

OS AA01

Statement of details of parent law and other
information for an overseas company



Companies House

403654/30 FC025570
703654

☒ What this form is for
You may use this form to
accompany your accounts
disclosed under parent law

☒ What this form is NOT for
You cannot use this form to
accompany an alteration of manner of
accounts with accounting requirements



A08 30/06/2015 #121
COMPANIES HOUSE
A23 17/06/2015 #431
COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of
overseas company ①

SCOTT SPORTS SA

UK establishment
number

B R 7 8 5 8

→ Filling in this form

Please complete in typescript or in
bold black capitals

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state

Part 2 Statement of details of parent law and other
information for an overseas company

A1

Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited

Legislation ②

SWITZERLAND

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts

A2

Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box

☐ No Go to Section A3

☒ Yes Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3

③ Please insert the name of the
appropriate accounting organisation
or body

Name of organisation
or body ③

KPMG

A3

Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box

☐ No Go to Section A5

☒ Yes Go to Section A4

OS AA01

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A4

Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box

☐ No Go to Part 3 'Signature'

☒ Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'

① Please insert the name of the appropriate accounting organisation or body

Name of organisation or body ①

KPMG

A5

Unaudited accounts

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box

☐ No

☐ Yes

Part 3

Signature

Signature

I am signing this form on behalf of the overseas company

Signature

X

D Rainford

X

This form may be signed by
Director, Secretary, Permanent representative

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	DAVID RAINSFORD
Company name	SCOTT SPORTS SA
Address	UNIT 3 BAKER RD NELSON PARK WEST
Post town	CRAMLINGTON
County/Region	NORTHUMBERLAND
Postcode	NE23 1WL
Country	
DX	
Telephone	



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following

- ☒ The company name and, if appropriate, the registered number, match the information held on the public Register
- ☒ You have completed all sections of the form, if appropriate
- ☒ You have signed the form



Important information

Please note that all this information will appear on the public record.



Where to send

You may return this form to any Companies House address.

England and Wales

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

Scotland

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

Northern Ireland

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk



703634/20
FC25570

SCOTT Sports SA, Givisiez
Report of the Statutory Auditor
on the Financial Statements
to the General Meeting of Shareholders
Financial Statements August 31, 2014

TUESDAY

A08

A4ANPF21
30/06/2015 #122
COMPANIES HOUSE

KPMG SA
Fribourg, November 14, 2014
Ref FL/MR/js



KPMG SA
Audit Western Switzerland
Rue de la Banque 3
CH-1700 Fribourg

P.O. Box 887
CH-1701 Fribourg

Telephone +41 58 249 49 00
Fax +41 58 249 45 65
Internet www.kpmg.ch

Report of the Statutory Auditor to the General Meeting of Shareholders of
SCOTT Sports SA, Givisiez

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of SCOTT Sports SA, which comprise the balance sheets, statement of income, statement of retained earnings and notes for the year ended August 31, 2014

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended August 31, 2014 comply with Swiss law and the company's articles of incorporation.

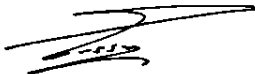
Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved

KPMG SA



Fabien Lussu
*Licensed Audit Expert
Auditor in Charge*



Myriam Roulin
Licensed Audit Expert

Fribourg, November 14, 2014

Enclosures

- Financial statements (balance sheets, statement of income, statement of retained earnings and notes)
- Proposed appropriation of available earnings

SCOTT SPORTS SA
BALANCE SHEETS AS OF AUGUST 31,
(Currency - Swiss Francs)

	<u>2014</u>	<u>2013</u>
A S S E T S		
CURRENT ASSETS		
Cash and securities	55,360,606	45,862,871
Accounts receivable		
- Trade	35,832,480	37,226,063
- Allowance for doubtful accounts	(3,390,763)	(3,484,385)
<i>Total trade receivable</i>	<u>32,441,717</u>	<u>33,741,678</u>
- Group	18,283,176	20,289,222
- Allowance for doubtful accounts	(448,038)	(564,525)
<i>Total group receivable</i>	<u>17,835,138</u>	<u>19,724,697</u>
- Other	694,551	539,862
- Taxes receivable	566,530	509,898
<i>Total accounts receivable</i>	<u>51,537,936</u>	<u>54,516,135</u>
Inventories, net of reserve of CHF 28'357'453 (2013 CHF 32'431'754)	57,238,620	75,178,339
Prepaid expenses	1,085,431	1,377,770
<i>Total current assets</i>	<u>165,222,593</u>	<u>176,935,115</u>
NON-CURRENT ASSETS		
Long term group receivable	20,174,178	29,110,765
Allowance for doubtful accounts	(2,017,418)	(2,911,077)
<i>Total long term group receivable</i>	<u>18,156,760</u>	<u>26,199,688</u>
Investment in subsidiaries	8,868,263	8,868,263
Fixed assets, at cost	47,085,778	45,383,018
Less- accumulated depreciation	(32,785,259)	(28,513,952)
<i>Total net fixed assets</i>	<u>14,300,519</u>	<u>16,869,066</u>
Intangible assets, at cost	5,384,014	5,384,014
Less- accumulated depreciation	(2,544,335)	(1,667,931)
<i>Total patent</i>	<u>2,839,679</u>	<u>3,716,083</u>
<i>Total non-current assets</i>	<u>44,165,221</u>	<u>55,653,100</u>
<i>Total assets</i>	<u>209,387,814</u>	<u>232,588,215</u>

SCOTT SPORTS SA
BALANCE SHEETS AS OF AUGUST 31,
(Currency - Swiss Francs)

	<u>2014</u>	<u>2013</u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES		
Bank borrowings	66,347,374	104,322,119
Current portion long-term debt	662,265	662,615
Current portion notes payable	631,400	1,039,740
Accounts payable		
- Trade	56,548,842	58,188,400
- Group	7,648,755	8,313,006
<i>Total accounts payable</i>	<u>64,197,597</u>	<u>66,501,406</u>
Accrued expenses	6,502,088	7,365,013
Provision	1,000,000	500,000
Accrued taxes	802,404	534,116
<i>Total current liabilities</i>	<u>140,143,128</u>	<u>180,925,009</u>
NON-CURRENT LIABILITIES		
Long-term debt	2,238,900	2,902,763
Long-term note payable	1,262,800	1,894,200
Long-term payable to shareholder	22,000,000	16,200,000
Provision	1,000,000	-
<i>Total non-current liabilities</i>	<u>26,501,700</u>	<u>20,996,963</u>
SHAREHOLDER'S EQUITY		
Share capital	6,000,000	6,000,000
Legal reserve	3,000,000	3,000,000
Retained earnings	33,742,986	21,666,243
<i>Total shareholder's equity</i>	<u>42,742,986</u>	<u>30,666,243</u>
<i>Total liabilities and shareholder's equity</i>	<u>209,387,814</u>	<u>232,588,215</u>

SCOTT SPORTS SA
STATEMENT OF INCOME
FOR THE YEARS ENDED AUGUST 31,
(Currency - Swiss Francs)

	<u>2014</u>	<u>2013</u>
Net sales	427,658,827	408,381,209
Cost of sales	(334,612,852)	(337,604,677)
Gross profit	<u>93,045,975</u>	<u>70,776,532</u>
EXPENSES		
Personnel	(26,282,013)	(25,273,847)
Selling and distribution	(4,403,378)	(5,970,613)
Advertising and product development	(22,404,301)	(24,882,934)
Professional fees and management fees	(12,628,213)	(16,206,681)
Depreciation for G&A related fixed assets	(1,147,047)	(1,285,671)
Depreciation for G&A related intangible assets	-	(22,467)
Office rent, telephone, postage	(3,656,190)	(3,739,385)
Travel and representation	(272,558)	(301,961)
Repair and maintenance	(374,067)	(1,076,074)
Total expenses	<u>(71,167,767)</u>	<u>(78,759,633)</u>
Income / (loss) from operations	<u>21,878,208</u>	<u>(7,983,099)</u>
OTHER INCOME / (EXPENSES)		
Interest income	713,502	863,696
Interest expense	(5,799,342)	(7,168,912)
Exchange differences expense	(2,872,103)	(4,557,879)
Other income	971,632	1,019,214
Other expense	(1,081,266)	(144,084)
Gain on sale of fixed assets	120,055	-
Total other expenses	<u>(7,947,522)</u>	<u>(9,987,965)</u>
Income / (loss) before taxes	<u>13,930,686</u>	<u>(17,971,064)</u>
TAXES	(1,863,120)	(504,782)
Net income / (loss)	<u>12,067,566</u>	<u>(18,475,846)</u>

SCOTT SPORTS SA
STATEMENT OF RETAINED EARNINGS
FOR THE YEARS ENDED AUGUST 31,
(Currency - Swiss Francs)

	<u>2014</u>	<u>2013</u>
RETAINED EARNINGS		
Balance, beginning of the year	21,666,243	40,154,397
Translation adjustment	9,177	(12,308)
Net income / (loss)	12,067,566	(18,475,846)
<i>Balance, end of the year</i>	<u><u>33,742,986</u></u>	<u><u>21,666,243</u></u>

SCOTT Sports SA

NOTES TO FINANCIAL STATEMENTS AS OF AUGUST 31, 2014

1. Operations

The Company sells mountain bikes, skipoles, skigoggles, skis, motorcycle-goggles, sunglasses and certain other leisure equipment and accessories through its own sales branches in Europe and to independent distributors

As of September 1, 1998, SSG (Europe) SA was merged with SSG Holdings SA, without any increase in capital. Its name was then changed to SCOTT Sports SA.

2. Investments

Investments in the following subsidiaries are stated at cost

Subsidiaries	Share Capital in l.c.	Owned in %	2014 CHF	Share Capital in l.c.	Owned in %	2013 CHF
SPF SpA, Aosta, Italy	EUR 1'074'000	100	3'600'000	EUR 1'074'000	100	3'600'000
Scott Sportech Benelux, NV, Kortenberg, Belgium	EUR 495'787	19	110'094	EUR 495'787	19	110'094
Scott Sports AB, Uppsala, Sweden	SEK 500'000	100	2'535'450	SEK 500'000	100	2'535'450
Acerbis UK Ltd Luton Beds, UK	GBP 10'000	19	4'614	GBP 10'000	19	4'614
Scott Italia S r.l. Albino, Italy	EUR 100'000	81	2'618'105	EUR 100'000	81	2'618'105
			8'868'263			8'868'263

3. Inventories

Inventories are stated at cost. Manufactured inventories are assembled to a large extent by contractors and primarily consist of mountain bikes, ski and motorcycle goggles, skipoles and skis. Specific and general reserves are provided on inventory balances.

4. Fixed assets

Fixed assets include land, a building, machinery and equipment, furniture and fixtures, computer equipment and cars. The depreciation is computed on the straight-line basis over the estimated useful lives. The following depreciation rates are used:

- Building 3.33% p.a.
- Machinery and equipment 20% p.a.
- Furniture and fixtures 20% p.a.
- Computer hardware & software 33% p.a.
- Cars 33% p.a.

Expenditures for maintenance and repairs are charged to the statement of income as incurred.

At the balance sheet date, the Company had insured its fixed assets against fire for a total of CHF 47'311'878 as of August 31, 2014 and CHF 43'304'089 as of August 31, 2013.

5. Intangible assets

The depreciation is computed on the straight-line basis over the estimated useful lives:

- Trademarks 6 years
- Patents 5 years

6. Legal reserve

No allocation to the general reserve has been recorded, as the legal reserve reaches 50% of the share capital.

	2014 CHF	2013 CHF
Capital surplus	687'200	687'200
General reserve	2'312'800	2'312'800
	3'000'000	3'000'000

7. Depreciation

Total depreciation expense amounts to CHF 5'928'374 (2013 CHF 6'051'843)

	2014 CHF	2013 CHF
Depreciation for G&A related fixed assets	1'147'047	1'285'671
Depreciation for G&A related intangible assets	-	22'467
Depreciation included in cost of sales	4'547'644	4'609'194
Depreciation included in advertising	233'683	134'511
	5'928'374	6'051'843

8. Income taxes

The Company is liable for income and capital taxes. In Switzerland the Company is taxed based on its income from domestic operations only. The foreign branches are taxed in their respective countries based on their local contribution to the Company's net result. For financial reporting purposes the Company has accrued all income taxes which will be levied based on the net income reported as of August 31, 2014.

9. Foreign currency

The Group's operations are conducted in numerous currencies. The Group manages its foreign currency exposures through a combination of natural hedges and the use of forward exchange contracts. The Company generally enters into these forward contracts to hedge positions for up to twelve months.

At August 31, 2014, the Company had foreign exchange contracts for a total value of CHF 114.7 million (2013 CHF 87.7 million). The Company has unrealized gains relating to these contracts of CHF 3'169'265 at August 31, 2014 (2013 unrealized losses of CHF 760'646 and unrealized gains of CHF 100'646). According to the accounting policy of the company, the related unrealized losses are expensed in the statement of income but the unrealized gains are not recorded.

10. Royalties

Cost of sales includes royalties to Scott USA, Ltd of CHF 6'152'700 for the period ended August 31, 2014 and of CHF 3'930'538 for the period ended August 31, 2013.

11. Credit lines

The credit arrangements include the following conditions and covenants:

- Maximum availability under the credit line of CHF 132'000'000 (2013: CHF 132'000'000), including seasonal credit line of CHF 40'000'000 (2013: CHF 40'000'000) and a credit line for acquisitions and investments of CHF 12'000'000 (2013: CHF 12'000'000)

The seasonal credit line of CHF 40'000'000 is temporary reduced by CHF 12'000'000 for 4 months (June, July, September and October), and is not available in August

- Pledge of all accounts receivable in favour of the bank
- The company has signed a negative pledge agreement with the Bank in which SCOTT Sports SA agrees not to pledge any assets in favor of any other third party.
- SCOTT Corporation SA, the parent company has pledged the shares of SCOTT Sports SA to the bank
- The distribution of dividend is subject to the approval of the Company's bank under the line of credit agreement

12. Pledged assets

According to the bank agreement signed in February 2011 by SCOTT Corporation SA and SCOTT Sports SA, the trade accounts receivable have been pledged

13. Contingent liabilities

- Irrevocable standby letters of credit amounting to CHF 915'800 (2013: CHF 930'800) were issued to guarantee banking facilities to two customers
- SCOTT Sports SA has open guarantees amounting to CHF 2'807'353 (2013: CHF 3'554'610) mainly for customs clearing and rent
- SCOTT Sports SA acts as a guarantor on a real estate mortgage commitment taken by SSG (Europe) Distribution Center N.V. Aubange, Belgium in the amount of CHF 2.5 million (2013: CHF 3.0 million) for a distribution warehouse
- In June 2013 French Competition Authority has carried out an inspection at a number of international bikes selling companies in France. The investigation relates to alleged anti-competitive activities in the market of high-end cycles. The proceedings are still pending and no further information has been received by the Competition Authority. It is currently not possible to reliably estimate a potential financial impact.

14. Long-term debt

The long term debt of CHF 950'000 (2013: CHF 1'250'000) is secured by the building and land in Switzerland to the extent of CHF 5'304'120 (2013: CHF 5'501'627) (net book value). The repayment of the mortgage is scheduled in installments of CHF 300'000 per year.

The long term debt of CHF 1'288'900 (2013: CHF 1'652'763) is secured by the building and land in France to the extent of CHF 2'915'019 (2013: CHF 3'085'712) (net book value). The repayment of the mortgage is scheduled in installments of CHF 362'265 per year (2013: CHF 362'615).

15. Leasing commitment

At August 31, 2014, the company had lease commitments that were not recorded in the balance sheet for a total of CHF 2'011'120 (2013: CHF 2'040'971).

16. Net release of hidden reserves

At August 31, 2014, the Company has released hidden reserves for a total of CHF 2'628'507.

17. Risk assessment

During the year 2014, a risk assessment has been performed with regards to those risks which exercise a material impact on the financial statements. This assessment was approved by the Board of Directors as at June 13, 2014.

SCOTT Sports SA

**PROPOSED APPROPRIATION OF AVAILABLE EARNINGS
AS OF AUGUST 31, 2014**

The Board of Directors proposes to allocate the balance of retained earnings of CHF 33'742'986 as follows

To be carried forward CHF 33'742'986