Company Registration No. 03803234 (England and Wales)

O'NEILL WETSUITS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

O'NEILL WETSUITS LIMITED

COMPANY INFORMATION

Directors	Mr P Caldwell Ms M Molfino 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

CONTENTS

O'NEILL WETSUITS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report for the year ended 31 December 2018 which shows a fair and balanced analysis of:
a) the development and performance of the company's business during the financial year;
b) the position of the company at the end of the year; and,
c) a description of the principal risks and uncertainties facing the company.

Fair review of the business
O'Neill Wetsuits Limited has continued to build on its previous year's business model and strategies with no significant change to either throughout 2018. Turnover has increased by 17.3% on the previous year primarily due to growth in the UK, French, and German markets.

The gross profit margin has increased from 33.41% to 43.5%, due to favourable exchange rate movements. Operating costs have increased by 11.7% compared to 2017.

Principal risks and uncertainties
Principal risks
The risks facing the Company are primarily the risks surrounding supply of product from the factories in the Far East, however this risk is insured against. Uncertainties would generally revolve around the strength of the recovery in Europe, this is not unique to O'Neill Wetsuits and we have a good risk spread of countries that we trade with and so do not anticipate this to be an area of concern. Brexit is also another area of uncertainty but Management have assessed the risks and have strategies in place to overcome all possible scenarios.

Liquidity risk
The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Foreign currency risk
The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

Credit risk
Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.
All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Key performance indicators
The Company achieved a profit for the year of £1,929,831, a 177.5% increase on 2017, resulting in a net profit margin for the year of 16.2%. It also builds even further on the strength of its Balance Sheet at the end of 2018 with a 25% increase in Net Current assets and an overall Net worth of £10m, an increase of 24% on 2017. Liquidity ratios have also increased on last year, details below:

	2018	2017
Quick ratio	6.39	6.34
Current ratio	7.69	7.51
Receivables turnover	20.35	19.71
Inventory turnover	2.97	4.09

By order of the board

J Newman

Ms J Newman
Secretary
01/04/19

O'NEILL WETSUITS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities
The principal activity of the company continued to be that of the selling and distribution of wetsuits throughout Europe.

The Strategic Report on page 1 includes the review of company performance in the year, its position at the year end and the principal risks facing the company.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr P Caldwell
Ms M Molfino
Mr J Pope

Results and dividends
The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor
In accordance with the company's articles, a resolution proposing that Moore Stephens (South) LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board

JNewman
Ms J Newman
Secretary
Date: 01/04/19

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors are responsible for preparing the annual 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). 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;
- 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 O'NEILL WETSUITS LIMITED

Opinion
We have audited the financial statements of O'Neill Wetsuits Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, 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 state of the company's affairs as at 31 December 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. 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our 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 the 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 and the directors' report.

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

- adequate accounting records have not been kept, 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, 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: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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.

Andrew Henshaw (Senior Statutory Auditor)
for and on behalf of Moore Stephens (South) LLP

2 April 2019

Chartered Accountants
Statutory Auditor

City Gates
2-4 Southgate
Chichester
West Sussex
PO19 8DJ

O'NEILL WETSUITS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	11,898,066	10,139,590
Cost of sales		(6,717,349)	(6,751,773)
Gross profit		5,180,717	3,387,817
Distribution costs		(1,959,080)	(1,844,639)
Administrative expenses		(867,230)	(684,580)
Operating profit	4	2,354,407	858,598
Interest receivable and similar income	7	27,923	408
Profit before taxation		2,382,330	859,006
Tax on profit	8	(452,499)	(163,581)
Profit for the financial year		1,929,831	695,425

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

O'NEILL WETSUITS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	9		190,189		232,578
Current assets					
Stocks	11	1,918,843		1,415,257	
Debtors	12	653,198		878,428	
Cash at bank and in hand		8,712,689		6,763,486	
		11,284,730		9,057,171	
Creditors: amounts falling due within one year	13	(1,466,813)		(1,205,874)	
Net current assets			9,817,917		7,851,297
Total assets less current liabilities			10,008,106		8,083,875
Provisions for liabilities	14		(36,100)		(41,700)
Net assets			9,972,006		8,042,175
Capital and reserves					
Called up share capital	17		100,200		100,200
Profit and loss reserves			9,871,806		7,941,975
Total equity			9,972,006		8,042,175

The financial statements were approved by the board of directors and authorised for issue on 01/04/19 and are signed on its behalf by:

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Mr P Caldwell
Director

Company Registration No. 03803234

O'NEILL WETSUITS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2017	100,200	7,246,550	7,346,750
Year ended 31 December 2017:			
Profit and total comprehensive income for the year	-	695,425	695,425
Balance at 31 December 2017	100,200	7,941,975	8,042,175
Year ended 31 December 2018:			
Profit and total comprehensive income for the year	-	1,929,831	1,929,831
Balance at 31 December 2018	100,200	9,871,806	9,972,006

O'NEILL WETSUITS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash generated from operations	**21**		2,269,812		754,526
Income taxes paid			(276,016)		(317,385)
Net cash inflow from operating activities			1,993,796		437,141
Investing activities					
Purchase of tangible fixed assets		(79,192)		(101,076)	
Proceeds on disposal of tangible fixed assets		17,500		37,500	
Interest received		27,923		408	
Net cash used in investing activities			(33,769)		(63,168)
Financing activities					
Repayment of derivatives		(10,824)		53,635	
Net cash (used in)/generated from financing activities			(10,824)		53,635
Net increase in cash and cash equivalents			1,949,203		427,608
Cash and cash equivalents at beginning of year			6,763,486		6,335,878
Cash and cash equivalents at end of year			8,712,689		6,763,486

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.

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 at bank and in hand

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.

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 though 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.

1 Accounting policies **(Continued)**

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction 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.

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 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018	2017
	£	£
Turnover analysed by class of business		
	11,898,066	10,139,590

	2018	2017
	£	£
Turnover analysed by geographical market		
United Kingdom	4,652,331	3,956,987
Europe	7,003,833	5,939,412
Rest of the World	241,902	243,191
	11,898,066	10,139,590

4 Operating profit

	2018	2017
Operating profit for the year is stated after charging/(crediting):	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	15,772	15,268
Depreciation of owned tangible fixed assets	108,707	121,360
Profit on disposal of tangible fixed assets	(4,626)	(13,228)
Cost of stocks recognised as an expense	5,707,372	5,791,064
Operating lease charges	167,044	160,048

5 Employees

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

	2018 Number	2017 Number
Finance and administration	8	7
Production	9	8
Sales and marketing	11	12
	28	27

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	1,046,352	1,050,134
Social security costs	116,064	110,882
Pension costs	52,423	44,419
	1,214,839	1,205,435

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	155,480	143,454

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	27,923	408

8 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	458,099	166,017
Adjustments in respect of prior periods	-	(1,486)
Total current tax	458,099	164,531

(Continued)

Deferred tax		
Origination and reversal of timing differences	(5,600)	(950)
Total tax charge	452,499	163,581

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	2,382,330	859,006
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	452,643	165,359
Adjustments in respect of prior years	-	(1,486)
Effect of change in corporation tax rate	-	(25)
Permanent capital allowances in excess of depreciation	5,895	683
Other tax adjustments	(439)	-
Deferred tax	(5,600)	(950)
Taxation charge for the year	452,499	163,581

9 Tangible fixed assets

	Land and buildings leasehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2018	237,657	801,947	105,585	1,145,189
Additions	-	24,172	55,020	79,192
Disposals	-	(1,296)	(52,800)	(54,096)
At 31 December 2018	237,657	824,823	107,805	1,170,285
Depreciation and impairment				
At 1 January 2018	233,853	637,314	41,444	912,611
Depreciation charged in the year	1,225	80,577	26,905	108,707
Eliminated in respect of disposals	-	(1,296)	(39,926)	(41,222)
At 31 December 2018	235,078	716,595	28,423	980,096
Carrying amount				
At 31 December 2018	2,579	108,228	79,382	190,189
At 31 December 2017	3,804	164,633	64,141	232,578

10 Financial instruments

	2018	2017
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	584,796	513,868
Instruments measured at fair value through profit or loss	-	50,830
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	-	61,654
Measured at amortised cost	1,077,627	1,034,644

11 Stocks

	2018	2017
	£	£
Finished goods and goods for resale	1,918,843	1,415,257

12 Debtors

	2018	2017
Amounts falling due within one year:	**£**	**£**
Trade debtors	584,630	514,370
Derivative financial instruments	-	50,830
Other debtors	166	71,770
Prepayments and accrued income	68,402	241,458
	653,198	878,428

13 Creditors: amounts falling due within one year

	2018	2017
	£	**£**
Trade creditors	491,691	459,801
Amounts owed to group undertakings	219,916	166,705
Corporation tax	268,100	86,017
Other taxation and social security	121,086	23,559
Derivative financial instruments	-	61,654
Other creditors	1,108	1,052
Accruals and deferred income	364,912	407,086
	1,466,813	1,205,874

14 Provisions for liabilities

		2018	2017
	Notes	**£**	**£**
Deferred tax liabilities	15	36,100	41,700

15 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 2018	Liabilities 2017
Balances:	**£**	**£**
ACAs	36,100	41,700

15 Deferred taxation **(Continued)**

Movements in the year:	**2018** **£**
Liability at 1 January 2018	41,700
Credit to profit or loss	(5,600)
Liability at 31 December 2018	36,100

16 Retirement benefit schemes

Defined contribution schemes	**2018** **£**	**2017** **£**
Charge to profit or loss in respect of defined contribution schemes	52,423	44,419

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital

	2018 **£**	**2017** **£**
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
	100,200	100,200

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.

18 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:

	2018	2017
	£	£
Within one year	15,551	142,566
Between two and five years	24,114	5,341
	39,665	147,907

19 Related party transactions

Transactions with related parties

Disclosure of the remuneration of key management personnel is provided in Note 6.

Disclosure of trading balances owed to the parent company is provided in Note 13.

20 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. Whilst the company is ultimately controlled by members of the O'Neill family, there is no individual controlling party.

21 Cash generated from operations

	2018	2017
	£	£
Profit for the year after tax	1,929,831	695,425
Adjustments for:		
Taxation charged	452,499	163,581
Investment income	(27,923)	(408)
Gain on disposal of tangible fixed assets	(4,626)	(13,228)
Depreciation and impairment of tangible fixed assets	108,707	121,360
Movements in working capital:		
(Increase) in stocks	(503,586)	(618,063)
Decrease in debtors	174,400	90,093
Increase in creditors	140,510	315,766
Cash generated from operations	2,269,812	754,526