

REGATTA LIMITED

Annual Report and Financial Statements

For the year ended 31 January 2018

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ANNUAL REPORT AND FINANCIAL STATEMENTS 2018

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

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

COMPANY SECRETARY

D Holt

REGISTERED OFFICE

Risol House
Mercury Way
Urmston
Manchester
M41 7RR

AUDITOR

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

STRATEGIC REPORT (continued)

The directors present their strategic report on the affairs of the company, together with the directors' report, audited financial statements and independent auditor's report, for the year ended 31 January 2018. In preparing this strategic report the directors have complied with s414C of the Companies Act 2006.

PRINCIPAL ACTIVITIES

The company is engaged in the import and distribution of outdoor and leisure clothing. 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 PROSPECTS

The company continued growth in Sales during the financial year. Turnover increased by 16.7% to £162m and Profit from Operating Activities increased to £18.4m, up from £14.3m in the previous year.

The company 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. Both brands offer a comprehensive range of outdoor clothing and footwear for the whole family. The ranges comprise functional outdoor performance products that are designed both for outdoor adventure and as general leisure wear. The broad appeal of the brands continues to underpin 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 company 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 process of withdrawing from the European Union. Although there remain a number of uncertainties, the company is making suitable contingency arrangements to minimise the impact on the business.

The company has also taken measures to ensure it complies with GDPR Regulations that took effect on 25 May 2018.

PRINCIPAL RISKS AND UNCERTAINTIES

Sales are dependent upon the company 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 company aims to mitigate its impact with a broad product offering.

The company'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 company's policies approved by the board of directors. The company does not use derivative financial instruments for speculative purposes.

Cash flow risk

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

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company 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.

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

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

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

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

ENVIRONMENT

As the company'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. The company is investing in systems and processes to ensure it remains compliant with REACH legislation and employs the services of technical specialists for advice and guidance.

KEY PERFORMANCE INDICATORS

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

	2018 £'000	2017 £'000
Turnover for the year	161,647	138,472
Stock at year end	43,694	42,501
Tangible fixed assets at year end	15,654	15,948

Turnover is stated net of any trade rebates and a prior year reclassification has been processed to reflect this (Note 1). These were previously recorded within cost of sales.

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

RESULTS

The profit from operating activities for the year was £18,388,000 (2017: £14,265,000). Profit after tax of £11,423,000 has been transferred to reserves (2017: £10,418,000).

Approved by the Board and signed on its behalf by:

D Holt
Director



15 August 2018

DIRECTORS' REPORT

The directors' present their annual report and audited financial statements on the affairs of the company for the year ended 31 January 2018.

MATTERS INCLUDED WITHIN STRATEGIC REPORT

In accordance with s414C (11) of the Companies Act, 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 as disclosed on page 1.

The company 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 company made charitable donations of £630,760 during the year (2017: £72,198).

DIVIDENDS

Interim dividends of £2,432,688 (£13.59 per ordinary share) were paid prior to the year end (2017: £4,317,085 (£24.12 per ordinary share)). No final dividends have been declared as at 31 January 2018 (2017: £1,358,000 (£7.59 per ordinary share)).

FINANCIAL INSTRUMENTS

Details of financial instruments are provided in the strategic report on page 2.

GOING CONCERN

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

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

Given the current economic circumstances and the guidance issued by the Financial Reporting Council, additional disclosures are presented in Note 1 to the financial statements around the basis on which the directors have continued to adopt the going concern basis in preparing these financial statements.

DISABLED EMPLOYEES

It is the company 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 company 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 company. 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 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 and 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



15 August 2018

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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 Limited for the year ended 31 January 2018 which comprise of the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 20, 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 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 company's affairs as at 31 January 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 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 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 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 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 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, United Kingdom

Date:

15 August 2018

PROFIT AND LOSS ACCOUNT
As at 31 January 2018

	Note	2018 £'000	2017 £'000
TURNOVER	1, 2	161,647	138,472
Cost of sales	1	(112,118)	(95,308)
GROSS PROFIT		49,529	43,164
Administrative expenses		(31,144)	(28,918)
OPERATING PROFIT		18,385	14,246
Interest receivable and similar income	4	599	587
Interest payable and similar charges	4	(596)	(568)
PROFIT FROM OPERATING ACTIVITIES		18,388	14,265
Net fair value movement on unrealised forward currency contracts	18	(3,904)	(922)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	14,484	13,343
Tax on profit on ordinary activities	6	(3,061)	(2,925)
PROFIT FOR THE FINANCIAL YEAR		11,423	10,418

All activities arose from continuing operations.

There are no recognised gains or losses in the current or previous year other than the profit for that year, as shown above. Accordingly a separate statement of comprehensive income has not been presented. The total comprehensive income for the year was £11,423,000 (2017: £10,418,000)

BALANCE SHEET
As at 31 January 2018

	Note	2018 £'000	2017 £'000
FIXED ASSETS			
Tangible fixed assets	8	15,654	15,948
Investments	9	192	192
		<u>15,846</u>	<u>16,140</u>
CURRENT ASSETS			
Stocks	10	43,694	42,501
Debtors			
- due within one year	11	33,896	30,179
- due after one year	11	7,568	6,909
Cash at bank and in hand		172	130
		<u>85,330</u>	<u>79,719</u>
CREDITORS: Amounts falling due within one year	12	<u>(43,844)</u>	<u>(45,664)</u>
NET CURRENT ASSETS		<u>41,486</u>	<u>34,055</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>57,332</u>	<u>50,195</u>
CREDITORS: Amounts falling due after more than one year	13	<u>(3,634)</u>	<u>(5,487)</u>
NET ASSETS		<u>53,698</u>	<u>44,708</u>
CAPITAL AND RESERVES			
Called-up share capital	15	179	179
Profit and loss account	15	53,519	44,529
SHAREHOLDER'S FUNDS		<u>53,698</u>	<u>44,708</u>

The financial statements of Regatta Limited, registered number 01063450, were approved by the Board of Directors and authorised for issue on 15 August 2018.

The notes on pages 12 to 24 form an integral part of these financial statements.

D Holt
 Director



STATEMENT OF CHANGES IN EQUITY
For the year ended 31 January 2018

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
At 1 February 2016	179	39,786	39,965
Profit for the financial year	-	10,418	10,418
Total comprehensive income	-	10,418	10,418
Dividends paid (note 7)	-	(5,675)	(5,675)
At 31 January 2017	179	44,529	44,708
Profit for the financial year	-	11,423	11,423
Total comprehensive income	-	11,423	11,423
Dividends paid (note 7)	-	(2,433)	(2,433)
At 31 January 2018	179	53,519	53,698

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2018

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 Limited 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 company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements of Regatta Limited were authorised for issue by the Board of Directors on 15 August 2018. 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 Limited 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 Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company is consolidated in the financial statements of its parent, Risol Imports Limited, which may be obtained from the address in Note 20 to the financial statements. Exemptions have been taken in these separate financial statements in relation to related parties, financial instruments, the presentation of a cash flow statement and remuneration of key management personnel.

Going concern

In carrying out their duties in respect of going concern, the directors have carried out a review of the company's financial position and cash flow forecast for a period of twelve months from the date of signing these financial statements. These have been prepared from 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 company'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 company is able to manage its 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.

Tangible fixed assets

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

Freehold buildings	2% per annum on written down value
Computer equipment	20% to 33% per annum straight line
Plant and machinery	20% to 50% per annum straight line
Motor vehicles	25% to 45% per annum on written down value

Freehold land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 January 2018****1. ACCOUNTING POLICIES (continued)*****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 currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

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 company'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 company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 January 2018

1. ACCOUNTING POLICIES (continued)

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.

For better presentation, a prior year reclassification has been processed to restate turnover net of any trade rebates. These rebates were previously included within cost of sales. The impact of this has been to reduce the 2017 turnover by £1,280,000 and reduce the 2017 cost of sales by £1,280,000. There is no impact of this reclassification on the net profit or net assets of 2017, as previously presented.

Cost of sales

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

Financial instruments

Financial assets and financial liabilities are recognised when the company 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 company 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 company 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:

- (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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 January 2018

1. ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

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 company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, 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 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 company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The company 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 re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company'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 company's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 January 2018****1. ACCOUNTING POLICIES (continued)*****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 company's carrying value of stock as reported. There are specific stock provisions in place across the company.

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Company 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 Company 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.

2. SEGMENT INFORMATION

The analysis of turnover by geographical market or operating segment or 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 seriously prejudicial to the interests of the company.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2018 £'000	2017 £'000
Operating lease rentals – plant and machinery	386	397
Operating lease rentals – other	2,317	2,183
Loss on disposal of fixed assets	35	52
Depreciation - owned assets	2,174	2,310
Forex losses	3,630	4,111
Auditor's remuneration		
- fees payable to the company's auditor for the audit of the company's annual financial statements	19	25
- fees payable to the company's auditor for the audit of group and related undertakings	40	40
	<u>40</u>	<u>40</u>

4. FINANCE COSTS (NET)

	2018 £'000	2017 £'000
Interest receivable and similar income	599	587
Interest payable and similar charges	(596)	(568)
	<u>3</u>	<u>19</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 January 2018

5. STAFF NUMBERS AND COSTS

Staff costs, including directors, comprise:

	2018	2017
	£'000	£'000
Wages and salaries	16,457	14,465
Social security costs	1,345	1,172
Other pension costs	829	839
	<u>18,631</u>	<u>16,476</u>

The average monthly number of employees, including executive directors, was:

	2018	2017
	No.	No.
Office, management and sales	435	440
Warehouse	236	198
	<u>671</u>	<u>638</u>

Directors' remuneration

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

	2018	2017
	£'000	£'000
Emoluments	1,126	1,036
Company contributions to money purchase pension schemes	12	26
	<u>1,138</u>	<u>1,062</u>

During the year the company paid £12,503 (2017: £26,000) into group personal pension plans for the benefit of two directors (2017: two).

Highest-paid director

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

	2018	2017
	£'000	£'000
Emoluments	369	317
Company contributions to money purchase pension schemes	10	13
	<u>379</u>	<u>330</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 January 2018

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2018	2017
	£'000	£'000
Current tax		
UK corporation tax	3,518	3,064
Adjustments in respect of prior years	23	41
Total current tax	<u>3,541</u>	<u>3,105</u>
Deferred tax		
Origination and reversal of timing differences	(483)	(158)
Adjustments in respect of prior periods	3	(28)
Effect of change in tax rate	-	6
Total deferred tax (note 14)	<u>(480)</u>	<u>(180)</u>
Total tax on profit on ordinary activities	<u><u>3,061</u></u>	<u><u>2,925</u></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:

	2018	2017
	£'000	£'000
Profit on ordinary activities before tax	<u>14,484</u>	<u>13,343</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 19.17% (2017: 20%)	2,776	2,668
<i>Effects of:</i>		
Origination and reversal of timing differences	154	192
Expenses not deductible for tax purposes	43	17
Adjustments to tax charge in respect of previous periods	23	41
Adjustments to deferred tax in respect of previous periods	3	(28)
Adjustment re opening & closing DT rate	62	35
Total tax charge for the year	<u><u>3,061</u></u>	<u><u>2,925</u></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 2018

7. DIVIDENDS

	2018	2017
	£'000	£'000
Interim dividends paid for the year ended 31 January 2018 of £13.59 per ordinary and deferred ordinary share (2017: £24.12)	2,433	4,317
Proposed final dividends for the year ended 31 January 2018 of £nil per ordinary and deferred ordinary share (2017: £7.59)	-	1,358
Total dividend	<u>2,433</u>	<u>5,675</u>

8. TANGIBLE FIXED ASSETS

Cost	Freehold land and buildings £'000	Computer equipment £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
At 1 February 2017	10,800	3,973	13,692	639	29,104
Additions	-	615	1,252	87	1,954
Disposals	-	(35)	(64)	(124)	(223)
At 31 January 2018	<u>10,800</u>	<u>4,553</u>	<u>14,880</u>	<u>602</u>	<u>30,835</u>
Depreciation					
At 1 February 2017	304	3,163	9,269	420	13,156
Charge for the year	210	506	1,364	94	2,174
Eliminated on disposal	-	(20)	(23)	(106)	(149)
At 31 January 2018	<u>514</u>	<u>3,649</u>	<u>10,610</u>	<u>408</u>	<u>15,181</u>
Net book value					
At 31 January 2018	<u>10,286</u>	<u>904</u>	<u>4,270</u>	<u>194</u>	<u>15,654</u>
At 31 January 2017	<u>10,496</u>	<u>810</u>	<u>4,423</u>	<u>219</u>	<u>15,948</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 January 2018

9. FIXED ASSET INVESTMENTS

The company holds investments in the following subsidiary undertakings:

	Incorporation Address	% voting rights	Nature of business
Dare2b Retail Limited	Risol House, Mercury Way, Urmston, Manchester, UK, M41 7RR	100	Outdoor clothing
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 Outdoors (Xiamen) Company Ltd	Zone A, 5th Floor, Xin Yu Building, No 17 East Jouju Road, Heshan Street, Xiamen, China	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 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*

£'000

Cost and net book value at 1 February 2017 and at 31 January 2018

192

Subsidiary undertakings have not been consolidated by Regatta Limited as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of Risol Imports Limited.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 January 2018

10. STOCKS

	2018 £'000	2017 £'000
Finished goods and goods for resale	43,694	42,501

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

11. DEBTORS

	2018 £'000	2017 £'000
<i>Amounts falling due within one year:</i>		
Trade debtors	17,157	17,202
Amounts owed by related undertakings	1,926	102
Amounts owed by group undertakings	11,793	7,648
Other taxation and social security	150	577
Other debtors	39	28
Derivative financial instruments (see note 18)	25	2,673
Prepayments and accrued income	2,071	1,694
Deferred tax asset (see note 14)	735	255
	<u>33,896</u>	<u>30,179</u>
<i>Amounts falling due after more than one year:</i>		
Amounts owed by group undertakings	<u>7,568</u>	<u>6,909</u>

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

Loan balances owed by related undertakings are subject to interest between 0% and 12.5% , unsecured and repayable on fixed terms between 3 and 8 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.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Bank overdraft	11,346	5,502
Trade creditors	5,615	9,815
Amounts owed to related undertakings	469	2,300
Amounts owed to group undertakings	6,258	5,514
Corporation tax	1,565	1,624
Other taxation and social security costs	3,329	5,084
Other creditors	171	86
Accruals and deferred income	11,011	12,915
Derivative financial liability (see note 18)	4,080	2,824
	<u>43,844</u>	<u>45,664</u>

Amounts owed to related undertakings and group undertakings falling due within one year are interest free, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 January 2018****13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2018 £'000	2017 £'000
Due within 2 to 5 years		
Other creditors	354	344
Directors' loans	3,280	5,143
	<u>3,634</u>	<u>5,487</u>

The directors' loans are subject to interest of 3% above base rate, unsecured and repayable on 21 March 2021.

14. DEFERRED TAX ASSET

	2018 £'000	2017 £'000
At 1 February asset	255	75
Credited to profit and loss account (note 6)	480	180
	<u>735</u>	<u>255</u>

Deferred tax assets are provided as follows:

	2018 £'000	2017 £'000
Accelerated capital allowances	(22)	65
Short term timing differences - trading	757	190
	<u>735</u>	<u>255</u>

The directors consider the deferred tax asset to be recoverable over 1-5 years.

15. CALLED-UP SHARE CAPITAL AND RESERVES

	2018 £	2017 £
Allotted, called-up and fully paid		
3,510 ordinary shares of £1 each	3,510	3,510
175,500 deferred ordinary shares of £1 each	175,500	175,500
	<u>179,010</u>	<u>179,010</u>

Deferred ordinary shares rank pari passu in all respects with the ordinary shares.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 January 2018****16. FINANCIAL COMMITMENTS***Operating lease commitments*

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

	2018	2017	2018	2017
	Land and	Land and	Other	Other
	buildings	buildings	£'000	£'000
	£'000	£'000		
Operating leases which expire:				
- within 1 year	2,162	2,167	403	406
- within 1 to 2 years	2,134	2,059	400	403
- within 2 to 5 years	6,594	6,380	850	1,068
- more than 5 years	7,856	7,716	40	222
	<u>18,746</u>	<u>18,322</u>	<u>1,693</u>	<u>2,099</u>

The prior year has been re-stated to reflect a change in methodology adopted by the directors during the year.

Contingent liabilities

The company is party to bank facilities provided to the companies within the group and other related party companies. There is an unlimited multilateral guarantee in place as security across these entities.

17. RETIREMENT BENEFIT SCHEMES**Defined contribution scheme**

The company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the schemes are held separately from those of the company 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 company are reduced by the amount of forfeited contributions.

The total cost charged to profit and loss £829,000 (2017: £839,000) represents contributions payable to the scheme by the company at rates specified in the rules of the plan. As at 31 January 2018, contributions of £76,305 (2017: £77,000) due in respect of the current reporting period had not been paid over to the schemes.

18. DERIVATIVE FINANCIAL INSTRUMENTS

	Due within one year		Due after one year	
	2018	2017	2018	2017
	£	£	£	£
Derivatives that are measured at fair value through profit or loss:				
Financial assets at fair value:	25	2,673	-	-
Forward foreign currency contract				
Financial liabilities at fair value:				
Forward foreign currency contracts	<u>(4,080)</u>	<u>(2,824)</u>	<u>-</u>	<u>-</u>

Fair value losses on derivative financial assets measured at fair value through profit and loss £3,904,000 (2017: £922,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)**For the year ended 31 January 2018****19. RELATED PARTY TRANSACTIONS AND OTHER RELATED PARTIES**

During the year, donations of £406,000 (2017: £10,000) 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 £147,000 (2017: £50,000) were made to The Regatta Foundation, a charitable organisation related by way of common directors and trustees.

The company 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:

		2018 £'000	2017 £'000
Hawkshead Outdoor Limited	Sales and management charges	2,284	1,959
Craghoppers Limited	Management and interest charges	1,514	1,398

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

	2018 £'000	2017 £'000
Debtors		
Craghoppers Limited	1,310	8
Hawkshead Outdoor Limited	425	16
Craghoppers LLC	191	78
Creditors		
Craghoppers Limited	(469)	(2,298)
Hawkshead Outdoor Limited	-	(2)

As a subsidiary of Risol Imports Limited, the company has taken advantage of the exemption in FRS 102 Section 33 "Related Party Disclosures" not to disclose balances or transactions with other wholly owned members of the group headed by Risol Imports Limited. The directors consider these amounts owed by related parties to be recoverable.

Directors' transactions**Directors' Remuneration**

The total remuneration for directors for the year totalled £1,138,000 (2017: £1,062,000), being remuneration disclosed in Note 5.

Loans to directors

An interest bearing loan, repayable on 21st March 2021 was made by the directors. The amount of the liability to the company at the beginning of the year was £5,143,000 the maximum during the year was £5,469,000 and at the end of the year was £3,280,000. This balance is included within Creditors (note 13).

20. 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.