

Company Registration No. 03803234 (England and Wales)

O'NEILL WETSUITS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

PAGES FOR FILING WITH REGISTRAR

O'NEILL WETSUITS LIMITED

COMPANY INFORMATION

Directors	Mr P Caldwell Ms M Molino Mr J Pope
Secretary	Ms J Newman
Company number	03803234
Registered office	Units 11 - 14 Holmbush Industrial Estate Midhurst West Sussex GU29 9HX
Auditor	Moore Stephens (South) LLP City Gates 2-4 Southgate Chichester West Sussex PO19 8DJ

O'NEILL WETSUITS LIMITED

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O'NEILL WETSUITS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	5		232,578		277,134
Current assets					
Stocks	7	1,415,257		797,194	
Debtors	8	878,428		960,502	
Cash at bank and in hand		6,763,486		6,335,878	
		<u>9,057,171</u>		<u>8,093,574</u>	
Creditors: amounts falling due within one year	9	<u>(1,205,874)</u>		<u>(981,308)</u>	
Net current assets			7,851,297		7,112,266
Total assets less current liabilities			8,083,875		7,389,400
Provisions for liabilities	10		<u>(41,700)</u>		<u>(42,650)</u>
Net assets			<u>8,042,175</u>		<u>7,346,750</u>
Capital and reserves					
Called up share capital	12	100,200		100,200	
Profit and loss reserves		7,941,975		7,246,550	
Total equity			<u>8,042,175</u>		<u>7,346,750</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 19 April 2018 and are signed on its behalf by:

Mr P Caldwell
Director

Company Registration No. 03803234

O'NEILL WETSUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

O'Neill Wetsuits Limited is a private company limited by shares incorporated in England and Wales. The registered office is Units 11 - 14, Holmbush Industrial Estate, Midhurst, West Sussex, GU29 9HX.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

Revenue 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.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	Over the life of the lease
Fixtures, fittings & equipment	20% to 50% per annum
Motor vehicles	25% per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

O'NEILL WETSUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

1.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

O'NEILL WETSUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

O'NEILL WETSUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

O'NEILL WETSUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.14 Foreign Exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Finance and administration	7	7
Production	8	8
Sales and marketing	12	13
	<u>27</u>	<u>28</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	1,050,134	927,482
Social security costs	110,882	98,393
Pension costs	44,419	65,098
	<u>1,205,435</u>	<u>1,090,973</u>

4 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	<u>143,454</u>	<u>140,105</u>

O'NEILL WETSUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

5 Tangible fixed assets

	Land and buildings Leasehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2017	237,657	758,570	155,220	1,151,447
Additions	-	48,291	52,785	101,076
Disposals	-	(4,914)	(102,420)	(107,334)
At 31 December 2017	237,657	801,947	105,585	1,145,189
Depreciation and impairment				
At 1 January 2017	230,759	553,948	89,606	874,313
Depreciation charged in the year	3,094	88,280	29,986	121,360
Eliminated in respect of disposals	-	(4,914)	(78,148)	(83,062)
At 31 December 2017	233,853	637,314	41,444	912,611
Carrying amount				
At 31 December 2017	3,804	164,633	64,141	232,578
At 31 December 2016	6,898	204,622	65,614	277,134

6 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	513,868	808,220
Instruments measured at fair value through profit or loss	50,830	42,811
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	61,654	-
Measured at amortised cost	1,034,644	688,164

7 Stocks

	2017 £	2016 £
Finished goods and goods for resale	1,415,257	797,194

O'NEILL WETSUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

8 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	514,370	808,145
Derivative financial instruments	50,830	42,811
Other debtors	71,770	75
Prepayments and accrued income	241,458	109,471
	<u>878,428</u>	<u>960,502</u>

9 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	459,801	156,011
Amount due to parent undertaking	166,705	213,922
Corporation tax	86,017	238,871
Other taxation and social security	23,559	54,273
Derivative financial instruments	61,654	-
Other creditors	1,052	6,615
Accruals and deferred income	407,086	311,616
	<u>1,205,874</u>	<u>981,308</u>

10 Provisions for liabilities

	Notes	2017	2016
		£	£
Deferred tax liabilities	11	<u>41,700</u>	<u>42,650</u>

11 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities	Liabilities
	2017	2016
Balances:	£	£
ACAs	<u>41,700</u>	<u>42,650</u>

O'NEILL WETSUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11	Deferred taxation	(Continued)
		2017
	Movements in the year:	£
	Liability at 1 January 2017	42,650
	Credit to profit or loss	(950)
	Liability at 31 December 2017	<u>41,700</u>

12	Share capital	2017	2016
		£	£
	Ordinary share capital		
	Issued and fully paid		
	70,000 A Ordinary Shares of £1 each	70,000	70,000
	30,000 B Ordinary Shares of £1 each	30,000	30,000
	20,000 C Ordinary Shares of 1p each	200	200
		<u>100,200</u>	<u>100,200</u>

The "A" and "B" Ordinary Shares rank pari passu in all respects. The "C" Ordinary Shares carry the right to attend and vote at any General Meeting, but carry no other rights.

13 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Andrew Henshaw.

The auditor was Moore Stephens (South) LLP.

14 Related party transactions

Disclosure of the remuneration of key management personnel is provided in note 4.

Disclosure of trading balances owed to the parent company is provided in note 9.

O'NEILL WETSUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

15 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	142,566	161,172
Between two and five years	5,341	141,509
	<u>147,907</u>	<u>302,681</u>

16 Controlling party

The immediate and ultimate parent undertaking is O'Neill Wetsuits LLC, 1071 41st Avenue, Santa Cruz, California, USA. The company is incorporated in the USA, and is the smallest and largest group to consolidate their financial statements. O'Neill Wetsuits LLC owns 100% of the issued share capital of O'Neill Wetsuits Limited, together Cathi O'Neill, Bridget O'Neill and Tim O'Neill are ultimate controlling parties.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.