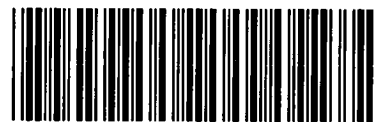


Company Registration No. 00462364 (England and Wales)

**TYPHOON INTERNATIONAL LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2018**

THURSDAY



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# TYPHOON INTERNATIONAL LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A J Richards Y Bouctot
<b>Company number</b>	00462364
<b>Registered office</b>	C/O Ocean Safety Ltd Saxon Wharf Southampton Hampshire SO14 5QF
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

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# **TYPHOON INTERNATIONAL LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present the strategic report for the year ended 31 December 2018.

#### **Fair review of the business**

The Company was acquired in October 2018 by Alliance Marine UK Holdings Limited, a wholly owned subsidiary of Alliance Marine SAS, 55 Boulevard Pereire, Paris 75017, France.

The Company's principal activity is the manufacture, distribution and servicing of safety, survival and water sports equipment to military, commercial and leisure markets. During the year under review no acquisitions were made. The company achieved a turnover of £12.8m (2017 - £14.9m). Revenue has fallen by £2.1m from 2017 to 2018 principally due to the timing of Military contracts.

Stock has increased by £0.5m from 2017 to 2018 due to the raising of stock levels to enable swift turn-around times demanded by the leisure market in particular as well as increasing the minimum re-order points for fabrics with a lengthy lead time. Lead times for certain suppliers can be abnormally long at up to 6 months. In addition, there is an element of Brexit planning increasing quantity of stock on hand and of additional overhead recovery in excess of £115k.

During the year under review, the company was acquired by Alliance Marine UK Holdings Limited, a wholly owned subsidiary of Alliance Marine SAS. Not all companies in the pre-existing UK group were acquired by Alliance Marine UK Holdings Limited. For entities not acquired by Alliance Marine UK Holdings Limited, the previous intercompany balances were no longer payable post transaction, and as such £2.4m has been written off directly to reserves and has not been reflected in the profit and loss account in the year to 31 December 2018.

The board conducts a monthly review of management information, financial reports and cash requirements of the business, to meet the requirements of the shareholders.

We consider our key financial indicators are those that communicate the financial performance and strength of the company as a whole. KPIs are reviewed monthly and relevant actions taken. Business KPIs include turnover £12.8m (2017 - £14.9m), and margin 31.1% (2017 - 33.1%). By the year end the company had increased net asset position by £2.0m (2017 - £0.2m) and current assets covered current liabilities 1.7 times (2017- 1.3).

The directors have revisited the application of its accounting policy relating to stock valuation during 2018 to ensure it most fairly reflected the value of stock held on the balance sheet. Stock at the year end as a result includes £390k (2017- £314k) of manufacturing overheads.

The directors are satisfied with the results for the period and expect the company to be profitable (before depreciation, amortisation and exceptional costs) for the foreseeable future.



# **TYPHOON INTERNATIONAL LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **Principal risks and uncertainties**

The market for marine safety equipment remains competitive. The company seeks to manage the risk by a balanced portfolio of products, added value services to customers, improving response times in the supply and servicing of products and handling of customer queries.

The company buys a proportion of its material and sells some finished product in currencies other than sterling, mainly US Dollars and Euros. In addition to some natural Group hedging, and to limit risk, forward contracts are taken out for both US Dollars and Euros based on rolling forecasts to manage risks.

### **Brexit**

Subsequent to triggering article 50, the UK expects to depart the European Union during 2019. At the date this report was approved, the outcome of the negotiations with the European Union, regarding the UK's exit from the EU and subsequent trading relationship is not finalised and therefore there is uncertainty as to the outcome and potential future impact on the business.

The following risks and potential impacts could affect the group:

- 1) Potential delays in shipping goods to and from the EU member states, for any Group sales to EU customers, or EU based group entities.
- 2) Additional tariffs on goods shipped to and from the EU, and on group sales to EU customers, or EU based group entities.
- 3) Potential changes and turbulence in exchange rates, on both sales and supplier purchases.
- 4) Impact of a general downturn from a no-deal Brexit on sales.

The directors have considered these risks, and have put in place appropriate contingency plans, as well as identifying natural hedging opportunities that the group structure allows.

### **Financial instruments**

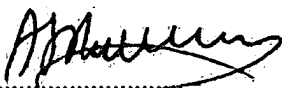
The company monitors cash flow as part of its day to day control procedures. The board considers cash flow projections on a weekly and monthly basis as necessary and ensures that appropriate facilities are available to the company.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new and existing customers and by monitoring payments against contractual agreements. To mitigate currency risk exposure the company enters into forward-rate foreign exchange contracts in US Dollars.

### **Employees and future developments**

The directors believe that the current staff resources, coupled with the planned additions, are appropriate to manage the business requirements given the level of turnover anticipated in the coming year.

On behalf of the board



A J Richards  
Director

Date: 17<sup>th</sup> Sept 2019

# TYPHOON INTERNATIONAL LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

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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 manufacture and distribution of safety, survival and water sports equipment.

#### Directors

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

T Larkin	(Resigned 5 October 2018)
A J Richards	
P G Fredericks	(Resigned 11 October 2018)
Y Bouctot	(Appointed 11 October 2018)

#### Results and dividends

The results for the year are set out on page 8.

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

#### Financial instruments

The company monitors cash flow as part of its day to day control procedures, and has no bank debt. The Board considers cash flow projections on a monthly basis and ensures that appropriate facilities are available to the company as necessary.

#### Credit risk

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against contractual agreements.

#### Research and development

During the period, the company continued to be involved in the development and design of drysuits and related products.

#### Auditor

RSM UK Audit LLP, have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

# TYPHOON INTERNATIONAL LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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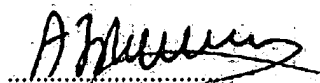
### Statement of disclosure to auditor

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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

### Disclosure in strategic report

In accordance with the Companies Act 2006 S414c(11), information in respect of business risk and future developments are shown in the strategic report.

On behalf of the board



A J Richards

Director

17<sup>th</sup> Sept 2019



# **TYPHOON INTERNATIONAL LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors are responsible for preparing the Strategic Report and the 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). 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 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 TYPHOON INTERNATIONAL LIMITED**

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## **Opinion**

We have audited the financial statements of Typhoon International Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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 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 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 the directors' report have been prepared in accordance with applicable legal requirements.





# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TYPHOON INTERNATIONAL LIMITED (CONTINUED)**

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## **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 set out on page 5, 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.

## **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.

*RSY UK Audit LLP*

Jeremy Filley FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

United Kingdom

26 September 2019

# TYPHOON INTERNATIONAL LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

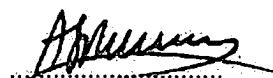
	Notes	2018 £	2017 £
Turnover	4	12,787,856	14,862,459
Cost of sales		(8,815,379)	(9,948,169)
<b>Gross profit</b>		<b>3,972,477</b>	<b>4,914,290</b>
Distribution costs		(224,589)	(276,635)
Administrative expenses		(4,466,539)	(4,173,419)
Other operating income		185	1,472
Exceptional item	5	-	(135,204)
<b>Operating (loss)/profit</b>	7	<b>(718,466)</b>	<b>330,504</b>
Interest payable and similar expenses	9	(9,245)	(228,585)
Fair value gains and losses on foreign exchange contracts	10	52,753	-
<b>(Loss)/profit before taxation</b>		<b>(674,958)</b>	<b>101,919</b>
Tax on (loss)/profit	11	10,547	73,153
<b>(Loss)/profit for the financial year</b>		<b>(664,411)</b>	<b>175,072</b>

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

**TYPHOON INTERNATIONAL LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2018**

		2018		2017 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	12		399,610		180,120
Tangible assets	13		1,127,138		1,163,832
			<u>1,526,748</u>		<u>1,343,952</u>
<b>Current assets</b>					
Stocks	14	4,116,350		3,634,772	
Debtors falling due after more than one year	15	429,153		346,290	
Debtors falling due within one year	15	4,314,086		5,690,865	
Cash at bank and in hand		419,463		630,560	
			<u>9,279,052</u>	<u>10,302,487</u>	
<b>Creditors: amounts falling due within one year</b>	16	(5,510,065)		(8,226,886)	
<b>Net current assets</b>			<u>3,768,987</u>		<u>2,075,601</u>
<b>Total assets less current liabilities</b>			<u>5,295,735</u>		<u>3,419,553</u>
<b>Creditors: amounts falling due after more than one year</b>	17		(130,702)		(172,784)
<b>Provisions for liabilities</b>	20		(34,957)		(93,666)
<b>Net assets</b>			<u><u>5,130,076</u></u>		<u><u>3,153,103</u></u>
<b>Capital and reserves</b>					
Called up share capital	22		3,700		3,700
Revaluation reserve	23		192,082		194,678
Capital redemption reserve	23		1,300		1,300
Other reserves	23		2,641,384		-
Profit and loss reserves	23		2,291,610		2,953,425
<b>Total equity</b>			<u><u>5,130,076</u></u>		<u><u>3,153,103</u></u>

The financial statements on pages 8 to 26 were approved by the board of directors and authorised for issue on 17th Sept 2019 and are signed on its behalf by:

  
A J Richards  
Director

# TYPHOON INTERNATIONAL LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Revaluation reserve	Capital redemption reserve	Other reserves	Profit and loss reserves	Total
	£	£	£	£	£	£
<b>As restated for the period ended 31 December 2017:</b>						
<b>Balance at 1 January 2017</b>	3,700	197,274	1,300	-	2,775,757	2,978,031
<b>Year ended 31 December 2017:</b>						
Profit and total comprehensive income for the year	-	-	-	-	175,072	175,072
Transfers	-	(2,596)	-	-	2,596	-
<b>Balance at 31 December 2017</b>	3,700	194,678	1,300	-	2,953,425	3,153,103
<b>Year ended 31 December 2018:</b>						
Loss and total comprehensive income for the year	-	-	-	-	(664,411)	(664,411)
Transfers	-	(2,596)	-	-	2,596	-
Other movements	-	-	-	2,641,384	-	2,641,384
<b>Balance at 31 December 2018</b>	3,700	192,082	1,300	2,641,384	2,291,610	5,130,076

# TYPHOON INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

#### Company information

Typhoon International Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is C/O Ocean Safety Limited, Saxon Wharf, Southampton, Hampshire, SO14 5QF.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

#### 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 £.

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

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 'Statement of Financial Position' - Reconciliation of opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Typhoon International Limited is a wholly owned subsidiary of Alliance Marine SAS and the results of Typhoon International Limited are included in the consolidated financial statements of Alliance Marine SAS which are available from 55 Boulevard Pereire, Paris 75017, France.

#### 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. The company will continue to be supported by the group, and a written confirmation has been obtained from Group to the directors.

#### Turnover

Turnover is wholly attributable to the principal activity of the company, and is recognised net of value added tax.

Product sales turnover is recognised at the point at which goods are dispatched to customers.

Servicing income is recognised at the point at which the work is carried out.

# TYPHOON INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### 1 Accounting policies (Continued)

##### **Research and development expenditure**

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

##### **Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost less accumulated amortisation and accumulated impairment losses.

Amortisation 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:

Software	3 years
Patents	3 years

##### **Tangible fixed assets**

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

Depreciation is recognised on all fixed assets other than freehold land, 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 freehold	1.3% straight line (excluding land)
Land and buildings Leasehold	2% straight line
Plant and machinery	10% to 20% straight line
Fixtures, fittings and equipment	10% to 20% straight line
Motor vehicles	20% to 25% straight line

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.

##### **Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

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.

# TYPHOON INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### 1 Accounting policies (Continued)

##### **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.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Work in progress is valued on basis of direct costs and attributable direct labour. Transport and duty costs are included in the valuation of imported goods.

##### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand.

##### **Financial instruments**

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

Financial instruments are recognised 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 trade and other debtors, amounts due by fellow group companies 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

##### **Other financial assets**

Other financial assets 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.

##### **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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

# TYPHOON INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### 1 Accounting policies (Continued)

##### ***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, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***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 trade and other creditors, and amounts owed to fellow group companies, 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.

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

##### ***Derecognition of financial liabilities***

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

##### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of 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.

##### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.



# TYPHOON INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies (Continued)

#### **Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### **Onerous lease**

Provisions are made against operating leases where the unavoidable cost of meeting the lease obligations exceed the economic benefits received.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

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

#### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss 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.

#### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 leased asset are consumed.

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

# TYPHOON INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 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.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

##### ***Inventory provisioning***

The company designs, manufactures and sells safety, survival and watersports equipment, which is subject to changing customer demands and technological advancements. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

##### ***Overheads absorbed into inventory***

The directors have revisited the application of its accounting policy relating to stock valuation during 2018 to ensure it most fairly reflected the value of stock held on the balance sheet. Stock at the year end as a result includes £390k (2017 - £314k) of manufacturing overheads.

##### ***Useful economic lives of tangible assets***

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisations and the physical condition of the assets.

##### ***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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### ***Impairment of debtors***

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

# TYPHOON INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 3 Prior period adjustment

The debtor balance owed from a jointly controlled operation has previously been recognised as a current asset, however there are clauses in the agreement that stipulate the balance is not due within 1 year.

In respect of 2017, a value of £346,290 has been reclassified from other debtors due within one year to other debtors due more than 1 year. The affect of this amendment is that total debtors due more than 1 year have increased by £346,290 from £nil to £346,290, and total debtors due within 1 year have decreased by £346,290 from £6,037,155 to £5,690,865.

There is no profit impact within the Statement of Comprehensive Income, total assets position of the entity of affect on cash flows in respect of this reclassification.

### 4 Turnover and other revenue

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

	2018 £	2017 £
<b>Turnover analysed by class of business</b>		
Manufacture and distribution of safety, survival and water sports equipment	12,787,856	14,862,459

	2018 £	2017 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	7,774,323	10,806,586
Rest of the world	5,013,533	4,055,873
	12,787,856	14,862,459

### 5 Exceptional costs

	2018 £	2017 £
Other exceptional	-	135,204

Exceptional items in the prior year relate to expenses recognised as an onerous lease.

# TYPHOON INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 6 Employees

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

	2018 Number	2017 Number
Production	120	126
Administration	48	47
	<u>168</u>	<u>173</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	3,964,193	3,631,471
Social security costs	346,001	332,775
Pension costs	43,053	43,426
	<u>4,353,247</u>	<u>4,007,672</u>

#### 7 Operating (loss)/profit

	2018 £	2017 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	161,808	42,070
Research and development costs	20,238	58,636
Fees payable to the company's auditor for the audit of the company's financial statements	24,000	22,330
Depreciation of owned tangible fixed assets	54,282	96,835
Depreciation of tangible fixed assets held under finance leases	65,971	24,394
Loss/(profit) on disposal of tangible fixed assets	14,758	(13,183)
Amortisation of intangible assets	99,081	57,970
Cost of stocks recognised as an expense	6,545,584	7,289,611
Operating lease charges	163,715	317,317
	<u></u>	<u></u>

#### 8 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	24,000	22,330
	<u></u>	<u></u>

# TYPHOON INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 9 Interest payable and similar expenses

	2018 £	2017 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	-	222,883
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	9,245	5,702
	<u>9,245</u>	<u>228,585</u>

#### 10 Fair value gains and losses

Fair value gains and losses on foreign exchange contracts recognised during the year amounted to £186,708 (2017 - £nil).

#### 11 Taxation

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	(77,000)
Adjustments in respect of prior periods	(10,547)	-
Other taxes	-	16,045
<b>Total current tax</b>	<u>(10,547)</u>	<u>(60,955)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(17,838)
Adjustment in respect of prior periods	-	5,640
<b>Total deferred tax</b>	<u>-</u>	<u>(12,198)</u>
<b>Total tax credit</b>	<u>(10,547)</u>	<u>(73,153)</u>

# TYPHOON INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 11 Taxation (Continued)

The main rate of corporation tax for UK companies reduced from 21% to 20% from 1 April 2015. The Finance (No.2) Act 2015 reduced the rate further to 19% from 1 April 2017. The Finance Act 2016 further reduced the rate of corporation tax to 17% from 1 April 2020. This was substantively enacted on 6 September 2016 and the rate has therefore been used to calculate deferred tax balances in these financial statements.

The total tax credit for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	2018 £	2017 £
(Loss)/profit before taxation	(674,958)	101,919
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(128,242)	19,619
Tax effect of expenses that are not deductible in determining taxable profit	9,258	5,400
Adjustments in respect of prior years	(10,547)	(71,360)
Group relief	23,627	-
Effect of overseas tax rates	-	16,045
Deferred tax not recognised	95,357	(42,857)
Taxation credit for the year	(10,547)	(73,153)

#### 12 Intangible fixed assets

	Software £	Patents £	Total £
<b>Cost</b>			
At 1 January 2018	140,247	278,385	418,632
Additions - separately acquired	210,000	108,571	318,571
At 31 December 2018	350,247	386,956	737,203
<b>Amortisation and impairment</b>			
At 1 January 2018	26,699	211,813	238,512
Amortisation charged for the year	46,749	52,332	99,081
At 31 December 2018	73,448	264,145	337,593
<b>Carrying amount</b>			
At 31 December 2018	276,799	122,811	399,610
At 31 December 2017	113,548	66,572	180,120

The amortisation arising on intangible fixed assets is charged through administrative expenses.

# TYPHOON INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 13 Tangible fixed assets

	Land and buildings freehold	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost or valuation</b>						
At 1 January 2018	400,000	257,972	561,548	709,486	97,738	2,026,744
Additions	-	-	64,654	19,787	-	84,441
Disposals	-	-	(253,001)	(162,151)	-	(415,152)
At 31 December 2018	400,000	257,972	373,201	567,122	97,738	1,696,033
<b>Depreciation and impairment</b>						
At 1 January 2018	13,764	-	358,698	455,038	35,412	862,912
Depreciation charged in the year	4,905	5,160	43,651	47,803	18,734	120,253
Eliminated in respect of disposals	-	-	(252,121)	(162,149)	-	(414,270)
At 31 December 2018	18,669	5,160	150,228	340,692	54,146	568,895
<b>Carrying amount</b>						
At 31 December 2018	381,331	252,812	222,973	226,430	43,592	1,127,138
At 31 December 2017	386,236	257,972	202,850	254,448	62,326	1,163,832

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2018 £	2017 £
Fixtures, fittings and equipment	178,585	193,203
Motor vehicles	43,592	57,947
	222,177	251,150
Depreciation charge for the year in respect of leased assets	65,971	24,394

Land and buildings were last revalued on 12 February 2016 to a value of £400,000 by Sanderson Weatherall Chartered Surveyors, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. This revaluation was included within the financial statements for the year ended 31 December 2015 and was fixed as the deemed cost carried forwards under transition to FRS102.

Included in cost or valuation of land and buildings is freehold land of £146,250 (2017 - £146,250) which is not depreciated.

# TYPHOON INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 13 Tangible fixed assets (Continued)

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2018 £	2017 £
Cost	200,130	200,130
Accumulated depreciation	1,941	1,294
Carrying value	198,189	198,836

#### 14 Stocks

	2018 £	2017 £
Raw materials and consumables	1,881,398	1,815,476
Work in progress	136,897	135,449
Finished goods and goods for resale	2,098,055	1,683,847
	4,116,350	3,634,772

Stock is stated after provisions for impairment of £98,927 (2017 - £120,863).

#### 15 Debtors

	2018 £	2017 restated £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,891,006	2,435,799
Corporation tax recoverable	10,547	184,567
Amounts owed by group undertakings	2,219,984	2,939,243
Derivative financial instruments	52,753	-
Other debtors	25,713	591
Prepayments and accrued income	114,083	130,665
	4,314,086	5,690,865

	2018 £	2017 restated £
<b>Amounts falling due after more than one year:</b>		
Other debtors	429,153	346,290
<b>Total debtors</b>	<b>4,743,239</b>	<b>6,037,155</b>



# TYPHOON INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 15 Debtors (Continued)

Amounts owed by group undertakings are unsecured and have no fixed date of repayment and are repayable on demand.

Trade debtors are stated after provisions for impairment of £6,272 (2017 - £11,069).

The other debtor balance falling due after more than one year, owed from a jointly controlled operation, totalling £429,153 (2017 - £346,290) will become payable 3 years following the termination of the operating agreement. At the date the financial statements were approved the operating agreement had not been terminated. The balance is held at cost as the ultimate settlement date is not known.

#### 16 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Obligations under finance leases	18	65,246	59,602
Trade creditors		1,240,235	1,511,356
Amounts due to group undertakings		3,899,616	6,367,442
Other taxation and social security		93,371	135,039
Other creditors		48,326	42,709
Accruals and deferred income		163,271	110,738
		<u>5,510,065</u>	<u>8,226,886</u>

Amounts due to group undertakings are unsecured and have no fixed date of repayment and are repayable on demand.

#### 17 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Obligations under finance leases	18	<u>130,702</u>	<u>172,784</u>

#### 18 Finance lease obligations

	2018 £	2017 £
Future minimum lease payments due under finance leases:		
Less than one year	65,246	59,602
Between one and five years	130,702	172,784
	<u>195,948</u>	<u>232,386</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery and fixtures, fittings and equipment. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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# TYPHOON INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 19 Financial instruments

	2018 £	2017 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	4,565,856	5,721,923
Instruments measured at fair value through profit or loss	52,753	-
	<u>          </u>	<u>          </u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	5,351,448	8,032,245
	<u>          </u>	<u>          </u>

### 20 Provisions for liabilities

	2018 £	2017 £
Onerous lease	34,957	93,666
	<u>          </u>	<u>          </u>

Movements on provisions:

	Onerous lease £
At 1 January 2018	93,666
Utilisation of provision	(58,709)
	<u>          </u>
At 31 December 2018	34,957
	<u>          </u>

A provision has been recognised for an onerous rental property contract. The company is still contractually required under an operating lease to make payments to lease the building, for which it no longer has any use. The unavoidable cost has been recognised for fulfilling the contract in full.

### 21 Retirement benefit schemes

	2018 £	2017 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	43,053	65,653
	<u>          </u>	<u>          </u>

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.

At the balance sheet date there was outstanding contributions of £9,734 (2017 - £7,776) included in other creditors.

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# TYPHOON INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 22 Share capital

	2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
3,700 Ordinary shares of £1 each	3,700	3,700
	<u>3,700</u>	<u>3,700</u>

The ordinary shares have full voting rights, there are no restrictions.

### 23 Reserves

#### Revaluation reserve

The cumulative revaluation gains and losses in respect in land and buildings, except revaluation gains and losses recognised in profit or loss.

#### Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

#### Other reserves

The other reserves represent amounts written off in relation to net group creditors during 2018, undertaken as part of the Share Purchase Agreement steps to change control to Alliance Marine UK Holdings Limited.

#### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

### 24 Financial commitments, guarantees and contingent liabilities

In the prior period, the company was subject to a bank guarantee in respect to a unilateral security held over the group's previous parent company. The amount of the secured debt was £7,931,727.

### 25 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	988	14,013
Between one and five years	3,211	602
	<u>4,199</u>	<u>14,615</u>

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# **TYPHOON INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **26 Related party transactions**

The Key Management Personnel (KMP) include the managing director and the directors of the company as listed on page 1. The total amount of employee benefits including employers pensions and national insurance contributions received by KMP was £104,370.

These transactions are not other related parties and the company has taken the related party exemption to not disclose transactions entered into between group companies.

Some directors are remunerated through other group entities.

#### **27 Controlling party**

Typhoon Holdings Limited, incorporated in the United Kingdom, is the company's immediate parent undertaking.

The ultimate parent company of Typhoon International Limited is AMG International SAS, a company incorporated in France.

The smallest group accounts in which the company's accounts are consolidated is Alliance Marine SAS. Alliance Marine SAS prepares group financial statements and copies can be obtained from 55 Boulevard Pereire, Paris 75017, France.

The largest group accounts in which the company's accounts are consolidated is AMG International SAS. AMG International SAS prepares group financial statements and copies can be obtained from 1522 Avenue de Draguignan, La Garde 83130, France. No other group accounts include the results of the company.

