash and debtors. The Company does not trade in financial instruments. All financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Pension costs

Retirement benefits to employees are funded by contributions from the Company and employees. Payments to the Company's pension plans, which are financially separate and independent from the Company, are made in accordance with periodic calculations by independent consulting actuaries. The costs of funding the plans are accounted for over the period covering the employees' service.

The difference between the fair values of the assets held in the Company's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Company's balance sheet as a pension scheme asset or liability as appropriate, adjusted for deferred taxation. The carrying value of any resulting pension scheme asset is restricted to the extent that the Company is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the Group are charged to the profit and loss account in accordance with FRS 17 'Retirement benefits'.

For further pension information see note 15.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. When the Company purchases its own equity share capital, the consideration paid is deducted from equity attributable to the Company's equity shareholders until the shares are cancelled or reissued.

1. Accounting policies continued

Share based employee remuneration

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 February 2006 are recognised in the financial statements. The Company operates equity settled share based remuneration plans for its senior employees.

All employee services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share based remuneration is ultimately recognised as an expense in the profit and loss account with a corresponding credit to reserves, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

2. Loss for the financial year

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's loss for the year was 131,000 (year ended 31 December 2012 restated – loss £94,000).

Auditor's remuneration incurred by the Company during the period for audit services totalled £3,000 (year ended 31 December 2012 – £3,000), and for tax compliance services totalled £1,000 (year ended 31 December 2012 – £1,000).

3. Directors´ and employees´ remuneration

Expense recognised for employee benefits is analysed below:

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Salaries	**494**	433
Benefits in kind	**15**	12
Social security costs	**61**	59
Share-based employee remuneration	**8**	5
Pension scheme contributions – defined contribution schemes	**73**	106
	651	615

	Number	Number
The average number of persons employed by the Company during the year was:	**7**	7

During the period and in the previous year the Company contributed to a defined contribution pension scheme for S J Grant, J C Shears and P Ratcliffe. An analysis of Directors' remuneration is shown in note 6 to the consolidated financial statements.

Governance

Financials

Notes to the UK GAAP Financial Statements continued

4. Intangible fixed assets and investments

	Unlisted investments in subsidiary undertakings £'000	Goodwill £'000	Negative goodwill £'000
Cost			
At 1 January 2013	9,234	2,506	(197)
Additions	3,600	—	—
At 31 December 2013	**12,834**	**2,506**	**(197)**
Impairment and amortisation provisions			
At 1 January 2013	9,234	2,198	(197)
Impairment and amortisation provided in the year	—	95	—
At 31 December 2013	**9,234**	**2,293**	**(197)**
Net book value			
At 31 December 2013	**3,600**	**213**	**—**
At 31 December 2012	—	308	—

The principal wholly owned subsidiary undertakings of the Company at the year end are listed below. M.V. Sports (Hong Kong) Limited was incorporated in and operates in Hong Kong. The other companies were incorporated in and operate in the United Kingdom.

	Design, development, sourcing and distribution of:
Tandem Group Cycles Limited#	Bicycles and accessories
MV Sports & Leisure Limited*	Sports, leisure and toy products
M.V. Sports (Hong Kong) Limited#	Sports, leisure and toy products

* denotes 100% of issued ordinary shares

[#] denotes 100% indirect ownership of issued ordinary shares

During the year the Company made further investments of £1,800,000 in both Tandem Group Cycles Limited and MV Sports & Leisure Limited to recapitalise the respective balance sheets.

5. Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000
Cost		
At 1 January 2013	—	23
Additions	2,745	—
At 31 December 2013	**2,745**	**23**
Depreciation		
At 1 January 2013 and at 31 December 2013	2,745	23
Net book value		
At 31 December 2013	**2,745**	**—**
At 31 December 2012	—	—

The borrowings of the Group are secured by a fixed and floating charge over the assets of the Group.

6. Debtors

Amounts due within one year	At 31 December 2013 £'000	At 31 December 2012 £'000
Amounts due from subsidiary undertakings	**3,245**	5,079
Other debtors	**18**	9
Other taxation	**75**	53
Prepayments and accrued income	**21**	11
	3,359	5,152

7. Creditors – amounts falling due within one year

	At 31 December 2013 £'000	At 31 December 2012 £'000
Trade creditors	**72**	86
Borrowings	**107**	—
Amounts due to subsidiary undertakings	**1,691**	120
Taxation and social security costs	**21**	19
Other creditors	**134**	62
Accruals	**63**	86
	2,088	373

8. Creditors – amounts falling due after one year less than five years

	At 31 December 2013 £'000	At 31 December 2012 £'000
Borrowings	**1,405**	—

9. Deferred taxation

	At 31 December 2013 £'000	At 31 December 2012 £'000
At the beginning of the year	**742**	616
Origination and reversal of timing differences	**(84)**	126
At the end of the year	**658**	742

Notes to the UK GAAP Financial Statements continued

9. Deferred taxation continued

	Provided 31 December 2013 £'000	Not Provided 31 December 2013 £'000	Provided 31 December 2012 £'000	Not Provided 31 December 2012 £'000
Accelerated capital allowances	—	1	—	2
Short term timing differences	—	5	—	5
Losses	—	33	—	37
Excess management expenses	—	—	—	—
Capital losses	—	553	—	636
Advance corporation tax (ACT)	—	45	—	50
Pensions	658	—	742	—
	658	637	742	730

A deferred tax asset has not been recognised in respect of certain trading losses, capital losses, excess management expenses and ACT as the Company does not anticipate sufficient taxable trading profits, capital gains, utilisation of management expenses or recovery of ACT respectively, to arise within the foreseeable future.

10. Called up share capital

	Number of Shares	£'000
Allotted, called up and fully paid		
At 1 January 2012 – ordinary shares 25p each	4,666,500	1,166
Share buybacks	(95,346)	(24)
At 31 December 2012 – ordinary shares 25p each	4,571,154	1,142
Exercise of share options	98,600	25
At 31 December 2013 – ordinary shares 25p each	**4,669,754**	**1,167**

10. Called up share capital continued

Share options

The following options were held at 31 December 2013 under the Group's share option schemes:

Number of shares	At 1 January 2013	Granted during period	Exercised during period	**At 31 December 2013**	Option price per 25p ordinary share	Exercise period
2007 Employee Share Option Scheme						
Directors						
M P J Keene	86,400	—	—	**86,400**	78.91p	31/01/10 – 14/06/17
S J Grant	83,200	—	(8,200)	**75,000**	78.91p	31/01/10 – 14/06/17
	27,475	—	—	**27,475**	107.00p	31/01/14 – 14/06/21
	—	47,525	—	**47,525**	79.00p	31/12/15 – 29/10/23
J C Shears	8,000	—	—	**8,000**	78.91p	31/01/10 – 14/06/17
	67,000	—	—	**67,000**	107.00p	31/01/14 – 14/06/21
	—	35,000	—	**35,000**	79.00p	31/12/15 – 29/10/23
P Ratcliffe	32,000	—	—	**32,000**	78.91p	31/01/10 – 14/06/17
	14,000	—	—	**14,000**	107.00p	31/01/14 – 14/06/21
	—	37,400	—	**37,400**	79.00p	31/12/15 – 29/10/23
Other employees	116,000	—	—	**116,000**	78.91p	31/01/10 – 14/06/17
	23,400	—	—	**23,400**	107.00p	31/01/14 – 14/06/21
1996 Approved Share Option Scheme						
Directors						
M P J Keene	15,200	—	(15,200)	—	71.88p	01/05/06 – 01/05/13
S J Grant	20,800	—	(20,800)	—	71.88p	01/05/06 – 01/05/13
	16,000	—	(16,000)	—	62.50p	26/06/09 – 26/06/16
P Ratcliffe	18,400	—	(18,400)	—	71.88p	01/05/06 – 01/05/13
	5,600	—	—	**5,600**	62.50p	26/06/09 – 26/06/16
Other employees	40,800	—	(40,800)	—	71.88p	01/05/06 – 01/05/13
	26,400	—	—	**26,400**	62.50p	26/06/09 – 26/06/16
	600,675	119,925	(119,400)	**601,200**		

Notes to the UK GAAP Financial Statements continued

10. Called up share capital continued

The Group has the following outstanding share options and exercise prices:

	31 December 2013			31 December 2012		
	Number	**Exercise price (pence)**	**Remaining contractual life (years)**	Number	Exercise price (pence)	Remaining contractual life (years)
Date exercisable (option life):						
2006 (up to 2013)	—	—	—	95,200	71.88	0.3
2009 (up to 2016)	**32,000**	**62.50**	**2.5**	48,000	62.50	3.5
2010 (up to 2017)	**317,400**	**78.91**	**3.5**	325,600	78.91	4.5
2014 (up to 2021)	**131,875**	**107.00**	**7.5**	131,875	107.00	8.5
2015 (up to 2023)	**119,925**	**79.00**	**9.8**	—	—	—

The ordinary share mid-market price on 31 December 2013 was 75.0p (31 December 2012 – 79.5p). During the period, the highest mid-market price was 100.0p (31 December 2012 – 100.5p) and the lowest was 73.5p (31 December 2012 – 75.0p). The weighted average exercise price of the options in issue was 84.7p (31 December 2012 – 82.7p).

The fair value of options granted was determined for IFRS 2 using the Black-Scholes valuation model. Significant inputs into the calculations were:

- exercise prices of 62.50p (31 December 2012 – 62.50p) to 107.00p (31 December 2012 – 107.00p);
- 36.3% (31 December 2012 – 36.3%) to 48.0% (31 December 2012 – 48.0%) volatility based on expected and historical share price;
- a risk-free interest rate of 0.86% (31 December 2012 – 0.60%); and
- all options are assumed to vest after three and a half years from the date of grant of the options.

In total £8,000 (31 December 2012– £5,000) of share-based employee remuneration expense has been included in the Consolidated income statement. No liabilities were recognised due to share-based transactions.

11. Statement of movements on reserves

	Shares held in treasury £'000	**Share premium £'000**	**Merger reserve £'000**	**Capital redemption reserve £'000**	**Profit and loss account £'000**	**Total £'000**
Balance at 1 January 2013	(361)	13	1,036	1,427	1,716	3,831
Loss for the period	—	—	—	—	(131)	(131)
Net actuarial loss on pension scheme	—	—	—	—	(119)	(119)
Exercise of share options	25	71	—	—	(26)	70
Share based payments	—	—	—	—	8	8
Dividends paid	—	—	—	—	(157)	(157)
Balance at 31 December 2013	**(336)**	**84**	**1,036**	**1,427**	**1,291**	**3,502**

12. Reconciliation of movements in shareholders´ funds

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Loss for the year	**(131)**	(94)
Net actuarial loss on pension scheme	**(119)**	(787)
Exercise of share options	**70**	—
Share buy back	**—**	(82)
Share based payments	**8**	5
Dividends paid	**(157)**	(148)
Opening shareholders' funds	**5,334**	6,440
Closing shareholders' funds	**5,005**	5,334

13. Contingent liabilities

A cross guarantee exists between all companies in the Group for all amounts payable to HSBC Bank Plc. The maximum potential liability to the Company at the year end was £419,000 (31 December 2012 – £1,582,000).

14. Capital commitments

On 18 October 2013 the Group entered into an agreement to implement a solar PV system at its Castle Bromwich site. The cost of the project was £247,000 and was completed in February 2014.

15. Pension arrangements

The Tandem Group Pension Plan

A contributory pension scheme, the Tandem Group Pension Plan, has two sections. One provides benefits based on final pensionable salary, the other provides benefits based on defined contributions. The scheme is closed to new members.

The assets of the scheme are held separately from those of the Group, being invested with managed funds.

Contributions to the final salary section are determined by an independent qualified actuary on the basis of the triennial valuation using the Defined Accrued Benefit Method. The date of the last triennial valuation was 1 October 2013.

The present value of the defined benefit obligations as at the balance sheet dates is as follows:

	31 December 2013 £'000	31 December 2012 £'000	31 December 2011 £'000	31 January 2011 £'000	31 January 2010 £'000
Present value of defined benefit obligation at the beginning of the year/period	**10,582**	9,620	8,237	8,464	7,383
Interest cost	**449**	494	415	458	479
Actuarial loss/(gain)	**106**	1,107	1,503	(105)	1,090
Benefits paid	**(726)**	(639)	(535)	(580)	(488)
Present value of defined benefit obligation at the end of the year/period	**10,411**	10,582	9,620	8,237	8,464

Governance

Financials

Notes to the UK GAAP Financial Statements continued

15. Pension arrangements continued

For determination of the pension obligation, the following actuarial assumptions were used:

	31 December 2013	31 December 2012	31 January 2011	31 January 2011	31 January 2010
Discount rate	**4.50%**	4.40%	5.30%	5.70%	5.60%
Increase in pensionable salaries*	**— %**	— %	— %	— %	—%
Increase in pensions in payment	**Up to 5.00%**	Up to 5.00%	Up to 5.00%	Up to 5.00%	Up to 5.00%
Increase in deferred pensions			3.00% to 5.00% for all years		
Inflation assumption	**3.30%**	2.50%	3.00%	3.50%	3.50%
Mortality assumption table	**S1 PxA (YOB)**	PA92 (YOB MC)	PA92 (YOB MC)	PA92 (YOB MC)	PA92 (YOB MC)

* There are no members whose benefits are linked to salaries.

The mortality assumptions in the table above imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2013	20.5
Female retiring in 2013	22.7
Male retiring in 2033	21.8
Female retiring in 2033	24.2

The assets held for the defined benefit obligations can be reconciled from the opening balance to the balance sheet date as follows:

	31 December 2013 £'000	31 December 2012 £'000	31 December 2011 £'000	31 January 2011 £'000	31 January 2010 £'000
Fair value of scheme assets at the beginning of the year/period	**7,355**	7,252	7,875	7,410	6,736
Expected return on assets	**388**	414	450	440	404
Actuarial gain/(loss)	**120**	190	(626)	514	667
Contributions	**142**	138	88	91	91
Benefits paid	**(726)**	(639)	(535)	(580)	(488)
Fair value of scheme assets at the end of the year/period	**7,279**	7,355	7,252	7,875	7,410

15. Pension arrangements continued

	31 December 2013	31 December 2012	31 December 2011	31 January 2011	31 January 2010
Equities — UK	**426**	404	2,203	4,797	3,471
Equities — overseas	**2,875**	3,254	2,195	—	—
Property	**664**	618	638	707	809
Diversified growth assets	**1,171**	1,092	—	—	—
Gilts	**306**	323	1,340	1,350	2,150
Corporate Bonds	**1,782**	1,634	694	780	802
Cash and other	**55**	30	182	241	178
Total fair value of assets	**7,279**	7,355	7,252	7,875	7,410

Sensitivities to the principal assumptions of the present value of the defined benefit obligation may be analysed as follows:

	Change in assumptions	Change in liabilities
Discount rate	Decrease of 0.25% per annum	Increase by 2.8%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 4.7%

The reconciliation of movements in the year/period were as follows:

	31 December 2013 £'000	31 December 2012 £'000	31 December 2011 £'000	31 January 2011 £'000	31 January 2010 £'000
Deficit at the beginning of the year/period	**(3,227)**	(2,368)	(362)	(1,054)	(647)
Movement in year:					
Contributions	**142**	138	88	91	91
Finance (cost)/income	**(138)**	(80)	35	(18)	(75)
Actuarial gain/(loss)	**91**	(917)	(2,129)	619	(423)
Deficit at the end of the year/period	**(3,132)**	(3,227)	(2,368)	(362)	(1,054)
Related deferred tax asset	**658**	742	616	101	295
Net deficit at the end of the year/period	**(2,474)**	(2,485)	(1,752)	(261)	(759)

The expected contributions in the year ending 31 December 2014 are £142,000 in accordance with the agreed schedule of contributions.

16. Related party transactions

Transactions between wholly owned group companies have not been disclosed in accordance with the exemption conferred by FRS 8.

Governance

Financials

Shareholder Information

Capita Asset Services is our registrar and they offer many services to make managing your shareholding easier and more efficient.

Customer Support Centre

You can contact Capita's Customer Support Centre which is available to answer any queries you have in relation to your shareholding:

By phone - UK – 0871 664 0300 (UK calls cost 10p per minute plus network extras). From overseas - +44 20 8639 3399. Lines are open 9.00am to 5.30pm, Monday to Friday, excluding public holidays.

By email - **shareholderenquiries@capita.co.uk**

By post - Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

Sign up to electronic communications

Help us to save paper and get your shareholder information quickly and securely by signing up to receive your shareholder communications via our website.

Dividend payment options

Re-invest your dividends

Capita's Dividend Re-investment Plan offers a convenient way for shareholders to build up their shareholding by using dividend money to purchase additional shares. The plan is provided by Capita Asset Services, a trading name of Capita IRG Trustees Limited which is authorised and regulated by the Financial Conduct Authority.

For more information and an application pack please call 0871 664 0381 (calls to this number cost 10p per minute plus network extras) or if calling from overseas +44 20 8639 3402. Lines are open 9.00am to 5.30pm, Monday to Friday, excluding public holidays. Alternatively you can email **shares@capita.co.uk**

It is important to remember that the value of shares and income from them can fall as well as rise and you may not recover the amount of money you invest. Past performance should not be seen as indicative of future performance. This arrangement should be considered as part of a diversified portfolio.

Arrange to have your dividends paid direct into your bank account

This means that:

- Your dividend reaches your bank account on the payment date
- It is more secure – cheques can sometimes get lost in the post
- You don't have the inconvenience of depositing a cheque.
- Helps reduce cheque fraud.

If you have a UK bank account you can sign up for this service by contacting the Customer Support Centre.

Choose to receive your next dividend in your local currency

If you live outside the UK, Capita has partnered with Deutsche Bank to provide you with a service that will convert your sterling dividends into your local currency at a competitive rate. You can choose to receive payment directly into your local bank account, or alternatively, you can be sent a currency draft.

You can sign up for this service by contacting the Customer Support Centre.

For further information contact Capita:

By phone - UK - 0871 664 0385 (UK calls cost 10p per minute plus network extras). From overseas - +44 20 8639 3405. Lines are open 9.00am to 5.30pm, Monday to Friday, excluding public holidays.

By e-mail - **ips@capita.co.uk**

Buy and sell shares

A simple and competitively priced service to buy and sell shares is provided by Capita Asset Services. There is no need to pre-register and there are no complicated application forms to fill in and by visiting www.capitadeal.com you can also access a wealth of stock market news and information free of charge.

For further information on this service, or to buy and sell shares visit **www.capitadeal.com** or call 0871 664 0454 (calls cost 10p per minute plus network extras, lines are open 8.00am to 4.30pm, Monday to Friday. From outside of the UK dial + 44 20 3367 2699).

This is not a recommendation to buy and sell shares and this service may not be suitable for all shareholders. The price of shares can go down as well as up and you are not guaranteed to get back the amount you originally invested. Terms, conditions and risks apply. Capita Asset Services is a trading name of Capita IRG Trustees Limited which is authorised and regulated by the Financial Conduct Authority. This service is only available to private shareholders resident in the European Economic Area, the Channel Islands or the Isle of Man.

Capita Asset Services is a trading name of Capita Registrars Limited and Capita IRG Trustees Limited. Share registration and associated services are provided by Capita Registrars Limited (registered in England and Wales , No. 2605568). Regulated services are provided by Capita IRG Trustees Limited (registered in England and Wales No. 2729260), which is authorised and regulated by the Financial Conduct Authority.

The registered office of each of these companies is The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

www.capitaassetservices.com

Donate your shares to charity

If you have only a small number of shares which are uneconomical to sell you may wish to donate them to charity free of charge through ShareGift (Registered Charity 10528686). Find out more at **www.sharegift.org.uk** or by telephoning 020 7930 3737.

Share fraud warning

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These calls come from fraudsters operating in 'boiler rooms' that are mostly based abroad.

While high profits are promised, those who buy or sell shares in this way usually lose their money.

The Financial Conduct Authority (FCA) has found most share fraud victims are experienced investors who lose an average of £20,000, with around £200m lost in the UK each year.

Protect yourself

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

- Get the name of the person and organisation contacting you.
- Check the Financial Services Register at **http://www.fca.org.uk/** to ensure they are authorised.
- Use the details on the FCA Register to contact the firm.
- Call the FCA Consumer Helpline on **0800 111 6768** if there are no contact details on the Register or you are told they are out of date.
- Search our list of unauthorised firms and individuals to avoid doing business with.

REMEMBER: if it sounds too good to be true, it probably is!

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

Report a scam

If you are approached about a share scam you should tell the FCA using the share fraud reporting form at **http://www.fca.org.uk/scams**, where you can find out about the latest investment scams. You can also call the Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

Tandem Group plc

35 Tameside Drive
Castle Bromwich
Birmingham
B35 7AG

Telephone: +44 (0)121 748 8075
Fax: +44 (0)121 748 8010

www.tandemgroup.co.uk