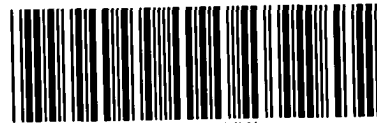


**H. YOUNG HOLDINGS PLC**

**ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016**

**Registered No: 00194944**

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COMPANIES HOUSE

## H. YOUNG HOLDINGS PLC

### STRATEGIC REPORT

The Directors present their Strategic Report for the H. Young Holdings PLC Group for the year ended 31 December 2016.

#### Business Review

Total Group sales decreased in the year by 7% to £204,887,000 (2015: £220,658,000).

Total Group operating profits decreased by 5% to £13,894,000 (2015: £14,672,000), but increased by 5%, excluding exceptional items and amortisation of goodwill, as set out in the table below.

Profit before tax decreased by 5% to £13,097,000 (2015: £13,952,000).

Group net cash inflow was £3,872,000 (2015: outflow of £1,634,000). Group net assets increased to £85,423,000 (2015: £73,939,000).

The sales and operating profits of the Group for the year can be analysed as follows:

	Year to 31 December 2016 Sales £'000	Year to 31 December 2016 Operating profit £'000	Year to 31 December 2015 Sales £'000	Year to 31 December 2015 Operating profit £'000
Continuing operations	192,820	12,912	220,658	13,973
Acquisitions (4 months)	12,067	1,806		
	204,887	14,718	220,658	13,973
Goodwill amortisation		(824)		(437)
	204,887	13,894	220,658	13,536
Exceptional profit on sale of property				1,136
Profit and loss account	204,887	13,894	220,658	14,672

#### Continuing operations

As indicated in last year's report, sales in the Sports and Leisure segment of the business decreased due to the termination of the distribution agreement with GoPro Inc. in late 2015. Sales of GoPro in 2015 were £45m. The impact on sales and operating profitability has been offset by growth in other areas and strong results from the Swiss business.

#### Acquisitions

On 26 August 2016 the Company completed the acquisition of 100% of the share capital of Rohan Group Limited. Rohan's primary activity is the retailing of travel and adventure clothing in the UK. Full details of the acquisition are set out in Note 28 to the accounts.

#### Key Performance Indicators

The key performance indicators in use across the Group relate to trends in sales growth, gross margins and operating profitability expressed as a percentage of sales.

### **Principal Risks and Uncertainties**

The Group supplies customers which largely trade in the UK high street and also operates a number of its own retail outlets. The Group is therefore exposed to the risk of reductions in consumer demand.

The Group makes significant purchases in foreign currencies (primarily the US Dollar and Japanese Yen) and is exposed to currency risk if the impact of adverse currency rate movements cannot be managed by changes in pricing. The Group actively manages currency exposure to reduce this risk. The Group has hedged a substantial proportion of 2017 currency requirements to cover the risk of yet further depreciation in Sterling's value.

The Group manages and distributes a number of brands on behalf of third parties and is exposed to the risk that these distribution agreements may cease due to circumstances beyond the Group's control. The Group devotes considerable time and resources to the professional management of these brands, the majority of which have been distributed by the Group for many years, in order to minimise this risk.

### **Future Developments**

The weakening of Sterling since June 2016 has led to a significant increase in the cost of imported goods. This Group has taken various very carefully considered actions to mitigate the resulting potential negative impact on profitability, without compromising product quality. The general price inflation caused by the changes in import prices could lead to consumers generally failing to accept retail price increases or could reduce the overall level of retail volumes sold. Both of these risks could affect the Group. At the time of writing, no overall significant adverse impact on sales or operating profitability has been seen.

Indications are that conditions on the UK high street will not improve in 2017 and could be considerably less favourable and this may have an impact on sales and operating profitability.



On behalf of the Board  
A J McIvor  
Company Secretary

2 June 2017

## **H. YOUNG HOLDINGS PLC**

### **REPORT OF THE DIRECTORS**

The Directors present the annual report and audited accounts for the year to 31 December 2016.

#### **Principal Activity**

The Group's principal activity is that of importing, marketing and distributing branded products. There have not been any significant changes in the Group's principal activity in the year under review.

#### **Results and Dividends**

The turnover for the year was £204,887,000 (2015: £220,658,000). The profit after tax was £10,181,000 (2015: £9,920,000).

Dividends of £Nil were declared in the current year (2015: £5,000,000) and the resultant profit for the year of £10,181,000 (2015: £4,920,000) has been added to reserves.

#### **Financial Risk Management Objectives and Policies**

Details of financial risk management objectives and policies can be found in the Strategic Report and form part of this report by cross-reference.

#### **Future Developments**

Details of future developments can be found in the Strategic Report and form part of this report by cross-reference.

#### **Going Concern**

The Directors have a reasonable expectation, for reasons set out in Note 1 to the accounts, that the Company and the Group have adequate financial resources to continue operations for the foreseeable future. The Directors continue to adopt the going concern basis in preparing the accounts.

#### **Directors**

The following Directors have held office during the year and to the date of this report:

A J McIvor  
D Sämann  
Dr. R F Sämann

#### **Employee Consultation**

The Group recognises the importance of good communications and relations with employees. There are suitable procedures in place for the consideration of training, career development and promotion for employees. The management of each business is encouraged to adopt such employee consultation as is appropriate.

The Group's policy is to provide equal recruitment and other opportunities for all employees, regardless of sex, religion, colour or race.

It is the policy to give full consideration to the employment of disabled persons whenever their aptitudes and abilities allow. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

## H. YOUNG HOLDINGS PLC REPORT OF THE DIRECTORS

Continued

### Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

### Directors' Responsibilities Statement

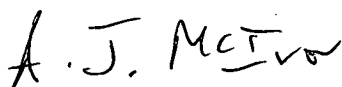
The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland." Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



On behalf of the Board  
A J McIvor  
Company Secretary

2 June 2017

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF H. YOUNG HOLDINGS PLC**

We have audited the financial statements of H. Young Holdings PLC for the year ended 31 December 2016 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

### **Respective responsibilities of directors and auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2016 and of the Group's 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.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

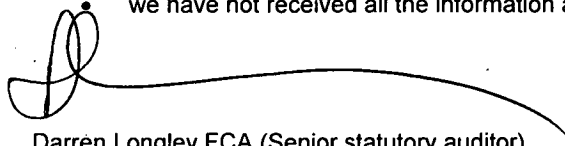
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Strategic Report and the Directors' Report.

### **Matters on which we are required to report by exception**

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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.



Darren Longley FCA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

5 June 2017

**H. YOUNG HOLDINGS PLC**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the year to 31 December 2016

	Notes	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
Turnover	2	204,887	220,658
Cost of sales		(133,763)	(156,103)
<b>Gross Profit</b>		<b>71,124</b>	<b>64,555</b>
Distribution costs		(41,891)	(35,241)
Administration costs		(15,339)	(15,778)
Profit on sale of property		-	1,136
<b>Operating profit</b>		<b>13,894</b>	<b>14,672</b>
Share of results of associated undertakings		258	190
Profit before finance charges		14,152	14,862
Finance charges (net)	6	(1,055)	(910)
<b>Profit before taxation</b>	3	<b>13,097</b>	<b>13,952</b>
Taxation on profit	7	(2,916)	(4,032)
<b>Profit after taxation, retained for the year</b>		<b>10,181</b>	<b>9,920</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the year to 31 December 2016

	Notes	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
<b>Profit for the financial year</b>			
Group		9,976	9,771
Associates	12	205	149
		<b>10,181</b>	<b>9,920</b>
Cash flow hedges			
Gains arising during the period		811	877
Less: reclassified to profit or loss		(877)	(524)
Currency translation difference on foreign currency net investments		2,528	526
Actuarial (loss)/gain recognised in the pension scheme	23	(1,459)	287
Tax relating to items of other comprehensive income	20	300	(127)
<b>Total comprehensive income for the year</b>		<b>11,484</b>	<b>10,959</b>

The notes on pages 12 to 29 form part of these accounts.

# H. YOUNG HOLDINGS PLC

## BALANCE SHEETS

at 31 December 2016

	Notes	Group 31 December 2016 £'000	Group 31 December 2015 £'000	Company 31 December 2016 £'000	Company 31 December 2015 £'000
<b>Fixed assets</b>					
Intangible assets	10	15,764	482	–	–
Tangible assets	11	27,560	24,088	21	36
Investments	12	458	288	83,328	63,936
		<b>43,782</b>	<b>24,858</b>	<b>83,349</b>	<b>63,972</b>
<b>Current assets</b>					
Stocks	13	69,691	61,487	–	–
Debtors	14	38,462	33,276	6,711	13,794
Investments	15	53	46	–	–
Cash at bank and in hand		25,515	20,927	–	115
		<b>133,721</b>	<b>115,736</b>	<b>6,711</b>	<b>13,909</b>
<b>Creditors – Amounts falling due within one year</b>	16	<b>(52,875)</b>	<b>(37,908)</b>	<b>(17,553)</b>	<b>(19,032)</b>
<b>Net current assets/(liabilities)</b>		<b>80,846</b>	<b>77,828</b>	<b>(10,842)</b>	<b>(5,123)</b>
<b>Total assets less current liabilities</b>		<b>124,628</b>	<b>102,686</b>	<b>72,507</b>	<b>58,849</b>
<b>Creditors – Amounts falling due after more than one year</b>	17	<b>(35,884)</b>	<b>(26,596)</b>	<b>(24,936)</b>	<b>(15,412)</b>
<b>Provisions for liabilities</b>	19	<b>(3,321)</b>	<b>(2,151)</b>	<b>(254)</b>	<b>(290)</b>
<b>Net assets</b>		<b>85,423</b>	<b>73,939</b>	<b>47,317</b>	<b>43,147</b>
<b>Capital and reserves</b>					
Called up share capital	21	7,226	7,226	7,226	7,226
Share premium reserve	21	15,250	15,250	15,250	15,250
Revaluation reserve	21	630	642	–	–
Merger reserve	21	9,046	9,046	5,910	5,910
Hedging reserve	21	811	877	731	877
Profit and loss reserve	21	52,460	40,898	18,200	13,884
<b>Shareholders' funds</b>		<b>85,423</b>	<b>73,939</b>	<b>47,317</b>	<b>43,147</b>

The profit for the financial year dealt with in the accounts of the parent company was £4,281,000 (2015: £6,202,000)

The financial statements were approved and authorised for issue by the Board on 2 June 2017 and signed on its behalf by:

*A. J. McIvor*

A J McIvor  
Director

Company Number: 00194944

The notes on pages 12 to 29 form part of these accounts.



**H. YOUNG HOLDINGS PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year to 31 December 2016

**Equity attributable to equity shareholders of the Company**

	Called up share capital	Share premium reserve	Revaluation reserve	Merger reserve	Hedging reserve	Profit and loss reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2015</b>	<b>6,628</b>	<b>6,221</b>	<b>654</b>	<b>9,046</b>	<b>524</b>	<b>35,280</b>	<b>58,353</b>
Profit for the financial year	-	-	-	-	-	9,920	9,920
Cash flow hedges							
Gains arising during the period	-	-	-	-	877	-	877
Less: reclassified to profit or loss	-	-	-	-	(524)	-	(524)
Currency translation difference on foreign currency net investments	-	-	-	-	-	526	526
Actuarial gain recognised in the pension scheme	-	-	-	-	-	287	287
Tax relating to items of other comprehensive income	-	-	-	-	-	(127)	(127)
Transfer	-	-	(12)	-	-	12	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(12)</b>	<b>-</b>	<b>353</b>	<b>10,618</b>	<b>10,959</b>
Issue of share capital	598	9,029	-	-	-	-	9,627
Dividends - equity shares	-	-	-	-	-	(5,000)	(5,000)
<b>At 31 December 2015</b>	<b>7,226</b>	<b>15,250</b>	<b>642</b>	<b>9,046</b>	<b>877</b>	<b>40,898</b>	<b>73,939</b>
Profit for the financial year	-	-	-	-	-	10,181	10,181
Cash flow hedges							
Gains arising during the period	-	-	-	-	811	-	811
Less: reclassified to profit or loss	-	-	-	-	(877)	-	(877)
Currency translation difference on foreign currency net investments	-	-	-	-	-	2,528	2,528
Actuarial loss recognised in the pension scheme	-	-	-	-	-	(1,459)	(1,459)
Tax relating to items of other comprehensive income	-	-	-	-	-	300	300
Transfer	-	-	(12)	-	-	12	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(12)</b>	<b>-</b>	<b>(66)</b>	<b>11,562</b>	<b>11,484</b>
<b>At 31 December 2016</b>	<b>7,226</b>	<b>15,250</b>	<b>630</b>	<b>9,046</b>	<b>811</b>	<b>52,460</b>	<b>85,423</b>

*The notes on pages 12 to 29 form part of these accounts.*

# H. YOUNG HOLDINGS PLC

## COMPANY STATEMENT OF CHANGES IN EQUITY

for the year to 31 December 2016

	Called up share capital £'000	Share premium reserve £'000	Merger reserve £'000	Hedging reserve £'000	Profit and loss reserve £'000	Total £'000
<b>At 1 January 2015</b>	<b>6,628</b>	<b>6,221</b>	<b>5,910</b>	<b>524</b>	<b>12,751</b>	<b>32,034</b>
Profit for the financial year					6,202	6,202
Cash flow hedges						
Gains arising during the period	-	-	-	877	-	877
Less: reclassified to profit or loss	-	-	-	(524)	-	(524)
Tax relating to items of other comprehensive income	-	-	-	-	(69)	(69)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>353</b>	<b>6,133</b>	<b>6,486</b>
Issue of share capital	598	9,029	-	-	-	9,627
Dividends - equity shares	-	-	-	-	(5,000)	(5,000)
<b>At 31 December 2015</b>	<b>7,226</b>	<b>15,250</b>	<b>5,910</b>	<b>877</b>	<b>13,884</b>	<b>43,147</b>
Profit for the financial year					4,281	4,281
Cash flow hedges						
Gains arising during the period	-	-	-	731	-	731
Less: reclassified to profit or loss	-	-	-	(877)	-	(877)
Tax relating to items of other comprehensive income	-	-	-	-	35	35
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(146)</b>	<b>4,316</b>	<b>4,170</b>
<b>At 31 December 2016</b>	<b>7,226</b>	<b>15,250</b>	<b>5,910</b>	<b>731</b>	<b>18,200</b>	<b>47,317</b>

The notes on pages 12 to 29 form part of these accounts.

**H. YOUNG HOLDINGS PLC**  
**CONSOLIDATED CASH FLOW STATEMENT**  
for the year to 31 December 2016

	Notes	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
<b>Net cash flows from operating activities</b>	24	<b>7,487</b>	<b>8,718</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(100)	-
Purchase of tangible fixed assets		(3,957)	(1,862)
Sale of tangible fixed assets		-	2,462
Acquisition of subsidiary, net of cash acquired	28	(13,651)	-
<b>Net cash flows from investing activities</b>		<b>(17,708)</b>	<b>600</b>
<b>Cash flows from financing activities</b>			
Interest paid on bank loans and overdrafts		(41)	(50)
Investment income		3	5
Other interest received		8	7
Loan note redemption premiums paid		(72)	(896)
Loan note issues		18,838	19,400
Loan note redemptions		(1,000)	(35,615)
Reduction in trade finance facility		(1,006)	-
Other loans received		2,273	-
Equity dividends paid		(5,000)	-
Dividends from associate		90	197
Issue of share capital		-	6,000
<b>Net cash flows from financing activities</b>		<b>14,093</b>	<b>(10,952)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,872</b>	<b>(1,634)</b>
Cash and cash equivalents at beginning of year		20,927	22,479
Effect of foreign exchange rate changes		716	82
<b>Cash and cash equivalents at end of year</b>		<b>25,515</b>	<b>20,927</b>

*The notes on pages 12 to 29 form part of these accounts.*

## H. YOUNG HOLDINGS PLC NOTES TO THE ACCOUNTS

### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

#### (a) *General information and basis of accounting*

H. Young Holdings Plc is a private company limited by shares incorporated in England and Wales under the Companies Act. The registered office is located at Buckingham House, West Street, Newbury, Berkshire, RG14 1BD, United Kingdom. The nature of the Group's operations and its principal activities are set out in the Strategic Report on page 2.

The accounts have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Group is considered to be pounds sterling because that is the currency of the primary economic environment in which it operates. Foreign operations are included in accordance with the policies set out below.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements.

#### (b) *Going concern*

The Group has letter of credit, trade finance and foreign exchange facilities with HSBC Bank plc. The Group's banking facilities are reviewed annually.

Long term funding is provided by the Group's ultimate parent undertaking.

Based on written commitments already in place and after making relevant enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate financial resources to continue operations for the foreseeable future. The going concern basis therefore continues to be adopted in preparing these accounts.

#### (c) *Basis of consolidation*

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business acquisitions are accounted for using acquisition accounting principles.

For acquisitions meeting the requirements of section 615 Companies Act 2006, the Company does not account for any premium on shares issued as acquisition consideration and records the cost of investment in the Company balance sheet at the nominal value of the shares issued. When preparing consolidated accounts, the share issues are recorded at fair value and the excess of the fair value over the nominal value of shares issued is credited to a Merger reserve.

#### (d) *Financial instruments*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at the cost of transaction (including any relevant associated costs) except for items classified at fair value through profit and loss, specifically derivative financial instruments as set out in the relevant accounting policy below.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements in place. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

#### (e) *Fixed assets, depreciation and amortisation*

- (i) A general policy of revaluation of fixed assets has not been adopted and the book amounts of fixed assets, except for an element of historical revaluation in respect of freehold properties as set out in Note 11, have been retained.
- (ii) Where freehold properties were historically revalued the resultant valuation is included in the balance sheet unless the surplus or deficit is immaterial. No depreciation is provided on freehold land but, since 1995, depreciation of 2% per annum has been provided on freehold buildings. Any impairment in the value of such properties is charged to the revaluation reserve or profit and loss account as appropriate. A transfer is made from revaluation reserve to the profit and loss reserve each year to cover the element of depreciation charge which relates to revalued assets.
- (iii) The cost of leasehold properties is amortised over the length of the leases on a straight line basis.
- (iv) The cost of plant and equipment is fully written off by equal instalments over its estimated useful life at rates ranging from 20% to 50% per annum.
- (v) The cost of motor vehicles is written off to residual value in equal instalments at a rate of 33 ⅓% per annum.
- (vi) The interest costs incurred on the financing of acquisitions or construction of freehold land and buildings are capitalised up until the date that those buildings become operational and thereafter are depreciated over the life of the relevant buildings.
- (vii) Trademarks are recorded at cost and amortised in equal instalments over their estimated useful lives, not exceeding five years. Provision is made for any impairment.

## H. YOUNG HOLDINGS PLC

### NOTES TO THE ACCOUNTS

Continued

#### 1. Accounting policies (continued)

**(f) Turnover**

Turnover is the amount derived from the provision of goods falling within the Group's ordinary activities after deduction of returns, trade and settlement discounts, volume rebates and value added tax.

Sales of goods are recognised when the risks and rewards of ownership have been transferred to the customer.

**(g) Deferred taxation**

Deferred taxation is provided in full on material timing differences at the rate of taxation anticipated to apply when these differences crystallise. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

A deferred tax asset is only recognised where it is more likely than not that it will be recoverable in the future. Deferred tax assets and liabilities which are recognised in the balance sheet have not been discounted.

**(h) Leased assets**

Operating lease rentals are charged to the profit and loss account in equal amounts over the term of the lease.

**(i) Stocks**

Stocks are valued at the lower of cost and estimated net realisable value where cost is the purchase price on a weighted average cost basis and net realisable value is based on estimated selling price less costs expected to be incurred in disposal. Goods in transit from suppliers are included in stocks where risk in the goods has passed to the Group under the shipment terms negotiated. The corresponding liability is included within trade creditors. Provision is made for obsolete, slow-moving or defective items where appropriate. The net movement in stock provisions is disclosed as an impairment expense in Note 3.

**(j) Foreign currency**

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date.

The results and cash flows of overseas operations are translated at the average rates of exchange during the year and the balance sheets at the rate ruling at the balance sheet date.

Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in the consolidated statement of comprehensive income.

Other exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into to hedge certain foreign currency risks (see Hedge accounting below).

**(k) Goodwill**

Goodwill is defined as the excess of the cost of businesses acquired over the fair value of their net assets. Goodwill arising on acquisitions on or after 1 October 1998 is capitalised as an intangible fixed asset and amortised in equal annual instalments over its estimated useful economic life. Provision is made for any impairment. Goodwill amortisation is charged within administrative expenses. Goodwill arising on acquisitions prior to 1 October 1998 was eliminated against reserves as a matter of accounting policy. This past goodwill has not been re-instated. Any goodwill eliminated against reserves at the time a business is purchased is included in the calculation of the profit or loss on disposal or closure of that business.

**(l) Pensions**

The Group operates one defined benefit scheme in the United Kingdom. The scheme is administered by trustees and is independent of the Group finances. Triennial valuations are performed by qualified independent actuaries and the results updated each year for the purposes of the FRS102 valuation. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit method and discounted at the redemption yield on AA rated corporate bonds. Contributions are paid to the schemes in accordance with actuarial recommendations.

The current service cost is charged to operating profit so as to reflect the increase in the present value of the scheme liabilities expected to arise from employee service over the current period. The interest cost on the scheme's liabilities is included in finance charges. Actuarial losses and gains are recognised in the consolidated statement of comprehensive income. The pension scheme's deficits or surpluses are recognised in full and included within provisions for liabilities.

For defined contribution pension arrangements the amounts charged to the profit and loss account are the contributions payable in the year.

**(m) Fixed asset investments**

Investments in subsidiary undertakings and other investments are stated at cost with provision being made where appropriate to recognise a permanent impairment in value.

**(n) Loan notes**

Loan notes issued to the Company's ultimate parent undertaking are included at their issue amount, plus provisions for redemption premiums. Redemption premiums are charged to the profit and loss account on a straight line basis, reflecting the basis of accretion set out in the relevant agreements.

## H. YOUNG HOLDINGS PLC NOTES TO THE ACCOUNTS

Continued

### 1. Accounting policies (continued)

#### (o) *Current tax*

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### (p) *Associates*

In the Group financial statements investments in associates are accounted for using the equity method. The consolidated profit and loss account includes the Group's share of associates' profits less losses while the Group's share of the net assets of the associates is shown in the consolidated balance sheet. Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out above. If losses exceed the carrying amount of an investment, the Group's share of those losses is no longer recognised within the Group's share of associate's profits less losses. Provision is then made separately within Group operating profit to the extent that the Group has contractual obligations to fund the associates.

#### (q) *Derivative financial instruments*

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk. The Group does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit and loss depends on the nature of the hedge relationship.

#### (r) *Hedge accounting*

The Group designates certain derivatives as hedging instruments, specifically forward foreign exchange contracts used to hedge supplier payments which are firm commitments or highly probably forecast transactions. At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with the clear identification of the risk in the hedged item that is being hedged by the hedged instrument. Furthermore, at inception of the hedge and on an ongoing basis the Group determines and documents causes for hedge ineffectiveness.

Note 25 sets out details of the fair values of the derivative instruments used for hedging purposes.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit and loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at this time is reclassified to profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

#### (s) *Dilapidations*

When the Group has made a decision to no longer trade from a leased property, either on the termination of a lease or due to exercising a break clause, a review is carried out to determine whether a dilapidations liability will arise. If a liability is likely to arise then an accrual is made within creditors.

### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Key source of estimation uncertainty – impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £15,627,000 (Note 10).

**H. YOUNG HOLDINGS PLC**  
**NOTES TO THE ACCOUNTS**  
Continued

**2. Turnover**

Group turnover by origin:

	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
United Kingdom	189,971	206,900
Rest of Europe	14,916	13,758
	<b>204,887</b>	<b>220,658</b>

Group turnover by destination:

	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
United Kingdom	180,393	198,066
Rest of Europe	23,341	21,137
Rest of World	1,153	1,455
	<b>204,887</b>	<b>220,658</b>

The turnover can be further analysed by business segment:

<b>Business</b>	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
Sports and Leisure Inter-segment sales	174,956 (145)	196,102 (4,281)
Sports and Leisure – third party sales	174,811	191,821
Automotive aftermarket Inter-segment sales	35,709 (5,633)	32,246 (3,409)
Automotive aftermarket – third party sales	30,076	28,837
	<b>204,887</b>	<b>220,658</b>

**3. Profit before taxation**

Profit before taxation is stated after charging/(crediting):

	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
Cost of stock recognised in cost of sales	127,862	150,018
Net movement in stock impairment expense included in cost of sales	433	1,792
Depreciation	2,525	2,476
Amortisation of goodwill	824	437
Amortisation of trademarks	31	25
Amortisation of other investments	-	120
Operating lease rentals		
- land and buildings	4,904	3,132
- plant and machinery	603	534
Auditor's remuneration	145	108
Loss on disposal of fixed assets	21	23
Profit on sale of freehold property	-	(1,136)

Fees paid to the auditor for non-audit services amounted to £Nil (2015: £17,130).

## H. YOUNG HOLDINGS PLC

### NOTES TO THE ACCOUNTS

Continued

#### 4. Staff numbers and costs

The costs incurred in respect of employees (including Directors) were:

	Group Year to 31 December 2016 £'000	Group Year to 31 December 2015 £'000	Company Year to 31 December 2016 £'000	Company Year to 31 December 2015 £'000
Wages and salaries	22,261	19,145	587	505
Social security costs	1,927	1,699	56	59
Other pension costs (Note 23)	568	561	17	19
	<b>24,756</b>	<b>21,405</b>	<b>660</b>	<b>583</b>
The average number of employees was:	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Production	24	22	-	-
Distribution	709	645	-	-
Administration	251	260	10	9
	<b>984</b>	<b>927</b>	<b>10</b>	<b>9</b>

#### 5. Directors

Emoluments of Directors of the Company were as follows:

	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
Aggregate emoluments	249	248
Aggregate contributions to money purchase pension schemes	11	14
	<b>260</b>	<b>262</b>

Only one Director received remuneration in each year. No pension entitlement benefits accrued to any Director under defined benefit arrangements in either year.

#### 6. Finance charges (net)

	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
Bank loans, overdrafts and trade finance facility	41	51
Investment income	(3)	(6)
Redemption premiums in respect of loan notes	918	783
Net cost of funding pension liability (Note 23)	78	89
Interest on other loans	29	-
Other interest earned	(8)	(7)
	<b>1,055</b>	<b>910</b>
Group	1,055	909
Associates	-	1
	<b>1,055</b>	<b>910</b>

The charges in respect of the associates relate to interest on bank loans and overdrafts.



**H. YOUNG HOLDINGS PLC**  
**NOTES TO THE ACCOUNTS**  
Continued

**7. Taxation on profit**

Taxation charge on profit for the year:

	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
Current taxation		
United Kingdom corporation tax	1,846	1,997
Adjustments in respect of prior years	(69)	1,180
Swiss corporation tax	902	675
	<b>2,679</b>	<b>3,852</b>
Deferred taxation (Note 20)		
Origination and reversal of timing differences	58	56
Adjustments in respect of prior years	126	84
	<b>184</b>	<b>140</b>
Share of associates' tax	53	40
<b>Total taxation on profit</b>	<b>2,916</b>	<b>4,032</b>

Factors affecting the tax charge for the year:

	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
Profit before taxation	13,097	13,952
Tax at 20% (2015: 20.25%) on Group profit on ordinary activities:	2,619	2,825
Effects of:		
Amortisation of goodwill not deductible for tax purposes	153	65
Expenses not deductible for tax purposes	285	280
Depreciation (less than)/in excess of capital allowances	(11)	57
Short term timing differences	(24)	(120)
Capital gain not taxed	-	(230)
Lower tax rates on overseas earnings	(221)	(165)
Movement in deferred taxation	58	56
Adjustments in respect of prior years:		
Provision against disputed losses	-	1,266
Other	57	(2)
<b>Total tax charge</b>	<b>2,916</b>	<b>4,032</b>

The standard rate of tax applied to reported profit on ordinary activities is 20% (2015: 20.25%). The UK Finance Bill was enacted in November 2015 to reduce the main rate of UK corporation tax from 20% to 19% with effect from 1 April 2017 and from 19% to 18% with effect from 1 April 2020.

**8. Profit for the year attributable to H. Young Holdings PLC**

The Company has not presented its own profit and loss account or statement of comprehensive income as permitted by section 408 of the Companies Act 2006. The results of the Group include a profit dealt within the accounts of the Company of £4,281,000 (year to 31 December 2015: £6,202,000) which includes dividends received of £6,675,000 (2015: £7,197,000).

## H. YOUNG HOLDINGS PLC

### NOTES TO THE ACCOUNTS

Continued

#### 9. Dividends

Amounts recognised as distributions to equity holders in the year:

	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
Final dividend of Nil pence (2015: 17.3 pence) per Ordinary share	-	5,000

#### 10. Intangible fixed assets

	Trademarks £'000	Goodwill £'000	Total £'000
<b>Group</b>			
Cost			
At 1 January 2016	125	3,507	3,632
Additions	100	16,037	16,137
Disposals	-	(350)	(350)
<b>At 31 December 2016</b>	<b>225</b>	<b>19,194</b>	<b>19,419</b>
Amortisation			
At 1 January 2016	57	3,093	3,150
Charge for the year	31	824	855
Disposals	-	(350)	(350)
<b>At 31 December 2016</b>	<b>88</b>	<b>3,567</b>	<b>3,655</b>
<b>Net book value at 31 December 2016</b>	<b>137</b>	<b>15,627</b>	<b>15,764</b>
Net book value at 31 December 2015	68	414	482

Goodwill arising on the acquisition of Rohan Group Limited of £16,037,000 (Note 28) is being amortised over 12 years. Goodwill is amortised over periods varying between 3 and 12 years. Amortisation periods represent the Directors' estimates of the useful economic life of goodwill. Intangible assets which become fully amortised in the year are eliminated from cost and accumulated amortisation.

#### 11. Tangible fixed assets

	Freehold land and buildings £'000	Short leasehold properties £'000	Plant vehicles & equipment £'000	Total £'000
<b>Group</b>				
Cost or valuation				
At 1 January 2016	24,834	4,268	16,165	45,267
Acquisition	275	275	1,552	2,102
Additions	1,854	1,118	985	3,957
Disposals	(28)	(416)	(340)	(784)
Exchange adjustments	1,334	-	608	1,942
<b>At 31 December 2016</b>	<b>28,269</b>	<b>5,245</b>	<b>18,970</b>	<b>52,484</b>
Depreciation				
At 1 January 2016	4,216	3,506	13,457	21,179
Acquisition	25	232	1,049	1,306
Charge for the year	530	474	1,521	2,525
Disposals	(28)	(416)	(319)	(763)
Exchange adjustments	195	-	482	677
<b>At 31 December 2016</b>	<b>4,938</b>	<b>3,796</b>	<b>16,190</b>	<b>24,924</b>
<b>Net book value at 31 December 2016</b>	<b>23,331</b>	<b>1,449</b>	<b>2,780</b>	<b>27,560</b>
Net book value at 31 December 2015	20,618	762	2,708	24,088

## H. YOUNG HOLDINGS PLC

### NOTES TO THE ACCOUNTS

Continued

#### 11. Tangible fixed assets (continued)

Properties are stated at cost with the exception of the original Saxon division freehold land and buildings valued in April 1988 on an open market existing use basis by Playle & Co. Commercial Surveyors, at £1,730,000. The historic cost of the original Saxon freehold land and buildings is £947,000 and the historic net book value of £680,000. The revalued gross and net book values are £1,842,000 and £1,304,000 respectively.

Included within the total cost of freehold land and buildings at 31 December 2016 is capitalised interest of £191,000 (2015: £191,000).

The book value of freehold land included in the above figures at 31 December 2016, which is not depreciated, was £7,207,000 (2015: £6,809,000). The book value of freehold land owned in Switzerland fluctuates due to exchange rate movements.

	Plant vehicles & equipment £'000
<b>Company</b>	
Cost at 1 January 2016	81
Disposals	(10)
<b>At 31 December 2016</b>	<b>71</b>
<b>Depreciation</b>	
At 1 January 2016	45
Charge for the year	15
Disposals	(10)
<b>At 31 December 2016</b>	<b>50</b>
<b>Net book value at 31 December 2016</b>	<b>21</b>
Net book value at 31 December 2015	36

#### 12. Fixed asset investments

	Group 31 December 2016 £'000	Group 31 December 2015 £'000	Company 31 December 2016 £'000	Company 31 December 2015 £'000
Subsidiary undertakings	-	-	83,303	63,911
Associates	458	288	25	25
	<b>458</b>	<b>288</b>	<b>83,328</b>	<b>63,936</b>

# H. YOUNG HOLDINGS PLC

## NOTES TO THE ACCOUNTS

Continued

### 12. Fixed asset investments (continued)

The Company has interests at 31 December 2016 in the following subsidiary undertakings and associates which principally affected the profits or net assets of the Group and are all included in the consolidation:

	Country of incorporation and operation	Principal activity	Holding	%
H Young (Operations) Limited	Great Britain	Distributor	838,884 Ordinary Shares of £1 each	100
Wunder-Baum AG	Switzerland	Manufacture and distribution of automotive air fresheners	200 Ordinary Shares of 1,000 Swiss Francs each	100
Rohan Group Limited	Great Britain	Retailer	5,064,404 Ordinary Shares of £1 each	100 +
Tony Pryce Retail Limited	Great Britain	Retailer	50,000 Ordinary Shares of £1 each	100
Lakefield Productions Limited	Great Britain	Film production and exploitation	100 Ordinary Shares of £1 each	100 ++
Flagship Enterprise Limited	Switzerland	Manufacture and distribution of automotive air fresheners	200 Ordinary Shares of 1,000 Swiss Francs each	50
Pearl Izumi Retail UK Limited	Great Britain	Retailer	24,500 Ordinary Shares of £1 each	49

+ Holding company for Rohan Designs Limited (trading) and Keldisk Limited (dormant), both 100% owned

++ held via an intermediate dormant subsidiary

The following companies are all 100% owned dormant subsidiaries of H. Young Holdings PLC, unless otherwise stated:

Animal Limited	Leeda Limited	Ridgeback Limited
Animalsports Limited	Leeda Tackle Limited	Saxon Industries Limited
Brandwarehouse.co.uk Limited	Little Trees Europe Limited	Sportline Limited
Browrich Limited	Madison Cycles Limited	Sterling Components Limited
Crofton Optical Group Limited	Madison Group Limited	Stoplock Limited
East Anglian Rod Co. Limited	Metro Products (Accessories & Leisure) Limited	Tackle Sales Limited
ECC Electronics (UK) Limited	Michael Selcott Designs Limited	Taylor & Johnson Limited
H Steade & Sons Limited	Midland Angling Products Limited	Toolzoo.co.uk. Limited
H. Young (Europe) Limited	Moncrieff Agencies Limited	TPL Marketing Limited
Hawaii Five-O (UK) Limited	Ocean to Earth Limited	W A Crofton Limited
Hawaii Five-O Limited	Pincott Limited	Wychwood Tackle Limited
Hecht Pfeiffer Limited	Puttocks Optical Co. Limited	Yippee Limited*
K Blyth (Optics) Limited	Raycroft Limited	Youngsports Limited
Lakefield Operations Limited		

\* held via H Young (Operations) Limited

## H. YOUNG HOLDINGS PLC NOTES TO THE ACCOUNTS

Continued

### 12. Fixed asset investments (continued)

The registered office of every business is the same as the Company's (see Note 1 (a)) except for:

Wunder-Baum AG, Emdwiesenstrasse 29, 8240 Thayngen, Switzerland.

Flagship Enterprise Limited, Via Passeggiata 7, 6883 Novazzano, Switzerland

#### Subsidiary undertakings

	Shares in subsidiary undertakings £'000
<b>Company</b>	
At 1 January 2016	63,911
Acquisition of Rohan Group Limited (Note 28)	19,392
<b>At 31 December 2016</b>	<b>83,303</b>

<b>Associates</b>	<b>Group 31 December 2016 £'000</b>	<b>Group 31 December 2015 £'000</b>	<b>Company 31 December 2016 £'000</b>	<b>Company 31 December 2015 £'000</b>
Share of net assets/cost				
At 1 January	288	327	25	25
Share of retained profit for the year	205	149	–	–
Dividends paid	(90)	(197)	–	–
Currency translation difference on foreign currency net investment	55	9	–	–
<b>At 31 December</b>	<b>458</b>	<b>288</b>	<b>25</b>	<b>25</b>

### 13. Stocks

	<b>Group 31 December 2016 £'000</b>	<b>Group 31 December 2015 £'000</b>
Goods held for resale	63,390	54,977
Goods in transit from suppliers	6,301	6,510
	<b>69,691</b>	<b>61,487</b>

### 14. Debtors

	<b>Group 31 December 2016 £'000</b>	<b>Group 31 December 2015 £'000</b>	<b>Company 31 December 2016 £'000</b>	<b>Company 31 December 2015 £'000</b>
Trade debtors	31,435	27,821	38	9
Other debtors	1,740	877	1,255	1,097
Amounts owed by Group undertakings	–	–	4,496	4,729
Deferred taxation asset (Note 20)	685	734	–	–
Prepayments and accrued income	3,661	2,967	63	82
Dividends receivable	–	–	–	7,000
Derivative financial assets (Note 25)	941	877	859	877
	<b>38,462</b>	<b>33,276</b>	<b>6,711</b>	<b>13,794</b>

# H. YOUNG HOLDINGS PLC

## NOTES TO THE ACCOUNTS

Continued

### 15. Current asset investments

	Group 31 December 2016 £'000	Group 31 December 2015 £'000
Medium Term Bank Notes, maturing 16 February 2017 (Australian Dollars)	53	46

### 16. Creditors - Amounts falling due within one year

	Group 31 December 2016 £'000	Group 31 December 2015 £'000	Company 31 December 2016 £'000	Company 31 December 2015 £'000
Bank overdraft	—	—	1,425	—
Subordinated unsecured loan notes (Note 18)	10,467	1,071	5,040	—
Trade finance facility	1,495	—	—	—
Other loans	2,438	—	—	—
Deferred consideration (Note 28)	1,942	—	1,942	—
Trade creditors	23,522	21,509	44	316
Corporation tax	3,061	2,644	74	135
Other taxation and social security	2,265	2,241	371	382
Amounts owed to Group undertakings	—	—	7,795	12,537
Other creditors	2,715	1,168	—	—
Accruals and deferred income	4,840	4,275	734	662
Dividends payable	—	5,000	—	5,000
Derivative financial liabilities (Note 25)	130	—	128	—
	52,875	37,908	17,553	19,032

Other loans comprise amounts due by Wunder-Baum AG. This loan is denominated in US Dollars, is repayable on demand and bears interest at 2.25%.

Letter of credit, foreign exchange and trade finance facilities are secured by mortgage debentures and fixed and floating charges in favour of HSBC Bank plc given by the Company, H Young (Operations) Limited and Rohan Group Limited. Bank overdrafts of the Company are subject to set off arrangements with the cash balances of H Young (Operations) Limited, but there is no net overdraft facility in the Group. No bank has a charge over the overseas assets of Wunder-Baum AG or Flagship Enterprise Limited.

### 17. Creditors - Amounts falling due after more than one year

	Group 31 December 2016 £'000	Group 31 December 2015 £'000	Company 31 December 2016 £'000	Company 31 December 2015 £'000
Subordinated unsecured loan notes (Note 18)	35,884	26,596	24,936	15,412

# H. YOUNG HOLDINGS PLC

## NOTES TO THE ACCOUNTS

Continued

### 18. Subordinated zero coupon unsecured loan notes

Redemption date	Group 31 December 2016 £'000	Group 31 December 2015 £'000	Company 31 December 2016 £'000	Company 31 December 2015 £'000
Within one year	10,467	1,071	5,040	–
Between 1 and 2 years	6,808	1,835	3,053	–
Between 2 and 5 years	29,076	24,761	21,883	15,412
	<b>46,351</b>	<b>27,667</b>	<b>29,976</b>	<b>15,412</b>

During the year, loan notes to the value of £18,838,000 (2015: £19,400,000) were issued by the Group to Rinaldo Rinaldini Limited, the ultimate parent undertaking of the Group, for cash. Redemptions of loan notes by the Group in the year, which were all made in cash, totalled £1,072,000 (2015: £40,138,000).

Loan notes are subordinated to all amounts due to HSBC Bank plc and are unsecured. The loan notes bear zero coupon. The amounts disclosed as payable at 31 December 2016 include the relevant redemption premiums accrued to that date.

### 19. Provisions for liabilities

	Group 31 December 2016 £'000	Group 31 December 2015 £'000	Company 31 December 2016 £'000	Company 31 December 2015 £'000
Deferred taxation (Note 20)	–	–	254	290
Pension liability (Note 23)	3,321	2,151	–	–
	<b>3,321</b>	<b>2,151</b>	<b>254</b>	<b>290</b>

### 20. Deferred taxation

Movement on the deferred taxation account:

	Group 31 December 2016 £'000	Group 31 December 2015 £'000	Company 31 December 2016 £'000	Company 31 December 2015 £'000
Asset/(liability) at 1 January	734	1,012	(290)	(220)
Acquisitions	(116)	–	–	–
Exchange adjustments	(49)	(11)	–	–
(Charge)/credit to profit and loss account	(184)	(140)	1	(1)
Total taken to other comprehensive income	300	(127)	35	(69)
<b>Asset/(liability) at 31 December</b>	<b>685</b>	<b>734</b>	<b>(254)</b>	<b>(290)</b>

Deferred taxation assets/(liabilities) at 31 December comprised:

	Group 31 December 2016 £'000	Group 31 December 2015 £'000	Company 31 December 2016 £'000	Company 31 December 2015 £'000
Depreciation (more)/less than capital allowances	(37)	262	18	21
Other short-term timing differences	546	535	–	–
Derivative financial assets and liabilities	(156)	(175)	(141)	(175)
Surplus on revaluation of fixed assets	(176)	(183)	–	–
Capital gains rolled over	(131)	(136)	(131)	(136)
Pension scheme liabilities	639	431	–	–
	<b>685</b>	<b>734</b>	<b>(254)</b>	<b>(290)</b>

All deferred taxation is computed at a rate of 19.25% (2015: 20%). Deferred tax rates are based on the expected corporation tax rate for the following financial year.

## H. YOUNG HOLDINGS PLC NOTES TO THE ACCOUNTS

Continued

### 21. Called up share capital and reserves

	31 December 2016 £'000	31 December 2015 £'000
Authorised		
30,000,000 (2015: 30,000,000) Ordinary shares of 25p each	7,500	7,500
Allotted and fully paid		
28,904,676 (2015: 28,904,676) Ordinary shares of 25p each	7,226	7,226

The Group and Company's other reserves are as follows:

The Share Premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The Revaluation reserve represents the cumulative impact on equity of the historic revaluation of one of the Group's freehold properties.

The Merger reserve represents the excess of the fair value of shares over their nominal value in respect of acquisitions meeting the requirements of section 615 Companies Act 2006 (Merger Relief).

The Hedging reserve contains the cumulative fair value gains and losses on hedging instruments deemed effective in hedging foreign exchange risk in firm commitments or highly probably forecast transactions. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

The Profit and Loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

### 22. Operating leases

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

	Land and buildings 31 December 2016 £'000	31 December 2015 £'000	Other 31 December 2016 £'000	Other 31 December 2015 £'000	Total 31 December 2016 £'000	Total 31 December 2015 £'000
Payable within 1 year	5,085	2,517	471	412	5,556	2,929
Payable within 2 to 5 years	13,895	4,511	654	467	14,549	4,978
Payable after 5 years	3,139	59	-	-	3,139	59
	22,119	7,087	1,125	879	23,244	7,966

### 23. Retirement benefit schemes

#### Pension scheme liabilities

The Group operates one funded pension scheme which provides benefits on final pensionable pay and a number of additional schemes providing benefits based on defined contributions from the Group and the employees concerned. From 1 November 2005, the final salary pension scheme was closed to all members and became paid up. The H Young final salary scheme is a multi-employer scheme. It is not possible to separately identify the assets and liabilities within the overall H Young final salary scheme which relate to the Company and therefore no pension scheme liability is included on the Company's balance sheet.

During the year, the Group contributed approximately £30,000 per month to the scheme to address the scheme's funding deficit in line with the actuary's recommendations.

The most recently completed actuarial valuation of the final salary scheme was as at 31 October 2013.

The current service cost charged in the year in respect of the final salary pension scheme was £Nil (2015: £Nil).

The costs of the defined contribution schemes are charged to the profit and loss account and totalled £558,000 for the year to 31 December 2016 (2015: £551,000).

In addition the Group contributes to other pension schemes of certain employees. These costs are charges as incurred and in the year to 31 December 2016 totalled £10,000 (2015: £10,000).



## H. YOUNG HOLDINGS PLC NOTES TO THE ACCOUNTS

Continued

### 23. Retirement benefit schemes (continued)

#### Defined benefit scheme disclosure

The Group operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 31 October 2013 and updated to 31 December 2016 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below. The most recent actuarial valuation showed a deficit of £2,072,000 as at 31 October 2013.

Employer contributions are currently payable at the rate of £31,200 per month, increasing by 3% on 1 November each year.

Assumptions	Year to 31 December 2016 % pa	Year to 31 December 2015 % pa	Year to 31 December 2014 % pa
Rate of discount	2.70%	3.90%	3.50%
Inflation (RPI)	3.60%	3.40%	3.10%
Inflation (CPI)	2.60%	2.40%	2.10%
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.60%	2.40%	2.10%
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.40%	3.20%	3.00%
Allowance for pension in payment increases of RPI or 2.5% if less	2.20%	2.20%	2.10%
Allowance for commutation of pension for cash at retirement	Nil	Nil	Nil

#### Mortality Assumptions

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The mortality assumptions adopted at 31 December 2016 imply the following life expectancies:

Male retiring at age 65 in 2016	22.1 years
Female retiring at age 65 in 2016	24.4 years
Male retiring at age 65 in 2036	23.8 years
Female retiring at age 65 in 2036	26.3 years

#### Amounts recognised in the profit and loss account

	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
Current service cost	—	—
Net Interest cost	78	89
Plan introductions, changes, curtailments and settlements	—	—
Amounts recognised in the profit and loss account	78	89

#### Amounts recognised in other comprehensive income

	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
Return on plan assets	688	(392)
Experience gains and losses arising on the plan liabilities	157	54
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	(2,304)	625
Total amount recognised in other comprehensive income	(1,459)	287

## H. YOUNG HOLDINGS PLC

### NOTES TO THE ACCOUNTS

Continued

#### 23. Retirement benefit schemes (continued)

The amount included in provisions for liabilities in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Fair value of scheme assets	8,014	6,835	6,760
Present value of defined benefit obligations	(11,335)	(8,986)	(9,463)
Pension liability to be recognised (Note 19)	(3,321)	(2,151)	(2,703)

#### Reconciliation of opening and closing balances of the fair value of scheme assets

	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
Fair value of scheme assets at start of year	6,835	6,760
Expected return on scheme assets	270	240
Actuarial gain/(loss)	688	(392)
Contributions by employer	367	354
Benefits paid, death in service insurance premiums and expenses	(146)	(127)
Fair value of scheme assets at end of year	8,014	6,835

#### Reconciliation of opening and closing balances of the present value of defined benefit obligations

	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
Defined benefit obligation at start of year	8,986	9,463
Current service cost	-	-
Interest cost	348	329
Actuarial losses/(gains)	2,147	(679)
Benefits paid	(146)	(127)
Defined benefit obligation at end of year	11,335	8,986

The analysis of the fair value of scheme assets at the balance sheet date was as follows:

	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
Equity instruments	5,506	4,652
Debt instruments	1,178	1,028
Fixed Interest Gilts	1,219	1,079
Other	111	76
Total assets	8,014	6,835

## H. YOUNG HOLDINGS PLC

### NOTES TO THE ACCOUNTS

Continued

#### 24. Notes to Consolidated Cash Flow Statement

##### Reconciliation of operating profit to net cash inflow from operating activities

	Year to 31 December 2016 £'000	Year to 31 December 2015 £'000
Operating profit	13,894	14,672
Depreciation and amortisation	3,380	3,058
Increase in stocks	(3,116)	(7,992)
(Decrease)/increase in debtors	(3,750)	11,711
Increase/(decrease) in creditors and provisions	323	(8,833)
Loss/(profit) on disposal of fixed assets	21	(1,113)
Unrealised exchange loss on current asset investments	1	7
Unrealised exchange loss on other loans	16	-
Difference between pension charge and cash contributions	(367)	(354)
UK corporation tax paid	(1,914)	(1,925)
Foreign tax paid	(1,001)	(513)
<b>Net cash inflow from operating activities</b>	<b>7,487</b>	<b>8,718</b>

#### 25. Derivative financial instruments

	Group 31 December 2016 £'000	Group 31 December 2015 £'000	Company 31 December 2016 £'000	Company 31 December 2015 £'000
<b>Assets</b>				
Forward foreign currency contracts	941	877	859	877
<b>Liabilities</b>				
Forward foreign currency contracts	(130)	-	(128)	-

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

**H. YOUNG HOLDINGS PLC**  
**NOTES TO THE ACCOUNTS**  
Continued

**25. Derivative financial instruments (continued)**

The following table details the forward foreign currency contracts outstanding as at the year-end:

**Outstanding contracts - 2016**

		Average contractual exchange rate	Group Notional value £'000	Group 31 December 2016 £'000	Company Notional value £'000	Company 31 December 2016 Fair value £'000
US Dollar	Asset	1.31	15,539	931	12,539	849
Japanese Yen	Asset	145	2,419	10	2,419	10
			17,958	941	14,958	859
US Dollar	Liability	1.23	6,486	(36)	4,048	(34)
Japanese Yen	Liability	132	1,136	(94)	1,136	(94)
			7,622	(130)	5,184	(128)
Total - net			25,580	811	20,142	731

Contracts maturing in more than 12 months included above:

US Dollar – January 2018	Liability	1.24	4,048	(34)	4,048	(34)
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**Outstanding contracts - 2015**

		Average contractual exchange rate	Group Notional value £'000	Group 31 December 2015 Fair value £'000	Company Notional value £'000	Company 31 December 2015 Fair value £'000
US Dollar	Asset	1.58	12,681	877	12,681	877

The Group has entered into forward foreign currency contracts to hedge the exchange rate risk arising from anticipated future purchases, which are designated as cash flow hedges.

In the Group, gains of £811,000 (2015: gains of £877,000) were recognised in other comprehensive income. Gains of £877,000 (2015: losses of £524,000) were reclassified to profit or loss in the year.

In the Company, gains of £731,000 (2015: gains of £877,000) were recognised in other comprehensive income. Gains of £877,000 (2015: losses of £524,000) were reclassified to profit or loss in the year.

**26. Parent undertakings**

In the opinion of the Directors, the ultimate parent undertaking and controlling party is Rinaldo Rinaldini Limited, a company incorporated in Bermuda.

The only larger Group in which the accounts of the Company are consolidated is that headed by Lakefield Holdings Limited, a company incorporated in England and Wales whose accounts are available from the Company Secretary, Buckingham House, West Street, Newbury, Berkshire, RG14 1BD.

**27. Related party transactions**

During the year, the Group issued loan notes totalling £18,838,000 (2015: £19,400,000) for cash to its ultimate parent undertaking, Rinaldo Rinaldini Limited, to finance operations. Loan notes totalling £1,072,000 (2015: £40,138,000) were redeemed in the same period. Amounts due to Rinaldo Rinaldini Limited at 31 December 2016 comprised loan notes of £46,351,000 (2015: £27,667,000).

## H. YOUNG HOLDINGS PLC

### NOTES TO THE ACCOUNTS

Continued

#### 28. Acquisition of Rohan Group Limited

On 26 August 2016 the Company acquired 100% of the issued share capital of Rohan Group Limited, a company whose primary activity is the retailing of travel and adventure clothing in the UK through its trading subsidiary, Rohan Designs Limited.

The Company paid initial consideration in cash. Additional earn out consideration was paid in May 2017, also in cash, and this has been accrued for in these accounts.

The acquisition has been accounted for under the acquisition method.

There was no material difference between the book value of the net assets acquired and the value of those assets to the Group.

Net assets acquired	Fair Value to Group £'000
Tangible fixed assets	796
Current assets	
Stocks	4,456
Debtors	1,068
Cash	3,799
<b>Total assets</b>	<b>10,119</b>
Creditors	
Trade finance facility	(2,501)
Trade creditors	(2,192)
Other creditors and accruals	(2,071)
<b>Total liabilities</b>	<b>(6,764)</b>
<b>Net assets</b>	<b>3,355</b>
Goodwill	16,037
<b>Total consideration</b>	<b>19,392</b>
Satisfied by:	
Cash consideration	17,184
Stamp duty and professional fees	266
<b>Initial cash paid</b>	<b>17,450</b>
Deferred consideration payable in cash	1,942
<b>Total consideration</b>	<b>19,392</b>
<b>Initial cash paid</b>	<b>17,450</b>
Cash acquired	(3,799)
<b>Cash outflow on acquisition of subsidiary, net of cash acquired</b>	<b>13,651</b>

In the year ended 31 December 2016, turnover of £12,067,000 and profit before tax of £1,790,000 was included in the consolidated profit and loss account in respect of Rohan Group Limited for the 4 months since its acquisition.

Goodwill arising on the acquisition is being amortised over 12 years.