

**REGATTA LTD**

**Annual Report and Financial Statements**

**For the year ended 31 January 2019**



**ANNUAL REPORT AND FINANCIAL STATEMENTS 2019**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

J Black  
K J Black  
D Holt  
G J Rickard  
B M Yaffe

**SECRETARY**

D Holt

**REGISTERED OFFICE**

Risol House  
Mercury Way  
Urmston  
Manchester  
United Kingdom  
M41 7RR

**AUDITOR**

Ernst & Young LLP  
Statutory Auditor  
2 St. Peter's Square  
Manchester  
United Kingdom  
M2 3EY

## STRATEGIC REPORT

The directors present their strategic report on the affairs of the Group and company, together with the directors' report and audited financial statements for the year ended 31 January 2019. In preparing this strategic report the directors have complied with s414C of the Companies Act 2006.

### PRINCIPAL ACTIVITIES

The Group and company are engaged in the import and distribution of outdoor and leisure clothing, footwear and related accessories. There have been no changes in the principal activities in the year under review and there are none anticipated in the forthcoming year.

### REVIEW OF BUSINESS AND FUTURE OUTLOOK

The Group delivered continued growth in Sales during the financial year. Turnover increased by 8% to £198m.

The Group trades under two brands, Regatta Great Outdoors and Dare2b. Regatta is one of the largest outdoor brands in Europe. Dare2b is a well established mountain adventure brand. The clothing ranges are designed to perform as active outdoor products. The design teams continually work on combining style with function to ensure that each new range performs and appeals to both active and leisure consumers. The broad appeal of the brands underpins growth in markets in the UK, Europe and worldwide.

Whilst the nature of the weather will continue to be an important factor affecting results for the coming year, the board is confident that the business is well positioned to maintain steady growth.

The importance of responsible sourcing is regarded by the directors as key to sustainable growth of the Group. The Asian sourcing office is instrumental in ensuring that high standards are maintained throughout the supply chain. The Group works closely with its suppliers with the assistance of specialist independent technical auditors to ensure compliance with its standards.

On 29 March 2017 the United Kingdom invoked Article 50 of the Lisbon treaty of withdrawing from the European Union. Although there remain a number of uncertainties, the Group has prepared for a range of outcomes to minimise any impact on the business.

During the course of the year, the Group embarked on a number of important long term projects to support the ongoing growth of the business and to prepare for any changes that may emerge as a result of "Brexit". A logistics hub has been opened in Poland to service mainland Europe. A programme to upgrade the Group's core IT systems has also been launched.

The directors have elected to prepare consolidated statements for the Group for the year ended 31 January 2019, including a prior year comparative.

### ENVIRONMENT

As the Group's manufacturing is outsourced, its UK activities are considered to be low risk. Nonetheless, it strives to minimise the environmental impact of these activities and to operate within recognised and accepted standards.

### RISKS AND UNCERTAINTIES

Sales are dependent upon the Group delivering successful product ranges and having sufficient stock to satisfy demand. By the nature of the business, the weather is an uncertainty which can significantly affect demand but the Group aims to mitigate its impact with a broad product offering.

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the board of directors. The company does not use derivative financial instruments for speculative purposes.

#### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk and going concern can be found in Note 1 to the financial statements.

#### *Cash flow risk*

Through both its overseas sourcing and its export sales, the Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group uses foreign exchange forward contracts to hedge these exposures.

**STRATEGIC REPORT (continued)*****Credit risk***

The Group's principal financial assets are bank balances and cash, trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

**KEY PERFORMANCE INDICATORS**

Management consider the following financial KPIs to be relevant to their monitoring of the Group and review these on a regular basis against forecast:

	2019 £'000	2018 £'000
Turnover	198,234	183,329
Stock at year end	60,760	47,186
Tangible fixed assets at year end	<u>20,176</u>	<u>18,881</u>

The directors are satisfied with the results for the year, given the challenging trading environment noted above. The benefit of recent investment is expected to produce increased turnover and profitability in future years.

**RESULTS**

Profit after tax of £17,080,000 was transferred to reserves (2018: £11,189,000).

Approved by the Board and signed on its behalf by:



D Holt  
Director

24 July 2019

## **DIRECTORS' REPORT**

The directors' present their annual report and Audited financial statements on the affairs of the Group and company for the year ended 31 January 2019.

### **MATTERS INCLUDED WITHIN STRATEGIC REPORT**

In accordance with s414C (11) of the Companies Act 2006, included in the Strategic Report is information relating to the events occurring in the period and future developments which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (accounts and reports) regulation 2008' to be contained in a director's Report.

### **DIRECTORS**

The directors who served during the year and to the date of this report are disclosed on page 1.

The Group has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### **DONATIONS**

The Group made charitable donations of £836,333 during the year (2018: £630,760).

The Group made political donations during the year of £2,000, £5,000 and £7,499 to Upwards, Conservative Friends of Israel and UK Conservative Party respectively. (2018: £5,000 and £7,499 to Conservative Friends of Israel and UK Conservative Party respectively))

### **DIVIDENDS**

Interim dividends of £2,001,332 (£11.18 per ordinary share) were paid prior to the year end (2018: £2,432,688 (£13.59 per ordinary share)). Final dividends have been declared of £1,036,468 (£5.79 per ordinary share) (2018: £nil).

### **FINANCIAL INSTRUMENTS**

Details of financial instruments are provided in note 20 on page 31.

### **GOING CONCERN**

The Group and company have sufficient financial resources to meet day to day requirements, and as a consequence the directors believe that the Group and company are well placed to manage business risks successfully.

Having reviewed forecasts and projections, taking into account potential trading performance variations, the directors have concluded that the company and the Group have adequate resources to meet liabilities for the foreseeable future and therefore the financial statements have been prepared accordingly on a going concern basis.

### **DISABLED EMPLOYEES**

It is the Group policy that applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. Training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### **EMPLOYEE CONSULTATION**

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, briefings and listening groups. Financial information concerning the performance of the business is provided on a regular basis. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

## **DIRECTORS' REPORT (continued)**

### **AUDITOR**

The independent auditors, Ernst & Young LLP, were re-appointed by the board of directors during the financial year.

Each person who is a director at the date of approval of this report confirms that:

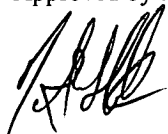
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### **Re-appointment of auditors**

In accordance with s485 of the Companies Act 2006, a resolution to re-appoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

Approved by the Board and signed on its behalf by:



D Holt  
Director

24 July 2019

## DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REGATTA LTD**

## **Opinion**

We have audited the financial statements of Regatta Ltd ('the parent company') and its subsidiaries (the 'Group') for the year ended 31 January 2019 which comprise of the Group Profit and Loss Account, the Group Statement of comprehensive income, the Group and parent company Balance Sheet, the Group and parent Statement of changes in equity, Group Statement of cash flows, and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Group's and of the parent company's affairs as at 31 January 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REGATTA LTD (continued)**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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.

*Ernst & Young LLP*

Victoria Venning (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Manchester

Date: *25 July 2019*

**GROUP PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 January 2019**

	Note	2019 £'000	2018 £'000
<b>TURNOVER</b>	2	198,234	183,329
Cost of sales		<u>(151,565)</u>	<u>(135,570)</u>
<b>GROSS PROFIT</b>		46,669	47,759
Administrative expenses		<u>(32,361)</u>	<u>(28,862)</u>
<b>OPERATING PROFIT</b>		14,308	18,897
Interest receivable and similar income	4	126	599
Interest payable and similar charges	4	<u>(282)</u>	<u>(940)</u>
<b>PROFIT FROM OPERATING ACTIVITIES</b>		<u>14,152</u>	<u>18,556</u>
Net fair value movement on unrealised forward currency contracts	20	<u>6,206</u>	<u>(3,904)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	20,358	14,652
Tax on profit on ordinary activities	6	<u>( 3,278)</u>	<u>(3,463)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>17,080</u></u>	<u><u>11,189</u></u>

All activities arose from continuing operations.

**GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**For the year ended 31 January 2019**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the financial year	17,080	11,189
Currency translation difference on foreign currency net investments	-	64
	<hr/>	<hr/>
Other comprehensive income	-	64
	<hr/>	<hr/>
Total comprehensive income for the year	<u>17,080</u>	<u>11,253</u>

**GROUP BALANCE SHEET****As at 31 January 2019**

	Note	2019 £'000	2018 £'000
<b>FIXED ASSETS</b>			
Intangible fixed assets – goodwill	8	1,151	1,261
Tangible assets	9	20,176	18,881
		<u>21,327</u>	<u>20,142</u>
<b>CURRENT ASSETS</b>			
Stocks	11	60,760	47,186
Debtors			
- due within one year	12	30,601	30,253
- due after one year	12	-	81
Cash at bank and in hand		2,599	2,064
		<u>93,960</u>	<u>79,584</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(46,842)</u>	<u>(44,877)</u>
<b>NET CURRENT ASSETS</b>		<u>47,118</u>	<u>34,707</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>68,445</u>	<u>54,849</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	<u>(2,438)</u>	<u>(3,634)</u>
<b>NET ASSETS</b>		<u><u>66,007</u></u>	<u><u>51,215</u></u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	16	179	179
Revaluation reserve		750	-
Currency translation reserve		113	113
Profit and loss account		64,965	50,923
<b>SHAREHOLDERS' FUNDS</b>		<u><u>66,007</u></u>	<u><u>51,215</u></u>

The notes on pages 16 to 33 form an integral part of these consolidated financial statements.

The consolidated financial statements of Regatta Ltd, registered number 01063450, were approved by the Board of Directors and authorised for issue on 24 July 2019.

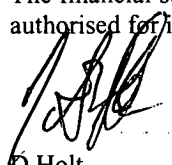
  
D Holt  
Director

**COMPANY BALANCE SHEET****As at 31 January 2019**

	<b>Note</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>FIXED ASSETS</b>			
Tangible fixed assets	9	16,528	15,654
Investments	10	1,297	192
		<u>17,825</u>	<u>15,846</u>
<b>CURRENT ASSETS</b>			
Stocks	11	57,240	43,694
Debtors			
- due within one year	12	28,691	33,896
- due after one year	12	6,490	7,568
Cash at bank and in hand		263	172
		<u>92,684</u>	<u>85,330</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(43,489)</u>	<u>(43,844)</u>
<b>NET CURRENT ASSETS</b>		<u>49,195</u>	<u>41,486</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>67,020</u>	<u>57,332</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	<u>(2,438)</u>	<u>(3,634)</u>
<b>NET ASSETS</b>		<u>64,582</u>	<u>53,698</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	16	179	179
Revaluation reserve		750	-
Profit and loss account		63,653	53,519
<b>SHAREHOLDER'S FUNDS</b>		<u>64,582</u>	<u>53,698</u>

The notes on pages 16 to 33 form an integral part of these financial statements.

The financial statements of Regatta Ltd, registered number 01063450, were approved by the Board of Directors and authorised for issue on 24 July 2019.



D Holt  
Director

**GROUP STATEMENT OF CHANGES IN EQUITY****For the year ended 31 January 2019**

	Called-up share capital £'000	Revaluation reserve £'000	Currency translation reserve £'000	Profit and loss account £'000	Total £'000
<b>At 1 February 2017</b>	179	-	49	42,167	42,395
Profit for the financial year	-	-	-	11,189	11,189
Currency translation reserve	-	-	64	-	64
<b>Total comprehensive income</b>	-	-	64	11,189	11,253
Dividends and proposed paid (note 7)	-	-	-	(2,433)	(2,433)
<b>At 31 January 2018</b>	179	-	113	50,923	51,215
Profit for the financial year	-	-	-	17,080	17,080
<b>Total comprehensive income</b>	-	-	-	17,080	17,080
Property revaluation	-	750	-	-	750
Dividends paid and proposed (note 7)	-	-	-	(3,038)	(3,038)
<b>At 31 January 2019</b>	179	750	113	64,965	66,007

**COMPANY STATEMENT OF CHANGES IN EQUITY****For the year ended 31 January 2019**

	<b>Called-up share capital £'000</b>	<b>Revaluation reserve £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>At 1 February 2017</b>	179	-	44,529	44,708
Profit for the financial year	-	-	11,423	11,423
<b>Total comprehensive income</b>	-	-	11,423	11,423
Dividends paid and proposed (note 7)	-	-	(2,433)	(2,433)
<b>At 31 January 2018</b>	179	-	53,519	53,698
Profit for the financial year	-	-	13,172	13,172
<b>Total comprehensive income</b>	-	-	13,172	13,172
Property revaluation	-	750	-	750
Dividends paid and proposed (note 7)	-	-	(3,038)	(3,038)
<b>At 31 January 2019</b>	179	750	63,653	64,582



**GROUP CASH FLOW STATEMENT**  
**For the year ended 31 January 2019**

	Note	2019 £'000	2018 £'000
<b>Net cash from operating activities</b>	17	7,817	6,843
Taxation paid		(3,212)	(3,796)
<b>Net cash generated from operating activities</b>		<u>4,605</u>	<u>3,047</u>
<b>Net cash generated from investing activities</b>			
Proceeds from sale of equipment		130	218
Purchase of equipment		(3,688)	(4,154)
Interest paid		(2)	(5)
<b>Net cash used in investing activities</b>		<u>(3,560)</u>	<u>(3,941)</u>
<b>Cash flows from financing activities</b>			
Dividends paid		(2,001)	(3,791)
Interest received		126	211
Interest paid		(280)	(492)
Directors loan paid		(1,338)	-
<b>Net cash used in financing activities</b>		<u>(3,493)</u>	<u>(4,072)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u>(2,448)</u>	<u>(4,966)</u>
<b>Cash and cash equivalents at beginning of year</b>		(9,286)	(4,320)
Effect of foreign exchange rate changes		-	-
<b>Cash and cash equivalents at end of year</b>		<u>(11,734)</u>	<u>(9,286)</u>

**Reconciliation to cash at bank and in hand:**

	At 1 February 2018 £'000	Cash flows £'000	At 31 January 2019 £'000
Cash at bank and in hand	2,064	535	2,599
Cash equivalents e.g. bank overdraft	(11,350)	(2,983)	(14,333)
<b>Cash and cash equivalents</b>	<u>(9,286)</u>	<u>(2,448)</u>	<u>(11,734)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 January 2019

#### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and the preceding year.

##### *General information and basis of accounting*

Regatta Ltd is a private company limited by shares incorporated in the United Kingdom under the Companies Act, and registered in England and Wales. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements of Regatta Ltd were authorised for issue by the Board of Directors on 24 July 2019. The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Regatta Ltd is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. All amounts are rounded to the nearest £'000 unless otherwise stated.

Regatta Ltd has elected to produce a set of consolidated financial statements for the Group for the year ended 31 January 2019 and the comparative year. The company meets the definition of a qualifying entity under FRS 102 and has therefore had previously taken advantage of the disclosure exemptions available to it in respect of its separate financial statements.

##### *Going concern*

In carrying out their duties in respect of going concern, the directors have carried out a review of the company and Group's financial position and cash flow forecast for a period of twelve months from the date of signing these financial statements. These have been based on a comprehensive review of revenue, expenditure and cash flow, taking into account specific business risks and the uncertainties brought about by the current economic environment. The directors routinely assess the liquidity needs of the business through cash flow forecasting and have regular dialogue with the Group's banks about future funding needs as well as operating results and performance indicators.

Having taken all relevant matters into consideration, the directors have reached the conclusion that the Group and company are able to manage their business risks in the current uncertain economic climate. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### *Basis of consolidation*

The Group financial statements consolidate the financial statements of Regatta Ltd and its subsidiary undertakings, drawn up to 31 January each year.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

In the parent company financial statements investments in subsidiaries are accounted for at costs less impairment.

##### *Intangible fixed assets*

Goodwill arising on acquisitions of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities, is capitalised and written off on a straight line basis over its useful economic life. The directors have always regarded 10 years as a reasonable estimate for the useful life of goodwill.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 January 2019

#### 1. ACCOUNTING POLICIES (continued)

##### *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Computer equipment	20% to 33% per annum straight line
Plant and machinery	10% to 50% per annum straight line
Motor vehicles	25% to 45% per annum on written down value

The Freehold land and buildings are subject to a change in accounting policy as they are not depreciated but revalued every three years. No adjustment has been made for prior year on the grounds of materiality.

##### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost comprises the price of goods, duty, shipping and other expenditure associated with transporting goods to the company premises. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Cost is calculated on a weighted average cost basis and provision is made for obsolete, slow-moving or defective items where appropriate.

##### *Foreign currencies*

###### *Company*

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

###### *Group*

Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses for each statement of comprehensive income are translated at exchange rates at the dates of transaction. All resulting exchange differences are recognised in other comprehensive income.

##### *Taxation*

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessment in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 January 2019****1. ACCOUNTING POLICIES (continued)*****Taxation (continued)***

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

***Pension costs***

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

***Leases***

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

***Turnover***

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

***Cost of sales***

Selling costs are an integral part of the Group's business and are therefore included in cost of sales.

***Financial instruments***

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

***Financial assets and liabilities***

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 January 2019**

**1. ACCOUNTING POLICIES (continued)**

*Financial assets and liabilities (continued)*

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

*Investments*

In the company balance sheet, investments (including investments in associates) are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

*Derivative financial instruments*

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 January 2019**

**1. ACCOUNTING POLICIES (continued)**

*Fair value measurement*

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

*Dividends*

Revenue is recognised when the Group's right to receive payment is established.

*Impairment of non-financial assets*

Where there are indicators of impairment of individual assets, the Group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

*Critical accounting judgements and key sources of estimation uncertainty*

In the application of the Group's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies.

*Provision against slow-moving, obsolete or irrecoverable stock*

Stock is reviewed on an ongoing basis and a provision made where the directors are of the opinion that raw materials may be irrecoverable. As at the year end the directors have no material concerns over the recoverability of the Group's stock. There are both specific and general stock provisions in place across the Group.

**2. SEGMENT INFORMATION**

The analysis of turnover by geographical market, operating segment and category required by paragraph 68 of Schedule 1 to the Large and Medium-sized Companies and Groups (Financial statements and Reports) Regulations which accompany the Companies Act 2006 have not been provided as, in the opinion of the directors, such disclosure would be prejudicial to the interests of the Group.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 January 2019**

**3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit on ordinary activities before taxation is stated after charging:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Operating lease rentals – plant and machinery	441	386
Operating lease rentals – other	5,579	4,620
Auditor's remuneration		
- fees payable to the company's auditor for the audit of the company's annual financial statements	32	19
- fees payable for the audit of foreign subsidiaries	25	27
Loss on disposal of fixed assets	40	53
Depreciation – owned assets	3,694	3,060
Depreciation - revaluation	(720)	-
Amortisation of goodwill	106	106
Forex losses	325	3,395
	<u>          </u>	<u>          </u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

**Group**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable and similar income	126	599
Interest payable and similar charges	(282)	(940)
	<u>          </u>	<u>          </u>
<b>Net finance cost</b>	<b>(156)</b>	<b>(341)</b>
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 January 2019**

**5. STAFF NUMBERS AND COSTS**

**Group**

Staff costs, including directors, comprise:

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Wages and salaries	28,521	24,288
Social security costs	3,154	2,632
Other pension costs	1,037	815
	<u>32,712</u>	<u>27,735</u>

The average monthly number of employees (including directors) was:

	<b>2019</b> <b>Number</b>	<b>2018</b> <b>Number</b>
Office, management and sales	886	631
Warehouse	302	326
	<u>1,188</u>	<u>957</u>

**Directors' remuneration**

Remuneration was paid in respect of directors of the company as follows:

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Emoluments	1,067	1,118
Company contributions to money purchase pension schemes	10	12
	<u>1,077</u>	<u>1,130</u>

During the year the Group paid £9,995 (2018: £12,503) into a self-administered pension scheme for the benefit of one director (2018: one).

**Highest paid director**

The above amounts for remuneration include the following in respect of the highest paid director:

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Emoluments	355	369
Company contributions to money purchase pension schemes	10	10
	<u>365</u>	<u>379</u>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 January 2019**

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

The tax charge comprises:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>UK Corporation tax</b>		
Current period	2,288	3,430
Adjustments in respect of prior years	(2)	23
	<u>2,286</u>	<u>3,453</u>
<b>Foreign tax</b>		
Current period	694	401
	<u>2,980</u>	<u>3,854</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	370	(456)
Adjustment in respect of prior periods	(7)	3
Impact of change in tax rates	(65)	62
	<u>298</u>	<u>(391)</u>
<b>Total deferred tax credit (see note 15)</b>	<u>298</u>	<u>(391)</u>
<b>Total tax on profit on ordinary activities</b>	<u>3,278</u>	<u>3,463</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit on ordinary activities before tax</b>	<u>20,358</u>	<u>14,652</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2018: 19.17%)	3,868	2,809
<i>Effects of:</i>		
Expenses not deductible for tax purposes	6	144
Fixed asset timing differences	(399)	154
Effect of tax rates in foreign jurisdictions	(123)	268
Adjustment in respect of previous periods	(9)	26
Adjustment in respect of change in opening and closing tax rates	(65)	62
	<u>3,278</u>	<u>3,463</u>
<b>Total tax charge for year</b>	<u>3,278</u>	<u>3,463</u>

The applicable tax rate changed to 20% from 1 April 2015 following the substantive enactment of the Finance Act 2013. The Finance Act (No 2) 2015 reduced the main rate of UK corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. The Finance Act 2016 was enacted in September 2016 which results in an additional 1% reduction in the main rate of UK corporation tax to 17% with effect from 1 April 2020. Deferred tax has been calculated using these rates based on the timing of when each individual deferred tax balance is expected to reverse in the future.

There is no expiry date on timing differences, unused tax losses or tax credits.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 January 2019**

**7. DIVIDENDS**

<b>Group</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Interim dividends for the year ended 31 January 2019 of £11.18 per ordinary and deferred ordinary share (2018: £449.75)	2,001	2,433
Proposed final dividend for the year ended 31 January 2019 of £5.79 per ordinary and deferred ordinary share (2018: £nil)	1,037	-
<b>Total dividend</b>	<b>3,038</b>	<b>2,433</b>

**8. INTANGIBLE FIXED ASSETS – GOODWILL**

<b>Group</b>	<b>£'000</b>
<b>Cost</b>	
At 1 February 2018	1,554
Currency translation	(5)
At 31 January 2019	1,549
<b>Amortisation</b>	
At 1 February 2018	293
Currency translation	(1)
Charge for the year	106
At 31 January 2019	398
<b>Net book value</b>	
At 31 January 2019	1,151
At 31 January 2018	1,261

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 January 2019**

**9. TANGIBLE FIXED ASSETS**

	Assets under construction	Freehold land and buildings	Computer equipment	Plant and machinery	Motor vehicles	Total
Group	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>						
At 1 February 2018	-	10,920	4,999	19,539	1,231	36,689
Exchange adjustments	-	-	(7)	(17)	(5)	(29)
Additions	344	-	573	2,505	266	3,688
Revaluation	-	750	-	-	-	750
Disposals	-	-	(35)	(222)	(145)	(402)
At 31 January 2019	344	11,670	5,530	21,805	1,347	40,696
<b>Depreciation</b>						
At 1 February 2018	-	514	3,958	12,566	770	17,808
Exchange adjustments	-	-	(6)	(20)	(4)	(30)
Charge for the year	-	206	696	2,570	222	3,694
Revaluation	-	(720)	-	-	-	(720)
Disposals	-	-	(8)	(88)	(136)	(232)
At 31 January 2019	-	-	4,640	15,028	852	20,520
<b>Net book value</b>						
At 31 January 2019	344	11,670	890	6,777	495	20,176
At 31 January 2018	-	10,406	1,041	6,973	461	18,881
<b>Company</b>						
	Assets under construction	Freehold land and buildings	Computer equipment	Plant and machinery	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>						
At 1 February 2018	-	10,800	4,553	14,880	602	30,835
Additions	344	-	422	861	81	1,708
Revaluation	-	750	-	-	-	750
Disposals	-	-	(24)	(165)	(102)	(291)
At 31 January 2019	344	11,550	4,951	15,576	581	33,002
<b>Depreciation</b>						
At 1 February 2018	-	514	3,649	10,610	408	15,181
Charge for the year	-	206	594	1,310	84	2,194
Revaluation	-	(720)	-	-	-	(720)
Disposals	-	-	(8)	(72)	(101)	(181)
At 31 January 2019	-	-	4,235	11,848	391	16,474
<b>Net book value</b>						
At 31 January 2019	344	11,550	716	3,728	190	16,528
At 31 January 2018	-	10,286	904	4,270	194	15,654

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 January 2019**

**10. FIXED ASSET INVESTMENTS**

**Company**

	<b>£'000</b>
At 1 February 2018	192
Addition: Capital contribution	2,000
Impairment	(895)
	<hr/>
At 31 January 2019	<u>1,297</u>

During the year balances owed by the subsidiaries Regatta Great Outdoors LLC and Dare2b Retail Limited of £1,675,414 and £324,168 respectively were waived.

The parent company and the Group have investments in the following subsidiary undertakings:

<b>Subsidiary undertaking</b>	<b>Incorporation Address</b>	<b>% voting rights</b>	<b>Principal activity</b>
Dare2b Retail Limited	Risol House, Mercury Way, Urmston, Manchester, UK, M41 7RR	100	Dormant
Regatta Concessions	Risol House, Mercury Way, Urmston, Manchester, UK, M41 7RR	100	Dormant
Regatta GmbH	Reichenberger Strasse 1,D-84130, Dingolfing, Germany	100	Outdoor clothing
Mountain Sports Outlet GmbH	Reichenberger Strasse 1,D-84130, Dingolfing, Germany	100	Outdoor clothing
Mountain Shop GmbH & Co KG*	Schattbucher St. 21, 88279, Amtzell, Germany	100	Outdoor clothing
Regatta France Eurl	47 Bis Rue des Vinaigriers, Paris, France, 75010	100	Outdoor clothing
Regatta Great Outdoors Spain S.L.	Carr. de Fuencarral, 44, 28108 Alcobendas, Madrid, Spain	100	Outdoor clothing
Regatta Israel Limited	10 Plaut St, Science Park, Rehovot 7670620, Israel	100	Outdoor clothing
Regatta Italia Srl	Via Bassanese, 61/1, Montebelluna (TV), Italy	100	Outdoor clothing
Regatta Great Outdoors LLC	Suite 219, 55 Main Street, New Market, New Hampshire, USA, 03857	100	Outdoor clothing
Regatta-Polska Sp. z.o.o.	ul. Częstochowska 5, 32-085 Modlnica, Poland	100	Outdoor clothing
Regatta Sweden AB	Djupdalsvägen 10 192 51 Sollentuna, Sweden	100	Outdoor clothing
Regatta Netherlands BV	Plesmanstraat 1, LEUSDEN 3833 LA, Netherlands	100	Outdoor clothing
Regatta Outdoors (Xiamen) Company Ltd	Zone A, 5th Floor, Xin Yu Building, No 17 East Jouju Road, Heshan Street, Xiamen, China	100	Outdoor clothing
Regatta Great Outdoors Ireland Limited	Unit 15, 24 & 25 Westside Centre, Model Farm Road, Cork, Ireland	100	Outdoor clothing

*\*Investment held indirectly through Mountain Sports Outlet GmbH*

All subsidiary undertakings have been included in the consolidation with results up to 31 January 2019. The statutory year end for Mountain Shop GmbH, Mountain Sports Outlet GmbH, and Regatta GmbH is 31<sup>st</sup> December 2018.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 January 2019**

**11. STOCKS**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Finished goods and goods for resale	60,760	47,186	57,240	43,694

There is no material difference between the balance sheet value of stocks and their replacement cost.

**12. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	22,579	20,795	18,944	17,157
Amounts owed by group undertakings	526	2,078	4,827	11,793
Amounts owed by related parties	494	1,460	484	1,926
Other taxation and social security	442	303	-	150
Other debtors	58	55	52	39
Derivative financial assets (see note 20)	2,151	25	2,151	25
Prepayments and accrued income	3,367	4,547	1,829	2,071
Corporation tax	292	-	-	-
Deferred tax asset (see note 15)	692	990	404	735
	<u>30,601</u>	<u>30,253</u>	<u>28,691</u>	<u>33,896</u>
<i>Amounts falling due after more than one year:</i>				
Amounts owed by group undertakings	-	81	6,490	7,568

Trading balances owed by related parties falling due within one year are interest free, unsecured and repayable on demand.

Loan balances owed by group undertakings are subject to interest between 0% and 12.5%, unsecured and repayable on fixed terms between 3 and 11 months following the financial year end.

Amounts owed by group undertakings falling due after more than one year are subject to interest at 5%, unsecured and repayable on 31 December 2020.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 January 2019**

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

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank overdraft	14,333	11,350	14,322	11,346
Trade creditors	14,163	7,130	12,609	5,615
Amounts owed to related parties	146	1,144	-	469
Amounts owed to group undertakings	628	949	3,206	6,258
Deferred tax asset (see note 15)	-	-	214	-
Corporation tax	549	489	361	1,565
Other taxation and social security costs	2,435	4,434	1,757	3,329
Other creditors	284	583	47	171
Provisions	31	-	15	-
Accruals and deferred income	14,273	14,718	10,958	11,011
Derivative financial liability (see note 20)	-	4,080	-	4,080
	<u>46,842</u>	<u>44,877</u>	<u>43,489</u>	<u>43,844</u>

Amounts owed to related parties and group undertakings are interest free, unsecured and payable on demand.

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Payables	2,240	3,634	2,240	3,634
Provisions	198	-	198	-
	<u>2,438</u>	<u>3,634</u>	<u>2,438</u>	<u>3,634</u>

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Payables due within 2 to 5 years</b>				
Other creditors	354	354	354	354
Directors loans	1,886	3,280	1,886	3,280
	<u>2,240</u>	<u>3,634</u>	<u>2,240</u>	<u>3,634</u>

The directors' loans are subject to interest of 3% above base rate, unsecured and repayable on 21 March 2021.  
Other creditors are repayable within 5 years, unsecured and not subject to any interest.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 January 2019**

**15. DEFERRED TAXATION**

	£'000
<b>Group</b>	
At 1 February 2018	990
Charge to profit and loss account (note 6)	(298)
	<u>692</u>
At 31 January 2019	<u>692</u>

Deferred tax assets are provided as follows:

	2019 £'000	2018 £'000
<b>Group</b>		
Depreciation in excess of capital allowances	404	232
Other timing differences	288	758
	<u>692</u>	<u>990</u>

A deferred tax asset has been recognised to the extent that the directors consider the balance to be recoverable through future taxable profits. The directors consider the deferred tax asset to be recoverable over 1-5 years. The company and Group have no un-provided deferred tax assets or liabilities.

	£'000
<b>Company</b>	
At 1 February 2018	735
Charge to profit and loss account	(545)
	<u>190</u>
At 31 January 2019	<u>190</u>

Deferred tax assets are provided as follows:

	2019 £'000	2018 £'000
<b>Company</b>		
Depreciation in excess of capital allowances	404	(22)
Other timing differences	(214)	757
	<u>190</u>	<u>735</u>

**16. CALLED-UP SHARE CAPITAL AND RESERVES**

	2019 £'000	2018 £'000
<b>Allotted, called-up and fully paid</b>		
179,010 ordinary shares of £1 each	<u>179</u>	<u>179</u>

The rights of the shares are as documented in the Articles of Association that can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. The profit and loss account represents cumulative profits or losses, net of any dividends paid and other adjustments. The currency revaluation reserve illustrates the impact of translating the Group's foreign subsidiaries into Sterling. The other reserve is a non distributable reserve arising out of historic Group restructures.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 January 2019**

**17. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS**

	2019 £'000	2018 £'000
<b>Profit for the financial year</b>	17,080	11,189
Adjustments for:		
Tax on profit on ordinary activities	3,278	3,463
Net interest expense	149	341
FX Contracts movement	(6,206)	3,904
<b>Operating profit</b>	<u>14,301</u>	<u>18,897</u>
Loss on sale of fixed assets	40	55
Depreciation	3,694	3,060
Depreciation: Valuation	(720)	-
Amortisation of goodwill	106	106
(Increase) in stocks	(13,574)	(589)
Decrease / (increase) in debtors	1,853	(6,175)
Increase / (decrease) in creditors	2,117	(8,511)
<b>Cash flow from operating activities</b>	<u><u>7,817</u></u>	<u><u>6,843</u></u>

**18. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY**

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account. The result for the financial year dealt with in the financial statements of the company is a profit of £13,172,000 (2018: £11,423,000).

**19. FINANCIAL COMMITMENTS**

**Lease commitments**

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 Land and buildings £'000	2018 Land and buildings £'000	2019 Other £'000	2018 Other £'000
Operating leases which expire:				
- within one year	4,745	4,401	401	403
- within one to two years	4,621	4,102	350	400
- within two to five years	12,420	10,308	594	850
- in more than five years	11,124	12,269	13	40
	<u><u>32,910</u></u>	<u><u>31,080</u></u>	<u><u>1,358</u></u>	<u><u>1,693</u></u>

**Contingent liabilities**

The company is party to bank facilities provided to the companies within the group and other related party companies. This facility was renewed in December 2018 and runs to July 2022. There is an unlimited multilateral guarantee in place as security across these entities.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 January 2019**

**20. DERIVATIVE FINANCIAL INSTRUMENTS**

	<u>Due within one year</u>		<u>Due after one year</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>Derivatives that are measured at fair value through profit or loss:</b>				
<b>Financial assets at fair value:</b>	2,124	25	27	-
Forward foreign currency contract				
<b>Financial liabilities at fair value:</b>				
Forward foreign currency contracts	-	(4,080)	-	-

Fair value profits on derivative financial assets and liabilities measured at fair value through profit and loss were £6,206,000 (2018: £3,904,000 losses).

**Forward foreign currency contracts**

The following table details the forward foreign currency contracts outstanding as at the year-end:

	<u>Notional value</u>		<u>Fair value</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>Buy</b>				
Less than 3 months	15,635	19,936	738	(1,388)
Between 3 and 6 months	29,858	26,764	278	(1,089)
Greater than 6 months	48,930	48,708	351	(1,603)
	<u>94,423</u>	<u>95,408</u>	<u>1,367</u>	<u>(4,080)</u>
<b>Sell</b>				
Less than 3 months	16,094	13,157	481	(224)
Between 3 and 6 months	13,026	10,731	47	(259)
Greater than 6 months	40,811	42,262	256	508
	<u>69,931</u>	<u>66,150</u>	<u>784</u>	<u>25</u>
<b>Total</b>			<b>2,151</b>	<b>(4,055)</b>

The Group has entered into contracts to purchase goods from suppliers in Asia and to convert receipts from sales in Europe.

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 January 2019**

**21. RETIREMENT BENEFIT SCHEMES**

**Defined contribution scheme**

The Group operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The total cost charged to profit and loss £1,037,000 (2018: £815,000) represents contributions payable to the scheme by the company at rates specified in the rules of the plan. As at 31 January 2019, contributions of £160,050 (2018: £76,305) due in respect of the current reporting period had not been paid over to the schemes.

**22. RELATED PARTY TRANSACTIONS**

During the year, donations of £509,000 (2018: £406,000) were made to The Benson Black Memorial Charitable Trust, a charitable organisation related by way of common directors and trustees.

During the year, donations of £285,000 (2018: £147,000) were made to The Regatta Foundation, a charitable organisation related by way of common directors and trustees.

The Group is related to a number of other companies by way of common ownership and control. Net transactions with these companies during the year were as shown below:

Group	Transaction	2019 £'000	2018 £'000
Craghoppers Limited	Sales, purchases and management fees	1,658	(583)
Craghoppers LLC	Management fees	2	(128)
Hawkshead Outdoor Limited	Sales and management fees	3,308	2,284

Balances outstanding at year end in respect of related parties were as follows:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Debtors</b>				
Craghoppers Limited	214	844	204	1,310
Hawkshead Outdoor Limited	280	425	280	425
Craghoppers LLC	-	191	-	191
<b>Creditors</b>				
Craghoppers Limited	126	180	-	(469)
Craghoppers LLC	20	964	-	-

The Group and the company have taken advantage of the exemption in FRS 102 Section 33 'Related Party Disclosures' not to disclose transactions with other wholly owned Group companies within the Group headed by Risol Imports Limited.

The directors consider these debtors to be recoverable and no provision has been made.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 January 2019****22. RELATED PARTY TRANSACTIONS (continued)****Directors' transactions****Directors' Remuneration**

The total Group remuneration for directors for the year totalled £1,077,000 (2018: £1,130,000), being remuneration disclosed in Note 5.

**Loans to directors**

An interest bearing loan, repayable on 21 March 2021 was made by the directors. The amount of the liability to the Group at the beginning of the year was £3,280,000 the maximum during the year was £3,314,000 and at the end of the year was £1,886,000. This balance is included within Creditors (Note 14).

**23. ULTIMATE CONTROLLING PARTY**

The directors regard Risol Imports Limited, a company incorporated in England and Wales, as the ultimate parent company. The ultimate controlling party of Risol Imports Limited is K J Black (director).

The largest and smallest group of which Regatta Limited is a member and for which group financial statements are drawn up is that headed by Risol Imports Limited, whose principal place of business is at Risol House, Mercury Way, Urmston, Manchester, M41 7RR.